



IECCU

The Insurance Employees Co-operative
Credit Union Limited

ANNUAL | 20 REPORT | 20



"A Union of Possibilities"

OUR PHILOSOPHY

The success of The Insurance Employees Co-operative Credit Union Limited is highly dependent on the co-operative effort of dedicated and committed men and women bound together by mutual interest and working towards the common objective of providing quality service to all our members. It is in this context that we set out below for all to see some of our basic beliefs.

We believe that all members should be treated justly and fairly and that there should be no favouritism.

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

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

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

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

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

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

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

TABLE OF CONTENT

MISSION STATEMENT	4
NOTICE & AGENDA	5
AGM MINUTES	6-12
HIGHLIGHTS	13
REPORT OF THE BOARD OF DIRECTORS	15-19

FINANCIALS

<i>Letter from The Department of Co-operatives & Friendly Societies</i>	20
<i>Financial Statements 2019</i>	21
<i>Independent Auditor's Report</i>	22-24
<i>Appendix</i>	25
<i>Statement of Financial Position</i>	26-27
<i>Statement of Profit or Loss and Other Comprehensive Income</i>	28
<i>Statement of Changes in Equity</i>	29
<i>Statement of Cash Flows</i>	30
<i>Notes to Financial Statements</i>	31-54

TREASURER'S REPORT	55-58
REPORT OF THE SUPERVISORY COMMITTEE	59-60
REPORT OF THE CREDIT COMMITTEE	62-63
REPORT OF THE NOMINATION COMMITTEE	64
REPORT OF DELEGATES TO THE LEAGUE'S AGM	65
PROPOSALS; DISTRIBUTION OF SURPLUS, MAXIMUM LIABILITY	66
STAFF	67-71

MISSION STATEMENT



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



NOTICE

NOTICE IS HEREBY GIVEN THAT THE FORTY-FIFTH ANNUAL GENERAL MEETING OF THE INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED WILL BE HELD IN HYBRID FORMAT AT THE KNUTSFORD COURT HOTEL, 16 CHELSEA AVENUE, KGN 5 ON TUESDAY DECEMBER 7, 2021 AT 3:00 P.M.

THE MEETING IS BEING CONVENED FOR THE FOLLOWING PURPOSE:

1. TO TRANSACT THE ORDINARY BUSINESS OF THE CO-OPERATIVE
2. TO CONSIDER, AND IF THOUGHT FIT, TO APPROVE A RESOLUTION IN RESPECT TO AMENDMENTS TO THE RULES OF INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED FOR THE MEETINGS OF MEMBERS OF THE SOCIETY TO BE CONDUCTED BY ATTENDANCE AT A PHYSICAL LOCATION, VIRTUAL-ONLY OR BY HYBRID MEETING.
3. TO CONSIDER, AND IF THOUGHT FIT, TO APPROVE A RESOLUTION IN RESPECT TO AMENDMENTS TO THE RULES OF INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED FOR THE MEETINGS OF THE BOARD OF DIRECTORS, CREDIT COMMITTEE, SUPERVISORY COMMITTEE AND ANY OTHER COMMITTEE DESIGNATED BY THE BOARD OF DIRECTORS.
4. TO ELECT OFFICERS FOR THE YEAR 2021/22
5. TO DEAL WITH ANY OTHER MATTERS THOUGHT FIT

AGENDA

THE INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LTD. 45TH ANNUAL GENERAL MEETING

1. **ASCERTAIN THAT A QUORUM IS PRESENT**
2. **CALL TO ORDER**
3. **RESOLUTION # 1**
 - i. To consider, and if thought fit, to approve a Resolution in respect to amendments to the Rules of Insurance Employees Co-operative Credit Union Limited for the meetings of members of the Society to be conducted by attendance at a physical location, virtual-only or by hybrid meeting.
4. **APOLOGIES**
5. **MINUTES OF THE 44th ANNUAL GENERAL MEETING**
6. **MATTERS ARISING NOT COVERED IN REPORTS**
7. **REPORTS & DISCUSSION**
 - A. BOARD OF DIRECTORS
 - B. FINANCIAL REPORTS FOR 2020
 - i. AUDITOR'S REPORT
 - ii. TREASURER'S REPORT
 - C. SUPERVISORY COMMITTEE REPORT
 - D. CREDIT COMMITTEE REPORT
 - E. REPORT OF THE DELEGATES TO THE LEAGUE'S AGM
8. **RESOLUTION**
 - i. APPROPRIATIONS & MAXIMUM LIABILITY
 - ii. PROPOSED RULE CHGANGE:
To consider, and if thought fit, to approve a Resolution in respect to amendments to the Rules of Insurance Employees Co-operative Credit Union Limited for the meetings of the Board of Directors, Credit Committee, Supervisory Committee and any other committee designated by the Board of Directors.
9. **ELECTIONS**
 - F. REPORT OF THE NOMINATIONS COMMITTEE
 - G. ELECTION OF OFFICERS
 - i. BOARD
 - ii. CREDIT COMMITTEE
 - iii. SUPERVISORY COMMITTEE
10. **ANY OTHER BUSINESS**
11. **ADJOURNMENT**

