



National Security  
**EMPLOYEES**  
Co-operative Credit Union Limited

*'Where your financial security matters most'*



## 2016 ANNUAL REPORT

**49<sup>TH</sup>**  
**ANNUAL GENERAL  
MEETING**

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# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the

## **49TH ANNUAL GENERAL MEETING**

of the

**NATIONAL SECURITY EMPLOYEES  
CO-OPERATIVE CREDIT UNION LIMITED**

will be held on

**SATURDAY, JULY 8, 2017**

at

**JAMAICA CONFERENCE CENTRE**  
14-20 Port Royal Street, Kingston

Commencing at 10:00 a.m

Registration begins at 9:00 a.m.

DRESS CODE: BUSINESS CASUAL



Errol G. Adams | Secretary



# National Security EMPLOYEES

Co-operative Credit Union Limited

*'Where your financial security matters most'*

## VISION STATEMENT

To become the financial institution of choice for our members.

## MISSION STATEMENT

Our mission is to:

- Serve the financial needs of our members by providing high quality and competitive services while maintaining fiscal soundness
- Provide our members with products and services that are desirable and that provide value in an environment of trust and integrity.
- Provide financial counseling and responsible advice

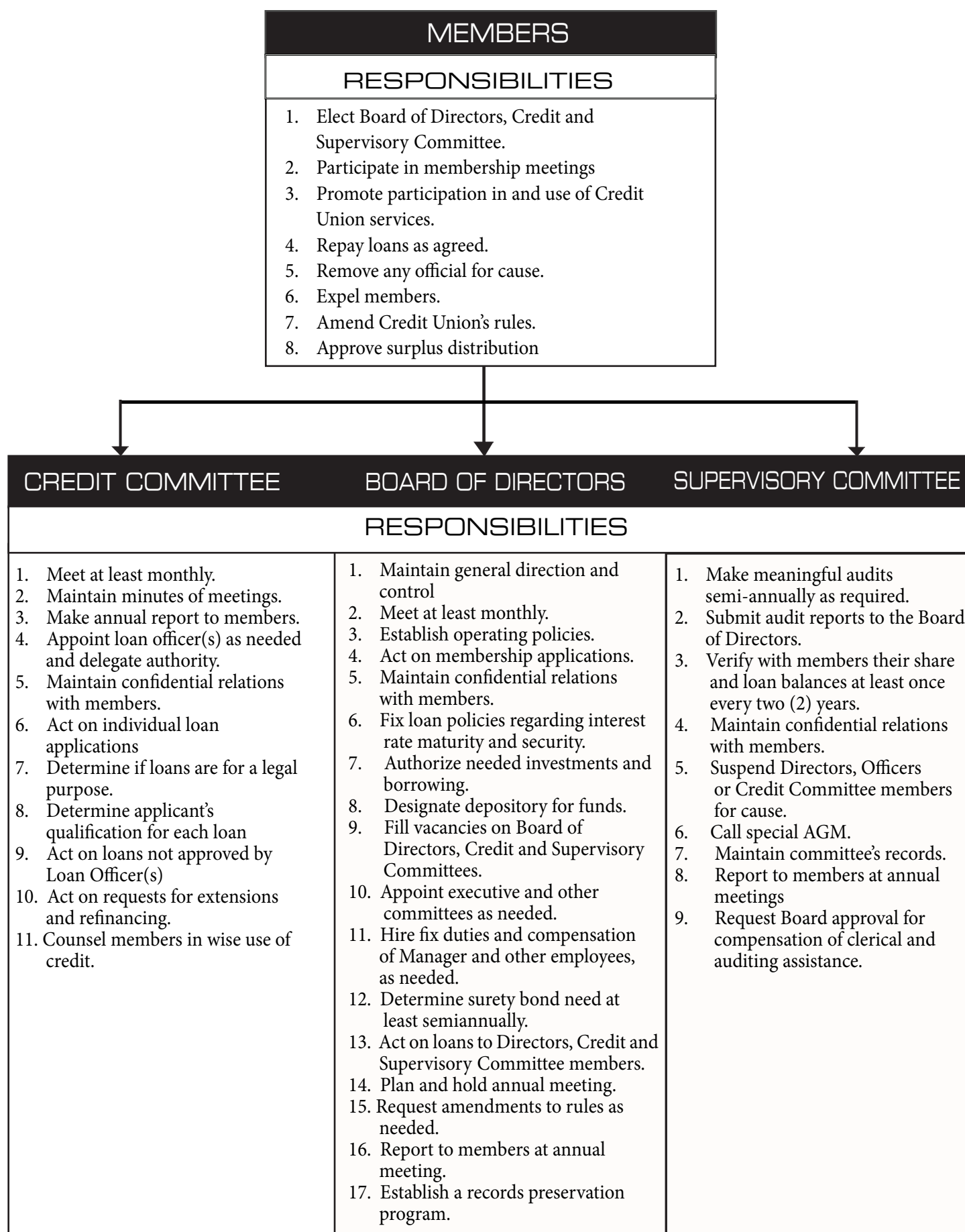
## VALUE STATEMENT

- Member Service Excellence – We strive for the highest quality service by providing all members with friendly, knowledgeable and helpful service. We use technological advancements to ensure that our members have access to a wide range of financial products and services that are tailored to meet their needs.
- Financial Excellence – We make sound decisions that will ensure financial success for our members.
- Employees – We provide a safe work environment that fosters team work, personal development, and career advancement. We respect our employees and their contribution to our success.



# CREDIT UNION ORGANIZATIONAL CHART

## MEMBERS AND ELECTED COMMITTEES



# AGENDA

1. Ascertaining that a quorum is present
2. Call to Order
3. Opening Prayer
4. Moment of Silence for Deceased Members
5. Welcome and Apologies
6. Confirmation of Minutes of the 48th Annual General Meeting  
Held July 23, 2016 and Discussing Matters Arising There From
7. Reports of the:
  - (a) Board of Directors
  - (b) Treasurer and Auditors
  - (c) Credit Committee
  - (d) Supervisory Committee
8. Nomination Committee's Report
  - Election of:
    - Board of Directors
    - Credit Committee
    - Supervisory Committee
    - Delegates to JCCUL
9. Distribution of Surplus
10. Fixing of Maximum Liability
11. Resolution
12. Rule Amendments
13. Appointment of Auditors
14. Any Other Business
15. Vote of Thanks
16. Drawing of Prizes
17. Termination
18. Lunch



# PARLIAMENTARY RULES

## 1. ORDER OF BUSINESS

An agenda shall be prepared by the Chairman and Secretary, and all items thereon shall take precedence over all other business. Any member desirous of introducing business for the consideration of the meeting may do so after the business on the agenda has been completed, or may give notice to be discussed at a further meeting.

## 2. SUSPENSION OF STANDING ORDER

In the event of any matter of urgency, however, the Chairman may accept a suspension of the Standing Order. The member moving such suspension must clearly state the nature and urgency of his business, the numbers of the standing orders affected, and the length of time he desires such suspension to last. At the option of the meeting, a further extension may be allowed, but no suspension shall take place except by majority vote of the members present.

## 3. MINUTES

No motion or discussion shall be allowed on the Minutes except in regard to their accuracy. After the confirmation of the Minutes, they shall be signed by the Chairman, and the members shall then be at liberty to ask questions in regard to matters arising out of them. Such questions shall be allowed for purposes of information only, and no debate on the policy outlined in the Minutes shall take place.

All persons desiring the floor shall rise and address themselves to the chair. They shall state their name and the department which they represent, if recognized by the chair, they shall have the privilege of the floor and all the rights thereof.

All speakers are to make use of the microphones when addressing the Meeting in order that it be recorded and made a permanent record in the Meeting proceedings.

Should two or more persons rise at the same time, the chair shall decide, without debate, who is entitled to the floor. An accredited member shall have the right to speak and vote on all issues coming before the meeting. Persons other than accredited members, so certified, may speak with the permission of the Chair but shall not vote on any issue.

## 4. SPEECHES

No member shall be allowed to speak more than once upon any motion before the meeting, unless on a point of order, or explanation, except the mover of the original Motion. But on an amendment being moved, any member even though he has spoken on an original Motion, may speak on the amendment. No member for more than five minutes at a time. Members wishing to raise points of order or explanation must first obtain the permission of the Chairman and must raise immediately the alleged breach which has occurred. Any member may formally second any motion or amendment and raise his speech until a later period in the debate.

No person shall interrupt another who is speaking except on a point of order, a Parliamentary inquiry, or a point of information. If it should come to pass that a speaker is called to order while speaking, the Speaker should take his seat until the question of order is determined.

## 5. CHAIRMAN'S RULING

The ruling of the Chairman on any question under the Standing Orders, or on points of order or explanation, shall be final, unless challenged by not less than four members, and unless two-thirds of the members present vote to the contrary.

## 6. INTERRUPTION

If any member interrupts another while addressing the meeting, or uses abusive or profane language or causes disturbance at any of the meetings, and refuses to obey the Chairman when called to order, he shall be named by the Chairman. He shall thereupon be expelled from the room and shall not be allowed to enter again until an apology satisfactory to the meeting be given. A question shall not be subject to debate until it has been duly moved and seconded and is stated from the chair.

## 7. MOTIONS AND AMENDMENTS

The first proposition on any particular subject shall be known as the Original Motion, and all succeeding propositions on the subject shall be called amendments. Every motion or amendment must be moved and seconded by members actually present at the meeting before they can be discussed, and, wherever possible, should be set forth in writing.



It is permissible for a member to make his speech first and conclude with a motion. When an amendment shall be discussed until the first amendment is disposed of notice of any further amendment must be given before the first amendment is out to the vote.

## **8. SUBSTANTIVE MOTIONS**

If an amendment be carried, it displaces the Original Motion and itself becomes the substantive motion, whereupon any further amendment relating to any portion of the substantive motion may be moved, provided it is consistent with the business and has not been covered by an amendment or motion which has been previously rejected. After the vote on each succeeding amendment has been taken, the surviving proposition shall be put to the vote as the main question, and if carried shall then become a resolution of the meeting.

## **9. RIGHT OF REPLY**

The mover of the Original Motion shall, if no amendment be moved, have the right of reply at the close of the debate upon such motion. When an amendment is moved he shall be entitled to speak thereon in accordance with Standing Order No. 8 and at the close of the debate on such amendment shall reply to the discussion, but shall introduce no new matter.

The question shall then be put to the vote immediately, and under no circumstances shall any further discussion be allowed once the question has been put from the Chair. The mover of an amendment shall not be entitled to reply.

## **10. WITHDRAWALS OR ADDITIONS**

No motion or amendment which has been accepted by the Chair shall be withdrawn without the majority vote of the meeting. Neither shall any addendum or rider be added to a motion, which has been accepted by the Chair without majority vote. Should any member dissent, the addendum must be proposed and seconded, and treated as an ordinary amendment.

## **11. CLOSING DEBATE**

The motions for the previous question, next business, or the closure, may be moved and seconded only by members who have not previously spoken at any time during the debate. No speeches shall be allowed on such motions. In the event of the closure being carried, the mover of the Original Motion shall have the right to reply in accordance with Standing Order NO.6 before the question is put. Should anyone of the motions mentioned in this Standing Order be defeated, thirty minutes shall elapse before it can be accepted again by the Chairman, unless he is of the opinion that the circumstances have materially altered in the meantime.

## **12. ADJOURNMENT**

Any member who has not already spoken during the debate may move the adjournment of the question under discussion, or of the meeting, but must confine his remarks to the question and must not discuss any other matter. The mover of the motion upon which the adjournment has been moved, shall be allowed the right to reply on the question of the adjournment, but such reply shall not prejudice his right of reply on his own motion.

In the event of such motion being lost, it shall not be moved again. Any member may demand a division of the question before the House, when the sense of it would permit.

Any member may call for a division of the House (that is, for a roll call vote) when there appears to be a reasonable doubt as to the accuracy of the vote as announced by the Chair.

A motion to lay on the table shall be put without debate. A motion for reconsideration shall not be entertained unless at the same or following session by a member who voted on the prevailing side, and shall require a majority vote.

Any two members shall have the right to demand (by majority vote) that the room shall be cleared of all but accredited delegates to transact business of a nature that precludes premature publicity.

Whispering, loud talking, or other disturbances calculated to disturb anyone while speaking will not be tolerated.

# MINUTES OF THE 48TH ANNUAL GENERAL MEETING

## The 48<sup>th</sup> Annual General Meeting of the National Security Employees Co-operative Credit Union Limited

was held on Saturday, July 23, 2016  
at the Jamaica Conference Centre,  
12-20 Port Royal Street, Kingston

### **Present at the Head Table Were:**

Mr. Osmond Bromfield OD, JP	-	Chief Executive Officer
Mr. Calvin Allen	-	President
Miss Jeanette Davis	-	Vice President
Mr. George Hunter	-	Treasurer
Mr. Errol Adams	-	Secretary
Mr. Christopher Murdock	-	Assistant Treasurer
Miss Dacy-Ann Graham	-	Assistant Secretary
Mr. Courtney Faulknor	-	Director
Mr. Eric Wint	-	Director
Mr. Andrew Johnson	-	Director

## **CREDIT COMMITTEE**

Mr. Steven Watson - Chairman  
Mrs. Patsy Wallen-Lindsay - Secretary  
Mr. Michael Farquharson - Member  
Mrs. Carlene Allen - Member  
Mr. Anthony Lewis - Member

## **SUPERVISORY COMMITTEE**

Mr. Nigel Davis - Chairman  
Mr. Omar Drysdale - Secretary  
Mrs. Junnifer Dixon- Gordon - Member  
Mrs. Sancha Miller-McPherson - Member  
Mr. Dave Lynch - Member

## **CALLED TO ORDER**

Subsequent to being advised by the Secretary that a quorum was in place the President called the meeting to order at 11:45am.

## **NOTICE OF ANNUAL GENERAL MEETING**

The President/Chairman Mr. Calvin Allen invited the Secretary Mr. Errol Adams to read the notice convening the Annual General Meeting.

## **DEVOTIONAL EXERCISE**

The President, referring to his own experiences said God had been extremely good and thanks and gratitude ought to be given to Him. On that fact he said we should do nothing without inviting Him to be a part of it. So without doing anything else he invited Mr. Eric Wint to do the devotional exercise.

## **MINUTE OF SILENCE**

Mr. Allen drew the meeting's attention to the last page of the report where the names of members who had died during the year in review were listed. They were: Owen Ford,

Chrystal Thomas, Lynden Barrett, Daniel Harris, Garnett Taylor, Malackai Edwards, Ainsley Evans, Craig Palmer and Kenneth Davis. He invited the meeting to offer a minute of silence in their honour.

## **WELCOME**

The President extended welcome to everyone present at the meeting and expressed how appreciative he was that they could have made the meeting a part of their busy schedule especially on a Saturday.

He proceeded however to make special mention of some distinguished persons in the gathering. They included the Stenographer Mr. Carl Bryan, Mr. Robert Kerr from the League, Mr. Leslie Campbell; President, Correctional Services Co-operative, Mr. Weeman Clarke; Business Development Officer, Correctional Services Co-operative. From CUNA Caribbean there was Mr. Oswald Parkes. From the Jamaica Police Co-operative there were President Mr. Anthony McLaughlin and Mr. Calvin Small. There were Mrs. Lisa Cousins and Miss Simone Powell from the auditing firm UHY Dawgen. From the Department of Co-operatives and Friendly Societies there were Mr. Michael Webb and Mr. Mario Clarke.

The President recognized other retired members of the I.S.C.F. as well. They included Mr. C.N. Powell; a retired Commandant, Mr. and Mrs. Drummond, Mr. Kenneth Wright and Mr. Neville Howard.

The general membership of the Credit Union, the Credit Union staff, Board of Directors and Committees all received





special welcome. The President amidst satirical comments ended this segment by welcoming his “squaddies” Mr. Christopher Bowen, Mr. Dave Lynch and Mrs. Ilene McKenzie-Ferron.

### **APOLOGIES FOR ABSENCE**

Apologies for absence were tendered for Rev. Courtney Faulknor from the Board of Directors and Mrs. Junnifer Dixon-Gordon from the Supervisory Committee, who were both off the island. Apologies were also tendered for Mr. James Golding and Mr. James Brown who were unavoidably absent.

### **MINUTES OF LAST MEETING**

Subsequent to it being ascertained that the minutes of the last meeting were circulated, a motion for them to be taken as read was moved by Mr. Roy Earle seconded by Mr. J. Betty.

### **CORRECTIONS**

The following corrections were pointed out and the amendments duly made: On page 9 in the 5th and 7th lines, ‘Eswick’ should be ‘Elswick’ and ‘Ms. Caruthers’ should be ‘Mrs. Carruthers’ respectively.

### **CONFIRMATION**

There being no other corrections the minutes were confirmed on a motion moved by Mr. Christopher Phillips seconded by Miss Sophia Parkinson.

### **MATTERS ARISING**

No matter for discussion arose from the minutes.

### **REPORTS**

The President informed the meeting that there would be five reports and mentioned also the presenter for

each. He indicated that the adoption of the reports would be taken en bloc.

### **Board of Directors’ Report**

The President prefaced his report in a manner akin to the President of the United States of America in his yearly State of the Union address to Congress. In addressing the state of the Credit Union; the President stated that with the support of the Supervisory Committee, the Credit Committee and the management and staff led by CEO, Mr. Osmond Bromfield, he was pleased to report that the state of the credit union was safe, strong and secure. This was met with resounding applause.

In going through the report the President indicated that the performance of the Credit Union Movement was examined within the context of the Jamaican Economy and by extension the wider global economy. He indicated that despite the challenges of the financial environment the credit union was able to continue its mission and its vision and was able to tailor products and services to meet the needs of members guided by their feedbacks and suggestions.

He highlighted the hindrances that the economy faced at the start of 2015: the Chick-V outbreak which negatively impacted the work force with increased absenteeism resulting in reduction in productivity levels, the severe drought conditions that affected the agricultural sector which resulted in the Goods-Producing sector declining by 0.3% in the first quarter, high levels of unemployment which was recorded at 3.5% and further depreciation of the local currency of 5.02% for the year.

On a positive note, the President mentioned that prices remained stable as the economy grew by 0.8% and inflation fell to its lowest since 1967 to 3.7%. Globally, oil prices declined to under US\$40 per barrel. This facilitated a reduction in the country's energy bill by approximately \$1B, improving the country's trade account. Importantly, the country successfully passed 10 consecutive reviews of the Economic Reform Programme under the International Monetary Fund (IMF) Extended Fund Facility Agreement and was ranked by the World Bank as the top country within the Caribbean for doing business.

### **The Credit Union Movement**

At the start of 2015 there were 37 credit unions within the Movement, this number subsequently declined to 34 as a result of mergers. Efforts to prepare the Movement for the impending Bank of Jamaica regulated environment continued and subsequently in November 2015 the Movement took the decision to form a taskforce to look at its future competitiveness, viability and growth.

According to the President, reports from the Jamaica Co-operative Credit Union League suggested that there were improvements in the savings, loans and assets of the Movement when compared to 2014. However, the Movement's market share of personal loans and savings declined.

The credit union movement recorded an aggregate surplus of \$875.5M compared to \$1.41B in the previous year, a decline of 30%. The value of the outstanding loans made by credit unions increased from \$55.65B to \$59.51B in 2015 or 6.93% over 2014. Savings grew by 8.55% from \$62.77B in 2014 to \$68.14B at the end of 2015. Total Assets increased by 7.95% to \$88.94B up from \$82.39B whilst credit unions' membership grew by 1.08% to 999,416.

Of the 34 credit unions, 33 recorded an increase in savings with 19 recording double digit growth, the highest growth being 30% recorded by the Hanover Co-op. Four of the 34 credit unions saw their loan portfolios declining when compared to 2014. Twenty-Nine of the 34 achieved asset growth which was above the year's inflation rate of 3.7%. It was commendable that the Movement was able to surpass the 2014 performances in all areas except membership.

### **The National Security Employees Co-operative Credit Union**

The President went on to highlight that the National Security Employees Co-op. Credit Union, despite the challenges in the financial environment such as low economic growth, the devaluation of the local currency and the aggressive competition from other financial institutions recorded another year of successful operations, resulting in Net surplus of \$18.3M. This was achieved through skillful financial navigation and adjusting to the shifting operating environment whilst still meeting the financial needs and satisfaction of members.

### **Capital Base**

He continued that the Bank of Jamaica Credit Union Regulations, specified Capital Adequacy as the main requirement for licensing and the credit union continued to work towards readiness in this regard. The President was pleased to report that Institutional Capital stood at 13.5% which was above the minimum requirement set by the League's PEARLS standard of 8% and the BOJ's primary ratio of 6%. Fixed Asset to Capital Ratio was 44%, quite within the BOJ standard of less than 50%.

### **Financial Performance in Key Operating Areas**

In the key areas of the credit union's operations the President reported the following:





- Assets: Increased from \$1.5B in 2014 to \$1.6B in 2015. An increase of \$94M or 6%.
- Loans: Increased by \$71.2M or 6% moving from \$1.202B in 2014 to \$1.273B in 2015.
- Savings: Moved from \$813M in 2014 to \$910.8M in 2015, growth of \$97.7M or 12%.

### **Delinquency**

Mr. Allen reported that delinquency continued to be a major risk to the credit union and had been exacerbated by the sharp increase in the resignation rate of members of the Jamaica Constabulary Force. Contracting the services of the Credit Bureau CRIF-FM, negotiating with debt collection agencies and the filing of court cases against delinquent members were the strategies employed to control delinquency and to keep the portfolio below the Credit Union Movement's PEARLS standard of 5%. As at December 31, 2015 delinquency stood at 2.0%.

### **Risk and Compliance**

The President reported that the Board of Directors had appointed a Nominating Officer whose role it was to manage legal affairs and Enterprise Risk Management. This was done against the background that credit unions were required to establish policies, programmes and procedures to detect money laundering and the finance of terrorist activities in compliance with the Jamaica Anti-Money Laundering and Counter Financing of Terrorism laws. He explained that the core function of Enterprise Risk Management was to ensure that risks undertaken to increase profitability were adequately identified and managed through the use of the Risk Register and the updating of policies and procedures to manage the identified risks.

The credit union continued to maintain a high level of compliance with the requisite laws and regulations that guide its operations.

