BOARD OF DIRECTORS REPORT TO THE 47TH ANNUAL GENERAL MEETING FOR THE YEAR ENDED DECEMBER 31, 2005.

OVERVIEW
The year 2005 was indeed a challenging year for the country. Despite just managing to maintain the Memorandum of Understanding (M.O.U.) among public sector workers, the hardships during the year coupled with the success of the Police Federation in their wage negotiations, meant that in the future no further restrictions will be placed on salaries and more importantly some of the savings that was anticipated to benefit government’s macro-economic policy would not materialize.

A significant part of the year was concerned with the utility increases, particularly in electricity, of which the instability in the Gulf further aggravated, and brought more pressure to bear on the man in the street, who had to meet these additional expenses, with the same level of salary.

For the first time in a long time Jamaica was spared the full ravages of three hurricanes in one year. Major damage was done to the road network, as the consistent rains and the rising flood waters took its toll upon the nation’s resources.

Crime and violence continued to rear its ugly head in 2005, and was by far the worst than any other period in the nation’s history, with the confirmation that Jamaica had the most homicides per capita in the entire world.

Economically, national debt seems to have a mind of its own, single digit inflationary targets were shelved during the year and so too were further reductions in the interest rate, the stock market was bearish for the most part of the year and recorded significant decline in comparison to the record performance of 2004.

Politically, the opposition seemed to have revitalized themselves, whilst the Prime Minister announced his imminent departure, thus presenting the fact that in the near future Jamaica will be led by a new Prime Minister.

It was under these and other telling circumstances that AAMM Co-operative Credit Union sought to forge ahead with its members.
GROWTH

The total asset growth of the credit union was 16 percent in 2005 in comparison to 15 percent in 2004. Allowing the credit union to maintain a real growth in our asset position of 3 percent, since the inflation rate for the calendar year was 12.9 percent.

The loan portfolio of the credit performed well during 2005, with the net loan portfolio to total assets ratio recording 75.72 percent, meaning that the credit union invested 76 cents in its core business out of every dollar. Through this financial structure, AAMM earned 84.75 percent of its revenue, and therefore continues to add value to members of the credit union.

Delinquency control was critical to our accomplishments in 2005, and the membership would be pleased to know that our bad loan portfolio stood at 1.73 percent at year end 2005, well below our target of 2.5 percent for the period.

The synergy among volunteers, staff and management that we have engendered over the years have allowed us to strategize for the future development of AAMM, as well as, to execute the plans required to achieve the programmed objectives.

The following table depicts the actual performance of the credit union in 2005 in relation to its key result areas:

<table>
<thead>
<tr>
<th>Key Result Area</th>
<th>2005 Actual $m</th>
<th>2005 Goal $m</th>
<th>2004 Actual $m</th>
<th>2005 Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>684</td>
<td>708</td>
<td>590.2</td>
<td>15.89</td>
</tr>
<tr>
<td>Loan Portfolio</td>
<td>517.6</td>
<td>517.7</td>
<td>417.4</td>
<td>24</td>
</tr>
<tr>
<td>Delinquency Rate</td>
<td>1.73%</td>
<td>2.5%</td>
<td>2.14%</td>
<td>-</td>
</tr>
<tr>
<td>Institutional Capital</td>
<td>15.14%</td>
<td>15%</td>
<td>15.05%</td>
<td>-</td>
</tr>
<tr>
<td>Savings Portfolio</td>
<td>458.5</td>
<td>497.4</td>
<td>398.5</td>
<td>15.1</td>
</tr>
<tr>
<td>Gross Income</td>
<td>118.5</td>
<td>118.6</td>
<td>103.3</td>
<td>14.7</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>42</td>
<td>42.7</td>
<td>32.9</td>
<td>27.7</td>
</tr>
<tr>
<td>Net Income</td>
<td>68.2</td>
<td>57.6</td>
<td>58.3</td>
<td>15.3</td>
</tr>
<tr>
<td>Membership</td>
<td>9,560</td>
<td>9,983</td>
<td>8,783</td>
<td>8.85</td>
</tr>
</tbody>
</table>

Since 1996 AAMM Co-op Credit Union Limited has consistently paid dividend at an average of ten percent on your share savings, far more competitive than passbook interest paid on savings in other financial institution.
STRATEGIC OBJECTIVE
The primary strategic objective for the credit union for the year 2005 was to realize a strong savings mobilization among all the credit union’s savings products, with specific targets set for shares, youth savings, Christmas savings, special and regular deposits and the golden harvest savings plan.