MINUTES

MINUTES OF THE 44th ANNUAL GENERAL MEETING OF THE INSURANCE EMPLOYEES COOPERATIVE CREDIT UNION LIMITED HELD ON TUESDAY, NOVEMBER 24, 2020 AT THE KNUTSFORD COURT HOTEL, 16 CHELSEA AVENUE, KINGSTON 5

The Chairman reported that a quorum had not been ascertained and in light of the time constraint he would not be calling the meeting officially to order but would be taking the reports in the interim and when a quorum was ascertained they would be adopted.

He called on the Secretary Marjorie Neita to open in prayer which was followed by the recital of the Prayer of St. Francis of Assisi.

He welcomed all to the 44th Annual General Meeting of the Insurance Employees Co-operative Credit Union.

Minutes:

The Chairman informed the meeting that the annual reports were circulated electronically and he expected that members would have downloaded them given the Covid environment.

Corrections of Minutes:

(no corrections were recorded)

Welcome:

Welcome was extended to the following guests:

Ms. Cleo Errar	- JCCUL
Ms. Melanie Campbell	- JCCUL
Mrs. Katrina D'Aguilar	- JCCUL
Ms. Marjorie Campbell	- Department of Co-operatives and Friendly Societies
Ms. Trisan Thompson	- Department of Co-operatives and Friendly Societies
Mr. Warren Bogle	- Auditor
Ms Joyce James	- Stenowriter

The Chairman apologized for the late start which he attributed to the inclement weather. He thanked the members for braving the weather to attend.

Board of Director's Report

He introduced the Members of the Board of Directors present

and tendered apologies for lateness for Sheree Davis-Cuthbert and Peter Townsend.

The Chairman highlighted the following:

- That business and consumer confidence in 2019 started out very bullish but in the fourth quarter consumer confidence was eroded registering an index of 131 though still higher than the end of the previous year. Inflation ended the year at 2.4% which was below the target of 4%. Treasury bill rate ended the year at 2% and the Dollar at \$134 compared to \$120 in 2018.
- He showed graphically where the loans and savings were stable throughout the year.
- Loan interest income continued to be one of the biggest contributors to the Credit Union's bottom line which increased by 2% moving from \$150M in 2018 to approximately \$153M in 2019.
- Operating cost increased by 11% or approximately \$14M which was attributed to the increased staff cost as some new job functions and positions in the Compliance and Marketing units were filled during the year.
- A surplus of \$7.5Million was realized, an achievement which the Chairman commended the management and staff for in a challenging year.
- The Board met on eight occasions and members were invited to view the attendance record of the Directors which was projected on the screen.
- There was a marginal increase in the membership in 2019 versus 2018.
- More persons were now utilizing internet banking.
- In terms of new FIP plans, there was a slight decrease in 2019 over 2018.
- There was a slight decline in the number of debit cards in 2019 over the previous year.
- Several key policies to include Enterprise Risk Management Policy, IT Security, Proceeds of Crime Act

MINUTES

and Marketing were updated and going forward these would be updated on an annual basis.

- In continuing to be a socially responsible organization, the Credit Union issued bursaries and awards to children of members. The PEP Scholarship recipients for 2019 were Shainee Davis and Jovanni McLaughlin and the JCCUL bursary awarded to Tayjanae Jones.
- The Credit Union also renovated some of the facilities at Richmond Nazarene Basic School which was greatly appreciated by the students and staff.
- The Montego Bay office continued to be a bright beacon in the west and some of the performances of that unit were projected on the screen which showed, among other things, a 9% increase in deposits and an 87% increase in loans. The Chairman expressed surprise at the performance of that unit seeing that it was one person on the staff.
- The use of technology was being utilized in emailing statements to members which was a reliable, efficient, safe and cost effective way to deliver these statements. He urged members not currently receiving statements and messages by this method to sign up. He noted that the Credit Union would be placing reliance on technology in light of the Covid environment and would continue to update the IT platform to facilitate greater use of these technologies.
- That the Credit Union was looking at replacing the Access Plus cards with the new Master Card which was a JCCUL project and should be coming on stream some time in 2021. He encouraged all to sign up for the new cards when they come on stream as they would be more flexible than the current card.
- The delinquency rate declined in 2019 to 2.21% down from 3.78% in 2018. This was achieved by the Credit Union using all available means to reach its members plus the Credit Bureau. Members were encouraged to liaise with the Credit Union whenever they were experiencing financial difficulties.
- There were two merger discussions taking place which had to be side lined as focus shifted when the Covid pandemic took over. The new Board would continue the discussions, if not with those credit unions, some other credit unions.