Importantly, the following measures were undertaken in continuation of the work to improve the Enterprise Risk Management Framework: threshold on suspicious transaction reporting to the designated authority, know your customer due diligence, employees integrity awareness, evaluation of the credit union's compliance with the regulations and guidance needs and training of staff in AML/AFT and POCA.

### **Products and Services**

Mr. Allen reiterated the Board's commitment to providing the right blend of products and services geared towards satisfying the varied needs of members. He reiterated also the vision for the credit union to be financial institution of choice. He proceeded to remind the meeting of the slate of products and services offered by the Credit Union: Secured and Unsecured loans for all purposes, savings and investments that attracted the most competitive rates in the market and supplementary services such as Bill Express and Family Indemnity Plan.

Mention was also made of the three new products that were introduced during the period: Super Consolidation, Quick 'n' Eezee and Back 2 School loans. The reduction in interest rates by 3% and 5% on real estate and new motor car loans respectively were also highlighted.

The CUNA Mutual Insurance Company, the carrier for the FIP had been rebranded to CUNA Caribbean Jamaica Limited and had added a Plan G to the Family Indemnity Plan, reported the President. The new Plan offered a \$1M coverage at a cost of \$5,280 monthly.

### **Online Banking**

The president spoke to the Credit Union's advent into Online Banking in 2014 and the convenient access (24/7) it brought members to their accounts, enabling them to carry out a range of transactions from anywhere in the world.





To much applause he emphasized the point that this was a credit union on the move with a whole lot of progress taking place.

### **Staff Development**

Being cognizant of the fact that human resource must be able to support and enable the execution of strategy through building organizational capacity, Mr. Allen reported that the Board of Directors continued to invest in the development and training of Directors, Committee members, Management and Staff in order to add significant value to the credit union. To this end they were exposed to training to the highest level of efficiency relevant to their job function enabling them to give quality service and advice to the members.

### **Marketing and Customer Service**

Mr. Allen resoundingly echoed the value and importance the credit union placed on the relationship it had with its members. Their feedback on products, services and customer delivery was valued and so they were captured through market surveys using questionnaires. Additionally, members were kept abreast of the changes in products and services through the credit union quarterly publication of their newsletter.

Other aspects of the Customer Relation Management Strategy included sending text messages, birthday greetings, emails, welcome letters to new members as well as engaging members on social media platforms such as Twitter and Facebook. He reported also on the Member Referral Programme where members were given an opportunity to assist in increasing the membership of the credit union and earn prizes for their efforts. Members were required to refer a minimum of 10 persons and prizes would range from \$10,000.00 to \$25,000.00 depending on the number of persons in excess of ten that were referred.

### **Corporate Social Responsibility**

The President continued by reporting that the credit union remained committed to contributing to the economic development and quality of life of the members and their families as well as supporting charitable organizations and JCF's sports activities and projects. Contributions to these efforts totaled some \$4.1M.

He highlighted that (75) children of members received GSAT awards of \$20,000.00 each. Four (4) scholarships of \$200,000.00 each were offered to members and/or children of members studying at the tertiary level. Several donations were made to members who were displaced by fire and other natural disasters and assistance given to the family of deceased members.

### **Acknowledgement**

In closing his report the President on behalf of the Board of Directors expressed gratitude to one and all for their support throughout the year. He acknowledged also the support and guidance of the Department of Co-operatives and Friendly Societies, the Bank of Jamaica, the Credit Union Fund Management Company and the Jamaica Co-operative Credit Union League. He recognized and thanked the Management and staff, led by CEO Mr. Osmond Bromfield for their extraordinary work and commitment during a challenging period, he emphasized that their collective energy, efficiency and effectiveness had contributed to another successful year.

Finally he acknowledged the general membership, the most important persons there, for electing the Board to serve them he stated that it was indeed a privilege and a pleasure.



## **TREASURER AND AUDITOR'S REPORT**

The President invited the Treasurer Mr. George Hunter to present his report. Mr. Hunter indicated that before going into his report he would first invite Miss Lisa Cousins from the firm UHY Dawgen to read the auditor's report.

### **Auditor's Report**

The report confirmed that they had audited the financial statements of the National Security Employees Co-operative Credit Union which comprised the statement of the society's financial position as at December 31, 2015, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, together with a summary of significant accounting policies and other explanatory notes.

The report mentioned Management's responsibility for the preparation and fair representation of the statements in accordance with International Financial Reporting Standards and the Co-operative Societies Act.

The report highlighted also the auditor's responsibility to express an opinion on these financial statements based on their audit. It went on to state that the audit was conducted in accordance with International Standards on Auditing which required that the auditors complied with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements were free from material misstatements. It went on to outline the audit process and stated that the auditors were of the view that the evidence they obtained was sufficient and appropriate to provide a basis for their audit opinion.

The auditor's opinion was that the financial statements gave a true and fair view of the financial position of the Credit Union as at December 31, 2015 and its financial

performance, its changes in equity and its cash flows for the year ended. They had been prepared in accordance with International Financial Reporting Standards and complied with the provisions of the Co-operative Societies Act.

In reporting on additional matters required by the Co-operative Societies Act, Miss Cousins indicated that all the information and explanations which, to the best of their knowledge and belief, were necessary for the purposes of their audit. In their opinion, proper accounting records had been maintained so far as appeared from their examination of those records, and the financial statements which were in agreement therewith, gave the information required by the Co-operative Societies Act in the manner required.

### **Treasurer's Report**

The Treasurer underscored his report with a review of the Jamaican economy. He mentioned growth in gross domestic product of 8%, the drop in inflation rate to 3.7%, the passing of 10 consecutive IMF tests, the decline in oil prices to US\$30 and the depreciation of the local currency by 5%. Mr. Hunter then proceeded to report on the credit union's key performance areas. He reported that both Liquid Asset and Savings grew by 13% each when compared to 2014 while Loans grew by 6%.

On the income side the Treasurer reported that in comparing Loan Interest Income to Investment Income the latter was negligible hence greater emphasis being placed on loans interest to enable the viability of the credit union.

The Cost of Fund for 2015 showed an overall increase of \$10.6M or 22% while the interest paid to members on deferred shares increased by 102%. He emphasized the point that the credit union continued to promote Equity Investment as a means of





shoring up Capital Adequacy in readiness for the Bank of Jamaica's full engagement as regulator for the Credit Union Movement.

As it related to profitability the Treasurer reported that the credit union recorded increase in excess of \$14M or 368% when compared to 2014 while expenditure increased by 9% over the comparative periods. This growth he said indicated that the credit union would have been repositioned from a flat income stream to one of an upward trajectory.

Delinquent loans totaled \$25,791,482 representing 2% of the total loan portfolio. Although the rate was well below the industry's standard of 5%, there was still cause for concern. To further enhance the management of delinquency, the engagement of collections agencies and court actions were being contemplated.

### **Acknowledgement**

In closing his report the Treasurer expressed thanks to his fellow Directors who having entrusted him with responsibilities of Treasurer, supported and encouraged him through the period. He expressed also his appreciation to management and staff for their dedication, efficiency and effectiveness which he knew impacted in the year's positive outcome. To the Auditors, the Registrar of Co-operatives and Friendly Societies and the League he expressed gratitude for their support. Finally he thanked the members for having elected him to serve as one of the Directors. He was indeed grateful for the privilege to have served.

Matters Arising from Treasurer's Report Commendations for a good presentation and for a good report were expressed by Mr. C. Bowen and Mr. C. Phillips. Mr. Phillips further commented that it was good that the Annual Report was circulated well before the meeting so members had an opportunity to go through it.

He sought clarity on the point that resignations were contributing to delinquency, against the background that members had mentioned to him that they had resigned and gone on to bigger and better things. The President responding said that quite a number of those persons that had resigned, had gone overseas but had neglected their obligations at the credit union.

Mr. Phillips further enquired about the success of the methods being used to control delinquency. The response from the Chairman was that whilst some aspects of the measures are works in progress for e.g. going through the courts, other measures were working well. He added that the collateral used to secure the loans was being targeted as well. The Chairman reiterated the point that ours was one of the best delinquency rates in the movement. Mr. Phillips then commended the credit union for a good performance.

### **Credit Committee Report**

This report was presented by the Chairman of the Committee Mr. Steven Watson. The report spoke to the committee's activities during the period under review. They held a total of 26 loan meetings, quarterly joint meetings and seminars. Mr. Watson voiced the committee's commendation of the Board for continuing to be creative in their show of care for the members, creating products to satisfy the needs of members within the context of a harsh economic climate. He concluded by expressing gratitude to the various entities, organizations and persons who would have contributed to their successful year. No matter for discussion rose from this report.

### **Supervisory Committee**

The report of the Supervisory Committee was presented by its Chairman, Mr. N. Davis. He reminded the meeting of the committee's role of oversight of the credit unions activities.





As such they kept an eye on; practices and procedures to ensure adherence to policies, key areas of operations and lent their voices to areas of concern en route finding amicable solutions, their main concern in that regard being delinquency. The committee was satisfied that throughout the period the credit union maintained high levels of financial safety and soundness. Mr. Davis also expressed gratitude for the support from all concerned as they successfully completed another year of service.

### **Adoption of Reports**

The President reminded the meeting of the earlier decision to take the adoption of the reports en bloc and asked for a motion to do so. The motion was moved by Mr. Rohan James seconded by Mr. Maurice Channer.

### **NOMINATING COMMITTEE'S REPORT**

The President/Chairman invited Mr. George Hunter Chairman of the Nominating Committee to read the committee's report. He reminded the meeting of the stipulations of Rule XIII (1) which mandated the Board to appoint not less than 30 days prior to the Annual General Meeting, a Nominations Committee that will fill the existing vacancies. He named the members of the committee. The committee looked at the vacancies created by persons retiring from the Board and committees and made recommendations for them to be filled.

Retiring from the Board of Directors and recommended to serve for another two years were: Messrs. Calvin Allen, Courtney Faulknor, Eric Wint, Miss Dacy-Ann Graham and Miss Jeanette Davis.

Retiring from the Credit Committee were: Miss Patsie Wallen-Lindsay, Mrs. Carlene Allen and Mr. Anthony Lewis. They were recommended to serve for another two years.

Retiring from the supervisory committee and recommended to serve another year were Mr. Dave Lynch, Mr. Nigel Davis, Mr. Omar Drysdale, Mrs. Sancha Miller-McPherson and Mrs. Junnifer-Dixon-Gordon.

### **ELECTIONS**

Mr. Michael Webb from the Registrar of Co-operatives and Friendly Societies was invited to carry out the roles of 'Director of Elections'. He explained the process relative to how the elections would be conducted. He stated that along with the persons recommended by the Nominating Committee he would be taking nominations from the floor, ballots would be distributed, votes would be taken and the elected determined by majority votes. He added that the nominations would be valid if the nominee has fulfilled his or her obligations to the credit union and satisfy the supervisory authority that he or she is a fit and proper person to perform corporate management functions.

### **Board of Directors**

There were no nominations from the floor hence Messrs. Calvin Allen, Courtney Faulknor, Eric Wint, Miss Dacy-Ann Graham and Miss Jeanette Davis were duly elected to serve for two years.

### **Credit Committee**

There were no nominations from the floor and so elected to serve on the Credit Committee for two years were: Patsie Wallen-Lindsay, Mrs. Carlene Allen and Mr. Anthony Lewis.

### **Supervisory Committee**

Mr. Joel Betty and Miss Julian Oscar were the other nominations from the floor. Duly elected to serve on this committee for one year were Mr. Nigel Davis, Mr. Omar Drysdale, Mrs. Sancha Miller-McPherson, Mrs. Junnifer Dixon-Gordon and Miss Julian Oscar.





### **Delegates to the League and Other Affiliates**

A motion was moved by Mr. Derrick Brown seconded by Ms. Paulette Patterly and carried by the members for the Board of Directors to nominate their Delegates and Alternate Delegates.

The Registrar reminded the Board and Committees of their obligation to meet within 10 days to elect their officers.

NB: to maximize the use of time while the counting of the ballots for the Supervisory Committee was being conducted, a motion for the suspension of the standing order in order to proceed to other agenda items was moved by Mr. Calvin Allen seconded by Mr. George Hunter. Two agenda items were subsequently taken; The Distribution of Surplus and the Fixing of Maximum Liability and the Presentation of Awards. The resumption was taken on a motion, moved and seconded by Mr. Calvin Allen and Mr. Errol Adams respectively.

## **DISTRIBUTION OF SURPLUS AND FIXING OF MAXIMUM LIABILITY**

### **Surplus**

The President called on the Treasurer to deal with that aspect of the proceedings. The Treasurer reminded the meeting that \$14,314,238.00 was up for distribution. He proposed that the surplus be distributed as follows:

- Dividend on Permanent Share (15%) - \$9M
- Honoraria - \$2M
- GSAT Bursaries - \$1M
- Disaster Relief Fund - \$1M
- Scholarship Grants (4) - 800,000.00
- Donations - \$514,238

In response to an enquiry from Mr. Peter Goldson the CEO reminded the members that there were three categories of Shares and

the proposal was that the dividend would be apportioned on the Permanent Shares. He added that although it was not mentioned in the proposal, he was prepared to pay 50% of the amount in cash (sent to members ATM cards). The proposal was approved on a motion by Miss Heather Chambers seconded by Mr. Christopher Bowen.

The CEO clarified for Mr. Cecil Hines that the decision to apportion dividend to Permanent Shares as opposed to Voluntary Shares was just a matter of choice or convenience. He added that the Voluntary Share portfolio was in excess of \$700M and the \$9M declared would be about 1.5% of that amount whilst the same \$9M was 15% of Permanent Share. So from any perspective he believed that 15% was a more attractive sell.

### **Fixing of Maximum Liability**

The Treasurer proposed also that the Maximum Liability be set at 16 times the Societies Capital and Reserves. This was approved on a motion by Mr. C. Bowen seconded by Mrs. I. McKenzie-Ferron

### **Financial Support**

The CEO reminded the meeting of the decision they took two years ago to accept Mr. Herbert Welch as a lifelong member and to support him financially with \$25,000.00 per month. He reiterated that Mr. Welch was the first chairman of the Special Constabulary Force Association and a member of the Credit Committee for over 25 years. He was in receipt of \$15,000.00 per month from the Association prior to the merger. Subsequent to the merger that support had ceased, hence the decision taken two years ago. The CEO was seeking approval for an increase from \$25,000.00 to \$40,000.00 just to keep in line with natural increases. A motion for the increase was moved by Mr. J. Prince seconded by Mr. Patrick Johnson. This amount was subsequently amended to \$50,000.00 on a motion by Miss Heather Chambers seconded by Mr. Maurice Channer, put to the vote and carried.





## **PRESENTATION OF AWARDS**

The CEO in leading this segment stated that it was a part of the credit union's culture to recognize those who would have served the society well over the years and were no longer serving. He added that two categories of persons would be recognized, persons who served internally and those who served externally.

Presentations were made to:

- Mr. Oswald Parkes from CUNA Caribbean who over the years had always been around to give support and offer advice.
- Mr. Desmond Brooks for 10 years of service on the Board of Directors.
- Mrs. Tracy-Ann Francis-Phillips for 10 years of dedicated service as an employee.
- Miss Beverley Nembhard for 22 years of service in her capacity as an Office Attendant.

## **ANY OTHER MATTER**

In respect to members who would have resigned and were not honouring their obligations Mr. C. Bowen suggested that the High Command be engaged to have their severance monies transmitted to the credit union to treat with their obligations. The response from the chair was that it was a good suggestion, an avenue that would have been tried before.

Mr. Anthony Rose raised the point that he would have seen the various media used by the credit union to notify members of the AGM. Notwithstanding, the turnout was very dismal. He was concerned that there

was something missing and that missing element ought to be considered. The Chairman responding said that 193 persons were in attendance. He further stated that one had to recognize that duties would impact heavily on turnout especially with the day being a Saturday.

Miss Ann-Marie Coy suggested that the credit union considered establishing a Partner Plan. The CEO in response mentioned the whole aspect of product differentiation. He stated that there were other products at the credit union that could have the same effect of a partner plan, he mentioned the Christmas Club being one. He mentioned also the Special deposit on which 8% interest was paid as an avenue to be explored when preparations for back to school was being contemplated. The 20% increase on the Easi Access Loan (without any increase in payment) effective August 1, 2016 was implemented to assist with back-to-school expenses.

Mr. Desmond Brooks revisited the aspect of resignations and its effect on delinquency. He said his office had been following the numbers and they were alarming. He was aware that many were migrating to the US and Canada. He was wondering if the credit union could work through the credit bureau to make their life uncomfortable wherever they were. The CEO responding said that although delinquency was highlighted as a concern, the portfolio was quite manageable. He added that the Loans Portfolio was \$1.4B and delinquency \$25M. It was not possible to be in credit administration without delinquency. He stated further that credit bureaus have no jurisdiction outside of the country in which they were registered.



Miss Latoya Frazer wanted to know if loans were not insured. The response was that they were but not for delinquency purposes

Mr. Anthony Rose suggested that given situation where police officers have lost their lives whilst taking public transportation, couldn't the credit union offer a special motor vehicle loan giving 100% financing for 5 year old vehicles. The suggestion was noted for future reference.

Mr. C. Hines stated that he was aware that one of the reasons for the name change of the credit union was for it to become more viable and to improve membership. He wanted to know what improvement in that regard had been had since. The Chairman responding said every year since the name change the credit union had been seeing increases in membership. That increase he said was not only as a result of the name change but also the different marketing strategies that had been employed.

### **GATE PRIZES**

Mrs. Leonora Williams-Hylton won the first prize of \$8,000.00. Miss Barbara Quarrie won second prize of \$6,000.00 and the third prize of \$4000.00 was won by Miss Marion Johnson.

### **VOTE OF THANKS**

The vote of thanks was done by Miss Dacy-Ann Graham, Assistant Secretary. On behalf of the Board she thanked everyone for coming out and making the event the success it had been. She took time out to mention the specially invited guests and those persons who had performed one role or another and most of all the members without whom there could not have been a meeting. She wished for all a safe journey back home.

### **ADJOURNMENT**

There being no other matter to be discussed the meeting adjourned at 1:45pm.

Errol G. Adams  
Secretary





# BOARD *of* DIRECTORS



LEFT TO RIGHT:

STANDING:

George Hunter (Treasurer) Errol Adams (Secretary), Calvin Allen (President), Courtney Faulknor (Director)  
Eric Wint (Director), Christopher Murdock (Assistant Treasurer)

SITTING:

Jeanette Davis (Vice President), Dacy-Ann Graham (Assistant Secretary)

MISSING:

Andrew Johnson (Director)

# BOARD OF DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016



Calvin Allen M.Sc. | President

The National Security Employees Co-operative Credit Union Limited (NSECCUL), despite the many challenges in the financial environment, our mission of improving the economic empowerment of our members remain by providing high quality, attractive financial services and accountable counsel whilst acting with values of integrity, financial prudence, transparency and in conformity with statutory regulations. Our vision of becoming the financial institution of choice for our members is guided by your continued support and participation that enable us to tailor products and services to meet your needs.

## THE ECONOMY

The Jamaican economy improved when compared to 2015. It grew by 1.4% and inflation rate fell to its lowest since 1964 to 1.7% for the calendar year 2016. Jamaica recorded its fifth consecutive year of improvement in its trade account deficit, as well as Net International Reserve (NIR) closing at US\$2.8B which represented 24.7 weeks of imports. The country successfully recorded thirteen (13) consecutive reviews under the economic reform programme of the International Monetary Fund (IMF) extended fund facility agreement and a new three (3) year Precautionary Stand- By Arrangement was successfully negotiated with the "IMF, aimed at preserving macro-economic stability and sustained growth and job creation.

## CREDIT UNION MOVEMENT PERFORMANCE

### THE CREDIT UNION MOVEMENT

Despite 2016 being a very competitive one, the Movement improved its savings, loans and assets portfolios during the year. Additionally, Credit Unions recorded a combined unaudited healthy surplus of \$1.266 billion at the end of the year, representing a 43.8% increase when compared to the surplus of \$882.097 million in 2015. This signals a significant rebound, given that the surplus for 2015 represented a 30% decline relative to the previous year. The Movement started 2016 with 34 Credit Unions, however, the number of Credit Unions declined as a result of mergers, ending the year at 32.

### CREDIT UNION GROWTH

Total savings grew by 8.44% from \$68.08 billion in 2015 to \$73.83 billion at the end of 2016. The value of loans outstanding increased from \$59.48 billion to \$63.73 billion or a 7.15% increase over 2015. Total assets increased by 7.85% to \$95.67 billion, up from \$88.71 billion for prior year. Credit Unions surpassed the 1 million membership mark with an annual growth of 2.88% which brought membership to 1,028,182.

### THE NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED PERFORMANCE

The National Security Employees Co-operative Credit Union Limited recorded another successful year of operation, resulting in comprehensive income of

\$24.5M. This success was through vigilant financial navigation and hands-on actions to the shifting operating environment, whilst still meeting our members' financial needs and satisfaction.

We are aware of the operating environment and have employed the necessary strategies to achieve greater income generation and improved productivity to provide a cushion and complement to our members against the impact of the economic difficulties. We remain devoted to developing creative, comprehensive and suitable products and services to meet your every need, while practicing all tenets of Prudential Financial administration.

### CAPITAL BASE

Capital adequacy is one of the main requirement for licensing under BOJ Credit Union Regulation and our Institutional Capital stands at 12.84% which is above the minimum requirement set by Jamaica Co-operative Credit Union league (JCCUL) PEARLS standard and Bank of Jamaica (BOJ) primary ratio of 8% and 6% respectively. Our Fix Asset to Capital Ratio is 37.06% which is within the BOJ standard of less than 50%.



Graph 1 showing three year comparative key operators

### FINANCIAL PERFORMANCE IN KEY OPERATING AREAS

The key performance of the Credit Union resulted in total assets moving from \$1.6B to \$1.8B, an increase of \$263M or 16.11% in 2016 when compare to the previous year. The loan portfolio increased by \$234M or 18.58%, moving from \$1.260B in 2015 to \$1.495B

in 2016. The savings portfolio moved from \$1B in 2015 to \$1.150B 2016; a growth of \$149M or 14.95% as highlighted in table 1 below.

