



Mission Statement

Under God's guidance, **Churches Co-operative Credit Union Limited** is committed to the encouragement of thrift among its members, offering the widest range of quality financial services through prudent practices and highly efficient and motivated staff; and ensuring competitive returns to members

Our Values

- We care about people and as such treat our stake holders with love and respect
- We act with integrity
- We encourage transparency, in an atmosphere where honesty, trustworthiness and fairness are a way of life
- We shape the future
- We deliver uncompromising service excellence
- We are committed
- We encourage innovation and creativity

The CCCU Way

- Continuous Improvement
- Go to the Source
- Challenge the Status Quo
- Team Work
- Respect Co-workers

● Mission Statement ● Our Values ● The CCCU Way





Agenda • Notice of Meeting



Notice is hereby given that the 37th Annual General Meeting of the Churches Co-operative Credit Union Limited will be held on Tuesday, May 10, 2011 at the Wyndham Kingston Hotel, 77 Knutsford Boulevard, beginning at 4:00 p.m.

All members are invited to attend.

Gervaise McLeod (Mr)
Secretary, Board of Directors

Ascertainment of Quorum

Call to Order and Prayer

Chairman's Opening Remarks and Obituaries

Reading and Confirmation of the Minutes of the 36th Annual General Meeting

- Matters Arising

REPORTS

- Board of Directors
- Management
- Treasurer and Auditor
- Credit Committee
- Supervisory Committee

ELECTIONS

- Appointment of Returning Officer
- Elections to:
 - Board of Directors
 - Credit Committee
 - Supervisory Committee

Resolutions

Other Business

Vote of Thanks

Adjournment





Churches Awards and Achievements

Ministry of Industry & Commerce/Bureau of Standards Jamaica National Quality Awards for Excellence in Sectional Prize - Service Sector - Process Management





Corporate Profile

Churches Co-operative Credit Union Ltd was born out of a spirit of co-operation between existing church-based Credit Unions in 1971 and has evolved into one of the largest and leading organizations of its kind in the island over the last thirty-eight years.

The Credit Union has, as its bond, all church members, regardless of religious denomination and their relatives island wide. Through this spirit of co-operation, church members and their families are assisted to a better way of life.

Members are served through a network of four full service branches, two sub-branches, four micro & small business loans centres and an advisory centre. Our full service branches are located in Kingston & St. Andrew, Portmore, Spanish Town and Montego Bay while our sub branches are located in Cassava River and Old Harbour. Our micro and small business loans centres are located in Kingston, May Pen, Mandeville, Montego Bay and the Advisory Centre in Trench Town

Organizational Structure

Like all other Credit Unions, Churches Co-operative Credit Union is owned by its members and governed by a Board of Directors who is responsible for approving policies.

There are also the Credit and Supervisory Committees as well as a number of sub-committees. The members of the Board and Committees are selected from our general membership. Daily operations are carried out by a cadre of staff led by a management team, which is headed by a Chief Executive Officer. Each branch is managed by a Branch Manager.

Products & Services

Churches Credit Union offers a wide range of savings and loans products designed to meet the changing needs of our over 118,000 members. We also offer other services designed with our members' convenience in mind and fully embrace technology as a means of improving the level of service offered. Telechurches, our telebanking facility, allows members to check their account balances by telephone, and I-transact allows members to view and print statements, make loan payments and transfer funds between accounts.

The Credit Union also has its own website, www.churchescreditunion.com, which will be enhanced to provide even greater convenience for our members.

Member education is of vital importance, and is done through New Members' Meetings and other fora at our offices or in other locations, a Members' Newsletter and updates as necessary, as well as our website. This process is also aided by a Liaison Officers' Programme.

Churches Credit Union believes in giving back to the community and, as such, makes donations each year to a number of organisations. Two bursaries are awarded annually to members who are studying at the tertiary level, as well as four scholarships to Y.O.U.T.H. savers who have sat the GSAT. In addition, the Credit Union also offers three entrepreneur awards to final year students of select tertiary institutions.

Churches Credit Union will continue to be dynamic, responding to the needs of members, and ensuring our financial strength and viability in an increasingly challenging environment.





Our Products and Services

Shares



ORDINARY SHARES

This is the main account in the Credit Union. It is one of the accounts which qualifies you as a member and makes you eligible for a loan.

PERMANENT SHARES

This is another account that qualifies you as a member. It helps strengthen the capital base of the Credit Union.

DEFERRED SHARES

This type of account strengthens the Credit Union's capital.

Ordinary and Permanent Shares attract a dividend, which is paid annually depending on the performance of the Credit Union. The percentage paid is based on the surplus generated by the Credit Union during the business year and is determined at the Annual General Meeting by you, the members.

Savings & Deposits

Fixed Deposit



Members may place as little as \$10,000.00 on this account for a period of 30 - 365 days. Attractive interest rates are offered.

The Savings Maximizer



This savings account helps you to maximize your savings. Interest is paid quarterly on the minimum balance in the account.

Earners Plus



A premium savings account for all members. This account allows you to start with small amounts and rewards your efforts by paying higher rates of interest as your money grows. Additionally, interest is calculated daily and credited monthly.



This account is accessible with an Access Plus (ATM) Card



Christmas Basket

Start NOW! Give yourself a bonus at Christmas. Open a Christmas Basket account and make deposits between January and November. You will receive your savings plus interest in December.

“Young Ones United in Thrifty Habits”



“Train up child in the way he should go, and when he is old he will not depart from it.” Open a **Y.O.U.T.H.** account today! This account is targeted at young savers up to 15 years of age. **Y.O.U.T.H.** seeks to develop the habit of thrift by teaching money

management principles and helping to cultivate the co-operative culture from a tender age. Youth savers are rewarded in their efforts by the offer of four (4) scholarships each year and a chance to participate in competitions in addition to other incentives.

Golden Harvest



A long-term goal-oriented savings plan. The member contracts to save a specific amount monthly for an agreed period. When the savings goal is reached, the member “harvests” the accumulated lump sum. A unique benefit is that the savings goal is insured.

Prosperity Plus



A great way to save for your children's education and your retirement. This is a long term investment with tax free benefit. Conditions apply.

Partner Plan Savings



A savings account with features of the traditional partner, where members can save on a weekly basis. The unique feature is that a bonus is paid at the end.

Pension Gold



Are you presently contributing to a retirement scheme? If not, it is important that you seriously think about being enrolled in such a plan. Churches Credit Union proudly introduces Pension Gold, a retirement scheme for individuals.





Better Life Loans

Better Life Loans



We offer secured and unsecured loans. For secured loans some forms of collateral are:

- Appliances
- Motor Vehicles
- Stocks and Bonds
- Certificates of Deposit
- Cash
- Real Estate
- Co-maker/ Guarantor
- Life Insurance policies

Interest is calculated on the reducing balance.

Super-Easi Loan



A revolving secured line of credit that you can draw on as you wish, for personal or business purposes. Funds are accessible either over the counter or by using Access Plus Multilink card.

Home Choice Loans



The equity in your home can help you to achieve your dreams.

Insurance Premium Financing Loan

Insuring your motor vehicle, real estate and other assets are now easier, with Churches' Insurance Premium Financing Loan. No security required. Conditions apply.

Special Relief Loan

Churches now offers a special loan to assist members who are challenged with making their monthly loan payments. To qualify for this loan the member can either be past due or current with the payments of an existing loan, however, is facing difficulties in making payments. Members are asked to come in and utilize this facility.

Motor Vehicle Loan



We provide financing for any age vehicle as long as it can be comprehensively insured.

Mortgages

Members are able to access Churches Credit Union mortgages or mortgages through the CUMBO (Credit Union Mortgage Benefit Option) Programme.

Education Loans



Finance your education with our Special Education Loan. The affordable rates of interest and loan terms are what make it special.

Business Loans

Project/Business Loans as well as our Lines of Credit are available for business purposes.

Loan Link - Loan by Phone/Net

Loan Link offers convenience when applying for your loan. Call 929-5142 to apply for a loan within shares or apply on our website at www.churchescreditunion.com for a loan within or in excess of shares.

Micro & Small Business Loans

These loans are designed to provide financing for members who want to start or expand their micro or small businesses.

Easi-Pay-Plan



This Loan was implemented for employed members to acquire unsecured loans through salary deductions.

Easi-Furnish Loan



This loan was designed specifically to purchase household furniture and appliances. You are allowed up to a maximum of \$500,000 payable within 24 months.

Payday Loan



When you urgently need funds to tide you over till payday you may borrow up to \$50,000 and repay by salary deduction the following month. It's easy and confidential.

Fast Track Loan



This is a pre-approved loan facility that pre-qualifies the member based on credit worthiness and ability to repay.





Services

Cambio



Churches is a licensed Cambio operator. This allows us to both buy and sell foreign currency from and to our members and the general public at competitive rates. We currently operate at the Eureka/Ripon and Montego Bay branches.

Remittance Service



Money from overseas can now be sent to the Credit Union through any of the following remittance services: RIA Express and Vigo in the USA, First Remit in the UK or Reggae Money Express Worldwide.

Internet Banking



Offers you the convenience of internet banking. You can use this facility to transfer funds between accounts, view and print statements, make loan payments and check account balances. It's Easy, Safe, Secure, Yours.

Automated Teller Machine (A.T.M.) & Point of Sale (P.O.S.) Services

Accessible with an Access Plus (ATM) Card:

- Available 24 hours per day, 7 days per week
- Cash withdrawal at any ATM
- with the **AUTOLINK** sign
- Account balance enquiries
- Deposits and loan payments may be made at any of the Easi Access (Credit Union) ATMs
- Payments for goods and services
- Payments for goods and services



TeleChurches

We at Churches know that you are busy. Our Telebanking facility allows you to do some transactions and enquiries at your convenience.bridal registry.



Just call **754-CCCU** (754-2228) from any telephone and follow the instructions. You are also able to make payments to your Credit Union accounts using the telebanking facilities of other institutions.

Safe Deposit Boxes

For storing your important documents and prized possessions. There are various sizes to choose from at minimal cost.

Standing Order Payment Facilities

For a nominal fee, we will make monthly remittances on your behalf for **INSURANCE, MORTGAGE** and other payments.

Gift Certificates

This is the ideal gift for any occasion, Christmas, birthdays, graduations, and weddings.

Our *Matri-money* gift certificate is a special bridal registry.

Earners Discount

Members may access discounts at a number of stores on presentation of a Churches Earner Discount card. A list of the companies offering discounts may be obtained from the Credit Union or simply look out for the Churches Earner Discount Provider sticker at store locations.



Field Service

Churches Business Development Officers(BDO) will visit any group/organization wishing to learn about the Credit Union and what it has to offer. Just give us a call. These representatives also regularly visit companies/organisations in which there are a number of Churches Co-operative Credit Union members.



This service is extended to include the appointment of an individual at the location who serves as a Liaison Officer.

Our Products and Services





Member Education and Financial Counselling



A Credit Union, although a financial institution operates differently from other such organisations. Churches therefore places a great deal of emphasis on educating its members. New Members' Meetings are held at

each location, to acquaint members with the products and services offered. Rap Sessions are also held with members, to keep them updated on the services and to provide information on various areas of interest.

Insurance

How safe is your money?



Churches Co-operative Credit Union maintains a comprehensive insurance bond to ensure that your money is safe. This insurance covers loss suffered by burglary, robbery and fraud. The Credit Union is also a member of the Jamaica Co-operative Credit Union League which, through its Stabilization Unit, has the primary purpose of protecting the safety of Credit Union members' savings.

Motor Vehicle Insurance

Motor vehicle insurance is available to members at discounted rates through NUCS-CIS and ICWI.

Life Savings and Loan Protection

Your savings in the Credit Union to a maximum of \$550,000 are insured. Similarly loans to a maximum of \$1.5 million are insured. This means that if a member has a loan and should die or become permanently disabled, the debt would be repaid up to the maximum insurable value.

For accidental death, the amount which accrues to your beneficiaries is doubled. Conditions apply.

Family Indemnity Plan



Protect your loved ones. When there is death in the family, the Family Indemnity Plan (FIP) helps to cover the expenses, so you and your family have less to worry about. A maximum of six family members can be insured for less than \$430.00 monthly.

Health Insurance

Through reputable insurance providers, individual health insurance for members and their immediate families become affordable. This is especially attractive for self-employed persons and others who don't have access to health coverage.

Protector Plus Insurance

If you are unable to work due to an accident the Protector Plus Insurance Plan will:

- Cover your monthly loan installment for up to 1 year
- Reimburse medical expenses
- Provide you with a weekly income for up to 2 years.

Credit Card



Available to our members is a co-branded dual currency Visa Credit Card accepted worldwide at competitive interest rates.





CALL TO ORDER AND PRAYER

The meeting was called to order at 4:30 p.m. by the President, Mr. Orville Hill who invited the Secretary, Mr. Gervaise McLeod, to read the Notice convening the meeting. Mr. Andrew Jones was invited to pray for the proceedings.

WELCOME AND APOLOGIES FOR ABSENCE

A warm welcome was extended to all and the volunteers were then introduced as follows:

BOARD OF DIRECTORS

Mr. Orville Hill	President
Mr. Johnathan Brown	1st Vice President
Mrs. Angela Ching	2nd Vice President
Mr. Balvin Vanriel	Treasurer
Mrs. Carmen Facey	Assistant Treasurer
Mr. Gervaise McLeod	Secretary
Mrs. Beverly Stewart	Director
Mrs. Sonia McFarlane	Director
Mrs. Valerie Veira	Director
Mr. Gavern Tate	Director
Mrs. Ilsa DuVerney	Director
Mr. Patrick Smith	Director
Mrs. Yvette Sibble-Brown	Director

Apologies for lateness were tendered on behalf of Mrs. Valerie Veira, Mr. Gavern Tate, and Mrs. Yvette Sibble-Brown.

SUPERVISORY COMMITTEE

Mr. Bandoley McLeod
Ms. Jacqueline Roberts
Ms. Karis Smith

CREDIT COMMITTEE

Mr. Kevin Forbes
Mr. Fredrick Sutherland
Mrs. Marilyn Dunbar

The Chairman also acknowledged and introduced the members of the Executive Management team including the General Manager for Retail Sales, Mr. Quilston Harrison, Ms. Janyce Robinson General Manager for Credit Administration and Mrs. Maxine Little-Dixon, General Manager for Finance and Administration. Apology was tendered on behalf of the Chief Executive Officer Mr. Basil Naar who was absent due to travelling overseas.

Special mention was made of specially invited guests namely: Past President Rev. O.J. Thorbourne, Mr. A.J. Smith a past General Manager, Miss Laurene Augier, from PriceWaterhouseCooper, Miss Millicent Brown, from Trench Town Primary, Miss Merissa Laing, Miss

Francene Blackwood and Miss Miller from the Department of Co-operatives and Friendly Societies.

Also recognized were Mrs. Susan Thompson, Assistant General Manager from the Jamaica Co-operative Credit Union League, and Mrs. Michelle Morris from COK/Sodality Credit Union; and Mr. Sam Chambers from the Administrator General's Office; Mrs. Gay Clunis; and Mr. Lennox Deans from AAMM Credit Union; Ms. Phillipa Beckford; CUNA Mutual Society; Mr. Timothy Broderick, Cable News Network.

TRIBUTE TO PIONEERS

A minute of silence was observed in tribute to the pioneers of the Credit Union movement.

MINUTES OF THE 35TH ANNUAL GENERAL MEETING, READING, CORRECTION AND CONFIRMATION OF THE MINUTES.

The Minutes having been circulated were taken as read on a motion by Mr. Hopeton O'Connor-Dennie and seconded by Mrs. Norma Bernard-Powell.

CORRECTIONS TO MINUTES

Item 1 page 10: last paragraph in the left column: In the report of Board of Directors "Credit Union 2009" should read "Credit Union 2008".

Item 2 page 11: second to last paragraph in the right column should read: The meeting passed the resolution presented by the Treasurer for the Distribution of Surplus 4% dividend on ordinary shares and the other entities as stated on page 48 of the booklet."

Item 3 page 12: Under Fixing of Maximum Liability heading should read: The resolution to set the maximum liability to ten times the value of the share capital and reserves was approved by Mrs. Rosemarie Thomas seconded by Rev. O. Thorbourne and not" The proposal to fix the maximum liability was approved on a motion by Mrs. Rosemarie Thomas seconded by Rev. O. Thorbourne."

CONFIRMATION OF THE MINUTES

There being no other corrections the minutes were confirmed on a motion by Ms. Janyce Robinson and seconded by Mr. A. Harris.

Minutes of the 36th Annual General Meeting
held on Tuesday, May 11, 2010





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Matters Arising from the Minutes

Mr. O'Connor-Dennie made a query regarding the telephone monitoring system as there seems to be disquiet to that system as calls are dropped and there is an indefinite holding for connection. It was confirmed that the Credit Union is aware of the problem and will be working on the system during the course of the year to have additional improvement that can provide prompt communication with the membership.

Mr. A. Harris also made a query in relation to page 10 with specific reference to "the introduction of the Pension Plan product to meet the retirement needs of our members was also deemed crucial to our continued development". Mr. Harris queried whether this plan was for the members of staff or the members? The Chairman advised that it was a product that the Credit Union was offering to their members.

Mr. Harris made specific reference to Page 11 second paragraph, under the left hand column, where Major Kildare had sought clarification on details of the Proceeds of Crime Act. In response, the Chairman informed the members that the Proceeds of Crime Act was part of the Regulatory System within which all financial institutions must operate with and adhere to, and that it stipulates certain specific things that must be done by credit unions.

MINUTES OF THE SPECIAL GENERAL MEETING HELD JULY 14, 2009 READING, CORRECTION AND CONFIRMATION OF THE MINUTES

The minutes of the Special General Meeting having been circulated were taken as read by Mr. Hopeton O'Connor-Dennie and seconded by Ms. Janyce Robinson.

CONFIRMATION OF THE MINUTES OF THE SPECIAL GENERAL MEETING

There being no corrections, the minutes were confirmed on a motion by Mr. Hopeton O'Connor-Dennie and seconded by Major Garnett Kildare.

REPORT OF THE BOARD OF DIRECTORS

The President advised that the Credit Union had reported a Net Surplus of \$73M compared to last year's \$117M indicating a reduction in profits. Deposits increased by 8% to \$1.7B while the loan portfolio declined by approximately \$40M in comparison to 2008.

As a result of the performance of the Credit Union the Board proposed that there be no declaration

of dividends on ordinary shares and a proposed dividend of 8% on permanent shares.

In highlighting some of the achievements of the Credit Union in 2010, the President advised that the institution received several awards during the year, which continues to show their excellent achievements.

The unremitting and dedicated focus in the area of service and the development of staff, saw an increase in the overall staff satisfaction rating. The President advised that great importance was placed on professional development of staff and strengthening of the operational efficiencies during the year.

The President additionally advised that there were a number of promotional activities that the Credit Union participated in and the proceeds were shared with the less fortunate within the society. The Spanish Town Branch was awarded the Branch of the Year. Congratulations were extended to the management and staff for earning this award despite the challenges under which they operated.

Within the area of Marketing and Sales, the President advised that significant emphasis was placed on the branding and awareness of the Credit Union. There was also increased advertising awareness and public profiling at different locations, as the Credit Union refocused their energies on targeting the youths. The Marketing and Sales Department held various events namely; the Micro and Small Business seminars, Back to School promotions and the sponsoring of the Fi Mi Gospel Concert aired on the radio.

In relation to the Retail and Systems Division, the President made mention that the operations network was strengthened during the year, which saw an improvement in the operational efficiencies. The President also advised that the introduction of internet banking (I-Transact); the upgrading of the technology system, and the various distribution outlets have also helped to make persons fully aware of the financial services offered by the Credit Union.

The Credit Administration & Operations Division

The Credit Administration Unit continued to be responsive to the members' financial constraints and challenges by looking at the restructuring of loan contracts, special relief payment and moratorium while at the same time maintained efficiency in debt management and control.





In his outlook on the future the President made mention of a Retirement Scheme which was a new product offered to the members. He advised the members that in accordance with the new Pension Scheme, a new company was registered in 2010, CCU Investments Ltd. which is a wholly owned subsidiary of Churches Co-operative Credit Union Limited.

The President informed the members of the need to transform, and to be conscious of the issues within the Credit Union movement. However, they should look beyond the Credit Union, and consider themselves within the financial sector. He advised them that in order to achieve this objective we must improve our service quality, continuously seek to raise the productivity of our staff, increase our marketing thrusts, and manage our business risks.

In closing, the President reiterated the challenges of the last year and despite these challenges, it was a successful year. He thanked the critical persons and partners that were influential in the Credit Union during the past year. The membership was also thanked for the support and confidence they placed in the Board of Directors to address the various issues on their behalf.

The President reminded all in attendance that the Credit Union Movement was poised for change and that our Credit Union must be prepared for that change. He encouraged the management and staff to be focused and to ensure that they can deliver quality financial services to the members.

Rev. Thorbourne complained about the details in the presentation of the Board of Directors' Report, he stated that it was presented as a staff report and not a Board's Report as was presented by the Chairman. Mr. Thorbourne was thanked for his suggestion and was advised that his suggestion would be taken on board.

The Board Report was adopted on a motion by Mr. Carlton Francis and seconded by Major Garnet Kildare.

TREASURER'S AND AUDITOR'S REPORT

Mr. Balvin Vanriel, Treasurer of the Credit Union invited Mrs. Laurene Augier from PriceWaterhouseCoopers to present the Auditor's Report. She advised that the financial statements give a true and fair view of the financial position of the company as at December 31, 2009.

In general, the Auditor declared that the financial performance of the Credit Union was in accordance with the International Financial Reporting Standards and the requirements of the Co-operatives Societies Act.

The Treasurer's Report was taken as read on a motion by Major Garnett Kildare and seconded by Mr. A. Harris.

The Treasurer, Mr. Balvin Vanriel then presented the Financial Report. In presenting this report he pointed out some of the highlights of the year as well as important challenges experienced.

- Loans increased by \$44M or 2% to \$2.72B
- Members Share Capital decreased to \$1.399B and Member's Fixed Deposits increased by \$195M
- The Credit Union increased Net Interest on loans to \$512M an increase of \$44M. Interest on loans were reported at \$12M while Operating Expenses was increased to \$69M.
- Net Surplus reflected an increase of \$8M or 13% amounting to assets increased by \$278M or 8%. Liabilities of \$189M also an increase of 6%, while Statutory Reserve increased by \$23M or 10%.

The Treasurer further reported that the branches performed commendably by showing net surpluses.

Mr. O'Connor-Dennie sought further clarification on the explanation given for the significant increase in operating expenses and as it relates to the increase in net surplus and increase in interest income. Mr. Balvin Vanriel, in response, clarified his explanation by stating that the dividend that is paid on voluntary shares was previously treated as an appropriation is now being shown as an expense; and for 2009 reflected an amount of \$52M included in the account for dividend that was approved at the AGM last year.

The Treasurer's Report was adopted on a motion moved by Major Garnett Kildare and seconded by Miss Carlene Brown.

DISTRIBUTION OF SURPLUS

On a motion moved by Mr. Carlton Francis and seconded by Major Garnett Kildare. The meeting passed the resolution presented by the Treasurer for the distribution of surplus of zero percent on Ordinary Shares and 8% on Permanent Shares.

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PROPOSAL REGARDING MAXIMUM LIABILITY

The Proposal to fix the maximum liability was approved by Mr. Hopeton O'Connor-Dennie and seconded by Mr. Patrick Smith.

CREDIT COMMITTEE REPORT

Mr. Kevin Forbes, Chairman of the Credit Committee presented the report. He reported that disbursements declined by 15% over the year. He reported that this was a significant decline, which was mainly attributed to a reduction in the overall amount of loans disbursed and the decline in the productive sector.

Personal loans continued to contribute to the bulk of the loan portfolio despite an 11% decline in 2010. He stated that both the unsecured and educational loans showed remarkable improvement. He further stated that during 2010 the Credit Union, in response to the challenges faced by the membership, extended quite a number of facilities to the membership which resulted in the uptake of the amount of renegotiated loans.