Condolences were offered to the families and friends of the following members who passed on in 2019:



**Elon Cowell
Dorrel Gentles
Eddy Gordon
Dennis Leon
Eugene Anderson
Dirvin Northover
Nellie Reid
Andrea Rochester-Wint
Inez Shaw
Karen Silvera
Edmond Lloyd
Veda Fagan
Elaine Tracey
Carlyle Gray**

The Chairman acknowledged and thanked the members for their continued support and loyalty and in making IECCU the Credit Union of their choice.

He acknowledged the hard work of the following Committees: Supervisory, Credit, and Delinquency; the staff of the IECCU Limited and the Board of Directors.

Questions were asked from the floor there were but none.

Treasurer's Report

The Treasurer, Miss Camelia Nelson, took the meeting through the report and highlighted the following:

- Total assets grew by 1.5% or \$27 million.
- Loans after provision grew by 1%.
- Interest on loans increased marginally by 1%.
- Return on property improved by 8% over the previous year.
- Service Charge income increased by 5%.
- The finance costs associated with deposit products were reduced in line with market rate resulting in a reduction in interest cost by 40%.
- Members' savings increased by 6%.
- Institutional capital to assets increased marginally to 15.3%, the standard being 10%.

MINUTES

- The Credit Union performed creditably and met majority of the PEARLS ratios.

There were no questions asked.

CALL TO ORDER:

A quorum having been ascertained at 3:58, the Chairman called the meeting to order.

APOLOGOES FOR ABSENCE:

Apologies for absence were tendered on behalf of Loris Chin-Young, Woodrow Smallwood and Leanora Campbell.

MINUTES OF THE 43RD ANNUAL GENERAL MEETING:

Corrections to minutes:

(No corrections)

The Minutes were adopted on a motion unanimously moved by Barrington Lawrence, seconded by Trisan Campbell.

Matters Arising:

(No matters arose)

BOARD OF DIRECTOR'S REPORT:

The Board of Director's Report previously presented was adopted on a motion moved by Gabre Spence, seconded by Marjorie Neita.

TREASURER'S REPORT:

The Treasurer's Report was adopted on a motion moved by Peter Samuels, seconded Tajay Brown.

FINANCIAL REPORT

Auditor's Report

The Auditor, Mr. Bogle, was invited to present the Independent Auditor's Report for the year ended December 31, 2019.

He read the report which stated inter alia that the financial statements gave a true and fair view of the financial performance and cash flows of the Credit Union for the year ended in accordance with the International Financial Reporting Standards and the requirements of the Co-operative Societies Act.

The Auditor's Report was adopted on a motion moved by Angella Freeburn, seconded by Yvonne Lewis.

SUPERVISORY COMMITTEE REPORT:

Ms Carol Nathan, Chairperson, presented the report and highlighted the following:

- That the Committee in keeping with its overall objective, that being to ensure there was compliance with the key requirements to ensure transparency as well as soundness, and that the Credit Union's operation was in the best interest of its members, she was elected as Chairperson at the first meeting of the Committee and Mrs. Macherie Hamilton-Clarke as Secretary. The Committee met five times throughout its operations. She however noted that in addition to the meetings, the Committee communicated on numerous occasions concerns re the Credit Union's business via the various technologies available.
- She drew the meeting's attention to the attendance record of members at face to face and online meetings as reported in the report. She noted that the meetings were curtailed in the beginning because of the pandemic but they adjusted quickly by having online meetings.
- The Committee probed the operations of the Credit Union and reviewed areas such as human resource management, information technology, financial management, risk and compliance and delinquency, and commended the Credit Union's management for the overall running of the credit union.

Concerns were noted in the areas of:

- Information and Communications Technology where the Committee noted that it was pleased with the approval of ICT protocols and other guidelines by the Board but expressed concern regarding adherence to guidelines on matters such as segregation of duties with its internal control risk challenges and the need for a review of the Disaster Recovery Management Plan which was long overdue and which had implications for proper risk management which was key to the credit union's wellness.
- Financial management re the non-attainment of the PEARLS Standards in the areas of membership, and total assets which had serious implications for the credit union's health and sustainability,
- Delinquency, and though it was mentioned earlier

MINUTES

that the overall delinquency ratio was acceptable, the analysis drawn by the Committee was that a significant percentage of the delinquent loans was within the category of over the 360 days band and recommended that consideration be given for the charging off of these loans in keeping with best policy practices within the industry.

- The implementation of audit recommendations being done in a timely manner and recommended that swifter actions be taken in respect of the various audit recommendations.

It was noted that a number of policies and procedures were put in place to ensure the Credit Union's readiness for the BOJ regulatory changes. The Committee commended the Board of Directors for ensuring that these policies and procedures were approved within the period November 2019 to April 2020.