This savings push began at the 46th Annual General Meeting with the Credit Manager Mr. Elvis King making a presentation on wealth creation and how best members can utilize the credit union’s savings products to increase their stock of wealth.

The overall goal was to accomplish a growth at the end of 2005 of 25 percent above the 2004 savings level, the actual growth however, amounted to 15 percent and as such the credit union will continue to analyze, assess and implement new savings strategies aimed at achieving our objective.

Marketing the credit union was another area in which the Board concluded that greater effort is needed in publicizing AAMM, advising our target market about the benefits of becoming a member, as well as, about the successes of the credit union.

Much emphasis will therefore be placed on building member loyalty, recruiting new members, and expanding the branch network.

OPERATIONS
During the year the AAMM completed improvements to head office, as a means of providing a comfortable and relaxing atmosphere in which our members can do business. This and the commencement of the first phase of the member service charter with the establishment of corporate training for all staff every third Wednesday, is AAMM’s recognition of the fact that the credit union depends entirely upon you our members.

A larger suggestion box is a part of the office décor, because we welcome all your suggestions and comment, as we continuously improve upon our service delivery.

MARKETING & PROMOTION
As previously highlighted, AAMM’s Board recognizes that there are a lot more potential members waiting in the wings to join the credit union, and we have therefore set deliberate targets aimed at increasing membership first in the areas in which the existing branches operate, that is, Mandeville, Portmore and the corporate area, and also from the close family members of existing and potential members. We are firmly of the view that there is so much more that can be achieved through our expansion.
School Representatives will continue to be the main tool used to assist us with our recruitment drive, and coupled with the direction of the credit union’s marketing committee our efforts will be rewarded.

Members, you too have a role to play in this recruitment drive, for if you advise but three potential members to join the credit union we know that by year end the ten thousand members we have can be tripled, and yes the infrastructure is in place to allow us to accommodate these numbers and to continue to provide quality service.

OUTREACH
In recognition of our commitment to being a good corporate citizen as far as our budget allows, and with the guidance of our Board policy which requires the evaluation of requests upon the level of impact upon the community and the sincerity of the need, meaningful assistance was provided to a number of educational institutions during 2005 as follows:

1. Albert Street Basic School
2. The Retired Teachers' Association
3. Camperdown High School
4. Edna Manley College
5. Tarrant High School
6. Papine High School
7. Promise Learning Center
8. Boy’s Town All Age
9. Naggo Head Infant School
10. Jonathan Grant High School
11. Mico Practicing and Junior High School
12. Dunoon High School
13. Vocational Training Development
14. Tivoli Gardens High School
15. Meadowbrook High School
16. St. Mary Technical High School
17. Excelsior High School
18. Denham Town High School
19. Pentecostal Gospel Temple
20. Jamaica 4-H Club
21. Praise Tour International
22. Merle Grove High School
23. Eduvision
24. St. Hugh’s High School
25. Trench Town Primary School
26. Donald Quarrie High School
LEGISLATION
In recognition of the significant role being played by credit unions the Ministry of Finance through the Bank of Jamaica has decided to regulate credit unions.

Although this regulatory framework has been in the making for some time now, Bank of Jamaica begun to send teams of examiners to credit unions on a fact finding mission, so we anticipate that the regulations will be presented to parliament in the near future.