KEY OPERATING STATISTICS	2016	2015	MONETARY CHANGE	CHANGE (%)
Membership growth	8082	8041		
	(\$'000)	(\$'000)	(\$'000)	
Total Assets	1,899,020	1,635,534	263,486	16.11
Net Loans to members	1,495,139	1,260,891	234,248	18.58
Savings (Shares & Deposits)	1,150,010	1,000,444	149,566	14.95
Institutional Capital	243,867	220,062	23,805	10.82
Delinquent loans	32,209	25,791	6,418	24.90
Delinquent loan provision	15,101	12,736	2,365	18.57

Table 1 - Key Operating Statistics

### DELINQUENCY

The Credit Union continues to be impacted by the sharp increase in the rate of resignation of the members of the Jamaica Constabulary Force (JCF). However, effective delinquency control measures were employed to keep delinquency at manageable level, such as engaging the services of the Credit Bureau and the engagement of debt collection agencies. As at December 2016 the delinquency stood at 2.15% of our loan portfolio. We have pursued court proceedings against some delinquent individuals as we are ardent about keeping this portfolio to a minimum and for it to continue to remain below the Credit Union Movement PEARLS standard of 5%.

### RISK AND COMPLIANCE

Credit Unions are required to establish and implement policies, procedures and programmes to prevent and detect money laundering and finance of terrorist activities in compliance with the Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) laws. In keeping with this The Board of Directors has appointed a Nominated Officer who has the dual role of managing legal matters as well as enterprise Risk management. The core function of Enterprise Risk Management in the Credit Union is to ensure that significant risks undertaken to increase profitability



are adequately identified and managed. At the core of this is the identification of the Credit Unions' key risks through the use of the Risk Register and also consistently updating the policies and procedures to manage the identified risks.

The Credit Union also continues to maintain a high level of compliance with all laws and regulations relating to its operations. Throughout the year 2016, the Credit Union continued its work on the improvement of the Enterprise Risk Management Framework and measures taken included:

- Threshold and suspicious transaction reporting to the designated authority
- Know your customer due diligence (updating customer information) Employees Integrity awareness
- Evaluation of the Credit Unions' compliance with the regulations and guidance notes
- AML/CFT & POCA training and re-training were undertaken with staff to guide employees

## **PRODUCTS AND SERVICES**

The Board of Directors is committed to providing the correct blend of products and services to the satisfaction of all our members and as such, we continue to provide a wide range of products and services. We have launched our online banking where you can transfer funds, check account balances and pay bills online in the comfort of your home or from anywhere in the world. In keeping with our vision of being the financial institution of choice the Credit Union continues to provide supplementary services such as the Bill Express facility and Family Indemnity Plan Insurance (FIP). We offer secure and unsecure loans for all purposes and savings that attract the most competitive rate of return in the market. Three new loan products were also introduced namely; the Super Consolidation loan, Quick 'n' Eezee loan, and Back 2 School loan. We have also reduced the interest rate on real estate and new motor car purchase loans by 3% and 5% respectively.

## **STAFF DEVELOPMENT**

The Board of Directors continues to invest in the development and training of Directors, Committee Members, Management and Staff, to add significant

value to the Credit Union. We are cognizant that Human Resource must be able to support and enable the execution of strategy through building organizational capability. Hence, we ensured that our Committee Members, Management and Staff were being trained to the highest level of efficiency relevant to their job function to be able to give quality service and professional advice to you our membership.

A number of internal training sessions were conducted covering areas such as Customer Service/ Sales and Cross Selling, Customer Charter and Complaints Procedure, Proceeds of Crime Act (POCA), Management Policy and Products and Services Overview. Board of Directors, Management, Staff and Committee members also participated in training programmes conducted by the Jamaica Co-operative Credit Union League. These included: Credit Administration, Classification and Provisioning & Non-Accrual Requirement Workshop, Insolvency Act Awareness Session, Business Continuity Planning and Sensitization Workshop, Audit Technique for Supervisory and Internal Auditor, Orientation for New Credit Union Staff, Delinquency Management, and meeting Protocols for Credit Union Presidents and Secretaries.

## **STAFF COMPLEMENT**

At the end of 2016, the credit union had a total staff complement of forty-one (41) employees operating from the head office and three rural branches, which includes the employment of two (2) new employees. Throughout the year three (3) employees resigned and two (2) went off on retirement.

## **MARKETING AND CUSTOMER SERVICE**

The opinion of our members is very important and gives us the opportunity to ascertain their feedback on our products, services and our customer service delivery. This was captured by conducting market surveys through the use of questionnaires. Additionally, members were kept abreast of all products, services and changes within the Credit Union via quarterly publication of our newsletters and brochures.

The Credit Union continues several Customer Relationship Management (CRM) strategies by sending text messages, birthday greetings, emails and welcome letters to new members as well as engaging our members on various social media platforms such as Facebook and Twitter. The Member Referral Program continues and members entering the competition were required to refer a minimum of ten (10) new members on a monthly basis for a chance to compete and win cash prizes of Twenty-Five Thousand Dollars (\$25,000), Fifteen Thousand Dollars (\$15,000) and Ten Thousand Dollars (\$10,000).

### CORPORATE SOCIAL RESPONSIBILITY

We continued in our effort to enhance the socio-economic well-being of our members through the granting of scholarships, bursaries, sponsorships and donations. A number of members, their families, charitable organizations and JCF sports activities and projects benefited from outreach assistance totalling Four Million One Hundred Thousand Dollars (\$4.1Million).

These included:

- Members Appreciation day held at Sugarman's Beach
- Police Area Sports Day and the chaplaincy services domino tournament.
- JCF Area Netball Competition
- Police Law Enforcement Torch Run
- Police Federation 73nd Conference
- Sponsorship of the Kingston and St. Andrew Festival Queen competition.
- 75 GSAT students received grants.
- Four members received memorial scholarships. (The Leroy Burnett, Lincoln Grant & D'Sent Nicholas and Leonie Smythe-Melhado Memorial Scholarships of \$200,000 each.)

### BOARD OF DIRECTORS ATTENDANCE REPORT

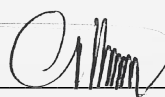
Attendance at the Directors' Meeting for the period January to December 2016 shown below:

NAMES	ATTENDANCE	POSSIBLE MEETINGS	EXCUSED
Calvin Allen	13	13	-
Jeanette Davis	10	13	3
George Hunter	12	13	1
Christopher Murdock	11	13	2
Errol Adams	13	13	-
Dacy-Ann Graham	13	13	-
Eric Wint	13	13	-
Courtney Faulknor	12	13	1
Andrew Johnson	13	13	-

### APPRECIATION

On behalf of the Board of Directors, I wish to thank the many individuals and organizations who partnered with us throughout the year 2015. Namely the Credit Union League, Credit Union Fund Management Company, Centralized Strategic Services, Department of Co-operatives & Friendly Societies, The Bank of Jamaica, CUNA Caribbean Insurance Jamaica Ltd, National Union of Co-operatives and the Ministry of National Security payroll staff.

We could not have done it on our own and so special appreciation goes out to our Chief Executive Officer, Mr. Osmond Bromfield and his capable management team and staff for their excellent performance throughout the year. We thank the Credit and Supervisory Committees for their assistance throughout the year and most of all, to you the general membership for your support over the period. We will continue to serve you well and we look forward to serving you again.



Calvin Allen  
President

# TREASURER'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016



George Hunter B.Sc., A.Sc. | Treasurer

The Jamaican economy recorded growth in gross domestic product (GDP) 1.4 percent for the calendar year 2016. The inflation rate dropped to 1.7%, the lowest rate since 1964. The Government of Jamaica passed thirteen (13) consecutive International Monetary Fund tests. A new 3-year Precautionary Stand-By Arrangement was successfully negotiated with the IMF, aimed at preserving macro-economic stability and sustained growth and job creation. Jamaica's Balance of payments recorded its fifth consecutive year of improvement in 2016. The Jamaica Stock Exchange (JSE) continued increase buoyancy in the local equities market resulted in increases in all the JSE indices for 2016. The Jamaican economy is projected to grow by 1.7% in Gross Domestic Product (GDP) in 2017.

The National Security Employees Co-operative Credit Union Limited performed strongly against the competitions namely the commercial banks and the micro financial institutions. The Credit Union recorded growth in all areas of its operations as shown below:

	2016	2015	Monetary Change	Change (%)
Loans	1,495,138,808	1,260,890,582	234,248,226	18.58
Liquid Assets	296,279,162	265,229,552	31,049,610	11.71
Total Equity	256,648,217	240,564,579	16,083,638	6.69
Total Savings	1,150,010,408	1,000,443,740	149,566,668	15
Total Assets	1,899,020,149	1,635,534,188	263,485,956	16.11

Table 1 – Portfolio growth for 2016

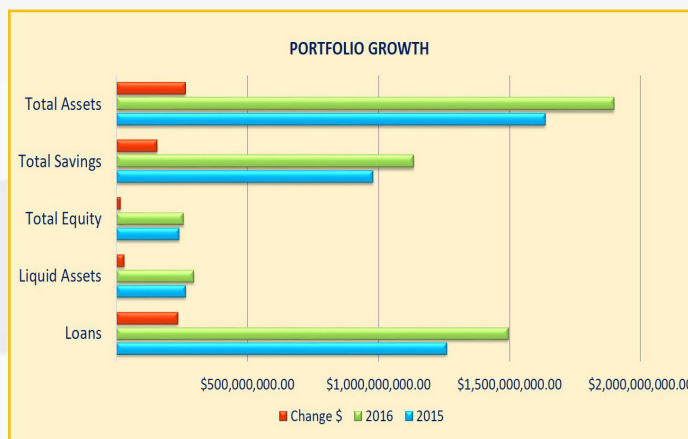


Figure 1 - Change in Portfolio Growth between 2015/2016

As displayed in the table above the loan grew by 18.58%, liquid assets by 11.71%, equity by 6.69%, savings by 15.86% and total assets 16.11% respectively over 2015. This level of growth was significantly better than the growth rate of 2015, with inflation rate of 1.7% better than 2015 which was 3.7%. Therefore, all portfolios grew significantly in real terms and compared favorably with the growth in 2015. Of importance is a stable macro-economic environment and the overall positive expectations for the future. The NIR closed the year at US\$2,719.M representing 24.7 weeks of imports.

	2016 (\$)	2015 (\$)	Monetary Change	Change (%)
Interest on Loans	280,367,215	250,975,074	29,392,141	11.71
Interest on Investments	7,068,241	6,621,786	446,455	6.74
Miscellaneous Income	13,866,574	6,639,586	7,226,988	108.85
Total	301,349,888	264,236,546	37,113,342	14.0

Table 2 – Income for 2016

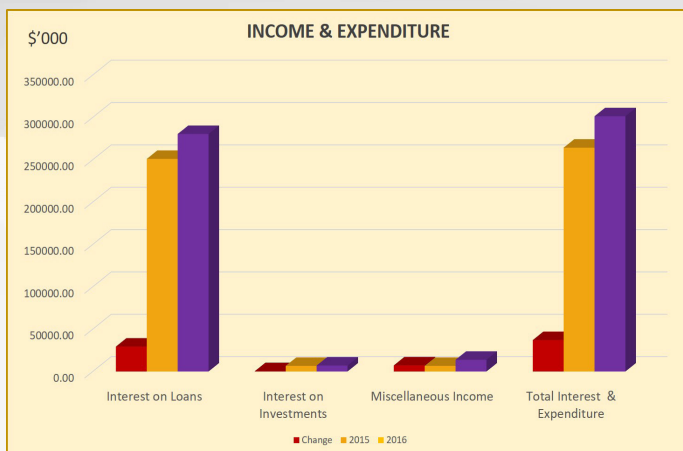


Figure 2 – Income and expenditure for 2016

### COST OF FUND

The cost of fund for the year 2016 overall increase by \$1,420,971 or 2.45% while the interest paid to members on deferred shares increase by 39.26% and interest cost on deposits increase by 23.93%. Our Credit Union continues to promote equity investment as a means to sure up Capital Adequacy and simultaneously mobilize savings for liquidity purposes in anticipation of the Bank of Jamaica full engagement as Regulator for the Credit Union Movement.

	2016	2015	Monetary Change	Change (%)
Saving Deposit	21,171,239	17,083,495	4,087,744	23.93
External Credit	33,049,046	37,174,073	(4,125,027)	(11.10)
Deferred shares	4,556,409	3,271,938	1,284,471	39.26
Bank Charge	530,711	356,928	173,783	48.69
Total	59,307,405	57,886,434	1,420,971	2.45

Table 3 - Illustrating Cost of Funds for 2015 versus 2016

### PROFITABILITY

The table and chart below show the comparative analysis of the operations of the Credit Union in terms of Income and Expenditure for 2016 as against 2015. The Credit Union recorded net income \$21,994,503 compared with \$18,317,630 a change \$3,676,873 or 20.07% and therefore continue its upward trajectory and hopefully will improve going forward in the foreseeable future.

	2016 (\$)	2015 (\$)	Monetary Change	Change (%)
Gross Income	239,677,417	204,480,126	35,197,291	17.21
Operating Expense	217,682,914	186,162,496	31,520,418	16.93
Net Income	21,994,503	18,317,630	3,676,873	20.07

Table 4 – Showing the Credit Unions profitability for 2016

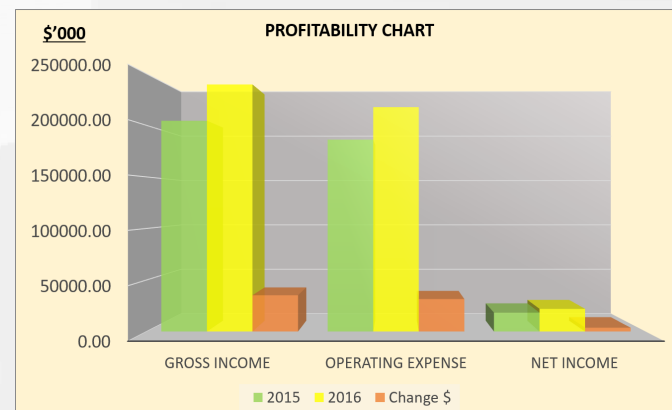


Figure 3 – Bar graph showing profitability for 2016

### EXPENDITURE

The above table showed that expenditure increased by \$31,520,418 or 16.93% when compared to the year 2015. While, the provision for loan loss has worsen to \$2,365,914 compared with \$1,869,886, a change of \$495,200 or 26.48% more than the loan loss provision 2015. This can be attributable to increase resignation of members of the Jamaica Constabulary Force and due mainly to migration.

	2016 (\$)	2015 (\$)	Monetary Change	Change (%)
Personnel Cost	135,768,589	119,973,893	15,794,696	13.17
Members	13,801,116	13,558,457	242,659	1.79
Marketing & Promotion	4,717,936	3,856,215	861,721	22.35
Administrative Expenditure	37,782,78	34,852,473	2,930,307	8.41
Affiliation Expenditure	25,612,493	14,841,668	10,770,825	72.57
Total	217,682,914	186,162,496	31,520,418	16.93

Table 5 – Showing breakdown of expenditure for 2016

## **DELINQUENCY**

Delinquent loans amounted to \$32,209,204, a rate of 2.15% of total loans. While this rate falls within the credit union movement standard of 5% this is still a cause for concern. Consequently, all possible efforts will be engaged to manage delinquency including court actions and the engagement of debt collection agencies.

## **ACKNOWLEDGEMENT**

I would like to express my gratitude to the members of the Board of Directors who have entrusted me with the responsibility of Treasurer. Your enthusiasm, and commitment and support was inspiring.

I am thankful to the management and staff for their dedication, loyalty and hard work which has undoubtedly contributed to another successful year for the Credit Union. To the Department of Co-operatives and Friendly Societies, UHY Dawgen Chartered Accountants (Incorporating Paul Goldson and Co.) and The Jamaica Co-operative Credit Union League acknowledgement for your support throughout the year.

To all members of the National Security Employees Co-operative Credit Union, immeasurable appreciation and deepest gratitude is extended to you for electing me to serve as a member of the Board of Directors and for your kind support throughout the year.

Thank you for the privilege to serve you in 2016.



**George Hunter**  
**Treasurer**





**DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES**  
(An Agency of the Ministry of Industry, Commerce, Agriculture & Fisheries)

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

**2 MUSGRAVE AVENUE  
KINGSTON 10**

**TEL: 927-4912/927-6572**

**or  
978-1946**

**Fax: 927-5832**

**E-mail: dcfs@cwjamaica.com**

**S1**

**R 335/-146/04/17**

April 6, 2017

The Secretary  
National Security Employees  
Co-operative Credit Union Limited  
7-9 Union Square  
Cross Roads  
**KINGSTON 5**

Dear Sir/Madam,

I forward herewith the Financial Statements of your Society for the year ended  
December 31, 2016.

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

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

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

Yours sincerely,

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

*LGE/kd*

**c. The Secretary  
Jamaica Co-operative Credit Union League Limited**

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2015

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**REPORT OF THE INDEPENDENT AUDITORS  
TO THE REGISTRAR OF CO-OPERATIVES AND FRIENDLY SOCIETIES  
RE: NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED  
(FORMERLY JAMAICA SPECIAL CONSTABULARY CO-OPERATIVE CREDIT)  
(A SOCIETY REGISTERED UNDER THE CO-OPERATIVE SOCIETIES ACT)**

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**Opinion**

We have audited the financial statements of National Security Employees Credit Union Limited, which comprise the statement of financial position as at 31st December 2016, the statement of comprehensive income, statements of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Credit Union's financial statements give a true and fair view of the financial position of the Credit Union as at 31st December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis of Opinion**

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

**Other information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.





**REPORT OF THE INDEPENDENT AUDITORS  
TO THE REGISTRAR OF CO-OPERATIVES AND FRIENDLY SOCIETIES  
RE: NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED  
(FORMERLY JAMAICA SPECIAL CONSTABULARY CO-OPERATIVE CREDIT  
(A SOCIETY REGISTERED UNDER THE CO-OPERATIVE SOCIETIES ACT)**

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.





**REPORT OF THE INDEPENDENT AUDITORS  
TO THE REGISTRAR OF CO-OPERATIVES AND FRIENDLY SOCIETIES  
RE: NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED  
(A SOCIETY REGISTERED UNDER THE CO-OPERATIVE SOCIETIES ACT)**

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


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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Report on Additional Matters as Required by 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, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Co-operative Societies Act, in the manner required.

**UHY Dawg...**  
  
**UHY DAWG REGISTERED ACCOUNTANTS**



**NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED**  
**(FORMERLY JAMAICA SPECIAL CONSTABULARY CO-OPERATIVE CREDIT UNION LIMITED)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31ST DECEMBER 2016**  
(Expressed in Jamaican Dollars unless otherwise indicated)

	<u>Note</u>	<b>2016</b> <b>\$</b>	<b>2015</b> <b>\$</b>
<b><u>NON-CURRENT ASSETS</u></b>			
<b>Earning:</b>			
Loans to Members - Net of Provision for Loan Impairment	5	1,495,138,808	1,260,890,582
Financial Investments	7	4,419,646	3,171,457
		<u>1,499,558,454</u>	<u>1,264,062,039</u>
<b>Non-Earning:</b>			
Property, Plant & Equipment	8	90,394,533	97,916,597
Retirement Benefit Asset	9	12,788,000	8,326,000
		<u>103,182,533</u>	<u>106,242,597</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u><b>1,602,740,987</b></u>	<u><b>1,370,304,636</b></u>
<b><u>CURRENT ASSETS</u></b>			
<b>Earning:</b>			
Liquid Assets	10	193,777,095	177,377,707
Financial Investments	10	44,298,829	43,348,831
		<u>238,075,924</u>	<u>220,726,538</u>
<b>Non-Earning:</b>			
Liquid Assets	11	26,727,918	17,036,165
Receivables & Prepayments	11	31,475,320	27,466,849
		<u>58,203,238</u>	<u>44,503,014</u>
<b>TOTAL CURRENT ASSETS</b>		<u><b>296,279,162</b></u>	<u><b>265,229,552</b></u>
<b>TOTAL ASSETS</b>		<u><b>1,899,020,149</b></u>	<u><b>1,635,534,188</b></u>
<b><u>CAPITAL AND LIABILITIES</u></b>			
Members' Permanent Shares	12	66,607,416	62,491,535
Non-Institutional Capital	13	96,343,714	89,012,363
Institutional Capital	14	93,697,087	89,061,081
<b>Total Equity</b>		<u><b>256,648,217</b></u>	<u><b>240,564,979</b></u>
<b><u>NON-CURRENT LIABILITIES</u></b>			
<b>Interest Bearing:</b>			
Savings Deposits	16	267,287,407	186,263,799
Members' Voluntary Shares	17	783,829,822	724,546,848
Members' Deferred Shares	17	83,562,365	68,509,584
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u><b>1,134,679,594</b></u>	<u><b>979,320,231</b></u>

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

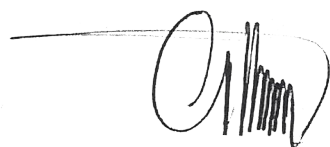
**NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED**  
**(FORMERLY JAMAICA SPECIAL CONSTABULARY CO-OPERATIVE CREDIT UNION LIMITED)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31ST DECEMBER 2016**

(Expressed in Jamaican Dollars unless otherwise indicated)

	<u>Note</u>	<u>2016</u> <u>\$</u>	<u>2015</u> <u>\$</u>
<b><u>CURRENT LIABILITIES</u></b>			
<b>Interest Bearing:</b>			
External Credits	18	367,472,747	300,465,181
Savings Deposits	16	98,893,179	89,633,093
		<u>466,365,926</u>	<u>390,098,274</u>
<b>Non-Interest Bearing:</b>			
Payables and Accruals	19	41,326,412	25,550,704
		<u>41,326,412</u>	<u>25,550,704</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>507,692,338</u>	<u>415,648,978</u>
<b>TOTAL CAPITAL AND LIABILITIES</b>		<u><u>1,899,020,149</u></u>	<u><u>1,635,534,188</u></u>

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

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



**CALVIN ALLEN**  
**PRESIDENT**



**GEORGE HUNTER**  
**TREASURER**

**NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED**  
**(FORMERLY JAMAICA SPECIAL CONSTABULARY CO-OPERATIVE CREDIT UNION LIMITED)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31ST DECEMBER 2016**  
(Expressed in Jamaican Dollars unless otherwise indicated)