With the impact of the Covid pandemic, the Committee observed that many changes were made to the credit union's operation during the period to ensure the safety of its members and staff and commended and applauded the management and staff for the continued service provided during the Covid 19 pandemic.

The outgoing Chairman, Carol Nathan, stated that based on the term tenure she would be demitting office and expressed gratitude to the members of the Supervisory Committee for their time, commitment and support given to her as Chairman during her tenure.

The Committee expressed appreciation to the members of the Credit Union for the confidence they reposed in them, the Board of Directors, other volunteers, the Management and staff of the Credit Union, and the Jamaica Co-operative Credit Union League for their advice and support to the Committee during the period under review.

There being no questions the Supervisory Committee Report was adopted on a motion moved by Julia Stewart, seconded by Doreen Allen.

CREDIT COMMITTEE REPORT:

Mr. Golding who deputized for the Chairman, Mr. Smallwood, highlighted the following:

- During the year 2019 loans to the tune of \$571M were provided to finance home improvement, vehicle purchase and repairs, personal and educational loans and consolidation loans among other purposes.
- Existing loan offerings were enhanced while new loan options such as the Water Tank Loan and the Christmas Loan were introduced.
- IECCU's loan profile remained flat relative to 2018 with a total loan portfolio valued at \$1.48 billion which was a marginal increase over 2018.
- Loan applications processed by staff were consistently reviewed by the Credit Committee which convened weekly.
- Members of the Credit Committee were Paulette Small, Audrey Longmore Wilson, Odeon Campbell, Courtney Golding and Mr. Woodrow Smallwood, Chairman.
- The Committee thanked the members for continuing to make IECCU the Credit Union of their choice, the Board and management and staff for their support.

There being no questions, the report was adopted on a motion moved by Ava Thomas, seconded by Yvonne Cross.

DELEGATES REPORT

This report was presented by Mr. Mark Bowen.

Mr. Bowen highlighted the following:

- The League's AGM was held in Montego Bay under the theme: **People Helping People Achieve.**
- There were five workshops held on the topics of: **The healing power of Jamaican Herbs; Due Process in Dispute Resolutions; Handling Grievances; Separation -- How to provide and measure the value of members and Art of dealing with Non-performing Loans**, topics which were engaging.

The Delegates Report was adopted on a motion moved by Rohan Grant, seconded by Carol Nathan.

APPROPRIATION OF SURPLUS

Ms Robinson presented the following recommendation of the Board of Directors for the Appropriation of Surplus of \$7,505,235 for the year ended December 31, 2019:

MINUTES

Statutory Reserve 20%	- \$1,501,047
Permanent Shares 10%	- \$3M
Honoraria	- \$2M
Undistributed Surplus	- \$1,004,188

This was accepted on a motion moved by Peter Samuels, seconded by Racquel Francis.

MAXIMUM LIABILITY

The Board of Directors proposed a Maximum Liability of \$2 billion. This would satisfy the maximum projected growth in interest bearing liabilities during 2020, in keeping with Article XIX, Rule 69.

This was accepted on a motion moved by Alecia Hilton, seconded by Charmaine Mighty Campbell.

PROPOSAL FOR RULE CHANGES

The Chairman outlined that in light of Covid 19, the Board proposed that Rule 21 be changed to allow for disbursements by electronic means.

The present Rule 21 reads:

All disbursements shall be made by cheque or other electronic means, written instrument signed and authorized by two signatories duly authorized by the Board of Directors provided the Board shall, from time to time, set a maximum which may be disbursed by cash.

Proposed change: delete “written instrument signed” (line 2) and “by cash.”(line 4)

This was accepted on a motion moved by Racquel Francis, seconded by Julia Stewart.

For the same reason proffered by the Chairman for the above rule change, he proposed that Rule 27 be changed to present options for meeting to occur in a socially distanced environment where all cannot be present at the same time.

The present Rule 27 reads:

“No officer, member of the Board of Directors or member of the Credit or Supervisory Committee shall be allowed to borrow from the Society a total

amount in excess of his voluntary shares, deposits and accumulated earnings unless approved by three-fourths or three-quarters majority decision of a meeting at which is present at least a quorum of the Credit Committee, together with at least one member each from the Board of Directors and Supervisory Committee sitting together. The borrowing member shall not be allowed to take part in the meeting”.

Proposed change: delete “sitting together”, (line 6).

This was accepted on a motion moved by Gabre Spence, seconded by Racquel Francis,

NOMINATION COMMITTEE REPORT

The Chairman of the Nominating Committee, Mr. Mark Wallen stated that he was appointed Chairman of the Nominating Committee which consisted of Mr. Mark Bowen, General Manager and Dionne White.

He outlined that the terms of reference of the Committee were to ensure that the Committee, and by extension, the Credit Union, had the requisite skillsets to perform creditably and to fulfil its mission and objective; to ensure that the tenets of term limits are adhered to; and the delinquency rules, as applied, are enforced and that the volunteers selected meet the fit and proper criteria, as also to ensure that the volunteers selected represented the spectrum of members of the Credit Union.