Motion for adoption was moved by Mr. A. Harris and seconded by Mr. Hopeton O'Connor-Dennie.

SUPERVISORY COMMITTEE REPORT

The report was presented by the Chairman of the Supervisory Committee, Mr. Bandoley McLeod and taken as read on a motion by Major Garnet Kildare and seconded by Miss Carlene Brown.

ELECTION OF OFFICERS

Mr. Errol Gallimore of the Department of Co-operative and Friendly Societies presided over the Election of Officers.

BOARD OF DIRECTORS

The retiring Directors were Mr. Gervaise McLeod, Mrs. Sibble-Brown, Mr. Balvin Vanriel, Mrs. Beverly Stewart, Mr. Patrick Smith, and Miss Ilsa DuVerney.

Nominated to serve on the Board of Directors were Mr. Gervaise McLeod, Mrs. Sibble-Brown, Mr. Balvin Vanriel, Mrs. Beverly Stewart, Mr. Patrick Smith, and Miss Ilsa DuVerney.

Mr. Micheal Burke was nominated from the floor by Major Garnett Kildare and seconded by Mr. Hopeton O'Connor-Dennie. Mr. Burke accepted but later declined the nomination.

There being no other nominations, the retiring directors were unanimously re-elected to the Board.

SUPERVISORY COMMITTEE

The persons retiring from the Supervisory Committee were Mr. Bandoley McLeod, Miss Jacqueline Roberts, Miss Karis Smith, Mrs. Sonia Campbell and Miss Valrie Cyrus.

Mr. Hopeton O'Connor-Dennie and Mr. Dean Irving were nominated from the floor, however there were not elected to serve. Hence, Mr. Bandoley McLeod, Miss Jacqueline Roberts, Miss Karis Smith, Mrs. Sonia Campbell and Miss Valrie Cyrus were re-elected to serve for another year.

CREDIT COMMITTEE

Mr. Forbes, Mr. Sutherland and Mrs. Dunbar were re-elected to serve on the Committee for an additional 2 years.

RESOLUTIONS

Mr. Hopeton O'Connor-Dennie moved a motion for the adoption of a resolution to object to the entry of the Bank of Jamaica to regulate the Credit Union industry and that it is unwarranted. The resolution so moved was seconded by Mr. Errol Welch.

ANY OTHER BUSINESS

Major Kildare sought clarity on the omission in the minutes of him being named the first person to arrive at the AGM and that he was awarded a prize, a basket. The Chairman proceeded to explain that it was unfortunate that he was not here earlier to have the correction made to the minutes. He tendered an apology to Mr. Kildare.

VOTE OF THANKS

Mr. Johnathan Brown, 1st Vice President of the Board of Directors moved the Vote of Thanks.

ADJOURNMENT

The meeting ended at 9:00 p.m.

Gervaise McLeod

Secretary

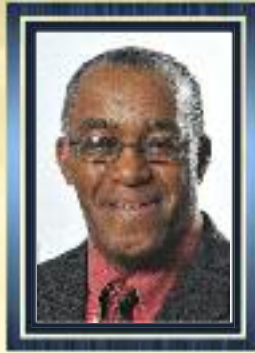




The Board of Directors



Mr. Orville Hill
President



Mr. Jonathan Brown
1st Vice President



Mrs. Angella Ching
2nd Vice President



Mr. Balvin Vanriel
Treasurer



Mr. Gervaise McLeod,
Secretary



Mrs. Sonia McFarlane
Director



Mr. Gavern Tate
Director



Mrs. Beverly Stewart
Director



Mrs. Yvette Sible-Brown
Director



Ms. Valrie Veira
Director



Mrs. Ilsa DuVerney
Director

Missing:

Mr. Patrick Smith
Director

Mrs. Carmen Facey
Director





THE BOARD OF DIRECTORS REPORT 2010

The year 2010 was another challenging one as Jamaica continued to feel the effects of the global recession and we tried to implement strategies to control inflation and stimulate economic activities. In January, the Government of Jamaica (GOJ) introduced the Jamaica Debt Exchange (JDX) Programme which resulted in the exchange of certain domestic bonds for an equal principal value in new longer dated notes at lower interest rates. The ultimate success of the JDX facilitated new loan agreements with the International Monetary Fund (IMF) and other multilateral institutions.

The financial sector therefore experienced significant decline in interest rates and interest income. The average yield on 180 days Treasury Bill issues declined from 16.8%p.a. (Dec 2009) to 7.48%p.a. in December 2010. The industry and indeed the country was heavily impacted by these changes and our Credit Union had to 'close mark' our investment portfolio and reduce other portfolio rates accordingly.

As a country, we have seen some benefits from the above initiative as the exchange rate for our major trading currency (United States Dollar) appreciated for the first time in thirteen (13) years, moving from \$89.60:US\$1 (Dec 31, 2009) to \$85.86:US\$1 at December 31, 2010. During the year we also experienced improvement in remittances which increased from US\$1,790M (year 2009) to US\$1,906M for year 2010. However, gross remittances did not exceed the peak of US\$2,021M for year 2008. These factors have contributed to the NIR increasing by US\$435M in the year to US\$2,171B at December 2010. This reserve is able to finance goods and services for twenty three (23) weeks at current consumption level.

OUR PERFORMANCE

For the first time this year we are publishing financials for a financial group, ie. CCU Investments Ltd. and Churches Co-operative Credit Union Ltd. CCU Investments Ltd. is a wholly owned subsidiary of the Credit Union and it was incorporated under the Companies Act on November 17, 2009. The subsidiary, CCU Investment Ltd reported a profit of \$109,000 in its first year of trading.

In the context of a depressed economy and significant decline in interest rates our Credit Union

performed creditably, achieving a surplus of \$117M which is \$44M or 60% improvement over 2009 performance. The following highlights should be specifically noted:

- Net interest income increased by seven percent (7%) despite significant reduction in interest rates
- Loan impairment provision, net of recoveries reduced from \$43.8M in 2009 to \$27.7M for the year 2010. This is a reduction of \$16.1M or 37%. In the context of a depressed economy in which financial institutions generally are making increase provision for loans this is a credible performance and we wish to recognize management for this sterling achievement.
- Operating expenses were restricted to an increase by 7.9% in the year. Staff cost was restricted to 6%, however areas such as utilities, premises and promotions had higher increases in order to improve awareness to reach our members.
- The strength of our Credit Union continues to be demonstrated by growth in total assets which increased by 11% this year moving from \$3.9B to \$4.3B. This growth was primarily from loans which grew by \$258M or 9.4% moving from \$2.72M to \$2.98B at year end.
- Capital and reserves increased from \$678M last year to \$801M at year end, an increase of \$123M or 18%. This reflects our collective decisions to strengthen the Credit Union and ensure compliance with future regulatory standards.
- Our Voluntary Shares grew by only 0.6% during the year, however, it is important to note that we corrected the decline that occurred in the previous year. Voluntary Shares portfolio of \$1.4B at year end is a solid base to propel future growth.

The Credit Union's excellent performance in 2010 reflects the resilience of an institution that is lead by competent committed individuals, guided by sound leadership. Our new subsidiary CCU Investment Ltd and the Individual Retirement product have not been formally launched to the public as we are still awaiting formal approval from the regulatory authorities. These products provide a great opportunity to our members and the growth of our Credit Union. We therefore encourage all members to access these products.





In the last few years we have spoken extensively on pending regulatory changes for the Credit Union Movement and the need to strengthen the sector through mergers. The Bank of Jamaica regulation is in its final approval stage and the leadership of your Credit Union recognize synergies that can arise from “right fit” institutions. We continue to explore opportunities, however, your support is a prerequisite for any such marriage.

Churches Co-operative Credit Union Ltd has demonstrated a constant commitment to innovation, nation building and corporate social responsibility. This is evident in the introduction of our online internet banking facility, collaborations with numerous entities such as The Citizens Security & Justice Programme, the hosting of micro and small business workshops and the expansion of our micro and small business network across the island of Jamaica. The expansion of our Entrepreneur Awards programme and continuation of the vision of our Season of Giving Campaign are also testaments of our commitment to social responsibility.

DISTRIBUTION

Given the performance that is outlined above, your Board is recommending the payment of dividend on Ordinary and Permanent Shares as follows:-

- Ordinary Shares 2%
- Permanent Shares 10%

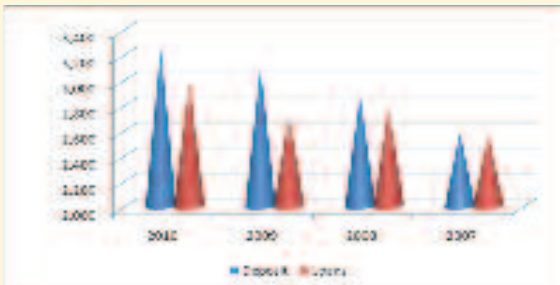
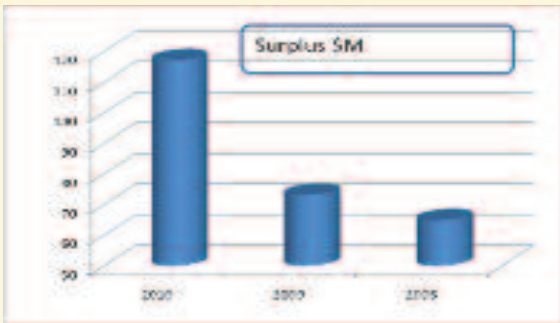
SPECIAL RECOGNITION

During the year we mourned the passing of Mr. Clarence Holder and Mr. Leslie Barrett who were stalwarts in our Credit Union, having served as President in 1971-1982 and 1990-1992 and General Manager for the period 1972-1980 respectively.

The future is always uncertain, however, we have confidence in our membership for the ongoing support and confidence in this noble institution, the Board and Management for clarity in vision, wisdom and tenacity in leadership, and our business partners for unwavering support. Together we will make an indelible improvement to our nation and the lives of our members.

Churches Cooperative Credit Union Ltd – The Caring Place To Grow.

Orville Hill
President, Board of Directors.



THE BOARD OF DIRECTORS
REPORT 2010





ATTENDANCE OF DIRECTORS AT BOARD MEETINGS 2010

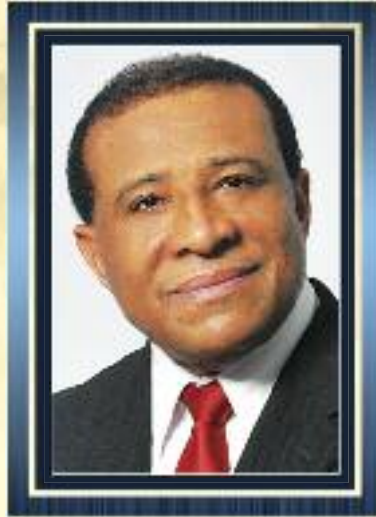
NAME	TIMES POSSIBLE	TIMES ATTENDED	TIMES EXCUSED	TIMES ABSENT
Orville Hill	11	11	-	-
Johnathan Brown	11	5	6	6
Angela Ching	11	7	4	4
Balvin Vanriel	11	11	-	-
Carmen Facey	11	8	3	3
Gervaise McLeod	11	8	3	3
Yvette Sibble-Brown	11	5	6	6
Beverly Stewart	11	11	-	-
Gavern Tate	11	5	6	6
Sonia McFarlane	11	7	4	4
Patrick Smith	11	6	5	5
Valerie Viera	11	7	4	4
Ilsa Duverney	11	9	2	2

THE BOARD OF DIRECTORS
REPORT 2010





Mr. Quilston Harrison
General Manager, Retail,
Systems & Operations



Mr. Basil Naar
Chief Executive Officer



Ms. Janyce Robinson
General Manager, Credit
Administration & Loan Risk



**Mrs. Maxine
Little-Dixon**
General Manager, Finance
& Administration



Mr. Dale Dixon
Manager, Eureka/Ripon
Branch



Mr. Caswell Linton
General Manager, CCU
Investments Ltd.



Mrs. Karlene Simpson
Senior Manager,
Operations, Risk and
Compliance



Mrs. Jillian Gayle
Senior Manager, Human
Resources



Mr. Norman Thompson
Senior Manager, Retail Network
and Customer Service



**Mrs. Dennise
Edmond-Hastings**
Senior Manager, Internal
Audit

The Leadership Team - The Executives





The Credit Union's mandate continues to be efficient and competent delivery of excellent customer service. Through our Life Charter of Products, Churches strives to be to our members, a financial institution that continues to offer viable solutions for every stage of life.

The 2010 economic recovery programme that involved new tax measures, reduction in public sector spending, reduction in the cost of servicing the public sector debt, and other important structural reforms saw the country adjusting to meet the challenges of the future.

The Government raised existing taxes such as the General Consumption Tax (GCT) to 17 1/2 per cent, and increased property taxes and taxes on cigarettes and some luxury items. Additionally, the Jamaica Debt Exchange (JDX) programme, that was established in January 2010 invited holders of domestic Government Bonds to exchange them for new Bonds with lower interest rates and longer maturity dates. The JDX programme was aimed at helping to reduce the amount spent on interest payments. Although these measures were intended to bring progress in the long term, most Jamaicans faced extreme financial challenges with increased taxes and reduced disposable income for spending, saving or debt servicing. In addition, increased levels of inflation stemmed from the increase in the cost of food, transportation, and other essential items.

To counter the loss of income emanating from the JDX programme, financial institutions felt the need to increase fees to their customers. Churches Credit Union however, was resolved in our decision to absorb the loss and, as a result of the commitment to our members, realized good results in last year's performance amidst the challenges that existed.

Regardless of these economic strains, we reported positive growth for the financial year. Our net surplus grew by 60% while assets grew by 11%. While it would be expected that loans would have decreased and that delinquency would have increased due to the decreased disposable income of our members, we reported an increase in our loan portfolio of 9.4%, with provisions for bad debts only 56% of the budgeted provisions for bad debts for the financial year.

We also observed significant achievements in our three new businesses that are being developed, namely, our Pension Gold Individual Retirement Scheme, the Micro & Small Business Loan Centres, and our soon to be launched Fund management Company, CCU Investments Ltd.

HUMAN RESOURCES DEVELOPMENT

The year was yet another successful one as it relates to the development of our human resources. Once again, we were the recipient of another prestigious award from the Ministry of Industry & Commerce Jamaica/Bureau of Standards, for Process Management, in the Service Sector. We were also able to maintain our excellent staff satisfaction rating, which confirmed that our most valuable asset, our employees, are appreciative of our efforts to provide a sustainable working environment within which they can develop both personally and professionally.

Training & Development

In our continuous effort to develop the skills and capabilities of our employees, the following training initiatives were undertaken during the year:

- Credit Risk Workshop
- Disaster Preparedness & Emergency Evacuation for Safety Wardens





- Cross Selling & Customer Service Refresher Seminars
- Product Knowledge Refresher Seminars
- Wellness Presentations
- Business Loans & Special Projects Seminars
- Collections Seminar
- Proceeds of Crime Act (POCA) Refresher Seminars
- Loan Processing Workshops
- Microsoft Office Workshops
- Orientation Seminars for New Products
- Orientation for new software

Professional Certification

Selected staff members who enrolled in the Jamaican Securities Course offered by the Jamaican Institute of Management Programme, were successful in obtaining their certification.

Wellness Programme

Several initiatives were undertaken during the year to ensure that our staff members remained healthy and maintained a healthy lifestyle. Some of these initiatives included:

- Continuous weekly aerobic classes
- Participation in the Sigma Corporate 5K Run/Walk
- Purchasing of Nutritional Supplements and retailing to staff at cost price
- Sampling of Nutritional Foods
- Various presentations on Wellness & Weight Management

In addition to the above, we launched a “60-day Weight Loss Competition” where forty five (45) employees participated. The aim of this competition was to reward persons according to the number of pounds lost. Cash prizes were awarded to persons who lost a minimum of ten (10) pounds. Six persons won the competition and were given cash prizes.

Teamwork

In continuing our quest to encourage teamwork and camaraderie, the annual staff quiz competition was held and various teams across the Credit Union rivaled for the grand prize. The Member Care Centre/Telemarketing Units were winners of the competition this year. The quiz was based on product knowledge, regulatory policies and the vision of the Credit Union.

Social Responsibility

This year we expanded our corporate social responsibility initiatives by providing placements for seven (7) interns from the National Youth Service Programme.

We renewed our relationship with the Ministry of National Security & Justice/Citizen Security and Justice Programme (CSJP), by extending placements for their three (3) (interns). We also provided contract employment for three (3) of the previous interns who graduated from the programme.

We also continued our efforts to assist the less fortunate by sponsoring feeding days and distributing Easter Packages with the St. Stephen's United Church Feeding Programme.

Our staff members also embarked on their own outreach project and were able to raise a total of One Hundred Thousand Dollars (\$100,000) for the children of Best Care Foundation.

In our continuous effort to expand the knowledge base of our employees we will be launching our E-Library this year which will serve as a reference point to access information on various topics such as leadership, business ethics, customer service and motivation.

The Management, through our Human Resource Department, will continue to ensure the





empowerment of our human asset. This is being realized through the provision of the relevant resources to our staff members in a healthy, safe and sustainable working environment.

RETAIL, SYSTEMS & OPERATIONS

Despite the financial obstacles, our Retail, Systems & Operations Division was able to continue on its positive curve showing savings and loan growth, significant increase in information system efficiency and greater adherence to operating standards.

Retail Network

Throughout the year we constantly sought out ways to add convenience to our members and despite the challenging economic climate, we were able to accede to the many requests of our members and potential members in the Lawrence Tavern and surrounding communities in establishing a sub-branch to serve the needs of the members there. In this same vein of convenience, we collaborated with GKMS-BillExpress to expand the options available to our members in sending funds to the Credit Union. Members are now able to make their deposits and loan payments from every “nook and cranny” of the island at varied hours, thus continuing our commitment of listening and responding to the needs of our valued members.

As we continue to focus on service and convenience in 2010, we were able to provide a more expansive, convenient and comfortable environment for the members served by our Old Harbour Sub-branch. We intend to continue on this path with the Spanish Town Branch as we embark on relocating this Branch by May 2011, to another area in Spanish Town with improved facilities to optimally serve our members.

Recognizing the need of our members to own and acquire assets despite the pervasive economic

conditions, we embarked on initiatives that would allow for easier access to particular loans. As such, we introduced a Special Motor Vehicle Loan facility with attractive interest rates, terms and conditions which assisted several of our members to own or upgrade their motor vehicles. We are also embarking on lower cost funding for our members desiring to avail themselves of mortgages to acquire residential properties. This we anticipate will be fully realized by the first half of 2011.

The Montego Bay Branch was awarded branch of the year for achieving exceptional levels above their set objectives. Congratulations to the Branch Manager and her team, for an outstanding performance amidst a very challenging and competitive marketplace.

Operations, Risk & Compliance

The Compliance Unit conducted compliance monitoring on a consistent basis during the year to ensure that our operations complied with regulations and our internal policies and procedures.

In keeping with the Proceeds of Crime Act, we commenced a programme to collect current information from all members in order to update our database.

The Securities Unit, charged with the responsibility to ensure that the Credit Union's interest is protected, conducted close monitoring and follow-up of the securities held at the Credit Union to ensure that they were not impaired.

A Service Standard Survey was conducted which aimed at ascertaining the length of time taken to complete transactions as outlined in our Member Service Charter. The results assisted us in identifying the areas of weaknesses to be addressed. The empowering of staff was very high on the agenda for 2010 and as such, frontline members of





staff were given greater levels of authority which allowed for improved turnaround time and increased member satisfaction.

Information Systems

We realize the importance of Technology and continue to improve the technological infrastructure with our main focus being to increase customer service delivery and staff efficiency. As a result, the following implementations were done during 2010:

- (i.) We implemented a video library on our website in an effort to keep our members informed of all our products and services.
- (ii.) In an effort to improve workflow management and compliance, the Symsure Monitoring System was implemented with its main objective being to monitor the framework to achieve acceptable levels of risk in an organization. This is done by highlighting internal control weaknesses to be addressed.
- (iii.) Our hardware infrastructure was significantly upgraded boosting the hardware processing speed, memory and storage capacity by over 100%. This has impacted positively on the service delivery to our members and the entire business process.
- (iv.) It is our objective to use technology as one of the tools to enhance staff efficiency and as such the technological infrastructure used in the relocation of the Old Harbour Branch was significantly upgraded to provide a wide range of service to our members.
- (v.) In order to keep the Credit Union viable, our past due ratios must fall within or below the standard. With this in mind the Integrated Control Management System (ICMS) was implemented to assist the Credit Administration and Loan Risk Department in the management and control of past due loans.
- (vi.) To make uniform our telephone contact medium with the use of one common telephone number, we have improved and upgraded our PBX System to include our Montego Bay Branch. Additionally, the system was upgraded to facilitate call monitoring to enhance service quality to our members and to ensure that the established and documented standards are maintained.

MARKETING & COMMUNICATIONS

The year saw the Marketing & Communications Department engaged in numerous direct marketing activities which continued to increase brand and product awareness to members across our membership base.

In light of our reduced placements in traditional media channels such as television and radio, we relied heavily on the usage of numerous public relations strategies which allowed our brand to be elevated in the public. This thrust saw the Credit Union being highlighted and mentioned in both the print and electronic media via press releases and captioned photo releases. Our direct marketing drive saw us participating in numerous events and initiatives throughout the year, from which we received immeasurable publicity in the media. These initiatives were:

- (i.) RJR Communications Group Cross Country Invasion. This being our first time as sponsors, we experienced maximum exposure throughout the island and increased conversion of interest to business for 2010. This avenue was used to launch our Pension Gold Retirement Scheme and provided us with ultimate exposure of this product to a wide cross section of Jamaicans.
- (ii.) We attended church related seminars, workshops, health fairs, where we went back to basics and targeted church groups and





MANAGEMENT REPORT 2010

- related organizations to further promote the business of the Credit Union.
- (iii) General Expos. We participated in JMA/JEA amongst others from which we received maximum exposure.
 - (iv) A re-energized Youth Development Programme was initiated through introduction of a Youth Development Officer whose role is to promote our Youth Savings product and programme. We were able to add forty two (42) new schools to our Youth Programme and increased activity in others. We attended youth seminars, school devotions, made our Youth Mascot "Thrifty Bee" more visible within schools and initiated our Back to School Savings Promotions among schools within the corporate area. We closed the year with 68 schools on the School Saving Programme.

We continued to offer five year GSAT Scholarships valued at One Hundred Thousand Dollars (\$100,000.00) per child to four (4) of our young savers and also a Tertiary Bursary valued at twenty five thousand dollars (\$25,000.00). One Entrepreneur Award was granted to a final year student at the University of Technology whose business focused on Information Computer Technology. This award amounted to Three Hundred Thousand Dollars (\$300,000.00). Our Annual Parenting Seminar entitled "Matters of Discipline, How much is too much", was another highlight as it was well attended by members of the public.

Throughout the year, the organization publicized our numerous collaborations through effectively placed press releases within the major newspapers. Significant press exposure was received for the following Memoranda of Understanding:

- (i) Ministry of National Security's Citizen Security Justice Programme (CSJP). We strengthened our resolve in helping inner-city residents to obtain employment and education in entrepreneurship and small business management. We were able to host three (3) business seminars for this group with emphases on maintaining good records, investments and decision-making in business. Our sponsored radio programme "Real Man Things" provided an avenue for reformed innercity men to share testimonials, which in turn, provided motivation to other men at risk with the aim of uplifting other inner-city males to become worthwhile citizens contributing to the growth of the country.
- (ii) Caribbean Broilers. We initiated talks regarding the sponsorship of small business pan chicken vendors who were a part of the annual CB Pan Chicken Competition. Additionally, we were able to partner with the organization and the Jamaica Bureau of Standards in a joint seminar for the vendors with business management as its focus.
- (iii) Agency for Inner City Renewal (A.I.R). This was another initiative aimed at inner-city upliftment and the provision of financial opportunities to the residents within those communities.