	<u>Note</u>	<b>2016</b> <u>\$</u>	<b>2015</b> <u>\$</u>
<b>INTEREST INCOME:</b>			
Loans to Members		280,367,215	250,975,074
Liquid Assets	20	7,068,241	6,451,882
Financial Investments	20	47,858	169,904
		<u>287,483,314</u>	<u>257,596,860</u>
<b>INTEREST EXPENSE:</b>			
Saving Deposits		21,171,239	17,083,495
External Credits		33,049,046	37,174,073
Members' Deferred Shares		4,556,409	3,271,938
Other Financial Costs	21	530,711	356,928
		<u>59,307,405</u>	<u>57,886,434</u>
<b>NET INTEREST INCOME</b>		228,175,909	199,710,426
Increase in Provision for Loan Losses		<u>(2,365,066)</u>	<u>(1,869,886)</u>
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSS</b>		<u>225,810,843</u>	<u>197,840,540</u>
<b>NON-INTEREST INCOME</b>			
Miscellaneous Income	22	<u>13,866,574</u>	<u>6,639,586</u>
<b>GROSS INCOME</b>		239,677,417	204,480,126
Less: Operating Expenses	23	<u>217,682,914</u>	<u>186,162,496</u>
<b>NET INCOME BEFORE HONORARIA</b>		21,994,503	18,317,630
Honoraria		<u>(2,000,000)</u>	<u>(1,000,000)</u>
<b>NET INCOME AFTER HONORARIA</b>		19,994,503	17,317,630
<b>OTHER COMPREHENSIVE INCOME:</b>			
<b>Items that will or may be reclassified to profit or loss:</b>			
Gain on Revaluation of Quoted Shares		120,720	248,880
<b>Items that will not be reclassified to profit or loss:</b>			
Minimum Business Tax		(60,000)	(60,000)
Pension Income		<u>4,462,000</u>	<u>856,000</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>24,517,223</u></u>	<u><u>18,362,510</u></u>

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



**NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED  
(FORMERLY THE JAMAICA SPECIAL CONSTABULARY CO-OPERATIVE CREDIT UNION LIMITED)  
STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED 31ST DECEMBER 2016  
SUMMARY**

(Expressed in Jamaican Dollars unless otherwise indicated)

	Permanent Shares	Non- Institutional Capital	Institutional Capital	Total
	\$	\$	\$	\$
<b>Balance at 31st December 2014</b>	62,133,157	78,939,247	85,081,505	226,153,909
<b>Total Comprehensive Income for the Year</b>	-	18,362,510	-	18,362,510
Transfer - 20% of Net Income for the year 2015 before				
Honoraria	-	(3,663,526)	3,663,526	-
Subscription	358,378	-	-	358,378
Entrance Fee	-	-	316,050	316,050
<b>Appropriation of Net Surplus for 2014</b>				
Donations	-	(172,307)	-	(172,307)
Education	-	(500,000)	-	(500,000)
Dividend on Permanent Shares	-	(4,000,000)	-	(4,000,000)
Transfers from Current Year Surplus				
Increase in Share Transfer Fund	-	46,439	-	46,439
	358,378	(8,289,394)	3,979,576	(3,951,440)
<b>Balance at 31st December 2015</b>	62,491,535	89,012,363	89,061,081	240,564,979
<b>carried forward</b>				

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

**NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED  
(FORMERLY THE JAMAICA SPECIAL CONSTABULARY CO-OPERATIVE CREDIT UNION LIMITED)**

**STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED 31ST DECEMBER 2016  
SUMMARY (CONT'D)**

(Expressed in Jamaican Dollars unless otherwise indicated)

	Permanent Shares	Non- Institutional Capital	Institutional Capital	Total
	\$	\$	\$	\$
<b>Balance at 31st December 2015</b>				
brought forward	62,491,535	89,012,363	89,061,081	240,564,979
<b>Total Comprehensive Income for the Year</b>	-	24,517,223	-	24,517,223
Transfer - 20% of Net Income for the year 2016 before Honoraria	-	(4,398,901)	4,398,901	-
Subscription for Permanent Shares	4,115,881	-	-	4,115,881
Entrance Fees	-	-	237,105	237,105
<b>Appropriation of Net Surplus for 2015</b>				
Dividend on Permanent Share	-	(9,000,000)	-	(9,000,000)
Donations	-	(514,238)	-	(514,238)
Education	-	(1,800,000)	-	(1,800,000)
Disaster Relief Fund	-	(1,000,000)	-	(1,000,000)
<b>Transfers from Current Year Surplus:</b>				
Decrease in Share Transfer Fund	-	(472,733)	-	(472,733)
	4,115,881	(17,185,872)	4,636,006	(8,433,985)
<b>Balance at 31st December 2016</b>	<b>66,607,416</b>	<b>96,343,714</b>	<b>93,697,087</b>	<b>256,648,217</b>

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

**NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED  
(FORMERLY THE JAMAICA SPECIAL CONSTABULARY CO-OPERATIVE CREDIT UNION LIMITED)  
STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED 31ST DECEMBER 2016  
NON-INSTITUTIONAL CAPITAL**

(Expressed in Jamaican Dollars unless otherwise indicated)

	Fair Value Reserve	Revaluation & Building Reserve	Retirement Benefit Reserve	General Reserve	Special Reserve	Share Transfer Fund	Loan Loss Reserve	Undistributed Surplus	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 31st December 2014</b>	15,600	65,729,466	7,470,000	1,554	16,347	33,973	-	5,672,307	78,939,247
<b>Other Comprehensive Income</b>									
Pension Income	-	-	856,000	-	-	-	-	-	856,000
Minimum Business Tax	-	-	-	-	-	-	-	(60,000)	(60,000)
Increase in Fair Value of Quoted Shares	248,880	-	-	-	-	-	-	-	248,880
Net Income After Honoraria	-	-	-	-	-	-	-	17,317,630	17,317,630
<b>Total Comprehensive Income of the year</b>	<b>248,880</b>	<b>-</b>	<b>856,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,257,630</b>	<b>18,362,510</b>
<b>Transactions with Owners</b>									
Appropriation of Net Surplus for 2014	-	-	-	-	-	-	-	(4,000,000)	(4,000,000)
Dividend Paid on Permanent Shares	-	-	-	-	-	-	-	(172,307)	(172,307)
Donations	-	-	-	-	-	-	-	(500,000)	(500,000)
Education	-	-	-	-	-	-	-	-	-
Transfer - 20% of Net Income for the year 2015 before Honoraria	-	-	-	-	-	-	-	(3,663,526)	(3,663,526)
Transfer to Loan Loss Reserve	-	-	-	-	-	-	79,866	(79,866)	-
Transfers from Current Year Surplus:									
Increase in Share Transfer Fund	-	-	-	-	-	46,439	-	-	46,439
Transfer to Share Transfer Fund	-	-	-	-	-	200,000	-	(200,000)	-
<b>Total Transactions with Owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>246,439</b>	<b>79,866</b>	<b>(8,615,699)</b>	<b>(8,289,394)</b>
<b>Balance at 31st December 2015 carried forward</b>	<b>264,480</b>	<b>65,729,466</b>	<b>8,326,000</b>	<b>1,554</b>	<b>16,347</b>	<b>280,412</b>	<b>79,866</b>	<b>14,314,238</b>	<b>89,012,363</b>

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

**NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED**  
**(FORMERLY THE JAMAICA SPECIAL CONSTABULARY CO-OPERATIVE CREDIT UNION LIMITED)**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31ST DECEMBER 2016**  
**NON-INSTITUTIONAL CAPITAL (CONT'D)**  
(Expressed in Jamaican Dollars unless otherwise indicated)

	Fair Value Reserve	Revaluation & Building Reserve	Retirement Benefit Reserve	General Reserve	Special Reserve	Share Transfer Fund	Loan Loss Reserve	Undistributed Surplus	TOTAL
	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>Balance at 31st December 2015 brought forward</b>	264,480	65,729,466	8,326,000	1,554	16,347	280,412	79,866	14,314,238	89,012,363
<b>Other Comprehensive Income</b>									
Pension Income	-	-	4,462,000	-	-	-	-	-	4,462,000
Minimum Business Tax	-	-	-	-	-	-	-	(60,000)	(60,000)
Increase in Fair Value of Quoted Shares	120,720	-	-	-	-	-	-	-	120,720
Net Income After Honoraria	-	-	-	-	-	-	-	19,994,503	19,994,503
<b>Total Comprehensive Income for the Year</b>	<b>120,720</b>	<b>-</b>	<b>4,462,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,934,503</b>	<b>24,517,223</b>
<b>Transactions with Owners</b>									
Appropriation of Net Surplus for 2015									
Dividend on Permanent Share	-	-	-	-	-	-	-	(9,000,000)	(9,000,000)
Donations	-	-	-	-	-	-	-	(514,238)	(514,238)
Education	-	-	-	-	-	-	-	(1,800,000)	(1,800,000)
Disaster Relief Fund	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)
Transfer - 20% of Net Income for the year 2016 before Honoraria	-	-	-	-	-	-	-	(4,398,901)	(4,398,901)
Transfer from Loan Loss reserve	-	-	-	-	-	-	(79,866)	79,866	-
Transfer from Current Year Surplus:									
Transfer from Undistributed Surplus	-	-	-	-	-	192,321	-	(192,321)	-
Net Decrease in Share Transfer Fund	-	-	-	-	-	(472,733)	-	-	(472,733)
<b>Total Transactions with Owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(280,412)</b>	<b>(79,866)</b>	<b>(16,825,594)</b>	<b>(17,185,872)</b>
<b>Balance at 31st December 2016</b>	<b>385,200</b>	<b>65,729,466</b>	<b>12,788,000</b>	<b>1,554</b>	<b>16,347</b>	<b>-</b>	<b>-</b>	<b>17,423,147</b>	<b>96,343,714</b>

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

**NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED**  
**(FORMERLY JAMAICA SPECIAL CONSTABULARY CO-OPERATIVE CREDIT UNION LIMITED)**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31ST DECEMBER 2016**  
**INSTITUTIONAL CAPITAL**  
 (Expressed in Jamaican Dollars unless otherwise indicated)

	<b>Legal &amp; Statutory Reserves \$</b>	<b>Retained Earnings Reserve \$</b>	<b>TOTAL \$</b>
<b>Balance at 31st December 2014</b>	75,081,505	10,000,000	85,081,505
Entrance Fees	316,050	-	316,050
Transfer - 20% of Net Income for the year 2015 before Honoraria	3,663,526	-	3,663,526
<b>Balance at 31st December 2015</b>	79,061,081	10,000,000	89,061,081
Entrance Fees	237,105	-	237,105
Transfer - 20% of Net Income for the year 2016 before Honoraria	4,398,901	-	4,398,901
<b>Balance at 31st December 2016</b>	<b>83,697,087</b>	<b>10,000,000</b>	<b>93,697,087</b>

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

**NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED**  
**(FORMERLY JAMAICA SPECIAL CONSTABULARY CO-OPERATIVE CREDIT UNION LIMITED)**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED 31ST DECEMBER 2016**  
(Expressed in Jamaican Dollars unless otherwise indicated)

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Total Comprehensive Income for year</b>	24,517,223	18,362,510
<b>Non - Cash items included in Comprehensive Income</b>		
Depreciation	10,874,040	10,872,606
Provision for Loan Losses	2,365,066	155,233
Revaluation of Quoted Shares	(120,720)	(248,880)
Pension Income	(4,462,000)	(856,000)
	<u>33,173,609</u>	<u>28,285,469</u>
<b>(Increase)/ Decrease in Operating Assets</b>		
Accounts Receivable & Prepayments	(4,008,471)	5,497,022
<b>Increase/ (Decrease) in Operating Liabilities</b>		
Payables and Accruals	<u>15,775,708</u>	<u>(1,364,275)</u>
<b>Cash Provided by Operating Activities</b>	<u>44,940,846</u>	<u>32,418,216</u>
<b>Cash Flows from Investing Activities</b>		
Loans to Members	(236,613,292)	(71,252,220)
Financial Investments	(2,198,187)	(1,614,332)
Purchase of Property, Plant & Equipment	<u>(3,351,976)</u>	<u>(3,218,025)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(242,163,455)</u>	<u>(76,084,577)</u>
<b>Cash Flows from Financing Activities</b>		
Savings Deposits	90,283,694	55,045,875
External Credits	67,007,566	(37,717,739)
Members' Voluntary Shares	59,282,974	46,579,244
Members' Deferred Shares	15,052,781	17,640,318
Members' Permanent Shares	4,115,881	358,378
Entrance Fees	237,105	316,050
Donations	(514,238)	(172,307)
Share Transfer Fund	(280,412)	46,439
Dividend Paid on Permanent Shares	(9,000,000)	(4,000,000)
Transfer from Undistributed Surplus	(192,321)	-
Fair Value Reserve	120,720	248,880
Disaster Relief Fund	(1,000,000)	-
Education Fund	<u>(1,800,000)</u>	<u>(500,000)</u>
<b>Net Cash Provided by Financing Activities</b>	<u>223,313,750</u>	<u>77,845,138</u>
<b>Increase in Liquid assets</b>	26,091,141	34,178,777
<b>Liquid Assets at beginning of year</b>	<u>194,413,872</u>	<u>160,235,095</u>
<b>Liquid Assets at end of year</b>	<u><u>220,505,013</u></u>	<u><u>194,413,872</u></u>
<b>Liquid Assets</b>		
<b>Cash and Bank Balances: Non-Earning</b>	26,727,918	17,036,165
<b>Cash and Bank Balances: Earning</b>	<u>193,777,095</u>	<u>177,377,707</u>
	<u><u>220,505,013</u></u>	<u><u>194,413,872</u></u>

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



**NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED**  
**(FORMERLY JAMAICA SPECIAL CONSTABULARY CO-OPERATIVE CREDIT UNION LIMITED)**  
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**1. Identification:**

The Co-operative is registered under the Co-operative Societies Act. Membership in the Credit Union is limited to the following:

- (a) Employees of the Island Special Constabulary Force.
- (b) Past Employees of the Island Special Constabulary Force who were members of the Credit Union when they resigned or retired from the Force.
- (c) Employees of the National Security Employees Co-operative Credit Union (formerly Jamaica Special Constabulary Co-operative Credit Union Limited).
- (d) Members of the National Security Employees Co-operative Credit Union (formerly Jamaica Special Constabulary Co-operative Credit Union Limited).
- (e) Spouses and children of members mentioned in (a), (c) & (d) above.
- (f) Spouses and children of members mentioned in (b) above may also retain their membership provided that the spouses and children became members before the member transferring membership resigned or retired from the Force.
- (g) Employees of The Ministry of National Security.
- (h) Employees of any other affiliated organization of the Island Special Constabulary Force.

Any or all of whom shall not be less than the age prescribed by the Co-operative Societies Act provided that any person who gains membership by virtue of sections (c), (d) and (g) above shall not be entitled to transmit membership to their spouse and children.

The liability of individual members is limited by shares, Individual membership may not exceed 20% of total share capital.

The main objectives of the Co-operative are:

- (a) the promotion of thrift among its members by affording them an opportunity to accumulate their savings and to create for them a source of credit;
- (b) the provision of loans to members at reasonable rates of interest and exclusively for provident and productive purposes;
- (c) to receive the savings of its members either as payment on shares or as deposits.







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**2. Regulation:**

The Co-operative Societies Act requires, amongst other provisions, that at least 20% of the net profit of the credit union be transferred annually to a reserve fund. Section 59(1) & (2) of the Act provides for the exemption from Income Tax and Stamp Duty for the Credit Union.

**3. Adoption of Standards, Interpretations and Amendments:**

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

The International Accounting Standards Boards (IASB) issued certain new standards and interpretations as well as amendments to existing standards, which became effective during the year under review. The Credit Union's management has assessed the relevance of these new standards, interpretations and amendments and has adopted and applied in these financial statements, those standards which are considered relevant to its operations. The new standards in effect are as follows:

- a) The following are Standards, Amendments and Interpretations in respect of published standards which are in effect and are relevant to the Credit Union:

Improvements to IFRS 2012–2014 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments are as follows:

- **IFRS 5: Non-current Assets Held for Sale and Discontinued Operations (Effective January 2016)**

Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

- **IFRS 7: Financial Instruments: Disclosures (Effective January 2016)**

Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

- **IAS 19: Employee Benefits (Effective January 2016)**

Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.



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**3. Adoption of Standards, Interpretations and Amendments (Cont'd)**

- (a) Standards and Interpretations in respect of published standards that are in effect (Cont'd):

**Amendment to IAS 1: Presentation of Financial Statements (Effective January 2016)**

The amendment address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

Clarifies that information should not be obscured by aggregating or by providing immaterial information materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;

Clarifies that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of Other Comprehensive Income (OCI) of equity-accounted associates and joint ventures should be presented in aggregated as single line items based on whether or not it will subsequently be reclassified to profit or loss;

Provides additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need to be presented in the order so far listed in paragraph 114 of IAS 1.

**IAS 16: Property, Plant and Equipment and IAS 38 Intangible Assets (Effective January 2016)**

- Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
- Introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated;
- Add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

These affected the financial statements for accounting periods beginning on or after the first day of the months stated. The adoption of these Standards and amendments did not have a material impact on the Credit Union's financial statements.



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

- (b) Standards and Interpretations which are considered relevant to the Credit Union were issued but not yet effective:

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

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

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

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

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

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

*Derecognition:* The requirements for the derecognition of financial assets and liabilities are carried forward

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

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

**IFRS 15 - Revenue from Contracts with Customers (IAS 18 will be superseded by IFRS 15 Revenue from Contracts with Customers.) (Effective January 2017)**

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

The five steps in the model are as follows:

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





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

- b) Standards and Interpretations which are considered relevant to the Credit Union were issued but not yet effective - cont'd:

**IFRS 15 - Revenue from Contracts with Customers (Cont'd)**

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

**IFRS 16 - Leases (Effective January 2019)**

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

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

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

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

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

These affect financial statements for accounting periods beginning on or after the first day of the month stated. The Credit Union is assessing the impact these amendments will have on its 2017 and 2018 financial statements.



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**4. Statement of Compliance, Basis of Preparation and Significant Accounting Policies**

**(a) Statement of compliance and Basis of Preparation -**

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

**(b) Significant Accounting Policies**

**(i) Use of estimates**

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates and any adjustments that may be necessary would be reflected in the year in which actual results are known.

**(ii) Loans to members and provision for loan impairment.**

Loans are stated net of any unearned income and provision for impairment losses.

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

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



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

**(b) Significant Accounting Policies**

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

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

Regulatory loan loss reserve requirements that exceed the provision required under International Financial Reporting Standards (IFRS) - (IAS) 39 "*Financial Instruments: Recognition and Measurement*" are dealt with in a non-distributable loan loss reserve as a transfer from undistributed net income.

When a loan is classified as impaired, recognition of interest in accordance with the terms of the original loan ceases and interest is taken into account on the cash basis.



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

**(b) Significant Accounting Policies (cont'd) -**

**(iii) Investments**

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

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

Available-for-sale securities are those intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates or market prices. They are initially recognised at cost, which includes transaction cost, and subsequently remeasured at fair value based on quoted bid prices or amounts derived from cash flow models. Fair values for unquoted equity instruments are estimated using applicable price/earnings or cash flow ratios refined to reflect the specific circumstances of the issuer. Unrealised gains and losses arising from the changes in the fair value of securities classified as available-for-sale are recognised in equity. When the securities are disposed of or impaired, the related accumulated fair value adjustments are included in the statement of comprehensive income as gains or losses from investment securities.

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

**(iv) Property, plant and equipment**

Property, plant and equipment, including furniture, fixtures and equipment, computers and building held for administrative purposes, are stated in the statement of financial position at cost, less accumulated depreciation and any impairment losses. Depreciation is charged so as to write off the cost of assets, other than land, over their estimated useful lives, using the straight line method, on the following bases:

Buildings	4%	per annum
Computers & Equipments	25%	per annum
Furniture, Fixtures	10%	per annum
Generator	10%	per annum
Motor Vehicle	20%	per annum

No depreciation is provided on land.

Property, plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to the statement of comprehensive income when the expenditure is incurred.







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

**(b) Significant Accounting Policies (cont'd) -**

**(v) Impairment**

The carrying amount of the Credit Union's assets, other than loans to members are reviewed at each date of the statement of financial position to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each of the dates of the statements of financial position. An impairment loss is recognised whenever the carrying amount of an asset or its cash - generating unit exceeds its recoverable amount. Impairments are recognised in the statement of comprehensive income.

The recoverable amount of the Credit Union's held-to-maturity investments and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

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

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

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

**(vi) Other assets**

Other assets comprise receivables which are carried at original amounts less provisions made for bad debts and impairment losses. A provision for bad debts is established when there is objective evidence that the Credit Union will not be able to collect all amounts due according to the original terms of the receivables. The amount of any provision is the difference between the carrying amount and the expected recoverable amount.

**(vii) Retirement benefit asset**

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



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

**(b) Significant Accounting Policies (cont'd) -**

**(vii) Retirement benefit asset (cont'd)**

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

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

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

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

**(viii) Liquid Assets**

For the purpose of the statement of cash flow, liquid earning assets comprise investments maturing within nine (9) months from the date of the statement of financial position; and also foreign and local saving accounts. Liquid non-earning assets comprise cash on hand and current accounts held at banks.

**(ix) Members' deposits**

Members' deposits are stated at their nominal value.

**(x) Other liabilities**

Other liabilities are stated at their nominal value.

**(xi) Permanent Shares**

Under the proposed Bank of Jamaica regulations and International Financial Reporting Standards, Voluntary Shares in the Credit Union can no longer be regarded as Share Capital but should now be treated as a liability. The Credit Union has therefore established Permanent Shares in order to strengthen its capital base. Special Bye-Laws were passed at an Annual General Meeting held on July 19, 2007, in accordance with the Co-operative Societies Act and approved by the Registrar. All new applicants for membership and existing members of the Credit Union are required to subscribe a minimum of 250 Permanent Shares. These shares are issued at a par value of \$2 each and are referred to as Permanent Shares.

Monies paid for Permanent Shares may not be withdrawn in whole or in part and may not be pledged to secure credit facilities with the Credit Union.