BOARD OF DIRECTORS

Directors Retiring: Mr. Ray Johnson, Sheree Cuthbert, Cosmo Walker and Marjorie Neita

Directors Nominated: Sheree Cuthbert, Cosmo Walker, Macherie Hamilton-Clarke, and Paulette Small for a term of two years.

CREDIT COMMITTEE

Retiring: Paulette Small, Woodrow Smallwood

Nominated: Neuton Nelson, Courtney Golding and Audrey Wilson, Woodrow Smallwood for a term of two years.

SUPERVISORY COMMITTEE

All members of the Supervisory Committee retired.

Retiring: Napair McLeary, Peter Samuels, Gabre Spence, Carol Nathan, Macherie Hamilton-Clarke

MINUTES

Nominated: Napair McCleary, Peter Samuels, Gabre Spence, Damion White and Dwight Moore for a term of one year.

DELEGATES TO JCCUL

Delegates: Cosmo Walker and Mark Bowen

Alternate Delegates: Lesa Robinson and Michelle Walters Nembhard.

The volunteers from the various committees who demitted office were thanked for their service to the Credit Union.

ELECTIONS

BOARD OF DIRECTORS

Miss Thompson from the Department of Cooperatives was invited to conduct the elections. She asked for nominations from the floor three times and hearing none, Sheree Cuthbert, Cosmo Walker, Macherie Hamilton-Clarke, and Paulette Small were declared duly elected for a term of two years.

CREDIT COMMITTEE

The floor was open for nominations.

There being no further nominations, Stephen Levy, Courtney Golding and Audrey Wilson were duly elected for a term of two years.

SUPERVISORY COMMITTEE

There being no further nominations, nominations having been asked for three times, Napair McCleary, Peter Samuels, Mr. Gabre Spence, Damion White and Dwight Moore were duly elected for a term of one year.

DELEGATES OF THE LEAGUE

The nominations put forward by the Nominating Committee to have Cosmo Walker and Mark Bowen as Delegates and Lesa Robinson and Michelle Walters Nembhard as Alternate Delegates were duly accepted on a motion moved by Peter Samuels, seconded by Gabre Spence.

The Board was asked to meet within 10 days of the election and supply the Department of Co-operatives, the League and

other stakeholders with the relevant information regarding the executive of the Board and committees.

ANY OTHER BUSINESS:

There being no other business the Chairman thanked everyone for coming out amidst the pandemic and the inclement weather and asked everyone to continue to keep safe.

ADJOURNMENT

The motion for adjournment was moved by Peter Samuels, seconded by Yvonne Lewis.

The adjournment was taken at 4:44 p.m.