The year ended with the launch of our Big Sister Programme, a social outreach programme wherein members of staff volunteered to assist in the mentoring of girls at the Glenhope Place of Safety. Personal care and household items were donated, as well as time given to assist in homework, self development and other personal needs.





CREDIT ADMINISTRATION AND LOAN RISK DIVISION

The Credit Administration and Loan Risk Division continued to develop and implement robust policies and procedures that are sensitive and responsive to the fast changing and dynamic global and local environment and the increasing pressures from members' demands and the regulatory requirements that these changes bring.

We responded to the financial difficulties encountered by our members through counseling and the adjusting of loan contracts to reflect a more suitable repayment arrangement. The responses were done through lowering of interest rates, restructuring and rewriting of loans, the Special Relief Payment facility, Deed of Variation and moratoria on request. These interventions have resulted in an increase in our members' cash flow allowing them to meet the demands caused by the rising cost of living. In addition, we continue to sensitize the members of the past due loans policy and how bad loans reduce their equity in the Credit Union.

In response to the impending regulatory changes, the Credit Union is currently putting in place appropriate policies and procedures to comply with these proposed regulations. The Division will continue to respond to our members' needs and at the same time ensure that the loan portfolio is managed in order to minimize losses and earn an acceptable rate of return for our members.

THE FUTURE

The Credit Union movement faces tremendous challenges. The most challenging is the offering of products and services by the rest of the financial sector at a price we are forced to compete with. Credit Union members are no different from other customers of the financial sector, and therefore they seek the best products and services.

At Churches we have recognized this challenge, and we have strategized to meet the challenges by improving efficiency, install innovative products and diversify the offering to include, inter alia, pension management and fund management. We intend to continue discussion with other credit unions to improve the scale of our operations through mergers and alliances.

We are convinced that this action will redound to the benefit of our members as we forge ahead to make our Credit Union the best financial institution for our members.

Mr. Basil Naar
Chief Executive Officer

MANAGEMENT REPORT 2010





The Leadership Team - Senior Officers



Mr. Claud Sawyers
Manager, Portmore Branch



Mrs. Marcia Bailey
Manager, Montego Bay Branch



Mr. Rudolph Cox
Manager, Spanish Town Branch



Mrs. Juven Montague-Anderson
Manager, Marketing & Communications



Mr. Isakalu Duffus
Manager, Information Systems



Mrs. Jacqueline Lloyd-Carter
Assistant Branch Manager, Eureka/Ripon



Mr. Richard Grant
Manager, Retirement Scheme



Mrs. Sophia Richardson
Manager, Micro & Small Business Loans



Mr. Garfield Pearson
Accountant



Ms. Marlene Wong
Manager, Credit Administration & Loan Risk





Ms. Nadine Dyer
Risk & Compliance
Officer



Mr. Phillip Smith
Senior Supervisor,
Eureka/Ripon Branch



Ms. Denise Brown
Assistant Manager,
Portmore Branch



Mrs. Dionne-Sheree Smith
Assistant Manager, Marketing
& Communications.



Mr. Dewayne Mullings
Administrative Officer



Mrs. Tracey-Ann Daley
Member Relations
Ambassador



Ms. Natalee Thomas-Shorter
Manager, Pension Sales



Mrs. Anita Chong
Investment Relations
Manager



Mrs. Cavelle Bailey
Executive Secretary



Ms. Diana Allen
Youth Development Officer



Mrs. Rosemarie Samuels
Human Resources Officer



Ms. Neeva Nugent
Credit Administration Officer,
Loan Recovery

The Leadership Team - The Officers





FINANCE & ADMINISTRATION



Mr. O'Neil Blair



Ms. Whyon Robinson



Ms. Donna Hyatt



Mr. Andrew Francis



Ms. Sharon Roper



Mr. Rohan Rhoden



Mrs. Novelette
Chisholm-Mundell



Mr. Dexter Young



Mr. Jermaine Samuels



Mr. Theodore Francis

MARKETING & COMMUNICATIONS AND MEMBER CARE CENTRE



Ms. Aneacia Neita



Mr. Andrew Jones



Ms. Deandra Williams



Mr. Russell Downer



Mrs. Carolyn Brown-Buchanan



Ms. Philycia Phillips



Mr. Uton Vassell



Ms. Avagay Tucker



Mr. Nicolas Stewart

Our Team





RETIREMENT SCHEME



Ms. Melissa Ximines



Ms. Tamara Ricketts



Ms. Tarsha McKenzie

RETAIL, SYSTEMS & OPERATIONS



Ms. Nickeshe Hutchinson



Mr. Isaac Brown



Ms. Camille Bryan



Mr. Richard Dunn



Ms. Barbara Warren



Ms. Adika Green



Mrs. Nellene Walker



Ms. Maisha Morris



Ms. Theresa Dewar



Ms. Kavia Brown



Ms. Ava-Dawn Williams



Mr. Edward Morgan



Mrs. Terry-Ann Phillips-Watson



Mr. Rory Marsh



Ms. Yvonne Gabbidon

Our Team





Our Team



INTERNAL AUDIT



Mr. Calvin McKenzie



Ms. Shelly-Ann Douse

EXECUTIVE OFFICE



Mr. Michael Williams



Ms. Julie-Ann Gordon



Mr. Leon Gooden

HUMAN RESOURCES



Ms. Kerryann William



Ms. Janice Stanford



Mr. Roberto Thompson



Mrs. Sophia Henry-Rose

Missing: Mr. Fitzroy Hamilton

SECURITIES UNIT



Ms. Sophia Watson



Ms. Sanique Dixon



Ms. Nadine Wilson



Ms. Jodiann Sampson



Ms. Rona Whitelocke





MICRO & SMALL BUSINESS LOANS



Ms. Fiona Holness



Mr. Owen Morris



Ms. Althia Hare



Mr. Karl Morrison



Ms. Marsha McLean



Mrs. Gillian Williams-Baugh



Ms. Wendy Chin



Ms. Tamote Thompson



Mr. Ian Frazer



Mr. Ferdinand Knight



Ms. Cheffine Smith



Mr. Leonard Gooden



Mrs. Keshia Duncan-Hamilton

CREDIT ADMINISTRATION



Mrs. Maureen Collins-Smith



Ms. Yvette Bryan



Mr. Damion Willis



Ms. Rochelle Buchanan



Mr. Dwayne Taylor



Ms. Susan Hamilton



Mr. Michael Barnaby



Ms. Tashania Richards



Mrs. Georgette Angus



Our Team





Our Team



MONTEGO BAY



Ms. Trudian Stewart



Mrs. Dahlia Grant-Smith



Mrs. Dian Hylton



Mr. Everes Coke



Ms. Stacian Haughton



Mrs. Donna-Lee Clarke-Gordon



Ms. Joy Parkin



Mrs. Gail-Ann Wilson-Dixon



Ms. Keisha Johnson

Missing: Mr Kriston Malcom • Ms. Maureen White

EUREKA/RIPON



Mrs. Judith Francis



Mrs. Naxian Clarke-Beharie



Ms. Rochelle Thomas



Mr. Glenford Brown



Mrs. Jacqueline Williams-Henry



Mrs. Sharon Coombs



Mrs. Racquel Walker



Mr. Dane Morrison



Ms. Jeaue' Lindsay



Ms. Kristen Brown



Mr. Derven Pullar



Ms. Tresan Martin



Mrs. Camille Blair-Reid



Ms. Chantel Coote



Ms. Shelly-Ann Laing





EUREKA/RIPON CONT'D



Ms. Nicola Blackstock



Ms. Sheryl Meikle



Mr. Damion Walters



Ms. Nasfassia Beersingh



Mr. Jolan Ellwood



Ms. Sandra Davidson



Mr. Kirk Thomas



Ms. Kemesha Gordon



Ms. Lecia McKoy



Mr. Keneal Walters



Ms. Marsha Bennett



Ms. Lindesia Harding

Missing: Ms. Rox-Anna Thomas

PORTMORE



Mr. Andre Sampson



Mrs. Beverley Bishop



Mrs. Elaine Smith



Miss Kaydian Dyke



Mrs. Paula Brown



Mrs. Patricia Hemmings



Mrs. Shanique Shand-Hutchinson



Our Team





Our Team

PORTMORE CONT'D



Ms. Natalee Chevers



Ms. Jessica Lewis



Ms. Michelle Smith



Ms. Monique Barrett



Mr. Mickahlee Russell



Ms. Tason Stephens

SPANISH TOWN



Mr. Rayon Wright



Ms. Donna Dreckett



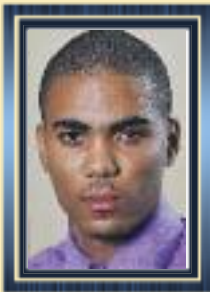
Mrs. Mauvreen Clarke-Whyte



Mr. Lascelles Watson



Mrs. Eleanor Grant



Mr. Gregory East



Ms. Sireka Swaby



Mr. Eugene Williams



Mr. Richardo Smith



Ms. Roshane Markes

Missing: Mr. Jermaine Campbell





OLD HARBOUR SUB-BRANCH



Ms. Judith Hyllam



Mr. Jeromie Douglas



Ms. Kerry-Ann Alcot



Ms. Olene King



Ms. Lenice Grant

Missing: Ms. Lorna Thomas

LAWRENCE TAVERN SUB-BRANCH



Ms. Nichola Green



Mr. Sean Lewis



Ms. Sadian Richards

TRENCH TOWN ADVISORY CENTRE



Mr. Tafari Bryan

Missing: Mr. Steve Mrogan

CCU INVESTMENTS LTD.



Ms. Tracy-Ann McIntosh

CASSAVA RIVER

Missing:
Ms Tanisha Wright
Ms. Venus Creery



Our Team





Season of Giving



Tracey-Ann Daley, Senior Business Development Officer shakes hands with Mr. Clinton Facey, Chairman of the Board of Mt. Ogle Basic School as she makes a presentation of two computers to the school. Looking on are Ms. Ruby Wilson, Principal, and children of the school.



Juven Montague-Anderson, Manager, Marketing & Communications, shakes hands with Colonel Onil Castor, Territorial Commander of the Salvation Army, after presenting a \$100,000.00 cash donation and barrels of grocery and toiletries to the organization. Looking on are Dionne-Sheree Smith, Asst. Manager, Marketing & Communications and Envoy John Williamson, the Territorial Development Director.



CCCU donates personal care and linen to the Glenhope Place of Safety. Juven Montague-Anderson, Manager, Marketing & Communications, shakes hands with Mr. Robert Williams, Manager of the Home. Looking on are Lady Patricia Allen (patron of the Churches Credit Union's Big Sister programme,) and wards of the home.



Mr. Rudolph Cox, Manager, Spanish Town and the Old Harbour branch, cuts the ribbon to signify the handing over of the previously owned CCCU container to the Portmore Community College Old Harbour Campus. Looking on are John Sherman, Vice Principal in charge of Student Affairs/Campus Director, Karen Hewett-Kennedy, Principal and and Dionne-Sheree Smith, Asst. Manager, Marketing & Communications of CCCU.



Ms. Denise Brown, Asst. Manager, CCCU Portmore Branch, shakes hands with the Head Girl of the Greater Portmore High School to signify CCCU's donation of paints toward the High School's school painting project. Looking on is Ms. Diana Allen, Youth Development Officer of CCCU.





I am pleased to present the Treasurer's Report to the 37th Annual General Meeting of the Churches Co-operative Credit Union Ltd. for the financial year ended December 31, 2010.

The financial year 2010 was earmarked as one of the most challenging years for our economy, with the most significant impact being the effects of the global recession emanating from as far as 2008. Locally, there were increases in inflation rates, further increases in unemployment rates, rapid decline in interest rates (which was one of the mechanisms utilized by the Bank of Jamaica to assist in regulating the economy), and the effects of the Jamaica Debt Exchange programme which resulted in holders of domestic government bonds exchanging instruments for new bonds at lower rates of interest and a longer maturity a date.

These factors among others, led to heightened past due levels for our members as they were unable to maintain their loan obligations and reduction in investment income due to declining investment rates. There has also been a general fall off in savings intake and loan demand for the last two years.

We would like to inform you our members of the significant impact that past due loans have on the Credit Union.

Impact on the Credit Union:

- Increased expenses for provision for bad loans
- Lower surplus
- Lower dividend payments

Impact on our members:

- Penalty fees charges and other costs associated with past due accounts
- Loss of valuable assets (cash, real estate, motor vehicles, etc.) which you our members will never be able to replace.

We are appealing to our members to come in and talk to us as soon as you are experiencing problems in repaying your loans. We can find a beneficial solution in most cases.

Notwithstanding the many challenges faced by

the financial sector, the Credit Union has seen another successful year in achieving a Consolidated Net Surplus of **\$116.73M** compared to **\$73.06M (2009)**. This also includes profit before tax of **\$109K** for our new subsidiary company CCU Investments Ltd. for 2010

The Credit Union continues to develop and apply new strategies in achieving its performance objectives. This was also done in an effort to achieve the institutions aim of excellence and a higher level of customer satisfaction. We continue to improve and maintain our strategies to assist our members who experienced difficulties in servicing their loan payments, closer monitoring and containment of our operating expenditure and closing the liquidity gap.

At the beginning of the fiscal year 2010, inflation rate was **10.4%** closing the year at **11.7%**. Average interest rate on repos invested commenced the year at an average rate of **12.5%** and trended down to an average low of **7.25%** at year end 2010. This was due to intervention of the Central Bank, as a measure to regulate the economy and to improve GDP. The United States Dollar traded against the Jamaican dollar at **\$85.86** at year-end 2010 which was a **4.2%** appreciation compared to the **\$89.60** traded at year end 2009.

The Net International Reserves at December 2010 was **US\$2.17B** compared to the **\$1.74B** at December 2009; this reflected overall growth of **27%** in the economy.

The Central Bank's position in assuming the role of supervisor of the Credit Union Movement has still not been approved to date. The Bank of Jamaica continues its supervisory role by examining our financial reports and conducting periodic ongoing audit reviews. It is very evident that this will materialize in the very near future as a measure for closer monitoring of the GDP and the economy.

Over the years we have measured our performance against prudential financial standards for safety and soundness (PEARLS), which is currently monitored by the Jamaica Co-operative Credit Union League as well as other Bank of Jamaica's prudential requirements.

The Treasurer's Report the year ended December 31, 2010





The Credit Union continues to formulate strategies to grow its Capital Base over the years. Approval by the membership to increase Permanent Share Capital for 2008-2009 and to forego a dividend payment for 2009 in order to build the Capital base were among the strategies for increasing our Capital base plus an annual transfer of **30%** of our Net Surplus.

The Credit Union's Institutional Capital to Total Asset - ratio was **14%** at December 31, 2010 this was **12.1%** at December 31, 2009.

FINANCIAL PERFORMANCE

The Consolidated Net Surplus for the year was **\$116.73M** compared to **\$73.06M** for 2009. This was in excess of performance for 2009 by **\$43.67M**, also exceeding target of **\$96.76M** for 2010 by **\$19.97M**.

Interest Income fell by **\$31.2M**, while there was savings in Interest expenses of **\$69.16M** on

account of a **2%** less dividend payment for 2010 and a reduction in interest expenses **\$45.9M** on account of falling interest rates. There was a reduction in loan impairment provision of **\$16.11M** on account of collection strategies employed by the Credit Union. Non-Interest Income was **\$123.82M** an increase of **\$23.34M** over 2009 (**\$95.48M**).

Operating expenses was **\$528.92M** an increase of **\$38.68M** or **7.89%**, compared to an increase of **\$69.05M** or **16.4%** in 2009, which represented closer monitoring and containment of operating expenses for 2010.

ASSETS

Total assets increased by **\$436.54M** or **11.29%**, moving from **\$3.87B** to **\$4.3B** at December 31, 2010. Major contributors to this increase were the growth in Loan portfolio of **\$258M** or **9.5%** and Investments of **\$88.96M** or **10.2%**.

The Credit Union's performance against the PEARLS Standard is set out below:

INDICATOR	STANDARD	31-12-07	31-12-08	31-12-09	31-12-10
PROTECTION					
PROVISION FOR LOAN LOSSES					
1. PROVISION LOAN LOSSES / DELINQUENCY > 12 MTHS	100%	100%	100%	100%	100%
2. PROVISION LOAN LOSSES / DELINQUENCY 6 < 12 MTHS	60%	60%	60%	60%	60%
3. PROVISION LOAN LOSSES / DELINQUENCY 3 < 6 MTHS	30%	30%	30%	30%	30%
4. PROVISION LOAN LOSSES / DELINQUENCY 2 < 3 MTHS	10%	10%	10%	10%	10%
EFFECTIVE FINANCIAL STRUCTURE					
Net Loans / Total Assets	70 - 80 %	78	77	70.4	69.2
Total Savings / Total Assets	70 - 80 %	79	80	80.1	75.6
Institutional Capital / Total Assets	8%	10.7	11.8	12.1	14.0
ASSET QUALITY					
Delinquent Loans / Gross Loans	< or =5%	5.13	7.50	10.50	11.65
Total Non-Earning Assets / Total Assets	<7%	6.9	7.23	7.08	8.44
RATES OF RETURN & COSTS					
Gross Margin/Average Assets	Sufficient to cover operating expenses & provisions for loan loss.	16.1	16.0	15.1	15.8
Operating Expenses / Average Assets	8%	11.9	12.5	13.1	12.9
Provision for Loan Loss / Avg.Assets		0.8	1.3	2.0	2.6
Net Income / Average assets	2.33%	4.1	1.9	2.0	3.0
LIQUIDITY					
Total Liquidity / Total Member Savings	20-30%	8.6	10.7	10.4	22.8
SIGNS OF GROWTH					
Growth in Total Assets	>Inflation	13.8	9.4	7.7	11.3
Growth in Total Membership	5%	7.52	5.04	4.59	5.11

The Treasurer's Report
the year ended December 31, 2010





KEY AREAS	2010 \$' Million	2009 \$' Million	INCREASE \$' Million	INCREASE %
Voluntary Shares	1,407	1,399	9	1
Member Fixed Deposits	1,172	1,114	58	5
Member Other Deposits	674	588	86	15
Loans(net of provision)	2,979	2,721	258	9
Total Revenue	810	813	(3)	(0)
Interest on Members Loans	596	599	(3)	(0)
Interest earned on Other Investment	88	119	(31)	(26)
Interest paid on Fixed Deposits	86	126	(40)	(32)
Operating Expenses	528	490	38	8
Net Surplus	117	73	44	60
Total Assets	4,303	3,868	435	11
Total Liabilities	3,486	3,153	333	11
Statutory Reserves	287	252	35	14

INSURANCE

For the year, the Credit Union maintained Fidelity and Life Saving and Loan Protection coverage with Cuna Mutual Insurance Company Limited at a cost of \$1.99M and \$16.28M respectively.

CONCLUSION

Once again for another year the Credit Union has proven its resilience to perform in challenging times. With the ever emerging strategies in place we are confident that the Credit Union is well aligned to forge ahead for the future irrespective of the challenges or opportunities that are ahead. We are confident that with the continued dedication, hard work and enthusiasm of our staff and volunteers and with the strategies in place we will be able to accomplish these goals and objectives.

ACKNOWLEDGEMENT

I am grateful to be afforded the opportunity to serve as Treasurer for yet another year. I wish to commend the hardworking and dedicated staff and volunteers for another year's commitment and hard work.

On behalf of the Board of Directors let me convey my sincere appreciation and gratitude to the management and staff in their endeavor to fulfill the financial expectations of the Credit Union. Thanks to my fellow Directors and Committee members who have sacrificed their unwavering time and expertise.

Appreciation to our Auditors PricewaterhouseCoopers, the Registrar of Cooperative and Friendly Societies, Cuna Mutual Insurance Society, NUCS Co-operative and Insurance Society and the Jamaica Co-operative Credit Union League for their professional assistance and guidance provided throughout the year.

Finally, let me extend thanks to our membership for the considerable support and patronage given throughout the year. We are committed to continue to embark on strategies and objectives in improving the level of service to you.

Mr. Balvin Vanriel
Treasurer

The Treasurer's Report
the year ended December 31, 2010

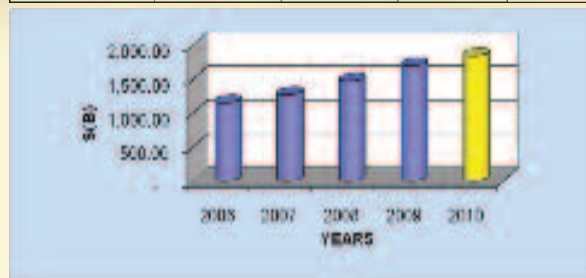




The Treasurer's Report
the year ended December 31, 2010

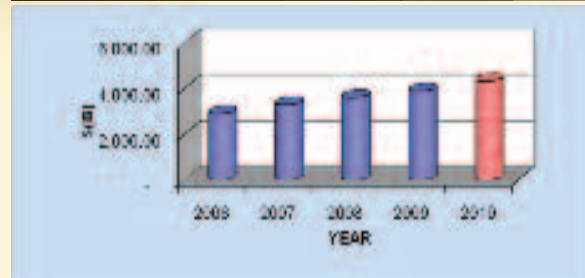
DEPOSITS (\$' Billion)

2006	2007	2008	2009	2010
1,153.36	1,275.32	1,473.09	1,701.16	1,845.61



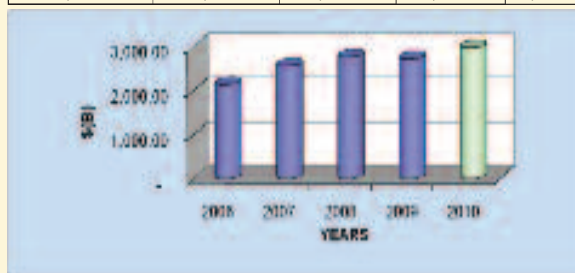
ASSETS (\$' Billion)

2006	2007	2008	2009	2010
2,883.13	3,280.82	3,590.39	3,867.83	4,304.44



LOANS (\$' Billion)

2006	2007	2008	2009	2010
2,138.86	2,560.63	2,764.58	2,721.29	2,979.31



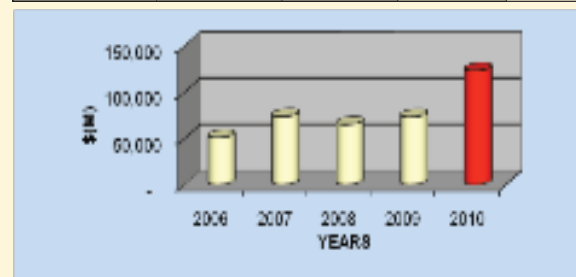
SHARES (\$' Billion)

2006	2007	2008	2009	2010
1,155.16	1,307.60	1,404.61	1,398.56	1,407.38



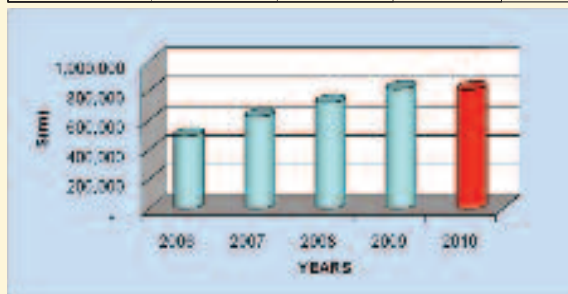
SURPLUS (\$' Million)

2006	2007	2008	2009	2010
50,769	73,456	64,861	73,056	116,733



REVENUE (\$' Million)

2006	2007	2008	2009	2010
493,833	624,713	719,353	813,400	810,520





<u>2010</u> \$ \$' 000		<u>2009</u> \$ \$' 000	<u>INCREASE (DECREASE)</u> \$ \$' 000	<u>%</u>
	<u>WE THE MEMBERS OWN</u>			
1,407,376	VOLUNTARY SHARES	1,398,558	8,818	1
11,233	INTEREST ACCRUED ON DEPOSITS	25,035	(13,802)	(55)
673,997	ORDINARY DEPOSITS	587,579	86,418	15
1,160,377	OTHER DEPOSITS	1,088,544	71,833	7
3,252,983		3,099,716	153,267	5
	<u>WE ALSO OWN</u>			
287,243	STATUTORY & LEGAL RESERVES	251,697	35,546	14
496,225	RETAINED EARNINGS & OTHER RESERVES	327,995	168,230	51
17,492	UNDISTRIBUTED SURPLUS	98,155	(80,663)	(82)
4,053,943		3,777,563	276,380	7
	<u>WE USED THIS MONEY IN THE FOLLOWING MANNER</u>			
2,979,309	LOANS TO US AS MEMBERS	2,721,287	258,022	9
55,346	OTHER RECEIVABLES	49,240	6,106	12
684,596	CASH IN HAND AND AT BANK	627,849	56,747	9
316,228	TO PURCHASE ASSETS	189,816	126,412	67
262,292	INVESTMENT IN OTHERS	276,780	(14,488)	(5)
5,298	TO PURCHASE INVENTORIES	2,926	2,372	81
4,303,069	40,648	3,867,898	435,171	11
249,126	LESS: AMOUNT WE OWED TO OTHERS AT YEAR END	90,335	158,791	176
4,053,943	AGREEING OUR NET INVESTMENT WITH OUR GRAND TOTAL OWNED	3,777,563	276,380	7

The subsidiary company CCU Investment Ltd earned a profit after tax of \$72,000.