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

**(b) Significant Accounting Policies (cont'd) -**

**(xi) Permanent Shares - cont'd**

An individual ceasing to be a member of the Credit Union, shall be entitled to redeem any amount held as Permanent Shares. Permanent Shares are redeemable only upon transfer to another member.

**(xii) Institutional Capital**

Institutional Capital is comprised of permanent shares reserve, capital reserves and other statutory and legal reserves as set out in Article XIV Rule 66. These reserves are set aside in order to strengthen the capital base of the Credit Union and thereby protect the interest of the members. They are not available for distribution. Transfers to other reserves are made on the basis of decisions taken at Annual General Meetings.

Statutory & Legal Reserves

The Co-operative Societies Act provides that at least twenty percent (20%) of Annual Net Income should be carried to a Reserve Fund. Members entrance fees are also credited to these reserves.

**(xiii) Non-institutional Capital**

**Loan Loss Reserve**

This represents the excess of the Credit Union's internally assessed provision for loan impairment, over that which is required under IFRS.

**Retirement Benefit Reserve**

This reserve was created to match the value of the retirement benefit asset of the Credit Union. The unrealised amounts in respect of the recognised retirement benefit asset are transferred to a non-distributable reserve.

**Share Transfer Fund**

In accordance with the Credit Union's rules, a Share Transfer Fund was established from undistributed surplus, to buy back the permanent shares of deceased or resigning members. Shares purchased through this fund would be sold to new members joining the Credit Union.

**Other Non-qualifying Reserve**

Transfers to other reserves are made on the basis of decisions taken at the Annual General Meetings of members.



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

**(b) Significant Accounting Policies (cont'd) -**

**(xiv) League fees and stabilization dues**

Jamaica Co-operative Credit Union League (JCCUL) has fixed the rate of league fees at 0.02% (2015 - 0.02%) of total assets. Stabilization dues are fixed at a rate of 0.15% (2015 - 0.15%) of total savings.

**(xv) Provisions**

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

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

**(xvi) Borrowing costs**

Borrowing costs are recognized in the Statement of Comprehensive Income for all Interest Bearing Liabilities in the period in which they are incurred by reference to the principal outstanding and at the effective interest rate applicable.

**(xvii) Expenses**

Expenses are recognized in the Statement of Comprehensive Income on the accrual basis.

**(xviii) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts for services provided in the normal course of business. Interest income earned from loans, investments and fees are recorded on the accrual basis.

**(xix) Foreign Currency Transactions**

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. Foreign currency balances at the date of the statement of financial position are translated at the rates ruling on that date. Gains or losses arising from fluctuations in exchange rates are included in the Statement of Comprehensive Income.



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

**(b) Significant Accounting Policies (cont'd) -**

**(xx) Comparative information**

Where necessary, comparative figures have been re-classified and/or restated to conform with changes in presentation in the current year.

**(xxi) Capital Management**

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

The Credit Union has adopted JCCUL's PEARLS monitoring system which is intended among other things to reveal institutional weaknesses and trends. PEARLS is the acronym for Protection, Effective Financial Structure, Asset Quality, Rates of Return and Costs, Liquidity, and Signs of Growth, and are a set of financial ratios or indicators, each with a prudential norm or associated goal. The target goal for each indicator is set by the World Council of Credit Unions based on its field experience.

One of the requirements under the PEARLS monitoring system is for the Credit Union to maintain its Institutional Capital at a minimum of eight percent (8%) of total assets. At the date of the statement of financial position, this ratio was 8.4% (2015 - 9.3%) which is in compliance with the requirements.

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

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**5. Loans to Members:**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Balance at Beginning of Year	1,273,626,851	1,202,374,631
Add: Loans Granted	<u>1,506,769,943</u>	<u>1,250,459,656</u>
	2,780,396,794	2,452,834,287
Less: Repayments and Transfers	<u>(1,270,156,651)</u>	<u>(1,179,207,436)</u>
	1,510,240,143	1,273,626,851
Less: Provision for Loan Impairment	<u>(15,101,335)</u>	<u>(12,736,269)</u>
	<u><u>1,495,138,808</u></u>	<u><u>1,260,890,582</u></u>
Loans are classified as follows:		
- Personal	1,509,311,481	1,271,190,374
- Educational	<u>928,662</u>	<u>2,436,477</u>
	<u><u>1,510,240,143</u></u>	<u><u>1,273,626,851</u></u>

**6. Provision for Loan Impairment:**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Balance at Beginning of Year	12,736,269	12,581,036
Provision for the Year	<u>10,095,646</u>	<u>1,869,886</u>
	22,831,915	14,450,922
Less Provision for write-off	<u>(7,730,580)</u>	<u>(1,714,653)</u>
Balance at End of Year	<u><u>15,101,335</u></u>	<u><u>12,736,269</u></u>

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**6. Provision for Loan Impairment (cont'd):**

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

	<b>Total Delinquent Loans</b>	<b>Standard Rate</b>	<b>Loan Loss Provision 2016</b>	<b>Loan Loss Provision 2015</b>
	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>\$</u>
1-30 Days	741,198	Nil	-	-
31-60 Days	7,543,382	Nil	-	-
61-90 Days	4,589,094	10	458,909	187,690
91-180 Days	5,080,537	30	1,524,161	1,165,507
181-364 Days	4,218,052	60	2,530,831	2,919,065
Over 365 Days	10,036,941	100	10,036,941	8,543,873
	<u>32,209,204</u>		<u>14,550,842</u>	<u>12,816,135</u>
			<b>2016</b>	<b>2015</b>
			<u>\$</u>	<u>\$</u>
Regulatory Loan Loss Provision			14,550,842	12,816,135
Less Provision based on IAS 39			<u>15,101,335</u>	<u>(12,736,269)</u>
Excess over IAS 39 Provision Transferred to Loan Loss Reserve			<u>(550,493)</u>	<u>79,866</u>

The value of securities held against outstanding loans have not been taken into account in estimating the provision for loan losses. The Directors have not estimated the value of these securities.

The following is a summary of delinquent loans at 31st December 2016:

	<b>Number in Arrears</b>	<b>Total Delinquent Loans</b>	<b>Savings held against Loans</b>	<b>Portion not covered by Savings</b>
		<u>\$</u>	<u>\$</u>	<u>\$</u>
1 - 30 Days	8	741,198	330,053	411,145
31 - 60 Days	35	7,543,382	1,031,585	6,511,797
61 - 90 Days	22	4,589,094	58,498	4,530,596
91 - 180 Days	30	5,080,537	4,000	5,076,537
181 - 364 Days	37	4,218,052	256,652	3,961,400
Over 365 Days	<u>91</u>	<u>10,036,941</u>	<u>-</u>	<u>10,036,941</u>
	<u>223</u>	<u>32,209,204</u>	<u>1,680,788</u>	<u>30,528,416</u>

**7. Non-Current Assets - Financial Investments:**

	<b>2016</b>	<b>2015</b>
	<u>\$</u>	<u>\$</u>
<b>Available-for-Sale</b>		
NCB - Quoted Shares	600,000	479,280
JCCUL - Un-quoted Shares	138,699	138,699
Permanent Shares	2,007,555	2,007,555
CUFMC Shares	1,125,000	-
Qnet Shares	485,475	485,475
Mortgage Fund	62,917	60,448
	<u>4,419,646</u>	<u>3,171,457</u>



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**8. Property, Plant & Equipment**

	Freehold Land	Freehold Building	Furniture & Fixture	Motor Vehicle	Computer & Equipment	Total
	\$	\$	\$	\$	\$	\$
<u>At Cost or Valuation</u>						
31st December 2014	13,500,000	72,500,000	16,476,094	10,916,680	30,292,049	143,684,823
Additions	-	-	195,696	-	3,022,329	3,218,025
31st December 2015	13,500,000	72,500,000	16,671,790	10,916,680	33,314,378	146,902,848
Additions	-	-	1,275,448	-	2,076,528	3,351,976
31st December 2016	13,500,000	72,500,000	17,947,238	10,916,680	35,390,906	150,254,824
<u>Depreciation</u>						
31st December 2014	-	6,285,616	10,284,785	3,338,519	18,204,727	38,113,647
Charge for the year	-	2,762,674	990,264	2,183,336	4,936,330	10,872,604
31st December 2015	-	9,048,290	11,275,049	5,521,855	23,141,057	48,986,251
Charge for the year	-	3,028,921	1,171,873	2,189,318	4,483,928	10,874,040
31st December 2016	-	12,077,211	12,446,922	7,711,173	27,624,985	59,860,291
<u>Net Book Values</u>						
31st December 2016	13,500,000	60,422,789	5,500,316	3,205,507	7,765,921	90,394,533
31st December 2015	13,500,000	63,451,710	5,396,741	5,394,825	10,173,321	97,916,597
31st December 2014	13,500,000	66,214,384	6,191,309	7,578,161	12,087,322	105,571,176

Land and Buildings located at numbers 7 & 9 Union Square were valued on 4th October and 8th November 2012 by Oliver Property Services for forty-seven million dollars (\$47,000,000) and thirty-nine million dollars (\$39,000,000) respectively. The net increase in value has been credited to the Revaluation Reserve.

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**9. Retirement Benefit Asset:**

The Credit Union participates in a multi-employer pension plan. The pension plan is a defined benefit plan and is funded. The assets of the funded plan are held independently of the Credit Union's assets in a separate trustee administered fund. Independent actuaries value the plans forming a part of the scheme every year using the projected unit credit method. The latest actuarial valuations were carried out as at December 31, 2016.

The amounts recognised in the Statement of Financial Position are determined as follows:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Present Value of funded obligations	24,073,000	20,877,000
Fair Value of plan assets	<u>(36,862,000)</u>	<u>(29,203,000)</u>
<b>Asset recognised in the Statement of Financial Position</b>	<b><u>(12,788,000)</u></b>	<b><u>(8,326,000)</u></b>

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Employer's Current Service Cost	1,508,000	1,031,000
Interest cost on Obligation	1,853,000	1,402,000
Interest Income on Plan Assets	(2,783,000)	(2,334,000)
Administrative Expenses	<u>175,000</u>	<u>140,000</u>
<b>Net Pension Expense recognised</b>	<b><u>753,000</u></b>	<b><u>239,000</u></b>
Actuarial (gain)/loss on Obligation	(2,002,000)	2,849,000
Actuarial Loss on Plan Assets	<u>2,023,000</u>	<u>732,000</u>
<b>Remeasurement costs</b>	<b><u>21,000</u></b>	<b><u>3,581,000</u></b>

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Net Asset at beginning of year	(8,326,000)	(7,470,000)
Pension Expense recognised	753,000	239,000
Remeasurements	21,000	3,581,000
Contributions Paid	<u>(5,236,000)</u>	<u>(4,676,000)</u>
Closing Net Asset at end of year	<b><u>(12,788,000)</u></b>	<b><u>(8,326,000)</u></b>

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**9. Retirement Benefit Asset (cont'd):**

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

	<u>2016</u>	<u>2015</u>
Discount rate	9.0%	8.5%
Expected rate of return on plan assets	N/A	N/A
Expected future salary increases	6.0%	6.0%
Price Inflation	6.0%	5.0%
Pension Increases	3.0%	2.5%
Expected average remaining working lives of employees (years)	<u>26.1</u>	<u>27.1</u>

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

	<b>2016</b> <b>'000</b>	<b>2015</b> <b>'000</b>	<b>2014</b> <b>'000</b>	<b>2013</b> <b>'000</b>	<b>2012</b> <b>'000</b>
Fair Value of Plan Assets	36,862	29,203	21,393	17,533	14,053
Defined Benefit Obligation	<u>24,073</u>	<u>20,877</u>	<u>13,922</u>	<u>11,986</u>	<u>9,326</u>
<b>Surplus</b>	<u>12,788</u>	<u>8,326</u>	<u>7,471</u>	<u>5,547</u>	<u>4,727</u>
<b><u>Experience Adjustments</u></b>					
Fair Value of Plan Assets	(2,023)	(732)	(3,335)	(2,382)	(1,297)
Defined Benefit Obligation	<u>451</u>	<u>(151)</u>	<u>528</u>	<u>(132)</u>	<u>172</u>

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**10. Current Assets - Earning:**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<u>Liquid Assets:</u>		
JCCUL - Certificates of Deposits	69,578,911	66,075,477
JCCUL - CU Cash Deposits	99,905,459	101,112,110
JCCUL - CU Premium	878,191	829,877
BNS (DBG) Investment	11,340,142	1,105,736
JMMB Investment	-	6,085,739
NCB Capital Market	6,838,523	1,667,695
Money Masters Ltd.	5,235,869	501,073
	<u>193,777,095</u>	<u>177,377,707</u>
<u>Financial Investments:</u>		
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Held-to-maturity - C.U.E.T.S. Deposit	<u>44,298,829</u>	<u>43,348,831</u>

**11. Current Assets - Non-Earning:**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<u>Liquid Assets</u>		
<u>Cash and Bank Balances</u>		
Savings Account	650,000	-
Current Account	26,051,282	17,022,934
Cash on Hand	26,636	13,231
	<u>26,727,918</u>	<u>17,036,165</u>
<u>Receivables &amp; Prepayments</u>		
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Interest Receivable - Loans	27,459,998	23,999,726
Other Receivables & Prepayments	4,015,322	3,467,123
	<u>31,475,320</u>	<u>27,466,849</u>

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**12. Members' Permanent Shares:**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	62,491,535	62,133,157
Net Subscriptions & Transfers	4,115,881	358,378
Balance at end of year	<u>66,607,416</u>	<u>62,491,535</u>

**13. Non-Institutional Capital:**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
i) Revaluation & Building Reserve	65,729,466	65,729,466
ii) Retirement Benefit Asset Reserve	12,788,000	8,326,000
iii) General Reserve	1,554	1,554
iv) Special Reserve	16,347	16,347
v) Fair Value Reserve	385,200	264,480
vi) Share Transfer Fund	-	280,412
vii) Loan Loss Reserve	-	79,866
viii) Undistributed Surplus	17,423,147	14,314,238
	<u>96,343,714</u>	<u>89,012,363</u>

i) Revaluation & Building Reserve

This represents unrealised gains on the revaluation of the land and buildings.

ii) Retirement Benefit Asset Reserve

This reserve was created to match the value of the Retirement Benefit Asset of the Credit Union. Movement on this reserve is dealt with as an appropriation to or from the Undistributed Surplus.

iii) General Reserve

The general reserve was set up for unspecific purposes to be decided upon.

iv) Special Reserve

The general reserve was set up for unspecific purposes to be decided upon.

v) Fair Value Reserve

This reserve comprises the unrealised fair value gain on NCB quoted shares.

vi) Share Transfer Fund

The Share Transfer Fund is maintained to facilitate the repurchase of shares. Shares Purchased through this reserve must be sold to members of the Credit Union before any new shares may be issued.

vii) Loan Loss Reserve

The Loan Loss reserve represents the difference between the IAS 39 Loan Impairment and the regulatory Loan Loss Provision.

viii) Undistributed Surplus

This represents surplus at the end of the year which is available for distribution.

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**14. Institutional Capital:**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Retained Earnings Reserve	10,000,000	10,000,000
Legal & Statutory Reserves (Note 15)	83,697,087	79,061,081
	<u>93,697,087</u>	<u>89,061,081</u>

Under the Co-operative Societies Act, at least 20% of the Net Surplus must be transferred to Statutory Reserve. The

**15. Legal & Statutory Reserves:**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	79,061,081	75,081,505
Add: 20% of Net Income	4,398,901	3,663,526
Entrance Fees	237,105	316,050
Balance at end of year	<u>83,697,087</u>	<u>79,061,081</u>

**16. Interest Bearing Liabilities - Savings Deposits:**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b><u>Non-Current</u></b>		
Special Deposits	245,743,948	168,474,357
Youth Savings Deposits	21,543,459	17,789,442
	<u>267,287,407</u>	<u>186,263,799</u>
<b><u>Current</u></b>		
Regular Savings and Deposits	58,288,473	51,490,581
Fixed Deposits	886,697	9,363,498
Christmas Savings Club	1,996,122	1,458,725
Golden Harvest Savings	12,780,194	12,070,514
Golden Harvest (7%)	13,945,400	9,926,761
Standing Orders (Delinquent)	1,840,642	292,436
Standing Orders	9,155,651	5,030,578
	<u>98,893,179</u>	<u>89,633,093</u>
	<b><u>366,180,586</u></b>	<b><u>275,896,892</u></b>

**17. Members' Voluntary Shares/Deferred Shares:**

**Voluntary Shares**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	724,546,848	677,967,604
Add : Subscription/Dividends Paid	280,590,768	263,925,511
	1,005,137,616	941,893,115
Less: Transfers	(221,307,794)	(217,346,267)
Balance at end of year	<u>783,829,822</u>	<u>724,546,848</u>

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**17. Members' Voluntary Shares/Deferred Shares - Cont'd**

<b>Deferred Shares</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	68,509,584	50,869,266
Addition for the year	<u>15,052,781</u>	<u>17,640,318</u>
Balance at end of year	<u>83,562,365</u>	<u>68,509,584</u>

Deferred Shares are not withdrawable for a period of five (5) years. Interest will be paid at a rate of 6% per annum.

Based on the draft Bank of Jamaica Credit Union Regulations, Deferred Shares are treated as Institutional Capital, and as such are included in the calculation of the Capital to Asset ratio. However, they are classified as liabilities in these financial statements in accordance with the requirements of IFRS.

**18. Interest Bearing Liabilities - External Credits:**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
JCCUL Loans	<u>367,472,747</u>	<u>300,465,181</u>

The above loans were obtained by the Credit Union under line of credit facilities. The loans were taken in the form of several draw downs. An additional loan of One Hundred and Fifty Million dollars (\$150m) was taken in the current year. The purposes are for liquidity support and building. The interest rates on these loans ranged between 10.25% and 11% and are secured by the hypothecation of savings deposits and legal mortgage stamped on property. All amounts outstanding are due for repayment over the next 5 years.

**19. Non-Interest Bearing Liabilities:**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b><u>Accounts Payable &amp; Accruals</u></b>		
Deceased Estate Accounts	7,145,082	7,112,608
ATM Payable/(Receivable)	6,951,564	(3,124,769)
Bill Express Payable	277,579	10,259
Withheld Tax Payable	7,602,698	4,962,319
Interest Charges Payable	213,362	569,817
Dividend Payable	4,370	279,091
Accruals	107,180	800,000
Audit Fees Accrued	1,409,650	524,250
Conec Mobile Wallet	75,005	42,335
Memorial Scholarship Grant	800,000	-
Staff Expenses Accrued	7,374,450	6,343,761
Other	<u>7,379,970</u>	<u>6,943,131</u>
	<u>39,340,910</u>	<u>24,462,803</u>
<b><u>Other Provisions</u></b>		
Restoration Reserve	505,753	505,753
Donation Provision	-	2,399
Disaster Relief Fund	1,477,243	577,243
Scholarship Reserve / Education Provision	1,180	1,181
Building Improvement Reserve	<u>1,325</u>	<u>1,325</u>
	<u>1,985,502</u>	<u>1,087,901</u>
	<u>41,326,412</u>	<u>25,550,704</u>



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**20. Liquid Asset and Financial Investment Income:**

(i) Liquid Assets	2016 \$	2015 \$
Term Deposits	7,068,241	6,451,882
(ii) Financial Investments		
Shares-JCCUL	23,378	147,464
NCB Shares	24,480	22,440
	47,858	169,904

	2016 \$	2015 \$
<b>21. Financial Costs</b>		
Bank Charges	530,711	356,928

	2016 \$	2015 \$
<b>22. Miscellaneous Income</b>		
Fees and Commission	3,523,119	1,830,829
Loan Administration Fee	6,954,020	4,439,446
ATM Fee Income	3,171,480	-
Miscellaneous Income	167,184	298,581
Sale of Rule Books	50,771	70,730
	13,866,574	6,639,586

	2016 \$	2015 \$
<b>23. Operating Expenses:</b>		
<b>Personnel Expenses:</b>		
Salaries & Wages	108,222,755	92,708,275
Employer's Statutory Contribution	11,523,192	10,079,086
Staff Training & Welfare	3,357,700	4,907,392
Staff Travel & Subsistence	7,053,183	6,556,309
Group Life Insurance	375,927	292,694
Pension	5,235,832	4,509,927
	135,768,589	119,053,683

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**23. Operating Expenses (cont'd):**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Members Security:</b>		
Golden Harvest Insurance	128,000	114,575
Life Saving & Loan Protection Insurance	13,303,504	13,142,422
Cumis Bond	369,612	301,460
	<u>13,801,116</u>	<u>13,558,457</u>

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Marketing &amp; Promotion:</b>		
Advertising & Public Relations	1,098,835	439,137
Promotion	2,488,006	2,496,868
Christmas Gifts	1,131,095	920,210
	<u>4,717,936</u>	<u>3,856,215</u>

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Administrative Expenses:</b>		
Travel & Entertainment	368,002	26,000
Repairs & Maintenance	2,855,426	1,559,928
Depreciation	10,874,040	10,872,606
Rent	2,372,685	2,261,319
Audit Fees - Current Year	1,409,650	1,048,500
Audit Fees - Previous Year	361,150	-
Internal Audit	545,900	227,185
Professional & Consulting Fees	2,480,855	3,903,347
Security	1,623,588	1,355,801
Stationery	1,863,129	1,762,291
Office Supplies	1,146,596	773,690
Insurance - Premises & Assets	1,511,598	1,635,530
Electricity	3,611,035	3,811,021
Telephone	3,409,752	2,929,302
Water Rates & Taxes	466,156	450,378
Cable Television Charges	635,209	575,599
Donations	1,284,236	1,190,187
Miscellaneous	963,773	469,789
	<u>37,782,780</u>	<u>34,852,473</u>

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**23. Operating Expenses (cont'd):**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Representation &amp; Affiliation:</b>		
League Fees	3,122,308	2,935,449
Stabilization Dues	1,500,666	1,424,532
Annual General Meeting - League	1,336,232	627,504
Annual General Meeting - Members	2,402,358	2,624,812
Funeral Aid (Staff & Committee)	150,000	-
Travel and Subsistence - Volunteers	6,671,800	6,134,657
Meetings and Seminars - Volunteers	2,462,803	284,574
Members' Welfare	2,596,230	-
ATM Participation Fee	2,168,326	-
ATM Fee	3,171,480	-
Grant and Memorial Scholarship	-	800,000
Training & Education - Volunteers	30,290	-
Training & Education - Members	-	10,140
	<u>25,612,493</u>	<u>14,841,668</u>
<b>TOTAL OPERATING EXPENSES</b>	<u><u>217,682,914</u></u>	<u><u>186,162,496</u></u>

**24. Appropriations:**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Previous Year's Surplus:</b>		
Education/Scholarship Reserve	1,800,000	500,000
Donation	514,238	172,307
Dividends Paid on Permanent Shares	9,000,000	4,000,000
Disaster Relief Fund	1,000,000	1,000,000
<b>Current Year Surplus:</b>		
Increase in Share Transfer Fund	-	200,000
	<u>12,314,238</u>	<u>5,872,307</u>

**25. Comparison of Ledger Balances:**

	<b>Permanent Shares \$</b>	<b>Voluntary Shares \$</b>	<b>Loans \$</b>	<b>Savings Deposits \$</b>
General Ledger	66,607,416	783,829,822	1,510,240,143	366,180,586
Personal Ledger	<u>66,607,416</u>	<u>783,829,822</u>	<u>1,510,240,143</u>	<u>366,180,586</u>
Differences 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Differences 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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**26. Staff and Volunteer Balances:**

These represent loans granted to members of staff, the Board of Directors, Supervisory and Credit Committees:

Number		53	
Total Shares		39,302,492	
Total Loans		77,950,352	
	<u>Amount</u>	<u>Loans</u>	<u>Shares</u>
	#	\$	\$
Staff	34	47,733,243	19,811,910
Directors	9	18,110,475	12,313,061
Supervisory & Credit Committee	<u>10</u>	<u>12,106,634</u>	<u>7,177,521</u>
	<u>53</u>	<u>77,950,352</u>	<u>39,302,492</u>

No waiver was granted on the above loans. As at 31st December 2016 all loans were being repaid in accordance with the loan agreements.