.....
Mark Wallen
Chairman


.....
Macherie Hamilton Clarke
Secretary

PERSONS PRESENT AT AGM

MEMBER'S NAME	COMPANY	MEMBER'S NAME	COMPANY
1. Alecia Hylton	COC	58. Lesa Robinson	VMBS
2. Alicia Hart	IECCU	59. Lilieth Ferron-Henry	Sagicor
3. Andrew Blake		60. Lurline Balliston	Chancellor Insurance
4. Angella Freeburn	Sagicor	61. Macherie Hamilton-Clarke	Guardian Life
5. AnnMarie Richards	Sagicor Life	62. Makeisha Robinson	Ardenne High
6. Antoinette Mcdonald		63. Marcia Jones	MC Systems
7. Audrey Wilson	Guardian Life	64. Marcia Osborne	JCCUL
8. Ava Thomas	Sagicor	65. Marie Barrett-Anderson	Sagicor
9. Avone Bailey	Seprod	66. Marie Knight	Self Employed
10. Barrington Lawrence	Advantage General	67. Marjorie Neita	Heart Trust
11. Brian Clennon	n/a	68. Mark Bowen	IECCU
12. Carissa Robinson	Student	69. Mark Grant	n/a
13. Carla Lewin-Lawrence	JN Bank	70. Mark Wallen	Heart Trust
14. Carlene Haughton	IECCU	71. Maxine Daley	UTECH
15. Carlet Gray		72. Melessia Diviney	JN Bank
16. Carol Nathan	UTECH	73. Mellisa Amos	COC
17. Carron Hylton		74. Michelle Walters Nembhard	IECCU
18. Cavel Pryce	Retired	75. Mitzie Heywood	Guardian Life
19. Chantal Smith	Advantage General	76. Napair McLeary	Key Insurance
20. Chantelle McGowan	Student	77. Nicole Williams	
21. Charmaine Burrell	Guardian Life	78. Nigel Dixon	Chartered Accountant
22. Charmaine Mighty-Cambell	n/a	79. Norma Clarke	Spectrum
23. Christine Barker	IECCU	80. O'Dave Graham	
24. Christine Cowan		81. Odeon Campbell	Sagicor Bank
25. Claudette Graham-Johnson	IECCU	82. Patrick Worghs	JAIFA
26. Collette Johnson		83. Peter Samuels	Sagicor
27. Cordella McGowan	IECCU	84. Peter Townsend	Sagicor
28. Cosmo Walker	Lawe Insurance	85. Petrian Grant	n/a
29. Courtney Golding	Sagicor	86. R. Lorraine Hall-Clarke	n/a
30. Courtney Walker	Lawe Insurance	87. Racquel Francis	Advantage General
31. Damia McDonald Barrett	IECCU	88. Ray Johnson	Sagicor
32. Darla Brown		89. Rejeanne Campbell	Sagicor Life
33. Delma Roberts	Spectrum	90. Rheianna Whyte	Sagicor
34. Devar Rhoomes	IECCU	91. Rhona Briscoe	VMBS
35. Dionne White	IECCU	92. Richard Findlay	IECCU
36. Doreen Allen	Church of God of Prophecy	93. Rohan Bailey	n/a
37. Dwight Moore	CGM	94. Rohan Grant	COC
38. Eric Nathan		95. Rolando Moodie	Sagicor Life
39. Eula Daley		96. Romane McCourty	Guardian Life
40. Gabre Spence	Sagicor	97. Samuel Carty	
41. Gavin Walters	IECCU	98. Sharmaine Campbell	Tip Friendly
42. Gladstone Barrett	n/a	99. Sherie Davis-Cuthbert	GL
43. Godfrey Silvera	IECCU	100. Stephen Levy	Sagicor
44. Grace McLean		101. Tajay Brown	General Accident
45. Imogene Spence	MC Systems	102. Tamele Wint	FFK
46. Jacqueline Wilson	IECCU	103. Teniesha Bailey	IECCU
47. Jovanie Bailey	Trench Town Basic	104. Travis Hibbert	Sagicor
48. Joyce James	Stenographer	105. Tricia Robinson	IECCU
49. Julia Stewart	Guardian Life	106. Uelma Nicholson	Spectrum
50. Kamisha Wint	IECCU	107. Valrie Campbell	JCF
51. Kareen Nathan		108. Vernon McGowan	Self Employed
52. Katrina D'Aguilar	JCCUL	109. Warren Bogle	Auditor
53. Kenneth DaCosta	Retired	110. Winford Knight	Self Employed
54. Kimberley Walker	UWI	111. Yvette Johns	UWI
55. Kleo Karrar	JCCUL	112. Yvonne Cross	Guardian Life
56. Krisan Codner	IECCU	113. Yvonne Lewis	Guardian Life
57. Latoya Jones	IECCU	114. Yvonne Smith	Office of Public Defender

PEP BURSARY & SCHOLARSHIPS (2020 HIGHLIGHTS)



TOP BOY - NATHAN HENRY



TOP GIRL - OLUKEMI OGUDE



JCCU BURSARY WINNER
NICKAYLA WHITE



IECCU

THE INSURANCE EMPLOYEES CO-OPERATIVE
CREDIT UNION LIMITED

Partner with IECCU and
grow your cash the
fast and secure way!

Open an IECCU

Partner Plan

account today!

- Six (6) months and twelve (12) months plan available
- You decide how much to throw per hand (monthly)
- Minimum \$1,000.00 per hand
- Get your savings plus a bonus (Brawta) at maturity

Conditions apply

Kingston

27 Parkington Plaza, Kingston 10
Telephone: (876) 929-1706,
929-1466 and 906-5362-4
Fax: 968-6208

Montego Bay

Shop #22 Montego Bay Shopping Center
Howard Cooke Boulevard
Tel: (876) 979-6516
Fax: 971-7540



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[e /ieccu1977](https://www.instagram.com/ieccu1977)

BOARD OF DIRECTORS REPORT



BOARD OF DIRECTORS: (From Left to Right)

Back Row: Mark Wallen - President, Rejeanne Campbell - Vice President, Paulette Small, Peter Townsend

**Front Row: Cosmo Walker, Sheree Davis Cuthbert
Macherie Hamilton-Clarke - Secretary, Lesa Robinson - Treasurer**

Missing from photo: Barrington Lawrence

REPORT OF THE BOARD OF DIRECTORS 2020

Opening Comments

The year 2020 was unlike any seen in any of our lifetimes, where new words became the most frequently spoken worldwide and common experiences and fears were shared throughout Jamaica and the world. Covid 19 has become the overriding theme, introducing us to a vocabulary of “social distancing”, “co-morbidity”, quarantine vaccines and “lockdowns”. Though the year began with promise, it quickly became one of ensuring safety, security and support for all stakeholders.