The Treasurer's Report
the year ended December 31, 2010





The Treasurer's Report
the year ended December 31, 2010

2010 \$	INCOME <u>WAS EARNED FROM</u>	2009 \$	INCREASE (DECREASE) \$	%
596,235	INTEREST ON MEMBERS LOANS	598,768	(2,533)	(0)
88,325	INTEREST ON OTHER INVESTMENTS	119,152	(30,827)	(26)
1,525	RENTAL INCOME	1,463	62	4
123,368	OTHER INCOME	94,017	29,351	31
809,453		813,400	(3,947)	(0)
	<u>OUR COST TO OPERATE THE CREDIT UNION WERE</u>			
465,079	ADMINISTRATION	431,892	33,187	8
34,665	ESTABLISHMENT	29,704	4,961	17
137,151	FINANCIAL	206,313	(69,162)	(34)
27,675	PROVISION FOR LOAN LOSS	43,790	(16,115)	(37)
28,222	REPRESENTATION & AFFILIATION	28,645	(423)	(1)
692,792		740,344	(47,552)	(6)
116,661	GIVING A NET SURPLUS OF	73,056	43,605	60
	FROM WHICH WE SET ASIDE			
34,998	30% STATUTORY RESERVE OF CREDIT UNION'S SURPLUS	21,917	13,082	60
81,663	LEAVING A NET SURPLUS OF	51,139	30,524	60
98,155	TO WHICH WE ADD THE PREVIOUS RESTATED UNDISTRIBUTED SURPLUS CARRIED OVER	62,733	35,422	56
(162,326)	LESS: TRANSFER TO RESERVES	(15,717)	(146,609)	933
17,492	MAKING A GRAND TOTAL UNDISTRIBUTED SURPLUS AVAILABLE FOR DISTRIBUTION BY MEMBERS IN THE AGM	98,155	(80,663)	(82)





PROPOSAL FOR DISTRIBUTION OF SURPLUS

The Board of Directors recommends that the surplus of \$17,492,000 be distributed as follows:

	\$'000
10% - Permanent Shares Dividend	6,834
Transfer to Permanent Share Reserve	500
Scholarship Fund	390
Community Development Foundation	40
Spanish Town Charities	40
Portmore Charities	40
Montego Bay Charities	40
Best Care Foundation	20
St. Francis Primary & Infant School	20
St. Stephen's Church Clinic	20
Redeemer Moravian Church	30
Lyndhurst Methodist Church	30
National Chest Hospital	25
Caribbean Confederation of Credit Unions	86
All Saints Anglican	20
Honoraria	750
Miscellaneous Charities	400
Transferred to Retained Earning Reserves	8,207
	<u>17,492</u>

A 2% Dividend payment on Ordinary Shares of \$26,234,000 is also recommended for your approval.

The Treasurer's Report
the year ended December 31, 2010





*Saving is a MUST...
...think Churches first*





Churches Co-operative Credit Union Limited

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31 December 2010

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Financial Statements





DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES
MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE (MIIC)

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 878-1946
Fax: 927-5832
dcfs@cwjamaica.com

S1
R428/-147/03/11

March 31, 2011

The Secretary
Churches Co-operative Credit Union Limited
8 - 10 Eureka Road
KINGSTON 5

Dear Sir/Madam,

I forward herewith the Financial Statements of your Society for the year ended December 31, 2010.

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





PRICEWATERHOUSECOOPERS

PriceWaterhouseCoopers
 Footprint Centre
 Queen Street
 Box 372
 Kingston, Jamaica
 Telephone: (876) 922 6230
 Facsimile: (876) 607 7581

Independent Auditors' Report

To the Registrar of Co-operative Societies
 Re: Churches Co-operative Credit Union Limited

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of Churches Co-operative Credit Union Limited and its subsidiary, set out on pages 47 to 110 which comprise the consolidated statement of financial position as of 31 December 2010 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the accompanying statement of financial position of Churches Co-operative Credit Union Limited standing alone as at 31 December 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.


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

M.G. Rochester, P.W. Pearson, E.A. Crawford, L.W. Lee, L.H.W. Maxwell, P.L. Williams,
 G.L. Lewis, L.A. McKnight, J.F. Agier, A.K. Jam, E.I. Scott, B.J. Gibson, C.A. Rocco, P.A. Williams



Financial Statements



PRICEWATERHOUSECOOPERS 

Registrar of Co-operative Societies
Re: Churches Co-operative Credit Union Limited
Independent Auditors' Report
Page 2

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Credit Union as of 31 December 2010, and of the financial performance and cash flows of the Group and the Credit Union for the year then ended, in accordance with International Financial Reporting Standards and the requirements of the Co-operative Societies Act.

Chartered Accountants

31 March 2011
Kingston, Jamaica

Financial Statements





Churches Co-operative Credit Union Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 \$'000	2009 \$'000
Interest Income			
Loans and advances		596,235	598,768
Investments		90,463	119,152
		<u>686,698</u>	<u>717,920</u>
Interest Expense			
Savings deposit		101,513	147,408
External credit	5	9,309	7,636
Members' voluntary shares		26,329	51,269
		<u>137,151</u>	<u>206,313</u>
Net Interest Income			
		549,547	511,607
Loan impairment provision, net of recoveries	12	(27,675)	(43,790)
Net Interest Income after Impairment Losses on Loans			
		521,872	467,817
Non-interest Income			
Fee and commission income	6	115,467	85,941
Cambio operations		1,647	1,469
Dividend income from League shares		2,907	1,790
Other income	7	3,801	6,280
Net Interest and Other Income			
		645,694	563,297
Operating expenses	8	528,924	490,241
Surplus before Taxation			
		116,770	73,056
Taxation	10	(37)	-
Net Surplus for the Year			
		116,733	73,056
Other Comprehensive Income			
Unrealised fair value gains on available-for-sale investments		6,274	-
Total Comprehensive Income			
		<u>123,007</u>	<u>73,056</u>

Financial Statements





Churches Co-operative Credit Union Limited

Consolidated Statement of Financial Position

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 \$'000	2009 \$'000
NON-CURRENT ASSETS			
Earning Assets			
Financial investments	11	263,300	169,454
Loans to members	12	2,621,638	2,402,185
		2,884,938	2,571,639
Non-Earning Assets			
Property, plant and equipment	13	153,431	113,209
Retirement benefit asset	14	112,797	76,607
		266,228	189,816
CURRENT ASSETS			
Earning Assets			
Loans to members (net of provision)	12	357,671	319,102
Financial investments	11	14,201	107,326
Liquid assets – deposits	15	69,464	67,705
Liquid assets – short-term investments	16	196,524	222,856
Reverse repurchase agreements	17	418,394	305,580
		1,056,254	1,022,569
Non-Earning Assets			
Cash in hand and at bank		36,930	31,708
Accounts receivable	18	42,485	34,019
Inventories		5,298	2,926
Non-current assets held for sale	13	5,382	-
Withholding tax recoverable		6,921	15,221
		97,016	83,874
		<u>4,304,436</u>	<u>3,867,898</u>

Financial Statements





Churches Co-operative Credit Union Limited

Consolidated Statement of Financial Position (Continued)

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 \$'000	2009 \$'000
EQUITY AND LIABILITIES			
Capital and Reserves			
Institutional capital	24	602,418	468,082
Non-institutional capital	25	181,244	111,610
Accumulated surplus		17,564	98,155
		801,226	677,847
Non-Current Liabilities			
Interest bearing liabilities - External credit	19	16,181	37,072
Non - interest bearing liabilities - Deferred tax liability	20	134	-
Current Liabilities			
Interest bearing liabilities - External credit	19	178,984	15,604
Interest bearing liabilities - Members' deposits	21	1,845,607	1,701,158
Interest bearing liabilities - Voluntary shares	22	1,407,376	1,398,558
Non-interest bearing liabilities - Accounts payable	23	52,922	34,304
Non-interest bearing liabilities - Withholding tax		2,006	3,355
		<u>3,486,895</u>	<u>3,152,979</u>
		<u>4,304,436</u>	<u>3,867,898</u>

Approved for issue by the Board of Directors on 31 March 2011 and signed on its behalf by:

Orville Hill

Director

Balvin Vanriel

Director

Financial Statements





Churches Co-operative Credit Union Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Institutional Capital \$'000	Non- Institutional Capital \$'000	Accumulated Surplus \$'000	Total \$'000
Balance at 1 January 2009		424,221	102,814	62,733	589,768
Appropriations from 2008 surplus -					
Transfer to reserves	24	6,239	-	(6,239)	-
Transfer to permanent shares from members' voluntary shares		9,635	-	-	9,635
Total comprehensive income		-	-	73,056	73,056
Appropriations from 2009 surplus -					
Transfer to statutory reserves	24	21,917		(21,917)	-
Transfer to other reserves	25	-	8,796	(8,796)	-
Transfer from Accumulated Surplus	24	349		(349)	
Increase in permanent shares	24	5,721	-	-	5,721
Other transfers		-	-	(333)	(333)
Balance at 31 December 2009		468,082	111,610	98,155	677,847
Appropriations from 2009 surplus -					
Transfer to reserves	24	84,992	-	(84,992)	-
Other transfers		-	-	(2,990)	(2,990)
Net surplus		-	-	116,733	116,733
Fair value adjustments to investments		6,274	-	-	6,274
Total comprehensive income		6,274	-	116,733	123,007
Appropriations from 2010 surplus -					
Transfer to statutory reserves	24	34,998	-	(34,998)	-
Transfer to other reserves	25	-	69,634	(69,634)	-
Transfer of permanent share dividend		-	-	(4,710)	(4,710)
Transfer from Accumulated Surplus	24	548	-	-	548
Increase in permanent shares	24	7,524	-	-	7,524
Balance at 31 December 2010		602,418	181,244	17,564	801,226

Financial Statements





Churches Co-operative Credit Union Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Institutional Capital					Special Reserve	Total
		Retained Earnings Reserve	Permanent Shares	Statutory Reserve	Investment Reserve	Capital Reserve		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2009		107,926	51,817	229,431	20,500	14,222	325	424,221
Appropriations from 2008 surplus -								
Transfer of reserves		6,239	-	-	-	-	-	6,239
Transfer to permanent shares		-	9,635	-	-	-	-	9,635
Appropriation from 2009 surplus -								
30% statutory reserve		-	-	21,917	-	-	-	21,917
Entrance fees		-	-	349	-	-	-	349
Increase in permanent shares		-	5,721	-	-	-	-	5,721
Balance at 31 December 2009	24	114,165	67,173	251,697	20,500	14,222	325	468,082
Appropriations from 2009 surplus -								
Transfer of reserves		84,992	-	-	-	-	-	84,992
Increase in investment reserve		-	-	-	6,274	-	-	6,274
Appropriation from 2010 surplus -								
30% statutory reserve		-	-	34,998	-	-	-	34,998
Entrance fees		-	-	548	-	-	-	548
Increase in permanent shares		-	7,524	-	-	-	-	7,524
Balance at 31 December 2010	24	199,157	74,697	287,243	26,774	14,222	325	602,418

Financial Statements





Churches Co-operative Credit Union Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Non-Institutional Capital		
		Retirement Benefit Asset Reserve	Loan Loss Reserve	Total
		\$'000	\$'000	\$'000
Balance at 1 January 2009		80,824	21,990	102,814
Transfers from Accumulated Surplus –				
Decrease in retirement benefits	25	(4,217)	-	(4,217)
Increase in loan loss reserve	25	-	13,013	13,013
		(4,217)	13,013	8,796
Balance at 31 December 2009		76,607	35,003	111,610
Transfers from Accumulated Surplus –				
Increase in retirement benefits	25	36,190	-	36,190
Increase in loan loss reserve	25	-	33,444	33,444
		36,190	33,444	69,634
Balance at 31 December 2010		112,797	68,447	181,244





Churches Co-operative Credit Union Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	2010 \$'000	2009 \$'000
Cash Flows from Operating Activities		
Interest received	710,805	696,398
Interest paid	(124,626)	(196,803)
Fee and commission income	115,467	85,941
Recoveries on impaired loans	(32,563)	(51,230)
Payment to employees and suppliers	(491,504)	(479,334)
Other income, net	33,878	35,315
	<u>211,457</u>	<u>90,287</u>
Changes in operating assets and liabilities -		
Loans	(257,629)	23,701
Other assets	(3,636)	(12,983)
Retirement benefit asset	(36,190)	4,217
Members' deposits	158,252	218,563
Voluntary shares	(17,511)	(6,054)
CuCash deposits	(4,365)	(732)
Other liabilities	162	1,419
Cash provided by operating activities	<u>50,540</u>	<u>318,418</u>
Cash Flows from Investing Activities		
Short-term investments	26,332	(10,431)
Financial investments	3,309	(76,393)
Reverse repurchase agreements	(132,147)	(195,172)
Purchase of property, plant and equipment	(64,418)	(19,393)
Cash used in investing activities	<u>(166,924)</u>	<u>(301,389)</u>
Cash Flows from Financing Activities		
Share capital	(1,252)	15,023
External credit	142,489	(29,270)
Cash provided by/(used in) financing activities	<u>141,237</u>	<u>(14,247)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(22,237)</u>	<u>285</u>
Increase in cash and cash equivalents	2,616	3,067
Cash and cash equivalents at beginning of year	<u>35,034</u>	<u>31,967</u>
Cash and Cash Equivalents at the End of the Year	<u>37,650</u>	<u>35,034</u>
Represented by:		
Cash in hand and at bank	36,930	31,708
Bank savings deposits	720	3,326
	<u>37,650</u>	<u>35,034</u>

Financial Statements





Churches Co-operative Credit Union Limited

Credit Union Statement of Comprehensive Income

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 \$'000	2009 \$'000
Interest Income			
Loans and advances		596,235	598,768
Investments		<u>88,325</u>	<u>119,152</u>
		<u>684,560</u>	<u>717,920</u>
Interest Expense			
Savings deposit		101,513	147,408
External credit	5	9,309	7,636
Members' voluntary shares		<u>26,329</u>	<u>51,269</u>
		<u>137,151</u>	<u>206,313</u>
Net Interest Income			
		547,409	511,607
Loan impairment provision, net of recoveries	12	<u>(27,675)</u>	<u>(43,790)</u>
Net Interest Income after Impairment Losses on Loans			
		519,734	467,817
Non-interest Income			
Fee and commission income	6	115,867	85,941
Cambio operations		1,647	1,469
Dividend income from League shares		2,907	1,790
Other income	7	<u>4,472</u>	<u>6,280</u>
Net Interest and Other Income			
		644,627	563,297
Operating expenses	8	<u>527,966</u>	<u>490,241</u>
Net Surplus			
		116,661	73,056
Other Comprehensive Income			
Unrealised fair value gains on available-for-sale investments		<u>6,080</u>	<u>-</u>
Total Comprehensive Income			
		<u><u>122,741</u></u>	<u><u>73,056</u></u>





Churches Co-operative Credit Union Limited

Credit Union Statement of Financial Position

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 \$'000	2009 \$'000
NON-CURRENT ASSETS			
Earning Assets			
Financial investments	11	248,091	169,454
Loans to members	12	2,621,638	2,402,185
		2,869,729	2,571,639
Non-Earning Assets			
Property, plant and equipment	13	153,431	113,209
Investment in subsidiary		50,000	-
Retirement benefit asset	14	112,797	76,607
		316,228	189,816
CURRENT ASSETS			
Earning Assets			
Loans to members (net of provision)	12	357,671	319,102
Financial investments	11	14,201	107,326
Liquid assets – deposits	15	69,464	67,705
Liquid assets – short-term investments	16	196,524	222,856
Reverse repurchase agreements	17	381,844	305,580
		1,019,704	1,022,569
Non-Earning Assets			
Cash in hand and at bank		36,764	31,708
Accounts receivable	18	43,583	34,019
Non-current asset held for sale	13	5,382	-
Inventories		5,298	2,926
Withholding tax recoverable		6,381	15,221
		97,408	83,874
		<u>4,303,069</u>	<u>3,867,898</u>

Financial Statements





Churches Co-operative Credit Union Limited

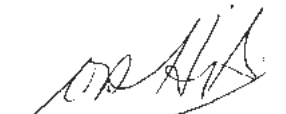
Credit Union Statement of Financial Position (Continued)

31 December 2010


(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 \$'000	2009 \$'000
EQUITY AND LIABILITIES			
Capital and Reserves			
Institutional capital	24	602,224	468,082
Non-institutional capital	25	181,244	111,610
Accumulated surplus		17,492	98,155
		800,960	677,847
Non-Current Liabilities			
Interest bearing liabilities - External credit	19	16,181	37,072
Current Liabilities			
Interest bearing liabilities - External credit	19	178,984	15,604
Interest bearing liabilities – Members' deposits	21	1,845,607	1,701,158
Interest bearing liabilities – Voluntary shares	22	1,407,376	1,398,558
Non-interest bearing liabilities – Accounts payable	23	51,955	34,304
Non-interest bearing liabilities – Withholding tax		2,006	3,355
		<u>3,485,928</u>	<u>3,152,979</u>
		<u>4,303,069</u>	<u>3,867,898</u>

Approved for issue by the Board of Directors on 31 March 2011 and signed on its behalf by:



 Orville Hill Director



 Balvin Vanriel Director





Churches Co-operative Credit Union Limited

Credit Union Statement of Changes in Equity

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Institutional Capital \$'000	Non- Institutional Capital \$'000	Accumulated Surplus \$'000	Total \$'000
Balance at 1 January 2009		424,221	102,814	62,733	589,768
Appropriations from 2008 surplus -					
Transfer to reserves	24	6,239	-	(6,239)	-
Transfer to permanent shares from members' voluntary shares		9,635	-	-	9,635
Total comprehensive income		-	-	73,056	73,056
Appropriations from 2009 surplus -					
Transfer to statutory reserves	24	21,917		(21,917)	-
Transfer to other reserves	25	-	8,796	(8,796)	-
Transfer from Accumulated Surplus	24	349		(349)	
Increase in permanent shares	24	5,721	-	-	5,721
Other transfers		-	-	(333)	(333)
Balance at 31 December 2009		468,082	111,610	98,155	677,847
Appropriations from 2009 surplus -					
Transfer to reserves	24	84,992	-	(84,992)	-
Other transfers		-	-	(2,990)	(2,990)
Net surplus		-	-	116,661	116,661
Fair value adjustments to investments		6,080	-	-	6,080
Total comprehensive income		6,080	-	116,661	122,741
Appropriations from 2010 surplus -					
Transfer to statutory reserves	24	34,998	-	(34,998)	-
Transfer to other reserves	25	-	69,634	(69,634)	-
Transfer of permanent share dividend		-	-	(4,710)	(4,710)
Transfer from Accumulated Surplus	24	548	-	-	548
Increase in permanent shares	24	7,524	-	-	7,524
Balance at 31 December 2010		602,224	181,244	17,492	800,960

Financial Statements





Churches Co-operative Credit Union Limited

Credit Union Statement of Changes in Equity

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Institutional Capital					Total	
		Retained Earnings Reserve	Permanent Shares	Statutory Reserve	Investment Reserve	Capital Reserve		Special Reserve
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January 2009		107,926	51,817	229,431	20,500	14,222	325	424,221
Appropriations from 2008 surplus -								
Transfer of reserves		6,239	-	-	-	-	-	6,239
Transfer to permanent shares		-	9,635	-	-	-	-	9,635
Appropriation from 2009 surplus -								
30% statutory reserve		-	-	21,917	-	-	-	21,917
Entrance fees		-	-	349	-	-	-	349
Increase in permanent shares		-	5,721	-	-	-	-	5,721
Balance at 31 December 2009	24	114,165	67,173	251,697	20,500	14,222	325	468,082
Appropriations from 2009 surplus -								
Transfer of reserves		84,992	-	-	-	-	-	84,992
Increase in investment reserve		-	-	-	6,080	-	-	6,080
Appropriation from 2010 surplus -								
30% statutory reserve		-	-	34,998	-	-	-	34,998
Entrance fees		-	-	548	-	-	-	548
Increase in permanent shares		-	7,524	-	-	-	-	7,524
Balance at 31 December 2010	24	199,157	74,697	287,243	26,580	14,222	325	602,224

Financial Statements





Churches Co-operative Credit Union Limited

Credit Union Statement of Changes in Equity

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Non-Institutional Capital		
		Retirement Benefit Asset Reserve	Loan Loss Reserve	Total
		\$'000	\$'000	\$'000
Balance at 1 January 2009		80,824	21,990	102,814
Transfers from Accumulated Surplus –				
Decrease in retirement benefits	25	(4,217)	-	(4,217)
Increase in loan loss reserve	25	-	13,013	13,013
		(4,217)	13,013	8,796
Balance at 31 December 2009		76,607	35,003	111,610
Transfers from Accumulated Surplus –				
Increase in retirement benefits	25	36,190	-	36,190
Increase in loan loss reserve	25	-	33,444	33,444
		36,190	33,444	69,634
Balance at 31 December 2010		112,797	68,447	181,244

Financial Statements





Churches Co-operative Credit Union Limited

Credit Union Statement of Cash Flows

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

Financial Statements

	2010 \$'000	2009 \$'000
Cash Flows from Operating Activities		
Interest received	708,772	696,398
Interest paid	(124,626)	(196,803)
Fee and commission income	115,867	85,941
Recoveries on impaired loans	(32,563)	(51,230)
Payment to employees and suppliers	(490,946)	(479,334)
Other income, net	34,949	35,315
	<u>211,453</u>	<u>90,287</u>
Changes in operating assets and liabilities -		
Loans	(257,629)	23,701
Other assets	(3,096)	(12,983)
Retirement benefit asset	(36,190)	4,217
Members' deposits	158,252	218,563
Voluntary shares	(17,511)	(6,054)
CuCash deposits	(4,365)	(732)
Other liabilities	(1,903)	1,419
Cash provided by operating activities	<u>49,011</u>	<u>318,418</u>
Cash Flows from Investing Activities		
Short-term investments	26,332	(10,431)
Financial investments	18,227	(76,393)
Reverse repurchase agreements	(95,702)	(195,172)
Investment in subsidiary	(50,000)	-
Purchase of property, plant and equipment	(64,418)	(19,393)
Cash used in investing activities	<u>(165,561)</u>	<u>(301,389)</u>
Cash Flows from Financing Activities		
Share capital	(1,252)	15,023
External credit	142,489	(29,270)
Cash provided by/(used in) financing activities	<u>141,237</u>	<u>(14,247)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(22,237)</u>	<u>285</u>
Increase in cash and cash equivalents	2,450	3,067
Cash and cash equivalents at beginning of year	35,034	31,967
Cash and Cash Equivalents at the End of the Year	<u>37,484</u>	<u>35,034</u>
Represented by:		
Cash in hand and at bank	36,764	31,708
Bank savings deposits	720	3,326
	<u>37,484</u>	<u>35,034</u>





Churches Co-operative Credit Union Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

Churches Co-operative Credit Union Limited (the Credit Union) is incorporated under the laws of Jamaica and is registered under the Co-operative Societies Act. The Credit Union's registered office is located at 8 Eureka Road, Kingston, Jamaica.