ACHIEVEMENTS
AAMM Co-op Credit Union Limited was named as the Credit Union of the year by the Jamaica Co-operative Credit Union League Ltd., in Category One, at the League’s Annual General Meeting in May 2005, for our outstanding performance in 2004.

This has been the third time in five years since we have accomplished this achievement among Category One credit unions and the fourth time in six years, since we also won the award when we were classified as a Category Two or medium sized credit union.

SERVICES
This serves as an important reminder to all our members that AAMM is not just an institution for loans, but one which also provides competitive returns on various savings products, and facilitates services such as health and general insurance for you our members. Below you will find a list of all the product offerings, and you are advised to call or visit our office to benefit from these services.

SAVINGS PRODUCTS
- Share Account - earns dividends
- Regular Deposits - competitive interest returns
- Special/Fixed Deposits - competitive interest returns
- Golden Harvest - long-term savings and investment, insured with monthly interest returns
- Christmas Savings Club - monthly savings and interest Christmas encashment
- T.E.A.C.H. - Share account for Trainees
- Y.S.C. (Youth Savers Club) - Savings for children of Members with competitive Interest returns

LOAN PRODUCTS
- Personal
- Easi-Loans
• Productive/ Business
• Educational
• Computer
• Home Acquisition & Improvement
• Motor Vehicle

OTHER SERVICES
• Standing Order
• Family Indemnity Plan (F.I.P)
• Blue Cross Health Plan
• Access Plus debit card
• Motor and general insurance through NUCS
• Financial Counseling

VOLUNTEERS
The Board of Directors has nine members, separate and apart from the General Manager who sits on the Board as a non-voting ex-officio member.

The following table shows the attendance at meetings. The Board held eleven regular meetings in the year, four of which represented Joint Meetings including members of the Supervisory and Credit Committees and the Credit and Accounts Manager. The committees reported monthly on their activities and always provide useful suggestions for the development of the credit union.

<table>
<thead>
<tr>
<th>NAMES</th>
<th>PRESENT</th>
<th>EXCUSED</th>
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</thead>
<tbody>
<tr>
<td>Lennox Deane</td>
<td>11</td>
<td>1</td>
</tr>
<tr>
<td>Godfrey Taylor</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td>Isaiah Damdar</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td>Clide Nesbeth</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>Cynthia Cooke</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>Patrick Duncan</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td>Joseph Earle</td>
<td>11</td>
<td>1</td>
</tr>
<tr>
<td>Charles Reid</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Vernon Ricketts</td>
<td>6</td>
<td>6</td>
</tr>
</tbody>
</table>

Supervisory Committee
During 2005 Mrs. Cordell Dietrich resigned from the committee to pursue other commitments. Mr. Michael Brydson, Chairman, Mrs. Sonja Vassall-Hurd and Messrs Denham Henry and Nedrick Young fulfilled the demands of the committee for the year.
The Committee met formally on twelve occasions.

Credit Committee
The Committee comprised of Mr. Patrick Duncan, Chairman, Mrs. Allison Peart, Mrs. Sandra Samuels, Ms. Roselda Hall and Ms. Lorna Matthews. The Committee meets weekly to approve loans.

APPRECIATION
The Board of Directors graciously uses this opportunity to place on record appreciation to the Staff and Management Team, the Supervisory and Credit Committees, all School Representatives, and volunteers of the various committees established to accomplish specific objectives during the year. Your invaluable contribution did much to affect the credit union and how we operate.

A number of institutions and organizations also supported us throughout the year, and we would also like to say thanks specifically to the following:

- The Principals, Bursars and Head Teachers
- The Credit Union League
- Cuna Mutual Insurance Society
- Nucs or The National Union of Co-operative Societies
- The Office of the Post Master General
- NCB Oxford Road
- Bogle and Associates
- The Registrar of Co-operative Societies
- Messrs Dan Kelly and Lynden Wellesley, our attorneys
- Micros Software Designs Ltd, our software providers
- The NHT and NHDC
- The Titles Office

For and on behalf of the
Board of Directors

Lennox Deane
President of the Board