**27. Insurances:**

**(a) Fidelity Insurance Coverage**

During the year, the Credit Union had fidelity insurance coverage with Cuna Mutual Insurance Company Limited. The total premium for the year was \$369,612 ( 2015: \$301,460 ).

**(b) Life Savings and Loan Protection Coverage**

During the year, the Credit Union had life savings and loan protection coverage with Cuna Mutual Insurance Company Limited. The total premium for the year was \$13,303,504 (2015: \$13,142,422).

**(c) Premises & Assets**

During the year, the Credit Union had insurance coverage in respect of premises and assets. The total premium for the year was \$1,511,598 (2015: \$1,635,530).



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**28. Financial Instruments Risk Management:**

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include investments, cash and cash equivalents and receivables. Financial liabilities have been determined to be saving deposits, external credits, payables and accruals.

The Credit Union's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Credit Union's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The Credit Union's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Credit Union regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

**(a) Credit Risk**

The Credit Union is exposed to credit risk, which is the risk that its members, clients or counterparts will cause a financial loss for the Credit Union by failing to discharge their contractual obligations. Credit risk is the most important risk for the Credit Union's business; management therefore carefully manages its exposures to credit risk. Credit risk exposures arise principally from the Credit Union's loans to members, deposits with other institutions and investment securities. The Credit Union structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single member.

There is a policy document in place which provides guidelines for the Credit Union's review process.

**Credit review process**

The Credit Union has a Credit Committee that operates within the guidelines established by the Board of Directors for the granting of loans. The process is managed to ensure that members' credit worthiness is carefully assessed before loans are granted. The established guidelines are also designed to protect the interest of savers by providing competitive interest rates and prompt service to borrowers. In respect of waivers of loan policies or procedures, the Credit Committee has to refer such loans to the Board of Directors before they can grant approval.

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**28. Financial Instruments Risk Management (cont'd):**

**(a) Credit Risk (cont'd)**

**(i) Loans to members**

The Credit Union's exposure to credit risk is influenced mainly by the individual characteristics of each member. The Board of Directors has established a credit policy under which each member is assessed individually for creditworthiness prior to the Credit Union offering them a credit facility. Loans are normally granted at a maximum ratio of \$10 for each \$1 share value held by a member. One is required to be a member for at least one (1) month before becoming eligible for a loan, except in extraordinary circumstances which will be determined by the Credit Committee in collaboration with the Loans Manager.

All applications for loan must be accompanied by supporting documents, and loans are not granted to delinquent members or co-makers of delinquent members. The verification of applicants income must be carried out before the approval of loans and the Credit Union reserves the right to request additional information.

The repayment period for loans ranges from one month (1) to one hundred & eighty months (180) as follows :

	<u>Ratio</u>	<u>Type of Loan</u>	<u>Maximum Period</u>
1)	10 : 1	Consolidation Loan	60 months
2)	3 : 1	Demand Loan	12 months
3)	5 : 1	Personal Loan	180 months
4)		Easy Access Loan	15 month

**Collateral**

The Credit Union holds collateral against loans to members as follows:

- 1) First and second mortgage where National Housing Trust or any reputable Institution is the holder, providing they are willing to register the Interest of the Credit Union.
- 2) Bill of sale on appliances, machines and equipment (only at the time of being purchased through the Credit Union.
- 3) Bill of Sale on motorcars not exceeding ten years old.
- 4) Assignment of Ninety percent (90%) of cash surrender value of Life Insurance Policies.
- 5) Assignment of deposits with other Credit Unions.
- 6) Assignment of maximum of seventy percent (70%) of market value of bonds and government securities within prescribed list of quoted stocks.



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**28. Financial Instruments Risk Management (cont'd):**

**(a) Credit Risk (cont'd)**

**(i) Loans to members (cont'd)**

Estimates of fair values are based on value of collateral assessed at the time of borrowing and are generally not updated except when a loan is individually assessed as impaired.

- 1) Where necessary professional assessment of items being offered as security will be required.
- 2) All items offered as security must be fully insured and the Credit Union must be satisfied as to the arrangements in place for the future payments of the insurance premium.
- 3) Motor vehicles may be used as security, provided that the vehicle will continue to get comprehensive insurance coverage until loan is fully repaid.

Impaired Loans

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

Loans past due but not impaired -

These are loans where the contractual interest or principal payments are past due but the Credit Union believes that impairment is not appropriate on the basis of the level of security available or the stage of collection of amounts owed to the Credit Union. These loans fall mainly in the categories of one to two months delinquent. At 31st December 2016, these loans totalled \$8,284,580 (2015: \$6,620,949). The ageing analysis is as follows:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
1 month	741,198	1,617,669
2 months	7,543,382	5,003,280
	<u>8,284,580</u>	<u>6,620,949</u>





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**28. Financial Instruments Risk Management (cont'd):**

**(a) Credit Risk (cont'd)**

**(i) Loans to members (cont'd)**

Loans past due and impaired -

At 31st December 2016 loans to members that were past due and considered impaired totalled \$23,924,624 (2015: \$19,170,898). The ageing of these loans are as follows:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
2 - 3 months	4,589,094	1,876,897
3 - 6 months	5,080,537	3,885,019
6 - 12 months	4,218,052	4,865,109
Over 12 months	10,036,941	8,543,873
	<u>23,924,624</u>	<u>19,170,898</u>

Allowances for loan impairment

The Credit Union establishes an allowance for impairment losses that represents its estimate of incurred losses in its portfolio. The main component of this allowance is a collective loan loss allowance established on a group basis in respect of delinquent loans. The total loans portfolio has not been subject to individual assessments for impairment.

The average credit period on loans granted is three (3) years. The Credit Union has provided fully for all past due loans over 365 days while past due loans between 61 and 365 days are provided for based on the percentages recommended in the prudential standards set by the supervisory body.

The creation and release of the provision for impaired loans have been included in expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Write-off policy

The Credit Union writes off loans (and any related allowances for impairment losses) when the Credit Union determines that the loans are not collectible. This determination is usually made after considering information such as changes in borrower's financial position, or that proceeds from collateral will not be sufficient to pay back the entire exposure. During the year, no write offs were done.

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**28. Financial Instruments Risk Management (cont'd):**

**(a) Credit Risk - cont'd**

**(ii) Savings Deposits and Investments**

The Credit Union limits its exposure to credit risk by investing mainly in liquid assets. These investments are held only with counterparties that have high credit quality. The management therefore does not expect any counterparty to fail to meet its obligations.

**(iii) Receivables and prepayments**

Interest receivable on loans represent over eighty seven percent (87%) (2015-87%) of receivables and prepayments. Interest is not accrued after ninety (90) days of delinquency. The risk exposure in respect of other balances is considered low.

**Exposure to credit risk**

The carrying amounts of the following financial assets represent the maximum exposure to credit risk before collaterals held. At the date of the statement of financial position these balances were:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Loans to members, (net)	1,495,138,808	1,260,890,582
Liquid assets-earning	193,777,095	177,377,707
Financial investments	48,718,475	46,520,288
Liquid assets-non-earning	26,727,918	17,036,165
Receivables and prepayments	31,475,320	27,466,849
	<u>1,795,837,616</u>	<u>1,529,291,591</u>

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



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**28. Financial Instrument Risk Management (cont'd):**

**(b) Liquidity risk**

Liquidity risk is the risk that the Credit Union is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market position.

The Credit Union manages this risk by keeping a substantial portion of its assets in liquid form in accordance with regulatory guidelines.

The Credit Union is subject to a liquid limit by the Jamaica Credit Union League (JCCUL) and compliance is regularly monitored. The key measure used by the Credit Union for managing liquidity risk is the ratio of liquid assets to savings deposits. For this purpose liquid assets include cash and bank balances, deposits held with JCCUL and highly liquid investments which are readily converted into cash within three months. The liquid asset ratio at the end of the year was 0.58 to 1 (2015: 0.64 to 1).

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

Liquidity risk management process -

The Credit Union's liquid risk management process, as carried out within the Credit Union and monitored by the Board of Directors, include:

- 1) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required
- 2) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any foreseen interruption to cash flow.
- 3) Maintaining committed lines of credit
- 4) Optimizing cash returns on investments.
- 5) Managing the concentration and profile of debt maturities.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Credit Union. It is unusual for entities to be completely matched as business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Credit Union and its exposure to changes in interest rates and exchange rates.



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**28. Financial Instruments Risk Management (cont'd):**

**b) Liquidity Risk (cont'd).**

The following table summarises the net liquidity gap and the cumulative liquidity gap of the Credit Union analysing its assets and liabilities into their earliest possible contractual maturity categories.

**NON-CURRENT ASSETS**

**Earning:**

Loans to Members - Net of Provision  
for Loan Impairment

Financial Investments

**Non-Earning:**

Property, Plant & Equipment  
Retirement Benefit Asset

**CURRENT ASSETS**

**Earning:**

Liquid Assets

Financial Investments

**Non-Earning:**

Liquid Assets  
Receivables & Prepayments

**TOTAL ASSETS**

	Within 1 month \$	1 to 3 months \$	3 to 12 months \$	1 to 5 years \$	Over 5 years \$	No Specific maturity \$	Total \$
Loans to Members - Net of Provision for Loan Impairment	-	13,910,573	44,830,029	398,976,194	818,236,098	219,185,914	1,495,138,808
Financial Investments	-	-	-	-	-	4,419,646	4,419,646
Property, Plant & Equipment	-	-	-	-	-	90,394,533	90,394,533
Retirement Benefit Asset	-	-	-	-	-	12,788,000	12,788,000
Liquid Assets	-	193,777,095	-	-	-	-	193,777,095
Financial Investments	-	44,298,829	-	-	-	-	44,298,829
Liquid Assets	26,727,918	-	-	-	-	-	26,727,918
Receivables & Prepayments	31,475,320	-	-	-	-	-	31,475,320
<b>TOTAL ASSETS</b>	<b>58,203,238</b>	<b>251,986,497</b>	<b>44,830,029</b>	<b>398,976,194</b>	<b>818,236,098</b>	<b>326,788,093</b>	<b>1,899,020,149</b>

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**28. Financial Instruments Risk Management (cont'd):**

**b) Liquidity Risk (cont'd).**

	Within 1 month \$	1 to 3 months \$	3 to 12 months \$	1 to 5 years \$	Over 5 years \$	No Specific maturity \$	Total \$
<b><u>EQUITY AND LIABILITIES</u></b>							
Members' Permanent Shares	-	-	-	-	-	66,607,416	66,607,416
Non-Institutional Capital	-	-	-	-	-	96,343,714	96,343,714
Institutional Capital	-	-	-	-	-	93,697,087	93,697,087
<b>Total Equity</b>							
<b><u>NON-CURRENT LIABILITIES</u></b>							
<b><u>Interest Bearing:</u></b>							
Savings Deposits	-	-	-	245,743,948	21,543,459	-	267,287,407
Members' Voluntary Shares	-	-	-	-	783,829,822	-	783,829,822
Members' Deferred Shares	-	-	-	83,562,365	-	-	83,562,365
<b><u>CURRENT LIABILITIES</u></b>							
<b><u>Interest Bearing:</u></b>							
External Credit	-	-	-	367,472,747	-	-	367,472,747
Savings Deposits	10,042,348	-	1,996,122	-	71,068,667	15,786,042	98,893,179
<b>Non-Interest Bearing:</b>							
Payables and Accruals	-	-	41,326,412	-	-	-	41,326,412
<b>TOTAL CAPITAL AND LIABILITIES</b>	<u>10,042,348</u>	<u>-</u>	<u>43,322,534</u>	<u>696,779,060</u>	<u>876,441,948</u>	<u>272,434,259</u>	<u>1,899,020,149</u>
<b>TOTAL LIQUIDITY GAP CUMULATIVE GAP</b>	<u>48,160,890</u>	<u>251,986,497</u>	<u>1,507,495</u>	<u>(297,802,866)</u>	<u>(58,205,850)</u>	<u>54,353,834</u>	<u>-</u>
	<u>48,160,890</u>	<u>300,147,387</u>	<u>301,654,882</u>	<u>3,852,016</u>	<u>(54,353,834)</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	17,036,165	255,399,471	58,731,764	514,691,052	471,525,585	318,150,148	1,635,534,185
<b>TOTAL LIABILITIES</b>	<u>38,332,628</u>	<u>-</u>	<u>2,546,627</u>	<u>537,741,555</u>	<u>805,897,385</u>	<u>251,015,990</u>	<u>1,635,534,185</u>
<b>TOTAL LIQUIDITY GAP</b>	<u>( 21,296,463)</u>	<u>255,399,471</u>	<u>56,185,137</u>	<u>(23,050,503)</u>	<u>(334,371,800)</u>	<u>67,134,158</u>	<u>-</u>
<b>CUMULATIVE GAP</b>	<u>(21,296,463)</u>	<u>234,103,008</u>	<u>290,288,145</u>	<u>267,237,642</u>	<u>(67,134,158)</u>	<u>-</u>	<u>-</u>



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**28. Financial Instruments Risk Management (cont'd):**

**(c) Market risk**

The Credit Union takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates, equity prices and interest rates and will affect the Credit Union's income or value of its portfolio of financial instruments. Market risk is monitored by the General Manager who carries out extensive reviews and monitors the price movement of financial assets on the local and international markets. Market risk exposure are measured using sensitivity analysis.

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

**(i) Foreign Currency risk**

Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations.

The Credit Union is not directly exposed to foreign currency risk as at 31st December 2016 as it does not hold accounts in currencies other than Jamaican currencies.

**(ii) Equity price risk**

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

The Credit Union's equity securities are listed on the Jamaica Stock Exchange. There was a 25% or \$120,720 movement for the year 2016 (2015 - 248,880 or 108%). A 10% increase or decrease in quoted bid prices at the date of the statement of financial position would result in an increase and an equal decrease respectively in equity of \$60,000.

**(iii) Interest rate risk**

Interest rate risk is the risk that the value or the future cash flow of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Credit Union to cash flow interest rate risk, whereas fixed interest rate instruments expose the Credit Union to fair value interest rate risk.

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**28. Financial Instruments Risk Management (cont'd):**

**(c) Market risk (cont'd)**

(iii) Interest rate risk (cont'd)

At the reporting date, the interest rate profile of the Credit Union's interest-bearing financial instruments were as follows:

	<u>2016</u>		<u>2015</u>	
	Interest Rate %	\$	Interest Rate %	\$
<b>Financial Assets</b>				
Loans to Members after Provision	10.0 - 20.0	1,495,138,808	12.0 - 20.0	1,260,890,582
Liquid Assets - HTM				
JCCUL - Certificates of Deposits	5.1 - 5.5	69,578,911	5.5 - 5.8	66,075,477
JCCUL - CU Cash Deposits	2-Mar	99,905,459	3-3.4	101,112,110
JCCUL - CU Premium	5.5 - 6.3	878,191	6.3 - 6.6	829,877
BNS(DB&G)	1.75 - 4.5	11,340,142	2.25 - 5.5	1,105,736
JMMB	5.5 - 5.75	-	3.15 - 6	6,085,739
NCB Capital Market	2.9 - 3.85	6,838,523	2.9 - 5.55	1,667,695
Money Masters Ltd	5 - 5.25	5,235,869	3.85	501,073
Financial Investments -				
AFS Securities	4.0	62,917	4.0	60,448
HTM Securities	2 - 3	44,298,829	3-3.4	43,348,831
<b>Financial Liabilities</b>				
Savings Deposits	3.0 - 8.0	366,180,586	4.0 - 8.0	275,896,892
External Credits	10.75 - 13.0	367,472,747	10.75 - 13.0	300,465,181

Over the period January 2016 to December 2016 BOJ 3-6 months commercial deposit rates have moved by approximately 88 basis points from 4.11% to 4.34%. This trend is expected to continue for the foreseeable future as Government maintains its program of encouraging low single digit interest rates.

The disclosures provided in this note are based on the Credit Union's investment portfolio as at 31st December 2016.

The Credit Union's sensitivity to interest rates is not considered significant as there are no variable rate instruments. There are no financial assets or liabilities that are accounted for on the basis of fair value through profit or loss.





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**28. Financial Instruments Risk Management (cont'd):**

**(c) Market risk (cont'd)**

**(iv) Operational Risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Credit Union's processes, personnel, technology and infrastructure, and from external factors other than financial risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Credit Union's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to identify operational risk is assigned to Senior Management. This responsibility is supported by overall Credit Union standards for the management of operational risk in the following areas:

- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentations of controls and procedures.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

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



**NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED  
(FORMERLY JAMAICA SPECIAL CONSTABULARY CO-OPERATIVE CREDIT UNION LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
YEAR ENDED 31ST DECEMBER 2016**  
(Expressed in Jamaican Dollars unless otherwise indicated)

**28. Financial Instruments Risk Management (cont'd):**

**(c) Market risk (cont'd)**

**(iii) Interest rate risk (cont'd)**

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments due to a change in market interest rates. It arises when there is a mismatch between interest-earning assets and interest-bearing liabilities which are subject to interest rate adjustments within a specified period. It can be reflected as a loss of future net interest income and/or a loss of current market values. Interest rate risk is managed principally through monitoring interest rate gaps and by setting pre-approved gap ratios. The Asset and Liability Management Committee has oversight responsibility for the management and monitoring of interest rate risk and reports frequently to the Board of Directors on its strategies and position.