Membership in the Credit Union is obtained by the holding of members' shares, which should be at least one voluntary share and one permanent share. Voluntary shares are deposits available for withdrawal on demand, while permanent shares are paid in cash and invested in risk capital, and are redeemable only upon transfer to another member. Individual membership may not exceed 20% of the total of the members' shares of the Credit Union.

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

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

The Credit Union's operations are located in the parishes of Kingston, St. Andrew, Clarendon, St. Catherine, St. James and Manchester.

Effective 17 November 2009, Churches Co-operative Credit Union formed CCU Investments Limited. The subsidiary is wholly-owned, and is incorporated and domiciled in Jamaica. Its principal activities include investment management services.

The Credit Union and its subsidiary, are collectively referred to as "the Group".

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Credit Union's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Financial Statements





Churches Co-operative Credit Union Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in the current year

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

Standard	Amendments
IAS 39 (Amendment), 'Financial instruments: recognition and measurement' (effective for annual periods beginning on or after 1 July 2009).	<p>Clarification that it is possible for there to be movements into and out of the fair value through profit or loss category where:</p> <ul style="list-style-type: none"> - A derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge. - Financial assets are reclassified following a change in policy by an insurance company in accordance with IFRS 4. <p>The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such a portfolio on initial recognition. There is also the removal of a segment as an example of what may be considered a party external to the reporting entity. When re-measuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) be used.</p> <p>The adoption of this amendment has no effect on the Group's financial statements as it currently has no transaction to which this applies.</p>
IAS 7 'Statement of Cash Flows'	<p>States that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment has no impact on the Group.</p>





Churches Co-operative Credit Union Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are mandatory for the Group's accounting periods beginning on or after 1 January 2011 or later periods, but were not effective at the year end date, and which the Group has not early adopted. None of these have been determined to have a potential for significant impact on the financial statements of the Group, except as described below.

Standard	Topic	Key requirements	Effective for periods beginning on or after
IFRS 7, 'Financial instruments'	Disclosure of financial instruments	This amendment clarifies the disclosure requirement by emphasising the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. Amendments were made to quantitative and credit risk disclosures. The adoption of this amendment will result in changes in the presentation of credit risk disclosures.	1 Jan 11
IFRS 9, 'Financial instruments'	Part 1 : Classification and Measurement and classification of financial instruments	<p>Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value and those to be subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.</p> <p>An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.</p> <p>All equity instruments are to be measured subsequently at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument -by- instrument basis. Dividends are to be presented in profit or loss as long as they represent a return on investment.</p> <p>Management has determined that the standard is relevant to existing policies for its current operations, but has not yet assessed the impact on adoption.</p>	1 Jan 13

Financial Statements





Churches Co-operative Credit Union Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective (continued)

Standard	Topic	Key requirements	Effective for periods beginning on or after
IAS 1 (Amendment), 'Presentation of financial statements'	Annual improvements to IFRSs	This amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. This amendment is applied retrospectively. The adoption of this amendment will have no impact on Group's results.	1 Jan 11
IAS 24 (Revised), 'Related party disclosures'	Disclosure of related party transactions and balances	The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group will apply the revised standard from 1 January 2011.	1 Jan 11





Churches Co-operative Credit Union Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation

Consolidation of subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Loans to subsidiaries that are intended to provide subsidiaries with a long-term source of additional capital are considered additions to the Credit Union's investment. Accordingly, these loans are included in investment in subsidiaries on the Credit Union's statement of financial position.

(c) Interest income and expense

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

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

(d) Fee and commission income

Fee and commission income are recognised on an accrual basis. Loan origination fees are deferred and are recognised over the life of the loan, as an adjustment to the effective yield on the loans.

Financial Statements





Churches Co-operative Credit Union Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(e) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(f) Taxation

Taxation expense in the income statement comprises current and deferred tax. Current and deferred taxes are recognised as income tax expense or benefit in net surplus except, where they relate to items recorded in other comprehensive income, in which case they are also charged or credited to other comprehensive income. Taxation is based on profit for the year adjusted for taxation purposes at 33 1/3%.

(i) Current taxation

Current tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at the year end date, and any adjustment to tax payable and tax losses in respect of the previous years.

(ii) Deferred income taxes

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax is provided on temporary differences arising from investments in subsidiaries, except where the timing of reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

Deferred tax assets and liabilities are offset when they arise from the same taxable entity, relate to the same tax authority and when the legal right of offset exists.





Churches Co-operative Credit Union Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(g) Financial instruments

The Group allocates financial assets to the following IAS 39 categories: loans and receivables and available-for-sale. Management determines the classification of its financial instruments at initial recognition and re-evaluates this designation at every reporting date.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Group:

- (i) intends to sell immediately or in the short term, which are classified as held for trading, and those that the Group upon initial recognition designates as at fair value through profit or loss;
- (ii) upon initial recognition, designates as available-for-sale; or
- (iii) may not recover substantially other than because of credit deterioration.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest rate method.

Interest on loans is included in the net surplus and is reported as interest income. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the net surplus as loan impairment provision.

At the year end date, the following items were classified as: loans and receivables: loans, cash in hand and at bank, reverse repurchase agreements and accounts receivable.

(b) Available-for-sale financial assets

Available-for-sale investments are non-derivative financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in net surplus, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised. They are derecognised when the right to receive cash flows has expired or has been transferred, and the Group has transferred substantially all the risk and rewards of ownership.

If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss is recognised in the other comprehensive income. Interest is calculated using the effective interest method, and foreign currency gains and losses on monetary assets classified as available for sale are recognised in the other comprehensive income.

At the year end date, the following items were classified as available-for-sale: deposits, short-term investments and financial investments.

Fair value determination of financial investments is discussed in Note 4.





Churches Co-operative Credit Union Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(g) Financial instruments (continued)

Financial liabilities

The Group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the year end date, the following items were classified as financial liabilities: bank overdraft, members' deposits, external credit and accounts payable.

(h) Investment in subsidiary

Investment in subsidiary is stated at cost.

(i) Investments and deposits

The Group classifies its investments and deposits as available-for-sale financial assets. Purchases and sales of investments are recognised at trade date, which is the date that the Group commits to purchase or sell the asset.

Changes in the fair value of monetary available-for-sale financial assets are analysed between translation differences resulting in changes in amortised cost of the security and other changes. The translation differences are recognised in the statement of comprehensive income and other changes in the carrying amount are recognised in equity. Changes in the fair value of non-monetary available-for-sale investments are recognised in equity.

When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities. Interest on available-for-sale financial assets, calculated using the effective interest method, is recognised in net surplus. Dividends on available-for-sale financial assets are recognised in net surplus when the Group's right to receive payments is established.

At year end, the Group assesses whether there is objective evidence that an investment or group of investments is impaired. If any such evidence exists, the cumulative loss, measured as the difference between the acquisition cost and the current fair value less any impairment loss previously recognised in the statement of comprehensive income, is removed from equity and recognised in the statement of comprehensive income. Impairment losses on equity instruments recognised in the statement of comprehensive income are not reversed through the statement of comprehensive income.

(j) Reverse repurchase agreements

Securities purchased under agreements to resell are recorded as collateralised financing transactions, and are classified as loans and receivables financial assets. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.





Churches Co-operative Credit Union Limited

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2. Summary of Significant Accounting Policies (Continued)

(k) Loans

Loans are recognised when cash is advanced to borrowers and are classified as loans and receivables financial assets.

An allowance for impairment is established if there is objective evidence that the Group will not be able to collect all amounts outstanding according to the original contractual terms of the loan. The amount of the allowance is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loans.

A loan is classified as impaired when, in management's opinion, there has been deterioration in credit quality to the extent that there is no longer reasonable assurance of timely collection of the full amount of principal and interest. If a payment on a loan is contractually two months in arrears, the loan will be classified as impaired, if not already classified as such.

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

Write-offs are made when all or part of a loan is deemed uncollectible or in the case of debt-forgiveness. Write-offs are charged against previously established provisions for impairment losses and reduce the principal amount of the loan. Recoveries, in part or in full, of amounts previously written-off are credited to recoveries bad debt in the income statement.

The Group's impairment loss provision requirements as stipulated by the Jamaica Co-operative Credit Union League (JCCUL/the League), that exceed the IFRS impairment provision are dealt with in a non-distributable Loan Loss Reserve as an appropriation of Accumulated Surplus.

(l) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at fair value, and comprise cash in hand and in bank, and deposits not held to satisfy requirements of the League, net of bank overdraft, which is carried at amortised cost.

(m) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

(n) Accounts receivable

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

(o) Inventories

Inventories are stated at the lower of cost and net realisable value, cost being determined on the first-in-first-out basis.

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2. Summary of Significant Accounting Policies (Continued)

(p) Property, plant and equipment

Freehold land is stated at historical cost. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Depreciation is calculated on the straight-line basis at rates estimated to write off the cost of the assets over their expected useful lives. Land is not depreciated. The expected useful lives of the other property, plant and equipment are as follows:

Buildings	40 years
Computer equipment	5 years
Furniture, fixtures and equipment	10 years
Motor vehicles	8 years

Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of the asset is greater than the 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 carrying amounts and are taken into account in determining net surplus.

Repairs and renewals expenses are charged to the income statement when the expenditure is incurred.

(q) Employee benefits

Retirement benefits

The Group participates in a multi-employer defined benefit pension scheme. The pension scheme is generally funded by payments from employees and by the Group, taking into account the recommendation of independent qualified actuaries.

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset or liability in respect of defined benefit plans is the difference between the present value of the defined benefit obligation at the date of the statement of financial position and the fair value of plan assets, adjusted for unrecognised actuarial gains/losses and past service costs. Where a pension asset arises, the amount recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or future reduction in future contributions to the plan. The pension plan costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement as to spread the regular cost of service over the service lives of the employees in accordance with the advice of the actuaries, who carry out a full valuation of the plan every year. The pension obligation is measured at the present value of the estimated future cash outflows using discount rates based on market yields on government securities which have terms to maturity approximating the terms of the related liability. The pension plan assets are allocated based on the Group's obligation as a proportion of the total obligations of the plan.





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2. Summary of Significant Accounting Policies (Continued)

(q) Employee benefits (continued)

Retirement benefits (continued)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Leave accrual

The Group's vacation leave policy allows a maximum of six weeks unused vacation leave to be carried forward for all managerial staff and four weeks for non-managerial staff. The charge for all outstanding leave is recognised in the income statement in the period to which it relates.

(r) Members' shares

Permanent shares

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

Voluntary shares

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

(s) Institutional capital

Institutional capital includes the statutory reserve fund, as well as various other reserves established from time to time which, in the opinion of the Directors, are necessary to support the operations of the Credit Union and, thereby, protect the interest of the members. These reserves are not available for distribution.

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3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Group's accounting policies, management has made the following critical accounting estimates or judgements which it believes has a significant risk of causing a material misstatement in these financial statements.

Critical judgements in applying accounting policies

In the process of applying the Group's accounting policies, management has made no significant judgements on the amounts recognised in the financial statements.

Key source of estimation uncertainty

Impairment losses on loans to members

The Credit Union reviews its loan portfolio to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in the income statement, the Credit Union makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated cash flow from the loans. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers, or national or economic conditions that correlate with defaults on assets in the Credit Union. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

4. Financial Risk Management

Financial risk factors

The Group has exposure to credit, liquidity and market risk (including currency, fair value interest rate, cash flow interest rate and price risk) arising from its use of financial instruments throughout its operations. Taking risk is core to the financial business, and these risks are an inevitable consequence of being in business. The Group's aims are, therefore, to achieve an appropriate balance between risk and return, and to minimise potential adverse effects on the Group's financial performance.

The Group's overall risk management programme involves the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Group has established risk management policies designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of regularly generated reports. Risk management procedures are closely integrated into all key business processes. The Group regularly reviews its risk management policies, procedures and systems to reflect recommendations and best practice, as well as changes in markets and products.

In February 2010, the Group participated in the Jamaica Debt Exchange (JDX) transaction under which the Group exchanged its holdings of domestic debt instruments issued by the Government of Jamaica for new, longer-dated debt instruments available to the Group under the election options contained in the agreement. The JDX transaction resulted in a reduction in yields and an increase in the tenor of locally issued Government of Jamaica securities and, therefore, had a significant impact on the interest income earned from these securities.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. It defines the overall risk profile of the Group by approving its financial policies and guidelines, as well as maximum limits for exposure and individual loans.





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4. Financial Risk Management (Continued)

Financial risk factors (continued)

The Board has established committees/departments for managing and monitoring risks as follows:

(i) Supervisory and Conduct Committee

The Supervisory and Conduct Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Supervisory and Conduct Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Supervisory and Conduct Committee.

(ii) Credit Committee

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

(iii) Treasury Committee

The Treasury Committee is responsible for monitoring the management of the Group's assets and liabilities and the overall financial structure. It is also primarily responsible for managing the funding and liquidity risks of the Group.

(iv) Finance Committee

The Finance Committee is responsible for monitoring and formulating investment portfolios and investment strategies for the Group which include the formulation of appropriate trading limits and reports and compliance controls to ensure that their mandate is properly followed. The Finance Committee has two sub-committees in that of Treasury and Delinquency. Treasury is responsible for monitoring the management of the Group's assets and liabilities and, by extension, the management of funding and liquidity risks. The Delinquency committee assesses the adequacy of provisions for non-performing loan facilities.

These committees comprise persons independent of management and report to the Board on a monthly basis.

The business functions, Lending and Treasury, are responsible for managing risks assumed through their operations and for ensuring that an adequate return for the risks taken is achieved. Operations Risk & Compliance, Credit Administration and Internal Audit are independent from the departments carrying out the Group's business activities. Operations Risk & Compliance has the overall responsibility for identifying, assessing, monitoring and reporting all types of risk inherent in the Group's operations. Credit Administration is responsible for assessing and monitoring credit risk in the Group's lending operations and seek to ensure that credit proposals are in compliance with established limits and policies. Internal Audit provides an independent evaluation of the control and risk management processes. Based on regular reporting from these departments, three committees supervise the Group's aggregate risk-taking.





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4. Financial Risk Management (Continued)

Financial risk factors (continued)

There have been no significant changes to the Group's exposure to financial risks or the manner in which it manages and measures these risks.

(a) Credit risk

Credit risk is the most important risk for the Group's business. Credit risk is the risk that borrowers or other counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations, and that any collateral provided does not cover the Group's claims. As a consequence of the Group's mandate and resulting financial structure, this risk arises principally from the Group's lending activities.

For loans, credit decisions are primarily made by the Board of Directors, with some delegation of credit approval authority to the Credit Committee and certain members of executive management. The Group's credit policy forms the basis for all its lending operations. The policy aims at maintaining a high quality loan portfolio, as well as enhancing the Group's mission and strategy. The policy sets the basic criteria for acceptable risk and identifies risk areas that require special attention.

Additionally, the Group is exposed to credit risk in its treasury activities, arising from financial assets that the Group uses for investing its liquidity and managing currency and interest rate risks, as well as other market risks. There is also credit risk in financial instruments not carried on the statement of financial position, such as loan commitments.

Credit review process

The Group has established a credit quality review process involving regular analysis of the ability of borrowers and other counterparties to meet interest and capital repayment obligations.

Loans

The Group assesses the probability of default of individual borrowers using internal ratings. The Group assesses each borrower on four critical factors. These factors are the member's credit history, ability to pay linked to the industry benchmarked debt service ratio of 75%, character profile and the member's economic stability, based on employment and place of abode.

Borrowers of the Credit Union are segmented into two rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class.

Group's internal rating scale:

Group's rating	Description of the grade
1	Performing
2	Non –performing

The credit quality review process allows the Group to assess the potential loss as a result of the risk to which it is exposed and take corrective action. Exposure to credit risk is managed, in part, by obtaining collateral, and corporate and personal guarantees.

Credit risk ratings also determine credit limits and collateral, and are systematically reassessed on an annual basis. Reassessment is based on the borrower's credit worthiness, and on any new information and events that may have an impact on the level of credit risk, whether these arise from the borrower's own circumstances or from the financial environment, in general.





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4. Financial Risk Management (Continued)

Financial risk factors (continued)

(a) Credit risk (continued)

Credit review process (continued)

Investments

The Group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality and Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

Credit limits

The Group manages concentrations of credit risk by placing limits on the amount of risk accepted in relation to a single borrower or groups of related borrowers, and to product segments. Borrowing limits are established by the use of the system described above, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. Limits on the level of credit risk by product categories, and for investment categories, are reviewed and approved bi-annually by the Board of Directors.

Collateral

The most widely used practice for mitigating credit risk is the taking of security in the form of physical assets, netting agreements and guarantees. The amount and type of collateral required depends on an assessment of the credit risk of the borrower. Guidelines are implemented regarding the acceptability of different types of collateral. The principal collateral types provided for loans and advances are charges over member balances, real property and motor vehicles.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the provision for credit losses.

Impairment

The Group assesses on a monthly basis whether there is evidence of impairment in accordance with the general principles and methodology set out in IAS 39 and the relevant implementation guidance. These procedures include the following steps:

- Identification of events that provide objective evidence that a loan is impaired.
- Establishment of criteria for assessment on an individual or collective basis.
- Establishment of groups of assets with similar characteristics.
- Establishing methodology to be used in determining cash flows from impaired loans
- Determining interest income recognition.
- Recoveries

The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue by more than 30 days based on the established PEARLS grid recommended by the League or based on any known difficulties in the cash flows of counterparties, credit rating downgrades or infringement of the original terms of the contract.

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4. Financial Risk Management (Continued)

Financial risk factors (continued)

(a) Credit risk (continued)

Impairment (continued)

The Group addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances. The assessment applied to individually significant accounts normally encompasses collateral held and the anticipated receipts for that individual account. Collectively assessed allowances are determined through the application of PEARLS prescribed percentages to the aging profiles of the loan portfolio.

The internal rating system described above focuses more on credit-quality mapping from the inception of lending activities. In contrast, impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the date of the statement of financial position based on objective evidence of impairment. Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements are usually lower than the amount determined from the expected loss model that is used for internal operational management and regulatory purposes.

The internal rating tool assists management to determine whether objective evidence of impairment exists under IAS 39, based on the following criteria set out by the Credit Union:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

The impairment provision shown in the statement of financial position at year-end is derived from the two internal rating grades. However, the majority of the impairment provision comes from the non-performing rating class. The table below shows the Credit Union's loans and the associated impairment provision for each internal rating class:

	2010		2009	
	Loans \$'000	Impairment provision \$'000	Loans \$'000	Impairment provision \$'000
Performing	2,645,660	-	2,441,399	-
Non-performing	333,451	39,359	280,083	40,561
	<u>2,979,111</u>	<u>39,359</u>	<u>2,721,482</u>	<u>40,561</u>





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4. Financial Risk Management (Continued)

Financial risk factors (continued)

(a) Credit risk (continued)

Credit risk exposure

Maximum exposure to credit risk before collateral held or other credit enhancements are as follows:

	The Group		The Credit Union	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Cash and balances due from other financial institutions (excluding cash on hand)	18,251	13,432	18,085	13,432
Securities purchased under agreements to resell	364,979	289,580	328,429	289,580
Financial investments	121,718	276,780	106,509	276,780
Liquid assets - deposits	69,464	67,705	69,464	67,705
Liquid assets – short term investments	196,524	222,856	196,524	222,856
Loans, net of provision for credit losses	2,979,309	2,721,287	2,979,309	2,721,287
Pledged assets	172,315	16,000	172,315	16,000
	<u>3,922,560</u>	<u>3,607,640</u>	<u>3,870,635</u>	<u>3,607,640</u>
Item not on statement of financial position –				
Loan commitments	<u>39,000</u>	<u>6,238</u>	<u>39,000</u>	<u>6,238</u>

The table above represents a worst case scenario of credit risk exposure to the Group at 31 December 2010 and 2009, without taking account of any collateral held or other credit enhancements. For items on statement of financial position, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

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4. Financial Risk Management (Continued)

Financial risk factors (continued)

(a) Credit risk (continued)

Loans

Credit quality of loans

Credit quality of loans is summarised as follows:

	The Group & The Credit Union	
	2010	2009
	\$'000	\$'000
Performing –		
Neither past due nor impaired	2,645,660	2,441,399
Non-performing –		
Past due but not impaired	273,807	218,533
Impaired	59,644	61,550
	<u>333,451</u>	<u>280,083</u>
	2,979,111	2,721,482
Less: Provision for credit losses	(39,359)	(40,561)
	<u>2,939,752</u>	<u>2,680,921</u>

Aged analysis of past due but not impaired loans

	The Group & The Credit Union	
	2010	2009
	\$'000	\$'000
Less than 30 days	12,437	12,941
31 to 60 days	82,057	92,503
61 to 90 days	52,328	47,157
More than 90 days	126,985	65,932
	<u>273,807</u>	<u>218,533</u>

There are no financial assets other than loans that are past due.

Of the aggregate amount of gross past due but not impaired loans, the fair value of collateral that the Group held was \$491,600,000 (2009 - \$409,611,000).

Renegotiated loans

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans. The Group's renegotiated loans that would otherwise be past due or impaired totalled \$37,046,000 (2009 - \$47,487,000). There were no renegotiated loans which were deemed impaired.





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4. Financial Risk Management (Continued)

Financial risk factors (continued)

(a) Credit risk (continued)

Repossessed collateral

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

	Carrying Amount	
	2010	2009
	\$'000	\$'000
Motor vehicles and properties	92,382	52,650

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

Debt securities

Debt securities are summarised as follows:

	The Group		The Credit Union	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Bonds and debentures	102,637	118,206	87,788	118,206
Certificates of deposit	196,524	222,856	196,524	222,856
Local Registered Stock	53,999	48,294	53,999	48,294
Securities purchased under agreements to resell	412,559	280,412	376,114	280,412
Other	69,464	67,705	69,464	67,705
	<u>835,183</u>	<u>737,473</u>	<u>783,889</u>	<u>737,473</u>

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4. Financial Risk Management (Continued)

Financial risk factors (continued)

(a) Credit risk (continued)

Concentration of risk

Loans

The following table summarises the Group's credit exposure for loans at their carrying amounts, as categorised by industry sector:

	The Group & The Credit Union	
	2010 \$'000	2009 \$'000
Agriculture, fishing and mining	4,587	5,315
Construction and real estate	772,902	747,823
Debt financing	289,519	171,705
Distribution	23,722	28,673
Manufacturing	1,854	3,277
Micro loans	66,902	51,733
Personal	1,557,180	1,474,969
Professional and other services	52,738	34,572
Other	209,707	203,415
	<u>2,979,111</u>	<u>2,721,482</u>
Less: Provision for credit losses	(39,359)	(40,561)
	2,939,752	2,680,921
Interest receivable	39,557	40,366
	<u>2,979,309</u>	<u>2,721,287</u>

Debt securities

The following table summarises the Group and the Credit Union's credit exposure for debt securities at their carrying amounts, as categorised by issuer:

	The Group		The Credit Union	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Government of Jamaica	161,715	175,186	146,506	175,186
Jamaica Co-operative Credit Union League	265,268	287,235	265,268	287,235
Financial institutions	419,114	308,906	382,564	308,906
	<u>846,097</u>	<u>771,327</u>	<u>444,338</u>	<u>771,327</u>





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4. Financial Risk Management (Continued)

Financial risk factors (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequences may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

Liquidity risk management process

Liquidity risk management safeguards the ability of the Group to meet payment obligations as they fall due. The Group's policy is to maintain liquidity corresponding to its estimated net liquidity requirements for 12 months.