Economic Overview

The year under review began with positive projections by the Minister of Finance and the Public Service Dr. Nigel Clarke for overall national growth of about 2.25% which was supported by International Monetary Fund (IMF) representatives. This seemingly positive outlook gradually led to improved economic perceptions which engendered greater levels of confidence in the economy. We reported last year that Government policy has consistently focused on economic growth through continuous reduction in interest rates. Treasury bill rates continued to fall to enhance the conditions required to spur economic growth¹ as seen in the table on the following page.

¹ CUBIZ Tidbits January 27, 2020

BOARD OF DIRECTORS REPORT

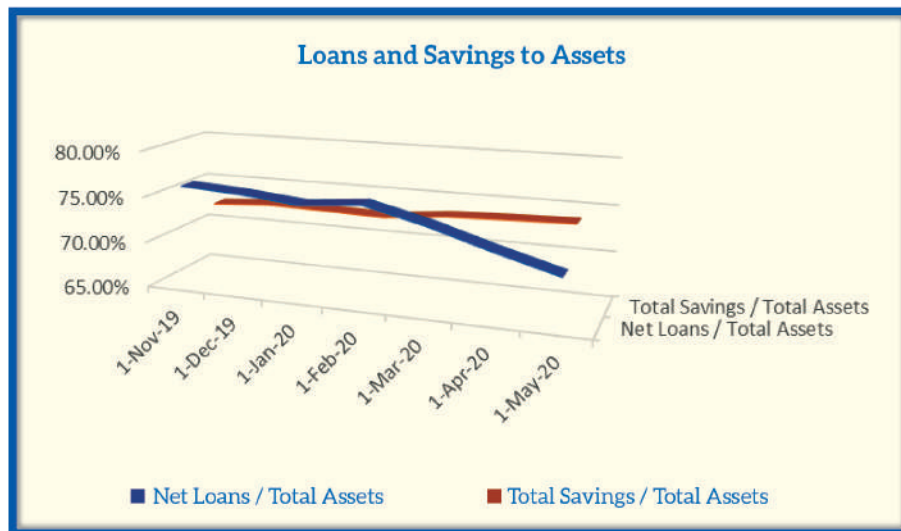
Table 1

	90 - Day T Bill	180 - Day T Bill	270 - Day T Bill
Issue Date	Jan 15, 2020	Jan 15, 2020	Nov 15, 2019
Average Yield	1.25%	1.45%	1.73%
Previous Average	1.32%	1.60%	1.81%

You may recall we had made certain investments to support member services, marketing, accounting and compliance functions to ensure we had the requisite skills in place to participate in the anticipated growth.

However by April 2020 as the pandemic took hold of virtually all sectors of the economy, our loans to assets fell from 74% in February, to 72% and below 70% by June 2020. Loanable funds were channeled to instruments offering low returns, thus affecting profitability.

This is depicted in the chart below depicted in the following chart:



Nonetheless, we were able to return a small surplus of \$1.2M for 2020.

Board of Directors

The Board of Directors comprised of Mark Wallen, President, Rejeanne Campbell, Vice-President, Macherie Hamilton Clarke, Secretary, Lesa Robinson, Treasurer, Peter Townsend, Sheree Davis Cuthbert, Cosmo Walker, Barrington Lawrence and Paulette Small. The table on the following page shows attendance at Board meetings for the period.

BOARD OF DIRECTORS REPORT

Board Members Attendance

Members	Possible Meetings	# of Meetings Held	# Attended	Did Not Attend/Abs	No Meeting
Mark Wallen	13	10	10		3
Rejeanne Campbell	13	10	9	1	3
Sheree Davis Cuthbert	13	10	7	3	3
Macherie Hamilton-Clarke	13	10	10		3
Barrington Lawrence	13	10	10		3
Paulette Small	13	10	10		3
Lesa Robinson	13	10	8	2	3
Peter Townsend	13	10	10		3
Cosmo Walker	13	10	4	6	3

Operations

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

	2020	2019
Members	10,984	10,837
Internet Banking	1018	1166
New FIP	601	42
Goal Accounts	141	153
Debit Cards	3529	3519

Our operations were affected in several ways by the pandemic. Employees safety was of paramount importance and required several measures. Operational hours were adjusted to facilitate employees' ability to avoid unsafe journeys home. We implemented a work from home policy, subject to the nature of the job. We escalated sanitization measures and implemented infrared temperature measurement and alerts.

IECCU recognized the peculiar challenges promised by the pandemic to members in the insurance industry as well as employees. In March 2020, the first of several advisories provided the following information to members.

It was imperative that we promote alternative banking channels to reduce in-person traffic. These included salary deduction, postdated cheques, tele-banking, Paymaster Online, deposits to IECCU's accounts at other institutions, disbursements to IECCU Access Plus debit card, and via other accounts.

While these alternatives were not new, members were encouraged to rely on them rather than risk exposure.

Communication through email via info@ieccu.com and other email addresses was encouraged. Physical distancing measures and hygiene instructions were implemented.