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

**NON-CURRENT ASSETS**

**Earning:**

Loans to Members - Net of Provision

for Loan Impairment

Financial Investments

**Non-Earning:**

Property, Plant & Equipment

Retirement Benefit Asset

**CURRENT ASSETS**

**Earning:**

Liquid Assets

Financial Investments

**Non-Earning:**

Liquid Assets

Receivables & Prepayments

**TOTAL ASSETS**

	Within 1 month \$	1 to 3 months \$	3 to 12 months \$	1 to 5 years \$	Over 5 years \$	Non-rate sensitive \$	Total \$
Loans to Members - Net of Provision for Loan Impairment	-	-	1,495,138,808	-	-	-	1,495,138,808
Financial Investments	-	-	-	-	4,419,646	-	4,419,646
Property, Plant & Equipment	-	-	-	-	-	90,394,533	90,394,533
Retirement Benefit Asset	-	-	-	-	-	12,788,000	12,788,000
<b>Liquid Assets</b>	193,777,095	-	-	-	-	-	193,777,095
<b>Financial Investments</b>	-	44,298,829	-	-	-	-	44,298,829
<b>Liquid Assets</b>	-	-	-	-	-	26,727,918	26,727,918
<b>Receivables &amp; Prepayments</b>	-	-	-	-	-	31,475,320	31,475,320
<b>TOTAL ASSETS</b>	<u>193,777,095</u>	<u>44,298,829</u>	<u>1,495,138,808</u>	<u>-</u>	<u>4,419,646</u>	<u>161,385,771</u>	<u>1,899,020,149</u>

**NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED  
(FORMERLY JAMAICA SPECIAL CONSTABULARY CO-OPERATIVE CREDIT UNION LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
YEAR ENDED 31ST DECEMBER 2016**

(Expressed in Jamaican Dollars unless otherwise indicated)

**28. Financial Instruments Risk Management (cont'd):**

**(c) Market risk (cont'd)**

**(iii) Interest rate risk (cont'd)**

	Within 1 month \$	1 to 3 months \$	3 to 12 months \$	1 to 5 years \$	Over 5 years \$	No Specific maturity \$	Total \$
<b><u>EQUITY AND LIABILITIES</u></b>							
Members' Permanent Shares	-	-	-	-	-	66,607,416	66,607,416
Non-Institutional Capital	-	-	-	-	-	96,343,714	96,343,714
Institutional Capital	-	-	-	-	-	93,697,087	93,697,087
<b>Total Equity</b>							
<b><u>NON-CURRENT LIABILITIES</u></b>							
<b>Interest Bearing:</b>							
Savings Deposits	-	21,543,459	245,743,948	-	-	-	267,287,407
Members' Voluntary Shares	-	-	783,829,822	-	-	-	783,829,822
Members' Deferred Shares	-	-	-	83,562,365	-	-	83,562,365
<b><u>CURRENT LIABILITIES</u></b>							
<b>Interest Bearing:</b>							
External Credit	-	-	367,472,747	-	-	-	367,472,747
Savings Deposits	-	-	-	-	-	98,893,179	98,893,179
<b>Non-Interest Bearing:</b>							
Payables and Accruals	-	-	-	-	-	41,326,412	41,326,412
<b>TOTAL CAPITAL AND LIABILITIES</b>	-	21,543,459	1,397,046,517	83,562,365	-	396,867,808	1,899,020,149
<b>TOTAL LIQUIDITY GAP</b>	193,777,095	22,755,370	98,092,291	(83,562,365)	4,419,646	( 235,482,037)	-
<b>CUMULATIVE GAP</b>	193,777,095	216,532,465	314,624,756	231,062,391	235,482,037	-	-
<b>2015</b>							
<b>TOTAL ASSETS</b>	177,438,155	43,348,831	1,260,890,582	-	-	153,856,620	1,635,534,188
<b>TOTAL LIABILITIES</b>	72,924,593	17,789,442	1,194,945,110	68,509,584	-	281,073,022	1,635,241,751
<b>TOTAL LIQUIDITY GAP</b>	104,513,562	25,559,389	65,945,472	(68,509,584)	-	( 127,216,402)	-
<b>CUMULATIVE GAP</b>	104,513,562	130,072,951	196,018,423	127,508,839	127,508,839	-	-



**NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED**  
**(FORMERLY JAMAICA SPECIAL CONSTABULARY CO-OPERATIVE CREDIT UNION LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**YEAR ENDED 31ST DECEMBER 2016**  
(Expressed in Jamaican Dollars unless otherwise indicated)

**28. Financial Instrument Risk Management (cont'd):**

**(d) Fair Value:**

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

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

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

There were no transfers between levels during the year.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<u>Available-for-sale Investments</u>				
Unquoted Investments at Fair Value	-	3,819,646	-	3,819,646
Quoted Investments at Fair Value	600,000	-	-	600,000
	<u>600,000</u>	<u>3,819,646</u>	<u>-</u>	<u>4,419,646</u>

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

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

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

**NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED**  
**(FORMERLY JAMAICA SPECIAL CONSTABULARY CO-OPERATIVE CREDIT UNION LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**YEAR ENDED 31ST DECEMBER 2016**  
 (Expressed in Jamaican Dollars unless otherwise indicated)

**28. Financial Instrument Risk Management (cont'd):**

**(d) Fair Value (cont'd):**

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

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

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

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

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

	2016		2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	\$	\$	\$	\$
<b>Financial Assets:</b>				
<u>Earning</u>				
Loans to Members	1,495,138,808	1,495,138,808	1,260,890,582	1,260,890,582
Financial Investments	48,718,475	48,718,475	46,520,288	46,520,288
Liquid Assets	193,777,095	193,777,095	177,377,707	177,377,707
<u>Non-Earning</u>				
Liquid Assets	26,727,918	26,727,918	17,036,165	17,036,165
Receivables & Prepayments	31,475,320	31,475,320	27,466,849	27,466,849

**NATIONAL SECURITY EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED**  
**(FORMERLY JAMAICA SPECIAL CONSTABULARY CO-OPERATIVE CREDIT UNION LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**YEAR ENDED 31ST DECEMBER 2016**  
 (Expressed in Jamaican Dollars unless otherwise indicated)

**28. Financial Instrument Risk Management (cont'd):**

**(d) Fair Value (cont'd):**

	2016		2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	\$	\$	\$	\$
<b>Financial Liabilities:</b>				
<u>Interest Bearing</u>				
Savings Deposits	366,180,586	366,180,586	275,896,892	275,896,892
Members' Voluntary Shares	783,829,822	783,829,822	724,546,848	724,546,848
Members' Deferred Shares	83,562,365	83,562,365	68,509,584	68,509,584
External Credit	367,472,747	367,472,747	300,465,181	300,465,181
<u>Non - Interest Bearing</u>				
Payables & Accruals	<u>41,326,412</u>	<u>41,326,412</u>	<u>25,550,704</u>	<u>25,550,704</u>

# CREDIT COMMITTEE



L-R: Michael Farquharson, Carlene Allen, Steven Watson (Chairman), Patsie Wallen-Lindsay (Secretary) and Anthony Lewis

## REPORT OF THE CREDIT COMMITTEE FOR YEAR ENDING 2016

The Credit Committee is a voluntary body consisting of Five (5) members, elected by the general membership. The role of the committee is to examine and approve loan above shares application and to ratify loans approved by the Credit Administrative Manager.

We meet twice per month on average, however, unscheduled meetings are held when the need arise. The Committee also sits on four quarterly meeting with the Board of Directors and the Supervisory Committee.

### 2016 REVIEW

During a Policy Review retreat held in St. Ann in April, 2016, the Credit Committee did a Proceed of Crime Act (POCA) examination and all members were successful and awarded a Certificate.

The Board of Directors were very creative by implementing the Super Consolidation loan in the month of May, 2016. Members must have an existing loan to be qualified for this super consolidation loan. This new offering allowed the members to consolidate their debts and maintain liquidity.

Loans such as Demand Loan and Easi access loan were all increased. These loans were also re-introduced in the month of December 2016.

The Credit Committee ensured that all loans applied for by members, once qualified, were duly approved or ratified in accordance with the Credit Unions rules, regulation and policies.

### ANNUAL GENERAL MEETING REVIEW

The 48th Annual General Meeting of the National Security Employees Co-Operative Credit Union Limited was held on Saturday, July 23, 2016 at the Jamaica Conference Centre, Port Royal Street, Kingston. The following members of the Credit Committee retired and made themselves available for nomination:

- Anthony Lewis, Member
- Patsie Wallen-Lindsay, Secretary
- Carlene Allen, Member

They were all selected to return and serve for an additional two (2) years.





## ATTENDANCE REPORT

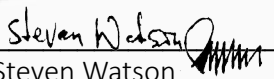
Names	Scheduled Meetings	Present	Excused	Absent
Steven Watson (Chairman)	26	26	Nil	Nil
Patsie Wallen-Lindsay (Secretary)	26	26	Nil	Nil
Michael Farquharson (Member)	26	26	Nil	Nil
Anthony Lewis (member)	26	24	2	Nil
Carlene Allen (Member)	26	23	3	Nil

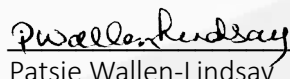
For the year 2016, a total of Twenty-Six (26) meetings were held, one of which was used for the electing of Chairman and Secretary.

This saw Steven Watson being nominated and elected to be Chairman and Patsie Wallen-Lindsay nominated and elected to be Secretary.

## ACKNOWLEDGEMENT

The Credit Committee wishes to use this medium to thank the Board of Directors, Management, Supervisory, Education and Nominating Committees, Staff and members of the National Security Employee Co-operative Credit Union Limited for your support during 2016 and we look forward to your continued support.

  
Steven Watson  
(Chairman)

  
Patsie Wallen-Lindsay  
(Secretary)



# SUPERVISORY COMMITTEE



L- R: Julian Oscar, Juniffer Dixon-Gordon (Secretary), Nigel Davis (Chairman), Sancha Miller-McPherson and Omar Drysdale

## REPORT OF THE SUPERVISORY COMMITTEE FOR YEAR ENDING 2016

The supervisory committees' role is to maintain oversight of the safety and soundness of the credit union. Operating independently of all entities at the credit union, we ensure the Board of Directors function in a manner beneficial to the members. We also review practices and procedures followed by staff to verify that management carries out the policies set by the board. In addition, we monitor compliance with applicable laws and regulations.

At the 48th Annual General Meeting held on July 23, 2016, the following members were duly elected and served on the Supervisory Committee in the following capacities:

- Nigel Davis - Chairman
- Juniffer Dixon-Gordon - Secretary
- Sancha Miller-McPherson- Member
- Omar Drysdale- Member
- Julian Oscar - Member

### ATTENDANCE RECORD

The following table shows the attendance for the committee members for the period January to December 2016.

Names	Scheduled Meetings	Present	Excused	Absent
Nigel Davis	12	12	Nil	Nil
Juniffer Dixon-Gordon	12	10	Nil	2
Sancha Miller-McPherson	12	10	Nil	2
Omar Drysdale	12	12	Nil	Nil
Julian Oscar	6	6	Nil	Nil

The amenities of Centralized Strategic Services Limited, a member of the Jamaica Cooperative Credit Union League (JCCUL) was contracted to perform internal audit function at the credit union. This has proven to be another invaluable tool in ensuring that members' assets are protected. With the oversight of the Supervisory Committee and management, the internal auditor has worked tirelessly to identify potential weaknesses in our systems and controls before they can become a problem.

The Committee was able to focus on a large number of reviews on various areas of the Operation. The following areas were reviewed and subsequent monthly reports sent to the Board of Directors and Management:


- Delinquent Portfolio
- Dormant and Deceased Accounts
- Disbursement Process
- Members Loans
- Fixed Assets
- Shares and Deposits
- Financial Statements
- Anti-Money Laundering (AML) / Proceed of Crime (POCA)
- Board of Directors Minutes
- Marketing Strategies

There was general adherence to established policies and procedures. Compliance with the related laws and regulations that govern the credit unions' operations were adequate. We were able to make recommendations and implementation of which resulted in improvements in the control environment, thus reducing the risk of loss to the organization. The supervisory committee reviewed the results and follows up with management on any action items identified in the report. The supervisory committee can say with complete confidence that the credit union continues to maintain a high level of financial safety and soundness. We will remain vigilant representatives of our members' interests, ensuring continued safety and soundness for your money, as the credit union strives to provide you and your family with excellent member service.

We wish to record our warmest and sincere thanks to the President, Board members, CEO, members of staff, our Internal Auditor Mr. Owen Lawrence and the team from the Centralized Strategic Services Limited for their courtesy and co-operation throughout the year. We recognize the hard work undertaken by all to maintain and improve the support and services provided by the credit union to its members.

We would like to close by reminding members that they can contact the Supervisory Committee regarding unresolved credit union problems, suspicion of fraud, suggestions for improvements, or similar confidential correspondence at:

Supervisory Committee  
National Security Employees Coop Credit Union Ltd  
7-9 Union Square  
Cross Roads  
Kingston 5

  
Nigel Davis, A.Sc.(Hons.)  
Chairman

  
Junnifer Dixon-Gordon  
Secretary

# NOMINATION COMMITTEE REPORT

In accordance with article X111, (Rule 64) of the rules governing the operations of the National Security Employees Co-operative Credit Union Limited, not less than thirty (30) days prior to each Annual General Meeting, the Board of Directors shall appoint a Nomination Committee of three members, of which not more than one may be a member of the existing Board of Directors. It shall be the duty of the Nomination Committee to nominate at the vacancy for which elections are being held.

The following members formed the Nomination Committee:

- Ms. Jeanette Davis  
Chairperson of the Committee  
Vice President (Board of Director)
- Mr. Anthony Lewis  
Member (Credit Committee)
- Mrs. Tamara Maxwell-Green  
Chief Operations Officer

One meeting of the Committee was held on Friday, April 28, 2017 where members of the committee were informed of those retiring in 2017.

Retiring from the Board of Directors and recommended to serve for two (2) years are:

Mr. George Hunter  
Mr. Christopher Murdock  
Mr. Errol Adams  
Mr. Andrew Johnson

Those retiring from the Credit Committee and recommended to serve for two (2) years:

Mr. Steven Watson  
Mr. Michael Farquharson

Those retiring from the Supervisory Committee and recommended to serve for one (1) year are:

Mr. Nigel Davis  
Mr. Omar Drysdale  
Miss Julian Oscar  
Mrs. Sancha Miller-McPherson  
Mrs. Juniffer Dixon-Gordon

The Nomination Committee is most grateful to have served in this capacity.

  
Jeanette Davis (Miss)  
Chairperson

# CAPITAL ADEQUACY MANAGEMENT PLAN

## 1) Objective of the Capital Adequacy Management Plan

The Objective of the Plan is to establish a structured capital accumulation strategy, which will ensure that:

- The Credit Union has sufficient capital to satisfy regulatory requirement; and,
- Its Capital Base increases at a rate consistent with the expected growth in its operations and assets.

## 2) Definitions

Capital Base is defined as a total of:

- (a) Paid-up capital, being shares paid in cash and invested as risk capital, which form a permanent part of the capital of the credit union and are redeemable only upon transfer to another member;
- (b) Its Institutional Capital;
- (c) Its Deferred Shares;
- (d) Its eligible reserves,

Less any amount by which that total has become impaired by operating and other losses.

**Institutional Capital** is defined as the aggregate of –

- (a) The Credit Union's reserves, other than eligible reserves which have been fully realized and are non-distributable, including gains from the sale of assets; and
- (b) Such other funds as may be received by the Credit Union by way of non-refundable donations for no specified purpose and which are not available for distributions.

**Deferred Shares** mean Tier 2 share Capital issued on terms that they shall not be withdrawable for a period of not less than five years, unless authorized by the Supervisor (Bank of Jamaica) and that it may be interest-bearing.

## 3) Benefits and Function of a Strong Capital Base

The stronger the overall capital position, the easier it is for the Credit Union to deal with future uncertainties such as operational losses, impairment of assets (such as loans) and other adverse economic cycles.

Capital also:

- (a) Provides a base to fund future growth;
- (b) Enables the Credit Union to meet competitive pressure as they arise;
- (c) Provides protection against operation losses; and
- (d) Ensures the Credit Union remains as an on-going concern.

## 4) Capital Standards: Supervisory/Regulatory Requirements

- (a) The Jamaica Co-operative Credit Union League's institutional capital/total assets ratio of (min) 10%.
- (b) The Bank of Jamaica's capital base/total assets ratio (Primary Ratio) of not less than 6%.
- (c) The Bank of Jamaica's risk based capital adequacy ratio not less than 10%.
- (d) The National Security Employees Co-operative Credit Union institutional capital/total asset ratio not less than 12%.

## Quantitative Review

The core indicator that will be used in this review is the National Security Employees' Co-operative Credit Union ratio of not less than 12%.

## 5) Financial Goal

Goal: To maintain Institutional Capital/Total Assets Ratio at a minimum of 12%

Current Position- December 2016

- Institutional Capital- \$243,866,868.
- Total Assets- \$1,899,020,149
- Institutional Capital/Total Asset Ratio – 12.84%

## Projected Target Growth

Year Ending December		Desired Asset Growth Rate	Desired Institutional Capital/Total Assets	Incremental Institutional Capital that will be Required	Total Institutional Capital that will be Required
2016	Projected	12%	12%	\$26M	\$244.50M
	Actual	16%	10.82%	\$23.8M	\$243.8
2017		11%	11%	\$25.8M	\$269.6M
2018		10%	10%	\$26.9M	\$296.5M
2019		11%	11%	\$29M	\$325.5M
2020		10%	10%	\$39.6M	\$365M
2021		10%	10%	\$10M	375M

Table 1 representing Projected Growth for 2016.

## 6) The Strategy

### Mandatory Transfer of at least 20% of Audited Surplus to Institutional Capital

The Credit Union will boost Capital Adequacy through transfers above the mandatory minimum transfer of 20% of surplus, and capitalization of a percentage (which will be determined by the Directors from time to time) of the residual retained earnings.

### Additional Strategies for Increasing Capital

The Credit Union will also undertake one or more of the following actions to increase profitability, hence having more surpluses available to transfer to institutional capital:

1. Improve Asset, Liability and Investment Management.
2. Expand loan portfolio through re-engineering of the loan process and aggressive marketing. This would lead to additional income. This of course will be constrained or facilitated by the Credit Union's ability to raise funds to lend.
3. Improve investment interest income by developing accurate cash flow analysis and projections along with sound investment policies.
4. Increase fee income through periodic reviews and adjustment of the fees schedule.
5. Reduce the level of delinquency and review the charge-off policy to reduce the amount of the Credit Union's losses from delinquent loans.

6. Constantly review operations in order to increase efficiency and reduce operating expenses.
7. A special share offer to purchase deferred shares of Fifteen Million Dollars to the general membership paying interest rate of 6% provided that the amount remains in the account for a term of not less than five years.
8. Incremental monthly contribution of \$5,000.00 per month to the deferred share account of each member who access the new Easi-Loan of \$750,000. Expected yield from this arrangement is Six Million Dollars (\$6m)
9. The recruitment of One Thousand Five Hundred new members per year. This will result in a \$3000 per member to permanent shares and amount to Three Million Dollars (\$3m).

### Sources of Capital

In addition to the regular members' shares and deposits, the Credit Union will seek to raise additional capital in a structured way by:

- a) The offering of permanent shares.
- b) The offering of deferred shares.

Procedure to Monitor Capital Requirements: Current and Future Needs

The assets and liabilities of the Credit Union will be managed to achieve consistent profits, liquidity and safety. This will be the responsibility of the Asset/Liability Management Committee.

The Chief Executive Officer will do the analysis and submit a report to the Board of Directors, with recommendations for corrective actions, if any.

### Review of the Capital Plan

Management shall review this plan at six-monthly intervals.

### Approval of the Capital Plan

The Board shall review and approved the plan at least annually.

Signed: \_\_\_\_\_

  
President,  
Board of Directors

June 15, 2017



# RESOLUTION

Whereas the Government has released the latest draft of the Bank of Jamaica (Credit Union) Regulation, and;

Whereas Regulations 25 paragraph (e) of the said regulations states:-

**“That credit union shall not except where the credit facility does not exceed one percent of the Credit Union’s capital base grant unsecured credit to a single member”, and;**

Whereas the Capital base of the National Security Employees Co-operative Credit Union as at December 31, 2016 was Permanent Shares - **\$66,607,416.00, Institutional Capital - \$93,697,087.00 and Deferred Shares - \$83,562,365.00, a total of \$243,866,868.00, and;**

Whereas the portion that is Deferred Shares is discounted at a rate of twenty percent (20%) each year, and;

Whereas this restriction on our credit facility of not more than one percent (1%) of our Capital Base to a single member will put us in problem with the Supervisor of the Bank of Jamaica, and;

Whereas the credit Union will have to cease and desist from granting any further unsecured credit to its members until it conforms with the Regulations.

Be it resolved that this Annual General Meeting approved to transfer the amount of Deferred Shares to the Permanent Shares as at December 31, 2016, and;

Be it further resolved that the Credit Union will continue to raise additional Permanent Shares and Deferred Shares consistent with the expected growth in its operations.

Moved by: Osmond Bromfield *OD, JP* (CEO)

Seconded by: George Hunter (Treasurer)



# PROPOSED RULE AMENDMENTS

## ARTICLE I NAME AND OBJECTS:

### CURRENT RULE

1. The name of the Society shall be National Security Employees Co-operative Credit Union Limited (NSECCU).

### TO BE AMENDED TO READ

1. The name of the Society shall be Public Sector Employees Co-operative Credit Union Limited (PSECCU).

## ARTICLE II MEMBERSHIP AND SPHERE OF OPERATION:-

### CURRENT RULE

4. Membership in the Society shall be limited to:

(a) Employees of the Island Special Constabulary Force

(b) Past employees of the Island Special Constabulary Force who were members of the Credit Union when they resigned or retired from the force.

(c) Employees of the National Security Employees Co-operative Credit Union Limited

(d) Past employees of the Jamaica Constabulary Consumer Co-operative Limited.

(e) Spouses and/or children of the members mentioned in (a), (c) and (d) above.

(f) Spouses and children of members mentioned in (b) above may also retain their membership provided the spouse and children became members before the member transmitting membership resigned or retired from the Force.

(g) Employees of the Ministry of National Security

(h) Employees of any other affiliated organization of the Island Special Constabulary Force.

Any or all of whom shall not be less than the age prescribed by the Cooperative Societies Act provided that any person who gains membership by virtue of sections (c), (d) and (g) above shall not be entitled to transmit membership to their spouse and children.

### AMENDED TO READ

4. Membership in the Society shall be limited to:

(a) All Employees of the Government of Jamaica i.e. Public Sector Employees

(b) Past employees of the public sector who were members of the Credit Union when they resigned or retired.

(c) Employees of the Public Sector Employees Co-operative Credit Union Limited

(d) Members of other credit unions who serve public sector employees

(e) Spouses and/or children of the "active" members mentioned above.

### CURRENT RULE

6. Every applicant for membership shall pay entrance fee of Five Hundred Dollars (\$500.00) and subscribe to a minimum of Two Thousand Dollars (\$2,000.00) in Permanent Shares and One Thousand Dollars (\$1,000.00) in Voluntary Shares. Upon acceptance of each application by the Board of Directors, the applicant shall be registered as a member. If the applicant is rejected, the entrance fee shall not be refundable.

### TO BE AMENDED TO READ

6. Every applicant for membership shall pay entrance fee of One Thousand Dollars (\$1000.00) and subscribe to a minimum of Three Thousand Dollars (\$3,000.00) in Permanent Shares and One Thousand Dollars (\$1,000.00) in Voluntary Shares. Upon acceptance of each application by the Board of Directors, the applicant shall be registered as a member. If the applicant is rejected, the entrance fee shall not be refundable.

### CURRENT RULE

11. A person ceases to be a member:-

b. on ceasing to hold at least Two Thousand Dollars (\$2,000.00) in Permanent Shares and One Thousand Dollars (\$1,000.00) in Voluntary Shares;

### TO BE AMENDED TO READ

11. A person ceases to be a member:-

b. on ceasing to hold at least Three Thousand Dollars (\$3000.00) in Permanent Shares and One Thousand Dollars (\$1000.00) in Voluntary Shares;

## ARTICLE VI RECEIPT & DISBURSEMENTS

### CURRENT RULE

21. All receipts and disbursements shall be supported by the proper vouchers, and all disbursements in excess of Three Thousand Dollars (\$3000.00) shall be made by cheque.

### TO BE AMENDED TO READ

21. All receipts and disbursements shall be supported by the proper vouchers, and all disbursements in excess of Five Thousand Dollars (\$5000.00) shall be made by cheque.

## ARTICLE IX CREDIT COMMITTEE

### CURRENT RULE

**45.** The Credit Committee by resolution concurred in by all members of the said Committee and a majority of the members present at a General Meeting may delegate to the Treasurer the power to make loans to members, provided the amount of any such loan shall not exceed Two Thousand Dollars (\$2,000.00) and the period of the repayment shall not exceed thirty days; provided also that the member is in good standing. The Treasurer shall furnish to the Credit Committee a record of each loan made and such records shall become a part of the records of the Committee.

### AMENDED TO READ

**45.** The Credit Committee shall ratify all loans approved by the Credit Administration Manager and any other officer falling below him/her. The Credit Administration Manager shall furnish to the Credit Committee a record of each loan made and such records shall become a part of the records of the Committee.