The Group's liquidity management process, as carried out within the Group by the Treasury Committee and monitored by the Finance Committee, includes:

- (i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of the Group's source of funds which includes cash balances, bank balances, investment maturities in order to determine their ability to make supplier payments and commitments for loans;
- (ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) Maintaining committed lines of credit with the League;
- (iv) Optimising cash returns on investment;
- (v) Monitoring the statement of financial position liquidity ratios against internal and regulatory requirements. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities; and
- (vi) Managing the concentration and profile of debt maturities.

Monitoring and reporting takes the form of an analysis of the cash balances and expected investment maturity profiles for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for these projections is the generation of analyses of loan commitments and the examination of expired credit periods in comparison to the expected collection date of the financial assets.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for financial entities ever to be completely matched since 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 Group and its exposure to changes in interest rates and exchange rates.

Financial liabilities and assets held for managing liquidity risk

The tables below present the undiscounted cash flows payable (both interest and principal cash flows) of the Group and the Credit Union's financial liabilities based on contractual repayment obligations. The tables also reflect the expected maturities of the Group and Credit Union's financial assets and liabilities at the year end date. The Group expects that many members will not request repayment on the earliest date the Group could be required to pay. The expected maturity dates of financial assets and liabilities are based on estimates made by management as determined by retention history.





Churches Co-operative Credit Union Limited

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4. Financial Risk Management (Continued)

Financial risk factors (continued)

(b) Liquidity risk (continued)

	The Group & The Credit Union					
	Within 1 Month	2 to 3 Months	4 to 12 Months	2 to 5 Years	Over 5 Years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2010					
Members' deposits	760,131	736,803	359,669	5,978	-	1,862,581
Members' voluntary shares	531,292	474,639	352,222	45,916	3,307	1,407,376
External credit	16,570	35,599	121,000	15,855	20,378	209,402
Total financial liabilities (contractual maturity dates)	1,307,993	1,247,041	832,891	67,749	23,685	3,479,359
Total financial liabilities (expected maturity dates)	1,070,315	1,480,051	894,650	189,374	23,686	3,658,076
Total financial assets (expected maturity dates)	1,167,300	1,598,549	973,295	710,457	820,265	5,269,866
	2009					
Members' deposits	704,523	698,943	315,972	2,478	-	1,721,916
Members' voluntary shares	527,963	471,665	350,015	45,628	3,287	1,398,558
External credit	-	5,001	12,456	23,723	20,209	61,389
Total financial liabilities (contractual maturity dates)	1,232,486	1,175,609	678,443	71,829	23,496	3,181,863
Total financial liabilities (expected maturity dates)	913,891	1,351,266	700,950	92,478	23,496	3,082,081
Total financial assets (expected maturity dates)	1,080,350	1,498,255	820,154	690,155	850,188	4,939,102

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, deposits, short-term investments, reverse repurchase agreements and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended.

Items not carried on the statement of financial position

At 31 December 2010, the Credit Union's commitment to extend credit to its members, in respect of loans approved but not yet disbursed, amounted to \$39,000,000 (2009 - \$6,238,000).





Churches Co-operative Credit Union Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

Financial risk factors (continued)

(c) Market risk

The Group 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 and interest rates. Market risk is monitored by the Finance Committee which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

Currency risk

Currency or foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates, and arises mainly from the Credit Union's cambio operations. The Group has no significant exposure to currency risk as less than half of a percent of net financial assets is maintained in foreign currencies at any given time during the year.

The Treasury Committee has approved limits on the level of exposure by currency and in aggregate. These limits may vary from time to time as determined by the Treasury Committee.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates, and arises mainly from investments, loans and deposits.

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

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments as determined by the Finance committee. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by the Treasury department.

The following tables summarise the Group and Credit Union's exposure to interest rate risk. They include the Group and Credit Union's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

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Churches Co-operative Credit Union Limited

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4. Financial Risk Management (Continued)

Financial risk factors (continued)

(c) Market risk (continued)

Interest rate risk (continued)

	The Group						Total
	2010						
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- Interest Bearing \$'000	
Assets							
Earning assets –							
Deposits	69,464	-	-	-	-	-	69,464
Short-term investments	45,201	86,471	64,852	-	-	-	196,524
Reverse repurchase agreements	-	412,559	-	-	-	5,835	418,394
Loans, after provision for loan impairment	10,475	26,864	277,003	1,554,612	1,070,798	39,557	2,979,309
Financial investments	-	14,201	-	149,933	71,406	41,961	277,501
Non-earning assets	-	-	-	-	-	60,145	60,145
Total financial assets	125,140	540,095	341,855	1,704,545	1,142,204	147,498	4,001,337
Liabilities and Equity							
Interest bearing liabilities –							
Members' deposits	752,094	728,247	348,531	5,502	-	11,233	1,845,607
Members' voluntary shares	510,987	455,746	345,261	65,877	3,176	26,329	1,407,376
External credit	-	-	156,306	4,132	34,727	-	195,165
Non-interest bearing liabilities	-	-	-	-	-	52,922	52,922
Total financial liabilities	1,263,081	1,183,993	850,098	75,511	37,903	90,484	3,501,070
Total Interest Rate Sensitivity Gap	(1,137,941)	(643,898)	(508,243)	1,629,034	1,104,301	57,014	500,267
Cumulative Gap	(1,137,941)	(1,781,839)	(2,290,082)	(661,048)	443,253	500,267	

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Churches Co-operative Credit Union Limited

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4. Financial Risk Management (Continued)

Financial risk factors (continued)

(c) Market risk (continued)

Interest rate risk (continued)

	The Credit Union						Total \$'000
	2010						
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- Interest Bearing \$'000	
Assets							
Earning assets –							
Deposits	69,464	-	-	-	-	-	69,464
Short-term investments	45,201	86,471	64,852	-	-	-	196,524
Reverse repurchase agreements	-	376,114	-	-	-	5,730	381,844
Loans, after provision for loan impairment	10,475	26,864	277,003	1,554,612	1,070,798	39,557	2,979,309
Financial investments	-	14,201	-	135,084	71,406	41,601	262,292
Non-earning assets	-	-	-	-	-	59,979	59,979
Total financial assets	125,140	503,650	341,855	1,689,696	1,142,204	146,867	3,949,412
Liabilities and Equity							
Interest bearing liabilities –							
Members' deposits	752,094	728,247	348,531	5,502	-	11,233	1,845,607
Members' voluntary shares	510,987	455,746	345,261	65,877	3,176	26,329	1,407,376
External credit	-	-	156,306	4,132	34,727	-	195,165
Non-interest bearing liabilities	-	-	-	-	-	51,955	51,955
Total financial liabilities	1,263,081	1,183,993	850,098	75,511	37,903	89,517	3,500,103
Total Interest Rate Sensitivity Gap	(1,137,941)	(680,343)	(508,243)	1,614,185	1,104,301	57,350	449,309
Cumulative Gap	(1,137,941)	(1,818,284)	(2,326,527)	(712,342)	391,959	449,309	

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4. Financial Risk Management (Continued)

Financial risk factors (continued)

(c) Market risk (continued)

Interest rate risk (continued)

	The Group & The Credit Union						
	2009						
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'000
Assets							
Earning assets –							
Deposits	67,705	-	-	-	-	-	67,705
Short-term investments	51,846	99,119	71,891	-	-	-	222,856
Reverse repurchase agreements	-	280,412	-	-	-	25,168	305,580
Loans, after provision for loan impairment	36,805	35,228	206,703	1,490,870	911,315	40,366	2,721,287
Financial investments	-	26,833	74,730	78,498	60,128	36,591	276,780
Non-earning assets	-	-	-	-	-	56,791	56,791
Total financial assets	156,356	441,592	353,324	1,569,368	971,443	158,916	3,650,999
Liabilities and Equity							
Interest bearing liabilities –							
Members' deposits	704,523	653,750	315,372	2,478	-	25,035	1,701,158
Members' voluntary shares	527,963	471,665	350,015	45,628	3,287	-	1,398,558
External credit	-	-	-	31,269	21,407	-	52,676
Non-interest bearing liabilities	-	-	-	-	-	34,304	34,304
Total financial liabilities	1,232,486	1,125,415	665,387	79,375	24,694	59,339	3,186,696
Total Interest Rate Sensitivity Gap	(1,076,130)	(683,823)	(312,063)	1,489,993	946,749	99,577	464,303
Cumulative Gap	(1,076,130)	(1,759,953)	(2,072,016)	(582,023)	364,726	464,303	





Churches Co-operative Credit Union Limited

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4. Financial Risk Management (Continued)

Financial risk factors (continued)

(c) Market risk (continued)

Interest rate risk (continued)

Interest rate sensitivity

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

The sensitivity of the net surplus is the effect of the assumed changes in interest rates on net income based on the floating rate financial assets and financial liabilities. The sensitivity of equity is calculated by revaluing fixed rate available-for-sale financial assets for the effects of the assumed changes in interest rates. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

	The Group			
	Effect on	Effect on	Effect on	Effect on
	Net Surplus	Other Components of Equity	Net Surplus	Other Components of Equity
	2010	2010	2009	2009
	\$'000	\$'000	\$'000	\$'000
Change in basis points:				
-200 basis points (2009 – 800 basis points)	1,720	1,532	19,644	19,644
+100 basis points (2009 – 800 basis points)	(860)	(766)	(15,656)	(15,656)

	The Credit Union			
	Effect on	Effect on	Effect on	Effect on
	Net Surplus	Other Components of Equity	Net Surplus	Other Components of Equity
	2010	2010	2009	2009
	\$'000	\$'000	\$'000	\$'000
Change in basis points:				
-200 basis points (2009 – 800 basis points)	1,228	1,228	19,644	19,644
+100 basis points (2009 – 800 basis points)	(614)	(614)	(15,656)	(15,656)

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4. Financial Risk Management (Continued)

Financial risk factors (continued)

(c) Market risk (continued)

Interest rate risk (continued)

Interest rate risk

Average effective yields by earlier of the contractual re-pricing or maturity dates:

	The Group					
	Immediately rate sensitive	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Weighted Average
	%	%	%	%	%	%
	2010					
Earning assets –						
Liquid assets	-	-	-	-	-	-
Deposits	6	-	-	-	-	6
Short-term investments	-	6	5	-	-	6
Reverse repurchase agreements	-	7	5	5	4	5
Loans ⁽¹⁾	-	20	19	-	-	19
Financial investments	-	10	10	12	-	11
Interest bearing liabilities –						
Members' deposits ⁽²⁾	-	4	4	-	-	4
External credit ⁽²⁾	-	7	11	-	7	8

	The Credit Union					
	Immediately rate sensitive	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Weighted Average
	%	%	%	%	%	%
	2010					
Earning assets –						
Liquid assets	-	-	-	-	-	-
Deposits	6	-	-	-	-	6
Short-term investments	-	6	5	-	-	6
Reverse repurchase agreements	-	6	5	5	4	5
Loans ⁽¹⁾	-	20	19	-	-	19
Financial investments	-	10	10	10	-	10
Interest bearing liabilities –						
Members' deposits ⁽²⁾	-	4	4	-	-	4
External credit ⁽²⁾	-	7	11	-	7	8





Churches Co-operative Credit Union Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

Financial risk factors (continued)

(c) Market risk (continued)

Interest rate risk (continued)

	The Group & The Credit Union					
	Immediately rate sensitive	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Weighted Average
	%	%	%	%	%	%
	2009					
Earning assets –						
Liquid assets	-	-	-	-	-	-
Deposits	7	-	-	-	-	9
Short-term investments	-	9	11	-	-	9
Reverse repurchase agreements	-	17	16	-	-	12
Loans ⁽¹⁾	-	21	22	22	22	20
Financial investments	11	11	11	12	-	11
Interest bearing liabilities –						
Members' deposits ⁽²⁾	-	8	8	-	-	8
External credit ⁽²⁾	-	9	14	-	9	10

(1) Yields are based on book values, net of allowances for credit losses and contractual interest rates.

(2) Yields are based on contractual interest rates.

Other price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group has no significant exposure to other price risk.





Churches Co-operative Credit Union Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

4. Financial Risk Management (Continued)

Financial risk factors (continued)

(d) Capital management

The Group's objectives when managing institutional capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- (i) To comply with the capital requirements set by the Jamaica Co-operative Credit Union League and the Bank of Jamaica for the financial sector in which the Credit Union operates;
- (ii) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns and benefits for members.
- (iii) To maintain an 8% ratio of permanent capital to total assets;
- (iv) To increase the permanent share capital as the main focus of building institutional capital; and
- (v) To maintain a strong capital base to support the development of its business through the allocation of 30% of net surplus to institutional capital.

Capital adequacy and the use of regulatory capital are monitored by the Group's management, based on the guidelines in its Capital Asset Management Policy.

The League currently requires member credit unions to maintain a minimum level of institutional capital at 8% of total assets. The proposed Bank of Jamaica regulations require the League to ensure that member companies:

- (i) Hold a minimum level of the regulatory capital of 6% of total assets; and
- (ii) Maintain a ratio of total regulatory capital to risk-weighted assets at or above 10%.

The table below summarises the composition of regulatory capital and the ratios of the Credit Union as at the statement of financial position dates. During the year, the Group complied with all externally imposed capital requirements to which they are subject.

The Group & The Credit Union

	Actual 2010 \$'000	Required 2010 \$'000	Actual 2009 \$'000	Required 2009 \$'000
Total regulatory capital	561,097	314,538	433,035	287,536
Risk-weighted assets:				
Total risk-weighted assets	3,931,729		3,594,208	
Total capital ratio	14%	10%	12%	10%
Permanent capital to total assets	14%	8%	12%	8%
Regulatory capital to total assets	13%	6%	11%	6%





Churches Co-operative Credit Union Limited

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4. Financial Risk Management (Continued)

Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The following table provides an analysis of financial instruments held as at 31 December 2010 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. 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;
- 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) The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximize 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.; 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). If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There were no transfers between levels during the year.

	The Group			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
2010				
Available-for-sale investments -				
Quoted equities	8,675	-	-	8,675
Financial institutions	-	-	78,903	78,903
Issued by Government of Jamaica	-	161,715	-	161,715
	<u>8,675</u>	<u>161,715</u>	<u>78,903</u>	<u>249,293</u>
2009				
Available-for-sale investments -				
Financial institutions	-	-	73,688	73,688
Issued by Government of Jamaica	-	175,186	-	175,186
	<u>-</u>	<u>175,186</u>	<u>73,688</u>	<u>248,874</u>

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4. Financial Risk Management (Continued)

Fair values of financial instruments (continued)

	The Credit Union			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
	2010			
Available-for-sale investments -				
Quoted equities	8,675	-	-	8,675
Financial institutions	-	-	78,903	78,903
Issued by Government of Jamaica	-	146,506	-	146,506
	<u>8,675</u>	<u>146,506</u>	<u>78,903</u>	<u>234,084</u>
	2009			
Available-for-sale investments -				
Financial institutions	-	-	73,688	73,688
Issued by Government of Jamaica	-	175,186	-	175,186
	<u>-</u>	<u>175,186</u>	<u>73,688</u>	<u>248,874</u>

Reconciliation of level 3 items -

	The Group & The Credit Union	
	2010 \$'000	2009 \$'000
Balance at beginning of year	73,688	70,089
Total gain – income statement	5,215	3,599
Balance at end of year	<u>78,903</u>	<u>73,688</u>





Churches Co-operative Credit Union Limited

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4. Financial Risk Management (Continued)

Fair values of financial instruments (continued)

The following methods and assumptions have been used in determining fair values for instruments not carried at their fair value:

- (i) The fair value of liquid assets and other assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and liabilities;
- (ii) The fair value of demand deposits with no specific maturity is assumed to be the amount payable on demand at the date of the statement of financial position;
- (iii) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts;
- (iv) The carrying value of external credit approximates its fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions;
- (v) The fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. For match-funded loans the fair value is assumed to be equal to their carrying value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of credit risk is recognised separately by deducting the amount of the provisions for credit losses from both book and fair values;
- (vi) Unquoted equities classified as available-for-sale are measured at historical cost less impairment, as their fair values cannot be reliably determined.
- (vii) The fair values of quoted investments are based on current bid prices. If there is no active market for investments, the Credit Union establishes fair value by using valuation techniques, such as reference to recent arm's length transactions, reference to other instruments that are substantially the same or amounts derived from discounted cash flow models, making maximum use of market inputs.

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5. External Credit Interest Expense

	The Group & The Credit Union	
	2010 \$'000	2009 \$'000
Jamaica Co-operative Credit Union League	5,309	4,202
Pan Caribbean Merchant Bank Limited	466	959
National Housing Trust	199	236
Other	3,335	2,239
	<u>9,309</u>	<u>7,636</u>

6. Fee and Commission Income

	The Group		The Credit Union	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Access Plus, Rule and Passbooks	2,275	987	2,275	987
Accounts maintenance	15,647	9,016	15,647	9,016
Loan processing	45,782	34,193	45,782	34,193
Loan service and protection	7,307	2,079	7,307	2,079
Late payment	24,520	25,037	24,520	25,037
Management	3,157	2,601	3,557	2,601
Standing orders	3,792	4,489	3,792	4,489
Statements and credit information	352	1,352	352	1,352
Other	12,635	6,187	12,635	6,187
	<u>115,467</u>	<u>85,941</u>	<u>115,867</u>	<u>85,941</u>

7. Other Income

	The Group		The Credit Union	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Foreign exchange trading	254	265	254	265
Rental	1,525	1,463	1,525	1,463
Other	2,022	4,552	2,693	4,552
	<u>3,801</u>	<u>6,280</u>	<u>4,472</u>	<u>6,280</u>





Churches Co-operative Credit Union Limited

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8. Expenses by Nature

	The Group		The Credit Union	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Interest	137,151	206,313	137,151	206,313
Provision for loan impairment (Note 12(c))	32,563	51,230	32,563	51,230
Operating expenses –				
Audit fees	3,700	2,783	3,000	2,783
Data processing	6,074	4,065	6,074	4,065
Depreciation	18,814	15,645	18,814	15,645
Insurance	22,123	21,838	22,123	21,838
Legal and professional fees	3,295	5,421	3,295	5,421
Marketing and promotion	31,628	23,870	31,628	23,870
Operation of premises and equipment	34,665	29,704	34,540	29,704
Other administration	19,422	16,856	19,289	16,856
Representation and affiliation	28,222	28,645	28,222	28,645
Security	17,509	18,115	17,509	18,115
Stationery and printing supplies	5,899	7,714	5,899	7,714
Staff costs (Note 9)	322,618	303,687	322,618	303,687
Telecommunication and postage	14,955	11,898	14,955	11,898
	<u>528,924</u>	<u>490,241</u>	<u>527,966</u>	<u>490,241</u>
	<u>698,638</u>	<u>747,784</u>	<u>697,680</u>	<u>747,784</u>

9. Staff Costs

(a) Staff costs comprise:

	The Group & The Credit Union	
	2010 \$'000	2009 \$'000
Salaries and wages	231,517	188,125
Statutory contributions	29,070	24,659
Pension (Note 13)	3,403	(10,855)
Other staff benefits	58,628	101,758
	<u>322,618</u>	<u>303,687</u>

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9. Staff Costs (Continued)

(b) The number of employees at the end of the year was:

	The Group & The Credit Union	
	2010 No.	2009 No.
Full-time	121	120
Part-time	50	56
	<u>171</u>	<u>176</u>

10. Taxation

Taxation is based on profit for the year adjusted for taxation purposes and comprises income tax at 33 $\frac{1}{3}$ %.

	The Group	The Credit Union
	2010 \$'000	2010 \$'000
Current income tax	-	-
Deferred taxation (Note 20)	37	-
	<u>37</u>	<u>-</u>

Reconciliation of applicable tax charge to effective tax charge:

	The Group	The Credit Union
	2010 \$'000	2010 \$'000
Profit before tax	<u>116,770</u>	<u>116,661</u>
Tax calculated at a tax rate of 33 $\frac{1}{3}$ %	38,924	38,887
Income not subject to taxation	<u>(38,887)</u>	<u>(38,887)</u>
Tax charge	<u>37</u>	<u>-</u>

A charge for income tax arises on the income of the subsidiary. The Credit Union is exempt from tax under Section 59 (1) of the Co-operative Societies Act.

Subject to agreement with the Commissioner of the Taxpayer Audit and Assessment Department, losses available to be carried forward indefinitely for offset against future taxable profits of the subsidiary amount to approximately \$355,000.





Churches Co-operative Credit Union Limited

Notes to the Financial Statements

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11. Financial Investments

	The Group		The Credit Union	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Available-for-sale, at fair value –				
Jamaica Co-operative Credit Union League Limited mortgage funds	64,682	60,128	64,682	60,128
Victoria Mutual Building Society and National Housing Trust deposits	14,221	13,560	14,221	13,560
Quoted equities	8,675	-	8,675	-
Government of Jamaica securities	161,715	175,186	146,506	175,186
	<u>249,293</u>	<u>248,874</u>	<u>234,084</u>	<u>248,874</u>
Available-for-sale, at historical cost –				
Unquoted equities	17,751	17,449	17,751	17,449
QNET deposit	10,457	10,457	10,457	10,457
	<u>277,501</u>	<u>276,780</u>	<u>262,292</u>	<u>276,780</u>
Less: Current portion	(14,201)	(107,326)	(14,201)	(107,326)
	<u>263,300</u>	<u>169,454</u>	<u>248,091</u>	<u>169,454</u>

- (a) The rules of the League stipulate that the Credit Union must invest 5% of the net increase in the members' share accounts in the League's Mortgage Fund instruments. These investments are used to secure joint mortgage facilities, which are extended to the members of the Credit Union.
- (b) Victoria Mutual Building Society and National Housing Trust deposits represent funds held with these institutions to secure joint mortgage facilities, which are extended to the members of the Credit Union.
- (c) Government of Jamaica securities include interest receivable amounting to \$5,078,000 and \$4,718,000 (2009 – \$8,685,000 and \$8,685,000) for the Group and Credit Union respectively.
- (d) Unquoted equities represent shares held in the League. A minimum of 1,000,000 shares must be held with the League for the Credit Union to retain membership status. The equivalent of amounts held in the statutory reserve (Note 24(c)) must either be used to purchase League shares or placed in League term deposits (Note 15).
- (e) The QNET deposit represents a 17.4% ownership investment by the Credit Union, which will provide information services to participating credit unions. In total, the participating credit unions will account for 80% of the cost of the project and the remaining 20% will be funded by the League.

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Churches Co-operative Credit Union Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

12. Loans

(a) Movement in loans during the year:

	The Group & The Credit Union	
	2010 \$'000	2009 \$'000
Balance at beginning of year	2,721,482	2,745,183
Add: Disbursements	1,749,521	1,468,788
	4,471,003	4,213,971
Less: Repayments and transfers	(1,491,892)	(1,492,489)
	2,979,111	2,721,482
Less: Allowance for loan impairment	(39,359)	(40,561)
	2,939,752	2,680,921
Add: Interest accrued	39,557	40,366
	2,979,309	2,721,287
Less: Current portion	(357,671)	(319,102)
	2,621,638	2,402,185

(b) Delinquent loans

At 31 December 2010, there were 681 (2009 - 674) delinquent loans aged two months and over.

The total loan loss provision derived below is consistent with the loan loss provisioning rules of the League. The total provision for 2010 is in excess of the provision required under IFRS provisioning rules. The excess of the League's provision over the IFRS provision is dealt with through a transfer from Accumulated Surplus to a Loan Loss Reserve as indicated in Note 12 (c).