## ARTICLE XI OFFICER:-

### CURRENT RULE

**(ii)** The TREASURER shall be the Managing Director of the Society under the control and direction of the Board of Directors. Before entering upon his duties he shall furnish a surety bond for the faithful performance of his duties in such amount as shall be determined by the Board of Directors as provided for in Article VIII Rule 37 (I) the premium of which shall be paid by the Society, subject to such limitations and control as may be imposed by the Board of Directors it shall be the duties of the Treasurer;

**(a)** to have custody of all funds, security, valuable papers and other assets of the Society, except his own surety bond which shall be in the custody of such other persons as the Board of Directors may designate;

**(b)** to sign all Cheques, Notes, Drafts and other negotiable or transferable instruments drawn by the Society as required in the process of its business;

**(c)** to keep and maintain a full and complete record of all the transactions of the Society and to have custody of all the books of accounts, vouchers, bonds, securities etc., to be at all times open to the inspection of the Board of Directors and the Supervisory Committee;

**(d)** to prepare a Trial Balance of the General Ledger within ten (10) days of the close of each month which Trial Balance shall be posted in the office of the Society until replaced by the Trial Balance for the succeeding month;

**(e)** to prepare within fifteen (15) days of the close of each half year a statement of the Profit and Loss Account and the Balance Sheet which statement shall be certified by at least two members of the Supervisory committee and shall be posted in a Prominent place in the office of the Society until replaced by the statement for the succeeding half-year.

**(f)** to receive all monies paid in to the society and, within forty-eight (48) hours after receipt, deposit all funds in his possession in the Bank or Banks of deposit prescribed by the Board of Directors;

**(g)** to see that all Promissory Notes, Drafts, or any other negotiable instruments drawn in favour of the Society, are properly prepared;

**(h)** to do all other such duties as pertain to the Office of Treasurer.

### TO BE AMENDED TO READ

**(ii)** The TREASURER: The Treasurer shall maintain oversight responsibility of the financial affairs of the Society and should be sufficiently qualified to carry out such responsibilities. He shall ensure that the financial responsibilities as delegated to Management are effectively administered in keeping with best practices, current financial reporting standards and other standards as may be required from time to time by the Regulators.

## ARTICLE XIII ELECTIONS

### CURRENT RULE

64. (i.) Not less than thirty (30) days prior to each Annual General Meeting, the Board of Directors shall appoint a Nominating Committee of three (3) members, of which not more than one may be a member of the existing Board of Directors. It shall be the duty of the nominating Committee to nominate at the vacancy for which elections are being held.

### AMENDED TO READ

64. A Nominating Committee shall be appointed by the Board of Directors at least ninety (90) days prior to each Annual General Meeting (AGM) and shall consist of at least three (3) members, but not more than seven (7) members.

(a) Not less than Eighty (80) days prior to the AGM the Nominating Committee shall meet to consider the following:

(i) The vacancies that will arise at the AGM on the Board of Directors, the Credit Committee and the Supervisory Committee

(ii) A preliminary list of nominations to be made to fill such vacancies.

(iii) All other matters and procedures related to the filling of such vacancies.

(b) Not less than seventy-five (75) days prior to the AGM the Nominating Committee shall notify the membership in writing of the vacancies for the Board, Credit, and Supervisory Committees and invite nominations to be made for each vacancy by petition on the prescribed form that must be signed by at least five (5) members. The committee may use electronic mail to notify members who have opted to receive notices or statements electronically.

(c) The written notice shall state the closing date for receiving nominations by petition. In all cases, the period for receiving nominations by petition shall extend at least thirty (30) days from the date the petition requirements are mailed to all members.

(d) The written notice shall indicate that there will be no nomination from the floor.

(e) Upon consideration of all nominations made and received by petition the Nomination Committee shall interview and recommend at least one (1) member for each vacancy.

(f) The Nominating Committee shall file the nominations with the Secretary of the Credit Union at least forty (40) days before the Annual General Meeting.

(g) Each nominee by petition must include statement of qualifications and biographical data with the petition. To be valid, nominations by petition must be accompanied by a signed certificate from the nominee or nominees stating that they are agreeable to the nomination and will serve if elected to Office.

(h) The Nominating Committee shall have the authority to include candidates not nominated by petition among those to be considered by the Committee, and of its own accord seek suitable candidates to fill vacancies on the various Committees.

(i) Members of the Nominating Committee shall not be eligible for nominations.

(j) The Nominating Committee shall act in accordance with the Terms of Reference Policy of the Credit Union in its selection of each nominee

(k) A member seeking nomination to hold office shall be disqualified if:

(i) He fails to satisfy the Registrar and/or the Supervisor that he is a fit and proper person to perform corporate governance functions

(ii) He has a dormant or inactive account for at least six (6) months.

(iii) His membership within the society is not more than six (6) months, provided that he is an active member for more than 6 months in another co-operative society.

(iv) His membership in any other co-operative society at the time of the Nominating Committee's deliberations has been judged delinquent.

(l) The Secretary of the Board of Directors will no later than thirty (30) days prior to the AGM notify the members in writing or by way of electronic mail of the nominations recommended by the Nominating Committee. The notice shall also be posted in a conspicuous place in the Credit Union office.

(m) A brief statement of qualifications and biographical data in a form approved by the Board of Directors shall be included for each nominee recommended by the Nominating Committee.

(n) The final selections with the terms of office shall be presented at the AGM by the Nominating Committee.

#### **CURRENT RULE**

(ii.) After the nominations of the Nominating Committee have been laid before the members, the Returning Officer shall call for nominations from the floor. When the nominations are closed, tellers shall be appointed by the Returning Officer, ballots shall be distributed, the votes shall be taken and tallied by the tellers, and the results announced.

#### **AMENDED TO READ**

(ii.) After the nominations of the Nominating Committee have been placed before the members, a Returning Officer shall be appointed by the Chairman and will preside over the elections. If sufficient nominations are recommended by the Nominating Committee to provide at least as many nominees as positions to be filled, the election shall not be conducted by ballot and the returning officer shall declare each nominee elected by general consent or acclamation at the meeting. In the event there are more nominations recommended by the Nominating Committee than the number of vacancies available there shall be voting by ballot. The returning officer shall be responsible for appointing tellers, distributing ballots, conducting and tallying the vote and announcing the results.

#### **CURRENT RULE**

(iv) Nominations shall be in the following order:

- a. nominations for members of the Board of Directors;
- b. nominations for Credit Committee Members;
- c. nominations for Supervisory Committee Members. Elections may be by separate ballots following the order of the nominations or, if preferred, may be by ballot.

#### **AMENDED TO READ**

Elections shall be in the following order:

- a) Elections for members of the Board of Directors;
- b) Elections for members of the Credit Committee;
- c) Elections for members of the Supervisory Committee;
- d) Delegates and Alternate Delegates to the League or any affiliated organizations shall be determined by the Board of Directors.

#### **ARTICLE XX**

##### **SEAL:-**

#### **CURRENT RULE**

**71.** The Board of Directors shall adopt for the use of the Society a distinctive Seal having the name of the Society inscribed thereon.

Subject to the provision of the law and regulation the Board of Directors may borrow from any source on such security on such terms of repayment as they think fit, provided the total amount borrowed shall not exceed 16 times the Permanent Capital and Reserve.

(i) The Seal of the Society shall at all times remain in the custody of the Treasurer at the Registered Office of the Society.

#### **TO BE AMENDED TO READ**

**71.** The Board of Directors shall adopt for the use of the Society a distinctive Seal having the name of the Society inscribed thereon.

Subject to the provision of the law and regulation the Board of Directors may borrow from any source on such security on such terms of repayment as they think fit, provided the total amount borrowed shall not exceed 16 times the Permanent Capital and Reserve.

i. The Seal of the Society shall at all times remain in the custody of the Chief Executive Officer at the Registered Office of the Society.

ii. The Seal of the Society shall not be affixed to any document except by the authority of the Board of Directors.

Moved by: Osmond Bromfield *OD, JP* (CEO)

Seconded by: George Hunter (Treasurer)

# DISTRIBUTION OF SURPLUS

Your Board of Directors recommends for your approval the appropriation of the undistributed surplus Seventeen Million Four Hundred and Twenty Three Thousand One Hundred and Forty Seven Dollars (\$17,423,147.00) to be apportioned as follows:

DETAIL	AMOUNT (\$)
Dividend (on Permanent Shares)	12,000,000
Honoraria	2,000,000
Disability Fund	1,000,000
GSAT Grant	1,000,000
Tertiary Scholarships	800,000
Permanent Shares reserve	300,000
Sponsorship/Donations	323,147
Total	17,423,147

In keeping with Rule 70, your Board of Directors proposed that the maximum liability for the loans that the Board of Directors may borrow is to be set at 16 times the Society's Capital and Reserve Funds.



George Hunter  
Treasurer



# DELINQUENT LOANS AS AT DECEMBER 31, 2016 PROPOSED FOR CHARGED OFF

Below is a list of seventy nine (79) members who have been delinquent for over 365 days.  
The total delinquent loan balances amounted to \$13,784,908.05.

NAMES	AMOUNT (\$)
Arboud, Nashvil	551,064.15
Baugh, Claudette	1,292,896.69
Binns, Tyrone	290,236.71
Briscoe, Ewell	104,631.92
Campbell, A, Clifford	375,597.41
Campbell, Attoy	142,556.94
Campbell, Carrington	139,992.53
Campbell, Clayton	331,031.75
Campbell, Dalton	95,003.87
Campbell, Paula	9,246.31
Cargill, Jennifer	673,862.74
Carter, Oneil	180,786.21
Castelle, Bryan	22,088.69
Christian, Deneil	99,456.84
Clarke, A, Andre	58,352.79
Clarke, Horace	223,792.09
Clarke, Lance	67,020.68
Cooper, Patrick	56,048.85
Copeland, Fabian	87,066.74
Davey, J. Jerome	21,113.40
Davidson, Dalton	35,830.89
Davis, Norrin	152,173.20
Edwards, Adrian	176,197.91
Ellis, Nadieta	21,689.63
Francis, Francine	37,391.18

NAMES	AMOUNT (\$)
Freeman, Michael	44,732.24
Giscombe, Zandel	123,578.56
Gordon, Marika	143,411.69
Gordon, Mitchel	21,915.33
Gordon, R, Christopher	147,361.71
Grant, Diana	91,802.07
Gray, Ian	5,768.97
Gray, M, Rodgeroy	136,885.89
Guthrie, Kevin	228,953.98
Hayles, David	51,746.46
Henderson, Dayne	926,032.56
Henry, Fabian	11,831.84
Hill, Sydawnee	292,065.00
Hunt, T, Sheena	102.09
Johnson, Andre	43,651.11
Johnson, Omar	88,187.43
Jones, Gideon	154,659.31
Laing, K, Adrian	92,659.01
Lambert, Shadane	25,382.25
Lawman, Valimore	28,445.79
Levy, A, Valrie	520,647.03
Levy, Denver	123,591.10
Lowe, Wilton	191,880.60
Matthews, Vaniesha	74,142.60
Mattis, Loxley	149,730.66



NAMES	AMOUNT (\$)
Mcbean, Carlando	403,128.44
Mckenzie, Shaun	69,335.43
Mckie, A, Curtis	156,101.72
Palmer, Maurice	230,975.29
Panton, Milton	269,005.40
Pryce, O, Brian	76,666.98
Rambaran, Z, Rudolph	157,624.94
Ramsay, Ian	210,259.45
Reid, Oliver	98,672.99
Rowe, M, Marlon	317,794.32
Samuda, D, Conroy	210,839.24
Satchwell, A, Jermaine	99,120.11
Scithraham, M, Steve	201,552.97
Shaw, Nolan	218,013.78
Shaw, O, Okeen	59,891.14
Sinclair, A, Rochelle	388,919.22
Sinclair, Kenrick	24,191.68
Sterling, Andrea	41,722.84
Sutherland, Mikhail	941.84
Taylor, Owen	115,104.48
Thomas, M, Andrea	191,289.82
Thompson, De-Shawn	56,018.96
Turner, C, Marlon	218,242.75
White, R, Joan	506,912.39
Williams, C, Odane	400,664.13
Williams, Owen	46,804.08
Wright, Odale	50,818.26





# DELEGATE'S REPORT ON THE LEAGUE'S 75TH ANNUAL GENERAL MEETING



Tamara Maxwell-Green  
Deputy CEO



George Hunter  
Treasurer

## **JAMAICA CO-OPERATIVE CREDIT UNION LEAGUE'S 75TH AGM HELD FROM MAY 26-29, 2016 AT THE HILTON ROSE HALL RESORT & SPA IN MONTEGO BAY**

The Board of Directors elected Mr. George Hunter, Treasurer and Mrs. Tamara Maxwell-Green, Deputy Chief Executive Officer as delegates to the Jamaica Co-operative Credit Union League (JCCUL) 75th Annual General Meeting (AGM), as well as Mr. Calvin Allen, President and Mr. Osmond Bromfield, Chief Executive Officer as alternate delegate. The delegates report is as follows;

The 75th AGM was held under the theme: "CREDIT UNIONS: PEOPLE HELPING PEOPLE" and approximately one hundred and fifty (150) delegates and spectators were in attendance. A trade show was apart of the activities and the daily activities being delineated below:

Thursday, May 26, 2016

- The Credit Union Manager's Association AGM
- A presentation was made on the theme "The Future of the Credit Union Movement: The impact of the Changing Legislative Landscape" by Mr. Errol Gallimore of the Registrar of the Department of Co-operatives & Friendly Societies, in the Hanover room to a full audience. The moderator and past president of JCCUL, Mrs. Yvonne Ridguard, guided the discussion that followed.

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

Friday, May 27, 2016

Participants were updated on the topic "The Road Ahead: Credit Union Sustainability", by Director Winston Fletcher, Chairman of the Credit Union Development Task Force throughout the plenary session.

On Friday, a total of six (6) workshops were held as follows:

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

## AWARDS

The day was completed by the annual awards dinner with guest speaker Mrs. N'Dombet Assamba, former Jamaican High Commissioner to the United Kingdom.

Credit union of the year awards went to the following recipients:

CATEGORIES	WINNER	RUNNER UP
Mega (Asset > \$2B)	First Regional Co-op	JTA Co-op
Large (< \$1B- \$2B)	JDF Co-op	NCB Employees Co-op
Medium (<\$300M- \$1B)	Lascelles Employees	BJ Staff
Small-sized (<\$300M)	Church of the First Born	Nestle Jamaica Co-op

President Derrick Tulloch, at the end of the banquet, proclaimed that the AGM scheduled for the following day (May 28, 2016) would be re-scheduled.

## RESCHEDULED ANNUAL GENERAL MEETING

– Saturday, August 20, 2016

The 75th Annual General Meeting was rescheduled to and held on August 20, 2016, because of circumstances explained by the Board of JCCUL at a delegates meeting. The proceeds of the meeting were as follows:

## ELECTION OF OFFICERS

The below listed persons were elected to the Board of JCCUL:

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

Persons elected to the Supervisory Committee:

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

## RESOLUTIONS

Congratulatory and condolence resolutions include:

Congratulatory resolutions were:

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

Condolences for:

Rev. James Oswald Thorbourne  
Mr. George Carter  
Dr. Dorothy Raymond

## RULE CHANGES

The AGM voted to accept all the changes of the rules, which were effected as follows:

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

## THE 2016-2017 JCCUL BOARD

Rev. Dr. Paul Gardner – President  
Mr. Winston Fletcher – 1st Vice President  
Mr. Clide Nesbeth – 2nd Vice President  
Ms. Andrea Messam – Treasurer  
Mr. Jerry Hamilton – Assistant Treasurer  
Mr. Lambert Johnson – Secretary  
Mr. Norris Gilbert – Assistant Secretary  
Mr. Martin Blackwood  
Mr. O'Neil Grant  
Mr. Anthony Young  
Mr. Rodcliffe Robertson  
Mr. Radgh Mason  
Mr. Patrick Smith  
Ms. Carol Anglin  
Mr. Derrick Tulloch

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

The Special General Meeting was summoned to:

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

Financial Status of the Movement at December 2016  
There were 32 credit unions in Jamaica as at December 2016, with total assets of \$95.67 Billion. This is an increase of 7.6% or \$6.73 Billion above the \$88.94 Billion in 2015. Total savings were \$73.83 Billion compared to the \$68.14 Billion as at December 2015, which is an increase of 8.35%. Loans however, grew by \$4.2 Billion to \$64.67 Billion in 2016 compared to the loan outstanding at 2015 of \$60.48 Billion. Membership grew by 2.9% in 2015 to 1,028,511 at year end.

The delegates are delighted to have been afforded the honor of representing the credit union at the level of the League.



Tamara Maxwell-Green  
JCCUL Delegate



George Hunter  
JCCUL Delegate



# National Security EMPLOYEES Co-operative Credit Union Limited

*"Where your financial security matters most"*

## PRODUCTS AND SERVICES

### INVESTMENTS

Golden Harvest | Special Deposit | Fixed Deposit

### SAVINGS

Christmas Club | Treasure Chest Lucky Savers | Regular Savings & Deposit

### INSURANCE

Loan Protection Coverage | Life Savings Coverage | Family Indemnity Plan

### SECURED LOANS

Share Ratio | Home/Land | Home Improvement | Motor Vehicle

### UNSECURED LOANS

Easi-Access | Supreme | Demand | Super Consolidation  
Pay Day Loan | Quick 'N' Eezee Computer/Smart Phone  
Education | Emergency | Character Loan

### SERVICES

Bill Payment Outlet | Online ATM Services

8%

INVEST IN  
**SPECIAL  
DEPOSIT**  
AND EARN AN  
UNBEATABLE

INTEREST  
RATE PER  
ANNUM

#### HEAD OFFICE

7 -9 Union Square, Cross Roads  
Kingston 5  
Tel: 929-8017, 929-1845,  
929-1855 or 906-8621

#### REGION 1

66 Claude Clarke Ave  
Montego Bay, St. James  
Tel: 971-2306, 979-3046  
Fax: 940-4720

#### REGION 2

Shop 10 F,  
Pompano Shopping Complex  
Tower Isle, St. Mary  
Tel: 975-5754 or 975-5649  
Fax: 975-5024

#### REGION 3

9 Ward Avenue  
Mandeville  
Tel: 625-8583, 962-7555  
or 625-4240  
Fax: 625-8583

# MEET OUR TEAM

# MANAGEMENT TEAM



## LEFT TO RIGHT:

Simonne Hunter (Accounts Manager), KellyAnn Dixon (Marketing and Communications Manager), Tracey-Ann Francis-Phillips (Credit Administration Manager), Osmond Bromfield OD, JP, (Chief Executive Officer), Lisa Harry (Administrative and Support Services Manager), Tamara Maxwell-Green (Deputy Chief Executive Officer) and Chezray Rodney ( Information Technology Manager)

Missing - Yanique Watson (Legal, Risk and Compliance Manager)



# ACCOUNTS



LEFT TO RIGHT:

Pete Morse (Senior Accounts Clerk), Shanika Murdock (Accounts Clerk), Kadene Saunders (Accounts Clerk),  
Simonne Hunter (Accounts Manager), Kimone Cameron (Accounts Officer), Alaine Williams (Senior Accounts Clerk)  
Missing - Gavin Mighty (Accounts Clerk)

## INFORMATION TECHNOLOGY

Right: Chezray Rodney  
Information Technology Manager

Tanesha Henry  
Information Technology Officer





# CREDIT ADMINISTRATION



LEFT TO RIGHT:

Davia Thawe (Senior Loans Clerk), Patricia McLawrence (Loans Clerk), Crystal Scarlett (Loans Clerk), Tracey-Ann Francis-Philips (Credit Administration Manager), Jodi-Ann McBean (Loans Clerk), Sharon Smith-Linton (Delinquency Officer), Taleta Henlon (Senior Loans Clerk) and Racquel Walters (Loan Officer)

## MARKETING & COMMUNICATIONS



Left: KellyAnn Dixon  
Marketing and Communications Manager

Nadine Edwards  
Customer Service Representative

Missing - Shanique Beckford  
Customer Service Representative

# ADMINISTRATION AND SUPPORT



Left: Lisa Harry  
Administrative and Support Services Manager

Tamara Barrett  
Administrative Assistant

## REGION 1 MONTEGO BAY

Left: Sheldon Francis  
Branch Officer

Neloresa Palmer  
Loans Clerk





## REGION 2 - ST. MARY



LEFT TO RIGHT:

David Clarke (Loans Clerk),  
Shanique Adams - Calder (Acting Branch Officer),  
Kimoi Page (Loans Clerk) and  
Michelle James (Office Attendant)

## REGION 3 MANDEVILLE



LEFT TO RIGHT:

Alicia Graham-Carter (Branch Officer),  
Nicole Coley (Loans Clerk) and  
Donna Thompson (Office Attendant)

Missing: Rachelle Wellington  
(Loans Clerk)

# SUPPORT STAFF



LEFT TO RIGHT:

Cebert Taylor (Company Driver), Beverley Nembhard (Office Attendant), Tamara Taylor-Fuller (Office Attendant),  
Monica Foster (Office Attendant) and Donovan Buchacan (Groundsman)



# CORPORATE SOCIAL RESPONSIBILITY



Seventy-seven (77) students were awarded GSAT in 2016



Scholarship Awardees 2016



Area 7- Winners of NSECCU Netball Competition 2016



NSECCU Netball Competition



Member Referral Winner Millicent Bennett



Region North Chapter ISCF Retirees Annual Luncheon



Law Enforcement Torch Run 2016



Mobile Reserve Domino Competition



Financial Literacy Programme with Jamaica College Students



Member referral winner Orlando Evans

# OBITUARY



The Board of Directors, Management and Staff of the National Security Employees Co-operative Credit Union would like to offer our condolence to the families of the following members for 2016.

## NAME

## DATE OF DEATH

Noel Drummond

10/24/16

Alfanzo Cato

03/13/16

Mark Gibbs

08/19/16

Michael Robinson

05/10/16

Lenroy Evans

02/17/16

Phillip Edwards

09/08/16

Judith Williams

04/29/16

Karen Brown

08/15/16

Mark Rose

08/12/16

Howard Chambers

07/04/16

Carlton Morrison

06/24/16

Carl McFarlane

08/04/16