Delinquent loans are summarised as follows:

		2010					
Months in Arrears	Number of Loans	Total Loan Balance \$'000	Savings Held \$'000	Exposure \$'000	Provision \$'000	%	
2 - 2.9	132	63,220	5,834	57,386	6,322	10	
3 - 5.9	199	90,889	2,880	88,009	27,267	30	
6 - 11.9	197	59,506	741	58,765	35,703	60	
>12	153	38,514	346	38,168	38,514	100	
	681	252,129	9,801	242,328	107,806		





Churches Co-operative Credit Union Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

12. Loans (Continued)

(b) Delinquent loans (continued)

Delinquent loans are summarised as follows:

2009						
Months in Arrears	Number of Loans	Total Loan Balance \$'000	Savings Held \$'000	Exposure \$'000	Provision \$'000	%
2 - 2.9	161	74,322	4,672	69,650	7,432	10
3 - 5.9	178	42,913	1,747	41,166	12,874	30
6 - 11.9	209	38,931	312	38,619	23,359	60
>12	126	31,899	73	31,826	31,899	100
	674	188,065	6,804	181,261	75,564	

The exposure disclosed above is before taking account of any collateral held in respect of these loans.

(c) Provision for impairment

	The Group & The Credit Union	
	2010 \$'000	2009 \$'000
Provision for impairment at beginning of year (IFRS)	40,561	21,940
Additional amounts provided during the year	32,563	51,230
Bad debts written off	(33,765)	(32,609)
Provision for impairment at end of year (IFRS)	39,359	40,561
Additional provision through transfer from Accumulated Surplus to the loan loss reserve in non-institutional capital	68,447	35,003
	<u>107,806</u>	<u>75,564</u>

	The Group & The Credit Union	
	2010 \$'000	2009 \$'000
Additional amounts provided during the year	32,563	51,230
Bad debts recovered	(4,888)	(7,440)
Charged to income during the year	<u>27,675</u>	<u>43,790</u>

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Churches Co-operative Credit Union Limited

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31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

13. Property, Plant and Equipment

The Group & The Credit Union

	Freehold Land and Buildings \$'000	Computer Equipment \$'000	Furniture, Fixtures & Equipment \$'000	Motor Vehicles \$'000	Capital Work in Progress \$'000	Total \$'000
At Cost -						
At 1 January 2009	64,915	45,526	94,583	309	644	205,977
Additions	193	13,474	3,654	240	1,832	19,393
Disposals	-	-	-	(240)	-	(240)
At 31 December 2009	65,108	59,000	98,237	309	2,476	225,130
Additions	2,946	17,945	7,789	1,630	34,108	64,418
Transfers	501	1,462	-	-	(1,963)	-
Transferred to non-current assets held for sale*	(7,198)	-	-	-	-	(7,198)
At 31 December 2010	61,357	78,407	106,026	1,939	34,621	282,350
Depreciation -						
At 1 January 2009	11,759	35,894	48,554	309	-	96,516
Charge for the year	1,487	6,030	8,098	30	-	15,645
Relieved on disposal	-	-	-	(240)	-	(240)
At 31 December 2009	13,246	41,924	56,652	99	-	111,921
Charge for the year	1,381	9,291	7,786	356	-	18,814
Transferred to non-current assets held for sale*	(1,816)	-	-	-	-	(1,816)
At 31 December 2010	12,811	51,215	64,438	455	-	128,919
Net Book Value -						
31 December 2010	48,546	27,192	41,588	1,484	34,621	153,431
31 December 2009	51,862	17,076	41,585	210	2,476	113,209

*As at 31 December 2010 the Group commenced the sale of property located at St. Jago Shopping Center. The sale of property is expected to be concluded by April 2011.





Churches Co-operative Credit Union Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

14. Retirement Benefits

The Group participates in a joint contributory pension scheme, which is open to all permanent employees of the Credit Union and operated by the Jamaica Co-operative Credit Union League Limited. The plan provides benefits to members based on average earnings for their final 3 years of service, with the Credit Union and employees each contributing 5 – 10 % of pensionable salaries. The plan is valued by independent actuaries annually using the projected unit credit method; the latest such valuation being as at 31 December 2010. Additionally, the plan is valued by independent actuaries triennially to determine the adequacy of funding; the latest such valuation being as at 31 December 2007 revealed that the scheme was adequately funded as at that date.

The defined benefit asset recognised in the statement of financial position was determined as follows:

	The Group & The Credit Union	
	2010 \$'000	2009 \$'000
Fair value of plan assets	308,443	256,547
Present value of funded obligations	<u>(203,962)</u>	<u>(144,478)</u>
	104,481	112,069
Unrecognised actuarial losses/(gains)	8,316	(8,762)
Unrecognised asset due to limit in 58(b)	<u>-</u>	<u>(26,700)</u>
	<u>112,797</u>	<u>76,607</u>

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

	The Group & The Credit Union	
	2010 \$'000	2009 \$'000
Current service cost	(17,532)	(11,988)
Interest cost	(25,432)	(12,386)
Employee contributions	12,922	11,673
Expected return on plan assets	<u>26,639</u>	<u>23,556</u>
Total included in staff costs (Note 9)	<u>(3,403)</u>	<u>10,855</u>

The actual return on plan assets was \$32,201,000 (2009 – \$33,287,000).

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Churches Co-operative Credit Union Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

14. Retirement Benefits (Continued)

The movement in the fair value of plan assets during the year was as follows:

	The Group & The Credit Union	
	2010 \$'000	2009 \$'000
At beginning of year	256,547	205,034
Expected return on plan assets	26,639	23,556
Actuarial gains on plan assets	5,561	9,731
Contributions –		
Employer	12,894	10,532
Employee	12,922	11,522
Benefits paid	(6,120)	(3,828)
At end of year	<u>308,443</u>	<u>256,547</u>

The movement in the present value of the defined benefit obligation during the year was as follows:

	The Group & The Credit Union	
	2010 \$'000	2009 \$'000
At beginning of year	144,478	67,340
Current service cost	17,532	11,988
Interest cost	25,432	12,386
Actuarial losses on obligations	22,640	56,592
Benefits paid	(6,120)	(3,828)
At end of year	<u>203,962</u>	<u>144,478</u>

Expected contributions to the plan for the year ended 31 December 2011 amount to \$13,440,000.

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the date of the statement of financial position. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.





Churches Co-operative Credit Union Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

14. Retirement Benefits (Continued)

The pension plan assets are allocated based on the Group's obligation as a proportion of the total obligation of the plan. The distribution of plan assets was as follows:

	The Group & The Credit Union	
	2010	2009
	%	%
Quoted equities	3	3
Real estate	11	12
Government of Jamaica securities	51	48
Repurchase agreements	28	27
US\$ Bonds	4	5
Other	3	5
	<u>100</u>	<u>100</u>

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

	2010 \$'000	2009 \$'000	2008 \$'000	2007 \$'000	2006 \$'000
Fair value of plan assets	308,443	256,547	205,034	163,593	132,875
Defined benefit obligation	<u>(203,962)</u>	<u>(144,478)</u>	<u>(67,340)</u>	<u>(77,051)</u>	<u>(78,722)</u>
Surplus	<u>104,481</u>	<u>112,069</u>	<u>137,694</u>	<u>86,542</u>	<u>54,153</u>
Experience adjustments –					
Fair value of plan assets	(5,611)	(2,142)	(20,695)	(15,134)	23,063
Defined benefit obligation	<u>7,976</u>	<u>27,183</u>	<u>13,080</u>	<u>5,723</u>	<u>6,892</u>

The principal actuarial assumptions used were as follows:

	The Group & The Credit Union	
	2010	2009
Discount rate	11.0%	16.0%
Expected return on plan assets	10.0%	11.0%
Future salary increases	13.5%	13.5%
Expected average remaining working lives of employees (years)	<u>28.5</u>	<u>29.2</u>

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Churches Co-operative Credit Union Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

15. Deposits

	The Group & The Credit Union	
	2010 \$'000	2009 \$'000
Bank savings deposits	720	3,326
Cucash	68,744	64,379
	<u>69,464</u>	<u>67,705</u>

(a) Bank savings deposits are short-term balances that have no set maturity and are available on call.

(b) Cucash deposits are cash management call accounts which are maintained with the League. The rules of the League stipulate that the Credit Union must invest a minimum of 2% of members' savings deposits in Cucash deposits.

16. Short-Term Investments

Short-term investments comprise term deposits held with Jamaica Co-operative Credit Union League Limited, and are classified as available-for-sale.

The rules of the Jamaica Co-operative Credit Union League Limited stipulate that the Credit Union must invest a minimum of 10% of members' savings deposits in short-term deposit instruments. A minimum of 8% is required to be invested with the League, and a maximum of 2% with any other financial institution. Of the 8% requirement, a minimum of 4% must be held in fixed deposits and 2% in Cucash deposits (Note 15).

17. Reverse Repurchase Agreements

The Group enters into reverse repurchase agreements collateralised by Government of Jamaica securities. These agreements may result in credit exposure in the event that the counterparty to the transaction is unable to fulfil its collateral obligations.

At 31 December 2010, the Group and Credit Union respectively, held securities totalling \$412,559,000 and \$376,114,000 (2009 - \$280,412,000 and \$280,412,000) representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements.

The balance for reverse repurchase agreements at 31 December 2010 includes interest accrued totalling \$5,835,000 and \$5,730,000 (2009 - \$25,168,000 and \$25,168,000) for the Group and the Credit Union respectively.





Churches Co-operative Credit Union Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

18. Accounts Receivable

	The Group		The Credit Union	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Collectors' fees	6,731	6,055	6,731	6,055
CUETS security deposit	3,532	3,413	3,532	3,413
Prepayments	20,368	8,936	20,368	8,936
Remittance settlement	1,204	4,945	1,204	4,945
Rent receivable	1,654	4,108	1,654	4,108
Other	8,996	6,562	10,094	6,562
	<u>42,485</u>	<u>34,019</u>	<u>43,583</u>	<u>34,019</u>

19. External Credit

	The Group & The Credit Union	
	2010 \$'000	2009 \$'000
(a) Development Bank of Jamaica Limited	12,880	13,524
(b) Jamaica Co-operative Credit Union League Limited	173,561	18,601
(c) National Housing Trust	2,545	2,805
(d) National Investment Fund	4,134	9,921
(e) PanCaribbean Bank Limited	2,045	7,825
	<u>195,165</u>	<u>52,676</u>
Less: Current portion	<u>(178,984)</u>	<u>(15,604)</u>
	<u>16,181</u>	<u>37,072</u>

- (a) These funds are for on-lending to small and medium enterprises to promote entrepreneurship. Payments of interest are made on a monthly basis at 11%, however there is a six month moratorium on principal on amounts lent to members. These facilities are secured by a hypothecated cash investment of \$21,904,000 held at the Jamaica Co-operative Credit Union League (Note 11).
- (b) This comprises of line of credit, joint mortgage facility and bursary loan. The line of credit is for liquidity support whereas the joint mortgage and bursary facility are for on-lending for home repairs, mortgages and educational purposes respectively.
- (c) The on-lending mortgage facility obtained from the National Housing Trust. The amounts accessed by members' are repayable over 162 months at an interest rate of 6%. For the first four months of the year the amounts were repayable at an interest rate of 8%, this was reduced to 7% in May 2011. This facility is secured by the loan recipient's property.
- (d) These funds are for on-lending to small and medium enterprises to promote entrepreneurship. Repayments are made on a quarterly basis and interest is charged at 4%. These facilities are primarily unsecured.
- (e) The small business loan facility is for on-lending to small and micro enterprises. Repayments are made on a quarterly basis and interest is charged at 9%. This facility is secured by the loan recipient's property.

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Churches Co-operative Credit Union Limited

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31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

20. Deferred taxation

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 33½%. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

The movement in the deferred income tax account is as follows:

	<u>The Group</u>	<u>The Credit Union</u>
	<u>2010</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>
At the beginning of the year	-	-
Charged to the income statement(Note 10)	37	-
Charged to equity	97	-
	<u>134</u>	<u>-</u>

The deferred tax charged to equity during the year is as follows:

	<u>2010</u>
	<u>\$'000</u>
Fair value reserves in equity -	
Available-for-sale investments	<u>97</u>

Deferred income tax assets and liabilities are attributable to the following items:

	<u>The Group</u>	<u>The Credit Union</u>
	<u>2010</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>
Deferred tax asset		
Tax losses	(118)	-
Deferred tax liabilities		
Fair value gains	97	-
Interest receivable	155	-
Net deferred tax liability	<u>134</u>	<u>-</u>





Churches Co-operative Credit Union Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

21. Members' Deposits

Movement on deposit and standing order balances during the year:

	The Group & The Credit Union	
	2010 \$'000	2009 \$'000
Balance at beginning of the year	587,579	554,447
Add: Deposits and transfers	2,427,473	2,108,687
	3,015,052	2,663,134
Less: Withdrawals and transfers	(2,341,055)	(2,075,555)
	673,997	587,579
Special fixed deposit accounts	1,160,377	1,088,544
	1,834,374	1,676,123
Interest accrued	11,233	25,035
	1,845,607	1,701,158

22. Members' Voluntary Shares

	The Group & The Credit Union	
	2010 \$'000	2009 \$'000
Balance at the beginning of the year	1,398,558	1,404,612
Shares deposited	1,335,125	1,385,155
Shares withdrawn	(1,352,636)	(1,432,844)
Transfer to permanent shares	-	(9,635)
	1,381,047	1,347,288
Add: Dividend paid	-	51,270
Dividend accrued	26,329	-
	1,407,376	1,398,558

23. Accounts Payable

	The Group		The Credit Union	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Accruals	37,635	18,462	36,668	18,462
Other	15,287	15,842	15,287	15,842
	52,922	34,304	51,955	34,304

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Churches Co-operative Credit Union Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

24. Institutional Capital

	The Group		The Credit Union	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Retained earnings reserve	199,157	114,165	199,157	114,165
Permanent shares	74,697	67,173	74,697	67,173
Statutory reserve	287,243	251,697	287,243	251,697
Investment reserve	26,774	20,500	26,580	20,500
Capital reserve	14,222	14,222	14,222	14,222
Special reserve	325	325	325	325
	<u>602,418</u>	<u>468,082</u>	<u>602,224</u>	<u>468,082</u>

(a) Retained earnings reserve

This reserve represents amounts transferred annually from Net Surplus and other appropriations are agreed upon by the members at the Annual General Meeting, in order to increase the institutional capital of the Credit Union.

(b) Permanent shares

Permanent shares are paid in cash and are not redeemable, but may be transferred or sold to another member.

(c) Statutory reserve

As required by the Co-operative Societies Act and the rules of Churches Co-operative Credit Union Limited, a minimum of twenty percent (20%) of the annual surplus, and amounts collected for entrance fees must be transferred to this reserve. This minimum was, however, increased to 30% by resolution of the Board in 1998.

(d) Investment reserve

This reserve represents realised and unrealised gains on investments.

(e) Capital reserve

This reserve represents realised gains arising on the disposal of property, plant and equipment.

(f) Special reserve

The sum of members' dormant account balances with share capital less than one share of \$20.00 is maintained in this reserve.





Churches Co-operative Credit Union Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

25. Non-Institutional Capital

	The Group & The Credit Union	
	2010 \$'000	2009 \$'000
Retirement benefit asset reserve	112,797	76,607
Loan loss reserve	68,447	35,003
	<u>181,244</u>	<u>111,610</u>

(a) Retirement benefit asset reserve

This reserve was created to match the value of retirement benefit asset of the Credit Union. Movement on this reserve passes through Accumulated Surplus.

(b) 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. This amount is an appropriation from the Accumulated Surplus.

26. Related Party Transactions and Balances

At 31 December, Directors, Board Committee Members and Staff Members maintained the following balances with the Credit Union:

	The Group & The Credit Union	
	2010 \$'000	2009 \$'000
Directors and Committee Members -		
Shares and savings	16,686	17,590
Loans, including interest	<u>48,551</u>	<u>24,295</u>
Staff Members -		
Shares and savings	33,134	19,905
Loans, including interest	<u>128,284</u>	<u>81,308</u>

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Churches Co-operative Credit Union Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

26. Related Party Transactions and Balances (Continued)

At 31 December 2010, all loans owing by Directors, Board Committee Members and Staff were being paid in accordance with their loan agreements.

Key management remuneration for the year was as follows:

	The Group & The Credit Union	
	2010	2009
	\$'000	\$'000
Salaries and wages	26,889	23,257
Statutory contributions	9,067	7,947
Other staff benefits	3,843	2,651

Key management comprises the Chief Executive Officer, the General Manager - Finance & Administration, the General Manager - Credit Administration & Loan Risk, the General Manager - Retail, Systems, Risk & Compliance and the General Manager - CCU Investments Limited.

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

27. Comparison of Ledger Balances

	The Group & The Credit Union		
	Shares	Deposits	Loans
	\$'000	\$'000	\$'000
Balance as per General Ledger	1,407,376	673,997	2,979,111
Balance as per Members' Ledger	1,407,376	673,997	2,979,111
	-	-	-

28. Insurance

(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 \$1,994,000 (2009 - \$1,741,000).

(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 \$16,284,000 (2009 - \$15,985,000).





Churches Co-operative Credit Union Limited

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Supplementary Information





Churches Co-operative Credit Union Limited

Operating Expenses

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

Supplementary Information

	2010 \$'000	2009 \$'000
Administration Expenses		
Audit fees	3,000	2,783
Data processing charges	6,074	4,065
Depreciation	17,433	14,158
Insurance premiums	20,196	19,715
Other administration expenses	16,997	15,069
Printing, stationery and supplies	5,899	7,714
Professional and legal fees	3,295	5,421
Repairs and maintenance	7,350	7,132
Security services	13,418	13,379
Subscriptions	2,080	1,792
Telecommunications and postage	14,955	11,898
	<u>110,697</u>	<u>103,126</u>
Marketing and Promotion	31,628	23,870
Staff Costs	322,618	303,687
Representation and Affiliation		
Annual general meeting	4,879	4,306
Board of Directors and committee meetings	1,530	1,437
League and other dues	19,275	18,973
Seminars and meetings	2,538	3,929
	<u>28,222</u>	<u>28,645</u>
Establishment		
Depreciation	1,381	1,487
Insurance	1,927	2,123
Other	2,145	1,825
Property tax	158	125
Repairs and maintenance	5,391	5,416
Security	4,091	4,736
Utility	19,708	15,201
	<u>34,801</u>	<u>30,913</u>
	<u>527,966</u>	<u>490,241</u>





Report of the Committees to the 37th Annual General Meeting





Report of the Credit Committee
to the 37th Annual General Meeting

The year was a productive one despite the challenges faced in the financial sector.

Disbursements amounted to \$1.75B which is a 19% increase over the previous year moving from \$1.47B. This has resulted in the total loan portfolio reaching \$2.98B which represents a 9% increase in the portfolio which stood at \$2.72B in 2009.

Loans to the Productive sector improved marginally by 1% over the previous year moving from \$88.61M in 2009 to \$89.50M in 2010. This resulted from the improvement in the Micro Loan sector.

Consumer loans improved by 20% moving from \$1.38M in 2009 to \$1.66M in 2010. Areas which represented the largest section of the total portfolio were Motor Vehicle loans and Personal loans which represented 29.11% and 25.23% respectively. There were also improvements in the Debt Refinancing and Unsecured Loans.

During the year the Credit Union made adjustments to interest rates for Home Choice Loans, Unsecured Loans and Motor Vehicle Loans making them more attractive to the members. The demand for motor vehicle loans exceeded our expectation in the last quarter of 2010 as a result of the Motor Vehicle Loan Special wherein the members were required to have only the minimum of one (1) share to access the loan.

Thirty One (31) meetings were held for the year and attendance was as per table below.

The Credit Committee would like to extend its profound gratitude to you our valued members and deems it an honour to have served you throughout the year. To the Management and Staff, we could not have done it without your support and hard work and once again we say, thank you.

CREDIT COMMITTEE MEETING ATTENDANCE 2010

Volunteers	No. of Meetings Held	No. of Meetings Attended	Times excused	Remarks
Mr. Kevin Forbes	31	25	6	
Mrs. Louella Maloney	31	26	5	
Mrs. Marilyn Dunbar	31	25	6	
Mr. Frederick Sutherland	31	17	14	
Mrs. Uanni Walton	31	13	18	

Credit Committee



Mr. Kevin Forbes



Mrs. Louella Maloney



Mrs. Marilyn Dunbar



Mrs. Uannie Walton

Missing: Mr. Frederick Sutherland





ANALYSIS OF LOAN DISBURSEMENT BY PURPOSE 2009 & 2010

TYPE PRODUCTIVE	2010 AMOUNT \$	% of TOTAL	2009 AMOUNT \$	% of TOTAL
Agriculture	299,000	0.02%	2,152,286	0.15%
Manufacturing	915,600	0.05%	1,780,000	0.12%
Distribution	6,099,525	0.35%	17,326,054	1.18%
Retailing	5,130,461	0.29%	3,894,456	0.27%
Food Service	312,935	0.02%	392,400	0.03%
Transportation	99,437	0.01%	149,578	0.01%
Communication	800,000	0.05%		
Micro-Individual-Secured	74,806,107	4.28%	59,809,339	4.07%
Micro-Individual-Unsecured	1,032,624	0.06%	3,104,030	0.21%
				0.00%
TOTAL	89,495,689	5.12%	88,608,143	6.03%
PROVIDENT				
Professional & Other Services	17,502,263	1.00%	11,394,905	0.78%
Renegotiated Loans	9,329,996	0.53%	13,819,934	0.94%
Debt Refinancing	153,405,272	8.77%	87,340,583	5.95%
Home Choice Loans	39,929,886	2.28%	22,257,006	1.52%
Easi Loans	128,502,994	7.35%	124,863,182	8.50%
Real Estate Development	80,289,009	4.59%	68,739,108	4.68%
Real Estate Acquisition	62,642,341	3.58%	42,233,166	2.88%
Motor Vehicle Purchase	500,576,408	28.61%	344,880,493	23.48%
Furniture & Appliances	1,485,317	0.08%	3,043,521	0.21%
Pay Day Loans	1,899,458	0.11%	2,979,500	0.20%
Payment Relief	2,636,128	0.15%	5,464,100	0.37%
Easi Pay	170,411,991	9.74%	130,737,441	8.90%
Educational	15,905,798	0.91%	19,489,826	1.33%
Personal Expenses	463,580,431	26.50%	489,539,907	33.33%
Computer Purchase	756,404	0.04%	1,396,772	0.10%
Motor Vehicle Repairs	2,531,054	0.14%	1,325,000	0.09%
Insurance Premium Financing	912,644	0.05%	512,352	0.03%
Secured Line of Credit	7,727,923	0.44%	10,163,160	0.69%
TOTAL	1,660,025,317	94.88%	1,380,179,957	93.97%
GRAND TOTAL	1,749,521,006	100.00%	1,468,788,100	100.00%

Report of the Credit Committee
to the 37th Annual General Meeting

Kevin Forbes
Chairman





Report of the Supervisory Committee
to the 37th Annual General Meeting

CHAIRMAN'S REMARKS

The Committee is pleased to welcome all to the 37th Annual General Meeting of this noble Credit Union. We would like to commend the Board of Directors, Management and Staff for another year of outstanding performance. We would also like to say thank you to our members for their continued support by choosing to save; borrow and invest in the various products the Credit Union offers. The year ending December 31, 2010 had its many challenges and distractions; however there were also opportunities for the taking and our Credit Union through teamwork and partnership with members were able to put up a credible showing.

As the movement grows we look forward to the strengthening of the present synergy that exists among the Churches Credit Union Family.

THE COMMITTEE

At the 37th Annual General Meeting held on 11 May 2010, the following persons were elected to serve on the Supervisory Committee:

MR. BANDOLEY MCLEOD- CHAIRMAN
MRS. SONIA CAMPBELL- SECRETARY
MISS VALRIE CYRUS
MISS JACQUELINE ROBERTS
MISS KARIS SMITH

On the second Thursday of each month the Committee meets to review the operations of the Credit Union, under the chairmanship of Mr. Bandoley McLeod and Miss Sonia Campbell as Secretary. Eleven (11) meetings were held during the year and the attendance is set out in the table below.

The Credit Union's governance model requires that the Supervisory Committee provides oversight responsibility for the affairs of the Credit Union which includes but not limited to the activities of the Board of Directors, Management and staff. In order to fulfill this mandate, reviews are undertaken of the policy and procedures, internal controls, risk management functions etc. These reviews are facilitated through the work undertaken by the Internal Audit Department. Reports generated from these activities are communicated to the Board of Directors and the management team on a monthly basis.

In addition to reliance being placed on the work of the Internal Audit Department, the committee also conducts independent examinations of some risk areas inherent in the operations of the Credit Union.

Members of the Committee also participated in Joint Board meetings, the Jamaica Cooperative Credit Union League Annual General Meeting and the Credit Union annual strategic meeting. Two members also attended training in Audit Committee Effectiveness among other seminars put on by Professional entities.

SPECIFIC REVIEW OF OPERATIONS

Bank Reconciliations: The reconciliations for all bank accounts were, prepared in a timely manner.

Cash Counts: Various cash counts took place at the branch locations during the course of the year and also at year end. These were conducted in conjunction with the Internal Audit Department. No exceptions were noted.

Internal Controls: Based on the Audits conducted during the period of the systems of internal control it was noted that these were adhered to for the most part. There were, however, areas for improvement and these were addressed by the Management.

FINANCIAL HIGHLIGHTS

The Credit Union's performance for 2010 recorded a surplus of \$116.73M compared to \$73.06M (2008).

LOANS & PAST DUE ACCOUNTS:

Adherence to the loans policy ensured that among other things loans were adequately collateralized. The constant and close monitoring of loans receivable has resulted in the past due rate remaining fairly constant during the year.

INSURANCE AND DUES:

At December 31, 2010 the assets of the Credit Union were adequately insured. All Stabilization Dues and League Fees have been paid up to date.

VOLUNTEER AND STAFF ACCOUNTS

These accounts were reviewed on a monthly basis; there were no outstanding issues at year end.





BOARD, COMMITTEE AND STAFF ACCOUNT BALANCES AS AT DECEMBER 31, 2010 WERE AS FOLLOWS:.

No. of Accounts	Type	Shares \$M	Total Savings \$M	Loans, including Interest \$M
13	Board of Directors	\$4,315,643	\$8,396,828	\$37,304,919
5	Supervisory Committee	\$653,331	\$330,775	\$1,763,626
5	Credit Committee	\$1,170,764	\$1,819,104	\$9,482,638
170	Staff	\$12,344,103	\$20,790,245	\$128,284,018
Grand Total		\$18,483,841	\$31,336,953	\$176,835,201

ATTENDANCE RECORD

As at March 31, 2011, Eleven (11) regular meetings were held since last year's Annual General Meeting.

Names	Regular	Excused
Mr. Bandoley McLeod	7	4
Ms. Karis Smith	11	0
Mrs. Sonia Campbell	9	2
Ms. Valrie Cyrus	11	0
Ms. Jacqueline Roberts	8	3

We wish that the Credit Union will carry on its tradition of progressively improving the quality of service offered to its members and the wider society.

Expression of thanks is extended to the members for their vote of confidence, to the Board of Directors, Management and Staff who facilitated the functioning of this committee.

Members are invited to place any queries and suggestions in the Supervisory Committee Box located at the Eureka/Ripon Branch or members who so desire may write to the Chairman of the Supervisory Committee under confidential cover.

Bandoley McLeod (Mr.)
Chairman, Supervisory Committee

Report of the Supervisory Committee to the 37th Annual General Meeting

Supervisory Committee



Mr. Bandoley McLeod



Mrs. Sonia Campbell



Ms. Jacqueline Roberts



Ms. Karis Smith

Missing: Ms. Valrie Cyrus





Report of the Nominating Committee
to the 37th Annual General Meeting

In accordance with Article 12, Rule #62, a Nominating Committee was appointed, consisting of:

Mrs. Beverly Stewart - **Chairperson**
Mr. Robin Levy - **Member**
Mr. Quilston Harrison - **Staff Liaison**

In keeping with the recommendations of the Nominating Committee to the 36th Annual General Meeting, detailed evaluations were carried out for each Director and Committee Member retiring as Churches seeks to meet global best practices in our pursuit of excellence.

The committee then considered members to serve as volunteers to the Board of Directors and the various committees as at the 37th Annual General Meeting. The criteria for selection were as follows:

- **Regular savings in the Credit Union**
- **Loan Accounts in Good Standing**
- **Willingness to serve (volunteers)**
- **Attendance at Board and Committee Meetings**
- **Contribution in the area of expertise**

The Committee makes the following recommendations.

Directors and Committee members retiring at this, the 37th Annual General Meeting are:

BOARD OF DIRECTORS

Retiring	Recommended	Term
Mr. Orville Hill	Mr. Orville Hill	2 years
Mr. Jonathan Brown	Mr. Jonathan Brown	2 years
Mrs. Angella Ching	Mrs. Angella Ching	2 years
Mrs. Carmen Facey	Mrs. Carmen Facey	2 years
Mrs. Valerie Veira	Mrs. Valerie Veira	2 years
Mr. Gavern Tate	Mr. Gavern Tate	2 years

SUPERVISORY COMMITTEE

Retiring	Recommended	Term
Mr. Bandoley McLeod	Mr. Bandoley McLeod	1 year
Miss Jacqueline Roberts	Miss Jacqueline Roberts	1 year
Miss Valrie Cyrus	Miss Valrie Cyrus	1 year
Mrs. Sonia Campbell	Mrs. Sonia Campbell	1 year
Miss Karis Smith	Miss Karis Smith	1 year

CREDIT COMMITTEE

Retiring	Recommended	Term
Mrs. Llouella Maloney	Mrs. Llouella Maloney	2 years
Miss Uannie Walton	Miss Uannie Walton	2 years

We look forward to a productive year and thank the members of the various committees for their invaluable contribution to the Credit Union and their willingness to continue serving the organization.

Beverly Stewart
Chairperson, Nominating Committee





The JCCUL's 69th Annual General Meeting & National Strategic Planning Sessions were held from May 19-22 at the Wyndham Rose Hall Resort and Spa in Montego Bay, St. James. The theme for the session was "Managing the Challenges, Grasping the Opportunities. Over 300 persons attended the 4-day event.

STRATEGIC PLANNING

Three representatives: one from the World Council of Credit Unions (WOCCU) and two from the Texas League of Credit Unions were the facilitators.

The participants, five from each institution, were drawn from the Board and Management of credit unions. About one hundred & fifty persons attended.

After two days of discussions the Facilitators left the island armed with a dirge of information to complete a report that would be sent back to the League.

The annual Credit Union banquet and awards ceremony got underway on Friday evening.

The guest speaker was Mr. Danville Walker, Commissioner of Customs. Mr. Christopher Samuda, Past President of the League and Mrs. Marjorie Hyatt, HRD & Administration Manager chaired the function.

AWARDS

Several Credit Unions were presented with awards for achievements in 2009.

Seventeen (17) Credit Unions received awards for 50+ years of Member service. They are as follows:

GSB CCU	64
Westmoreland CCU	63
PWD CCU	62
Church of the First Born CCU	60
Broadcast & Allied CCU	58
D & G Employees CCU	58
ICD & Associates CCU	57
Palisadoes CCU	57
Jamaica Police CCU	56
UWI (Mona) & Comm. CCU	56
JPS & Partners CCU	54
Nestle CCU	53
Correctional Services CCU	52
JTA CCU	51
Postal CCU	51
AAMM CCU	50
CG CCU	50

CREDIT UNION OF THE YEAR AWARDS

1. The O.J. Thorbourne Award for unions with over \$2billion in assets (formerly Mega Credit Union award).

Winner: First Regional Co-operative Credit Union

Runner-up: Jamaica Police Cooperative Credit Union

2. The Renford Douglas Award for Credit Unions with assets of between \$1billion and \$2billion (formerly Large Credit Union Award).

Winner: AAMM Co-operative Credit Union

Runner-up: Palisadoes Co-operative Credit Union

3. The Paul Thompson Award for Credit Unions with assets greater than \$300m - \$1billion (Formerly medium-sized Credit Union Award).

Winner: NCB Employees Cooperative Credit Union.

Runner-up: JDF Co-operative Credit Union

4. The John Peter Sullivan Award for Credit Unions with assets of \$300m or less (formerly small Credit Union Award).

Winner: Petroleum Industry Employees Co-operative Credit Union.

Runner-up: BJ Staff Co-operative Credit Union

SECTIONAL AWARDS

Highest Asset Growth - JDF Cooperative Credit Union

Most Improved Net Capital/Assets Ratio – Kirkvine Co-operative Credit Union

Parish Credit Union with the Highest Return on Assets - Portland Co-operative Credit Union

Parish Credit Union with the Highest Loan Growth- St. Elizabeth Co-operative Credit Union

Most Outstanding Parish Credit Union - First Regional Co-operative Credit Union

ANNUAL GENERAL MEETING

The annual general meeting on Saturday, May 22 began at 9:00 a.m. Parliamentary rules were observed.

It was the final year of Presidency for President Yvonne Ridguard. She summarised the Board Report in a 20-minute powerpoint presentation. She highlighted the achievements of the Credit Union Movement in 2009, pinpointing the areas of gain and noting the areas for improvement.

Following her presentation Treasurer Ian McNaughton took the delegates through the Treasurer's report. Both sessions generated much discussion.

RESOLUTIONS

The meeting examined a resolution to amend Rule 9(1) pertaining to share capital and liability.

The AGM was seeking to increase to one million, eight hundred and twenty five thousand, and fifty dollars (\$1,825,050) the minimum share holding in the League.

The amended rule now reads:

"The share capital of the League shall be unlimited, divided into shares of the par value of one dollar

Report of the Delegates to the Annual General Meeting of the JCCUL





Report of the Delegates to the
Annual General Meeting of the JCCUL

(\$1.00) each; PROVIDED that every member society shall subscribe to at least one million eight hundred and twenty five thousand and fifty dollars (\$1,825,050) such shares within such time as may be agreed with the Board and provided that the League in general meeting may, as the business of the League requires from time to time, increase the minimum shares that a member society shall hold."

DISTRIBUTION OF SURPLUS

The League's surplus was distributed as follows:

Millions (\$)	
Capitalized Dividend (20%)	
on Permanent Shares	14.51
Cash interest of (15%)	
on Voluntary Shares	18.40
Honoraria	2.26
Emergency Fund	2.64
CODEFCO	1.32
Gifts & Charities	1.32
Milestone Events	1.32
Institutional Capital	125.37
Total	167.14
Fixing of Maximum Liability	

The League's maximum liability was moved to J\$12 billion.

CONGRATULATORY RESOLUTIONS

Condolence resolution was passed for the late Louis Veira who served as Chairman of the Supervisory Committee of the NWC Co-operative Credit from 1980-2000 when he made his transition.

Condolence resolution was also passed on behalf of the late Alethia Whyte who served on the Supervisory Committee at the JTA Co-operative Credit Union from May 2002 until she made her transition on June 12, 2009.

Condolences was also passed on behalf of Mobray Campbell who was a member of the Supervisory Committee at the JTA Cooperative Credit Union from September 1989 to April 2001 and a dedicated member for over 33 years until she made her transition on June 11, 2009.

The League was asked to send the resolution letters to the credit unions and their families.

NEW BOARD MEMBERS

The following persons were duly elected for a term of three years:

Mr. George Murray	- St. Elizabeth CCU Ltd.
Mr. Patrick Haywood	- First Regional CCU Ltd.
Revd. Dr. Paul Gardner	- Manchester CCU Ltd.

Mr. Barrington Whyte	- C&WJ CCU Ltd.
Snr. Supt. Wray Palmer	- Ja. Police CCU Ltd.
Cpt. Clifton Lumsden	- JDF CCU Ltd.
Mr. Wilburn Pottinger	- Marine & Allied CCU Ltd.

Persons elected for a one-year term were as follows:

Mr. Talbert Golding	- Trelawny CCU Ltd.
Mr. Karl Salmon	- Westmoreland CCU Ltd.

The Executive for the year 2010-2011 is as follows:

Mr. Johnathan Brown	- President
Mr. Derrick Tulloch	- 1st VP
Ms Carol Anglin	- 2nd Vice President
Mr. Ian McNaughton	- Treasurer
Ms. Fay Davis	- Asst. Treasurer
Mr. Clinton Pickering	- Secretary
Dr. Dorothy Raymond	- Asst. Secretary
Ms. Yvonne Ridguard	- Immediate Past President

SUPERVISORY COMMITTEE

The following persons were nominated to serve on the Supervisory Committee.

Ms. Jacqueline Peart
Ms. Lewin Baxter
Mrs. Joyce West-Johnson
Mr. Isaac Gordon
Ms. Sonia Campbell

This committee was asked to serve for one year.

Those directors who demitted office were:

Mr. Christopher Samuda	- Director
Mrs. Natalie Sparkes	- Director
Mr. Anthony Young	- Treasurer
Mr. Derrick Logan	- Director
Mr. Keith Dwyer	- Director

The Chairman specially acknowledged Director Hector Dietrich who was one of the longest serving Directors.

Orville Hill
President, Board of Directors

Mr. Basil Naar
Chief Executive Officer





FINANCE & ADMINISTRATION

Mrs. Maxine Little-Dixon
-GM- Finance & Administration
Mr. Garfield Pearson -
Accountant
Mr. Dewayne Mullings -
Administrative Officer
Mr. Andrew Francis
Mr. Dexter Young
Miss Donna Hyatt
Mr. Jermaine Samuels
Mrs. Novelette Chisholm-
Mundell
Mr. O'Neil Blair
Mr. Rohan Rhoden
Miss Sharon Roper
Mr. Theodore Francis
Miss Whyon Robinson

MARKETING & COMMUNICATIONS

Mrs. Juven Montague-
Anderson - Manager,
Marketing & Communications
Mrs. Dionne Sheree-Smith
- Asst. Manager, Marketing &
Communications
Miss Diana Allen - Youth
Development Officer
Mr. Andrew Jones
Miss Aneacia Neita

CCU INVESTMENTS

Mr. Caswell Linton - GM,
CCU Investments
Mrs. Anita Chong -
Investments Relation Manager
Miss Tracy-Ann McIntosh

RETIREMENT SCHEME

Mr. Richard Grant -
Manager- Retirement Scheme
Miss Melissa Ximines
Miss Tamara Ricketts
Miss Tarsha McKenzie

RETAIL, SYSTEMS & OPERATIONS

Mr. Quilston Harrison - GM
- Retail, Systems & Operations
Mrs. Karlene Simpson -
Senior Manager - Operations,
Risk & Compliance
Mr. Norman Thompson -
Senior Manager, Retail Network
& Customer Care
Mr. Isakalu Duffus -
Manager, Information Systems
Miss Nadine Dyer - Risks &
Compliance Officer
Mrs. Tracy-Ann Daley -
Business Development Officer -
Pension
Mr. Waldon Wright - Credit
Administration Officer- Business
Loans

Miss Adika Green
Miss Ava-Dawn Williams
Miss Barbara Warren
Miss Camille Bryan
Mr. Edward Morgan
Miss Kavia Brown
Mr. Isaac Brown
Miss Nickeshe Hutchinson
Mr. Rory Marsh
Mr. Richard Dunn
Mrs. Terry-Ann Phillips-
Watson

MEMBER CARE CENTRE

Mrs. Jacqueline Williams-
Henry
Miss Avagay Tucker
Mrs. Carolyn Brown-
Buchanan
Miss Deandra Williams
Mr. Nicolas Stewart
Miss Philycia Phillips
Mr. Russell Downer
Mr. Uton Vassell

INTERNAL AUDIT

Mrs. Dennise Edmond-
Hastings - Senior Manager,
Internal Audit
Mr. Calvin McKenzie
Miss Shelly-Ann Douse

EXECUTIVE OFFICE

Mr. Basil Naar - Chief
Executive Officer
Mrs. Cavelle Bailey -
Executive Secretary
Mrs. Julie-Ann Gordon
Mr. Leon Gooden
Mr. Michael Williams

HUMAN RESOURCES

Mrs. Jillian Gayle -
Manager - Senior Manager,
Human Resources
Mrs. Rosemarie Samuels -
Human Resources Officer
Miss Kerryann Williams
Mr. Fitzroy Hamilton
Miss Janice Standford
Mrs. Sophia Henry-Rose

CREDIT ADMINISTRATION

Miss Janyce Robinson -
GM, Credit Administration &
Loan Risk
Miss Marlene Wong -
Manager, Credit Administration
& Loan Risk
Miss Neeva Nugent - Credit
Administration Officer- Loan
Recovery
Mr. Damian Willis
Mr. Dwayne Taylor
Mrs. Georgett Angus
Mrs. Maurine Collins-Smith

Miss Roechelle Buchanan
Miss Susan Hamilton
Miss Tashania Richards
Miss Yvette Bryan

SECURITIES UNIT

Miss Jodiann Sampson
Miss Maisha Morris
Miss Nadine Wilson
Miss Sophia Watson
Miss Rona Whitelocke

MICRO & SMALL BUSINESS LOANS

Mrs. Sophia Richardson -
Manager & Micro & Small
Business Loans Unit
Miss Cheffine Smith
Miss Fiona Holness
Mrs. Gillian Williams-Baugh
Mr. Karl Morrison
Mrs. Keisha Duncan-
Hamilton
Mr. Leonard Gooden
Miss Lorna Thomas
Miss Marsha McLean
Miss Tamote Thompson
Miss Wendy Chin

MONTEGO BAY

Mrs. Marcia Bailey -
Manager- Montego Bay
Mrs. Dahlia Grant-Smith
Miss Dian Hylton
Mrs. Donna Lee Clarke-
Gordon
Mr. Everes Coke
Miss Gail-Ann Wilson
Miss Joy Parkin
Miss Keisha Johnson
Mr. Kriston Malcolm
Miss Maureen White
Miss Stacian Haughton
Miss Theresa Dewar
Miss Trudian Stewart

EUREKA/RIPON

Mr. Dale Dixon - Manager-
Eureka/Ripon Branch
Mrs. Jacqueline Lloyd-
Carter - Asst. Manager,
Eureka/Ripon Branch
Miss Natalee Thomas-
Shorter - Business
Development Officer
Mr. Phillip Smith - Senior
Branch Supervisor
Mrs. Camille Blair-Reid
Mr. Damion Walters
Mr. Dane Morrison
Mr. Derven Pullar
Mr. Eugene Williams
Mr. Glenford Brown
Miss Jeauve' Lindsay
Mrs. Judith Francis
Miss Kemesha Gordon

Mr. Keneal Walters
Mr. Kirk Thomas
Miss Kristen Brown
Miss Lecia McKoy
Miss Marsha Bennett
Miss Nastassia Beersingh
Mrs. Naxian Clarke-
Beharie
Mrs. Nellene Walker
Miss Nicola Blackstock
Mrs. Racquel Walker
Miss Rochelle Thomas
Miss Sandra Davidson
Miss Sanique Dixon
Mr. Sean Lewis
Mrs. Sharon Coombs
Miss Sheryl Meikle
Mr. Steve Morgan
Mr. Tafari Bryan
Miss Tanisha Wright
Miss Veneta Johnson
Miss Venus Creary
Miss Yvonne Gabbidon

PORTMORE

Mr. Claud Sawyers -
Manager- Portmore Branch
Miss Denise Walker - Asst.
Manager, Portmore Branch
Mr. Andre Sampson
Mrs. Beverley Bishop
Mrs. Elaine Smith
Miss Jessica Lewis
Miss Kadian Dyke
Miss Michelle Smith
Mr. Mickahlee Russell
Miss Monique Barrett
Mrs. Patricia Hemmings
Mrs. Paula Brown
Mrs. Shanique Shand-
Hutchinson
Miss Tason Stephens

SPANISH TOWN

Mr. Rudolph Cox -
Manager- Spanish Town Branch
Miss Donna Dreckett
Mrs. Eleanor Grant
Mr. Gregory East
Mr. Jermaine Campbell
Mr. Jeromie Douglas
Miss Judith Hyllam
Miss Kerry-Ann Alcott
Mr. Lascelles Watson
Miss Lenice Grant
Mrs. Mauvreen Clarke-
Whyte
Miss Nichola Green
Miss Olene King
Mr. Rayon Wright
Mr. Ricardo Smith
Miss Roshane Marks
Miss Sireka Swaby
Miss Tresan Martin

Team Members as at December 2010





List of Past Presidents

Name	Tenure
Clarence Holder	1971-1982
Lascelles Patterson	1982-1985
Alwyn Allen	1985-1990
Clarence Holder	1990-1992
Joseph Taffe	1992-1994
Michael Bovell	May 94-Dec 94
Audley Thomas	Dec 94- May 95
Paul Thorbourne	1995-1997
Audley Thomas	1997-1998
Patrick Smith	1998-2001
E. Dennis Scott	2001-2004
Sonia McFarlane	2004-2007





Obituaries

Allen, Rosemarie	Davies, Lloyd	Manning, Kameal
Barrett, Leslie	Davis, Audrey	Marriott, Norma
Barrett, Mamzelle	Douglas, Shereen	Mayne, Lileith
Blackwood, Ronald	Evans, Violet	McCalla, Norman
Blake-Birthfield, Elaine	Findley, Sharon	McCallum, Milene
Brown, Jaime	Gibson, Robert	McCatty, Helen
Brown, Leanova	Gillings, Ethlyn	McDonald, Patrick
Bryan, David	Green, Sherine	Miller, Avian
Bryan, Vivienne	Hall, Beverley	Murray, Delroy
Campbell, Alvin	Hanson, Denva	Murray-Chin, Evelyn
Campbell, Cordelia	Hanson, Stewart	Newsome, Aldyth
Carney, Ann-Marie	Harvey, Ashley	Palmer, Leila
Chatrie, Marvlette	Holder, Clarence	Plummer, Desmond
Clarke-Brae, Jennifer	Irving, Kenneth	Pyne-Wisdom, Karen
Coke, Sharon	Irving, Rupert	Robinson, Laferne
Commings, Bertel	Jackson, Yvonne	Simpson, Clayton
Cramer, Raymond	James, Audley	Temple, Robert
Creary, Neville	Kildare, Enthrose	Warren, Arthur
Cross, Vincent	Lawrence, Jean	Watson, George
Cunningham, Rosemarie	Lee, Wayne	Watson-Burton, Desrene
Daley, Seraphie	Leslie, Grace	Webley, Marjorie
Danvers, Curtis	Lyle-Jameison, Gloria	





Parliamentary Rules of Order

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 completed, or may give notice of motion 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 Orders. 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 any 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.

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

5. All speakers are to make use of the Desk and Floor Microphones when addressing the Meeting in order that it be recorded and made a permanent record in the Meeting Proceedings.

6. Should two or more persons rise at the same time, the chair shall decide, without debate, who is entitled to the floor

7. SPEECHES

No member shall be allowed to speak more than once upon on any motion before the meeting, unless in Committee, or 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 a Original Motion, may speak again on the amendment. No member shall speak 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 has occurred. Any member may formally second any motion or amendment and reserve his speech until a later period in the debate.

8. No person shall interrupt another who is speaking except on a point of order, a parliamentary inquiry, or a point of information.

9. 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.

10. 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.

11. 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.

12. A question shall not be subject to debate until it has been duly moved and seconded and is stated from the chair.

13. MOTIONS AND AMENDMENTS

The first proposition on any particular subject shall be known as the Original Motion, and all succeeding propositions on that 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 is moved to an Original Motion, no further amendment shall be discussed until the first amendment is disposed of (Notice of any further amendment must be given before the first amendment is put to the vote).

14. 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.

15. 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.

16. 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 once 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.

17. 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.16 before the question is put. Should any one 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.

18. 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 that 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, except in accordance with Standing Order 18.

19. 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.

20. A motion to lay on the table shall be put without debate.

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

Parliamentary Rules of Order





Prayer of St. Francis of Assisi

Lord, make me an
instrument of thy peace;
Where there is hatred,
let me sow love;
Where there is injury, pardon;
Where there is doubt, faith;
Where there is despair, hope;
Where there is darkness, light;
and
Where there is sadness, joy.

O Divine Master, grant that I may not
So much seek to be consoled as to console;
To be understood as to understand;
To be loved as to love;
For it is in giving that we receive;
It is in pardoning that we are pardoned;
And it is in dying that we are
born to eternal life.





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