We recognized that our members would be particularly exposed to financial challenges. In response, we offered easy access to moratorium on loan principal payment and waived late payments and earl encashment fees. We also allowed for immediate access to unsecured loan increases.

BOARD OF DIRECTORS REPORT

Marketing

Marketing activities were met with new challenges as significant numbers of staff were no longer in office and online meetings invitations were not always forthcoming. New facilities being developed to assist the Jamaica Association of Insurance Financial Advisers had to be postponed as the convention arrangements were changed. Nonetheless, engagement with members through the online means continued. The Spice newsletter was used to promote the Water Tank Loan and the Golden Harvest savings plan. We continued to utilize Google ads with increasing viewership at the height of the pandemic.

In spite of the challenges, our assistance to Richmond Nazarine Basic school continued. In conjunction with the League, we renovated the toilets and provided a water tank to facilitate proper sanitization.

The IECCU Grade Six Achievement Test (GSAT) Scholarship Awards were offered to Tayjanae Jones, Jovanni McLaughlin. The Jamaica Co-operative Credit Union League (JCCUL) Bursary was offered to Shainee Davis.

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

Select Savings Products

Savings Type	2020		2019	
	Nos.	Amt \$	Nos.	Amt \$
Youth Accounts	841	18M	888	20.3M
Golden Harvest	49	16.8M	58	19.8M
Partner Plan	53	1.8M	51	1.97M
Savers Club	15	2M	28	2.6M
Term/Fixed Deposits	575	247M	609	538.4M

We commend those who make the effort to save despite the challenges.

Montego Bay

The Montego Bay office continues to provide service to members in the western region.

Performance of Montego Bay office

ACTIVITY	2020	2019
Deposits	31.5M	30M
Transfers	12.4M	11.5M
Withdrawals	7.7M	5.7M
Loan Granted	23.9M	48.6M
Enquiries	910	1012
Debit Cards Issued	9	7
New Accounts	6	6

BOARD OF DIRECTORS REPORT

We can see from the table, while deposits increased, transfers and withdrawals together indicate members needed more cash while at the same time were reluctant to borrow. At the same time, proper loan underwriting required more caution, particularly where income was unstable.

Information Technology

In collaboration with The League, IECCU embarked on a project to upgrade the Access Plus debit cards in partnership with MasterCard. The main objectives of the upgrade are to enhance security by introducing pin and chip technology, the standard by which institutions world-wide are aligned, transaction alert implementation and the widening of card capabilities to include international usage. Several Credit Unions are participating and requires the involvement of Operations, IT and Compliance. The project is on-going.

The challenge to deliver statements by email without compromising our domain has not yet been overcome. Members are asked to utilise internet banking for continuous access to balances and transaction information and to request statements when required.

The Access Plus card is especially important at this time of Covid 19. Loans and transfers are frequently disbursed through the Access Plus Debit Card service. We remind all card holders to exercise care to protect your card and pin from those around you when doing your transactions, including those you may not see.

The web site continues to be used as a marketing tool. Members have used the site to access their accounts, make inquiries or appointments for loan interviews and to download forms. We continue to encourage members to use this tool to assist in managing their financial affairs.

Delinquency

The Delinquency Ratio was of greatest concern as the effects of the pandemic became more devastating. From as early as March we embarked on a program of continuous dialogue with members who found themselves unable to meet each man's obligation. Members were asked to make immediate contact and subject to the status of their loans, we negotiated interest only payments and in a few cases, temporary cessation of payments for limited periods. During the year, loans payments negotiated ranged between 28 and 104 affecting up to 50 members each month. Loans of about \$79M were kept current

using this strategy and the delinquency rate was kept within standard at 3.8%.

Members are reminded to make contact with the Credit Union at the first indication that a payment may be missed.

League

The League's assistance to Credit Unions was expanded to facilitating cash flow support, impairment strategies and representation during the pandemic. We are happy to advise that no Credit Union was severely affected, though reductions in loan portfolios have been a common experience. The theme for 2020 was "Together We Do More". The league continues to help Credit Unions in merger discussions, preparing for Bank of Jamaica oversight and becoming more efficient to serve the Movement effectively by providing relevant and best services.

Condolence

On behalf of the membership of the credit union, we express our sincerest condolences to the families and close friends of Raquel Alridge, Lurline Balliston, Guy Chen Sue, Warren Henriques, Rohan Scarlett, Lalorna Turner and Lloyd Wint. and any other not mentioned here.

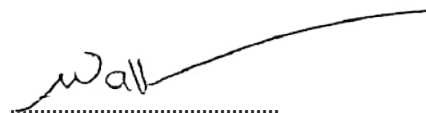
Their contribution to our Credit Union will be greatly missed. We remember too those who lost loved ones to crime and other tragedies.

Conclusion

The year 2020 was by far the most unusual. Nevertheless it must be seen as one that provided the impetus to do things differently, to look at the fundamentals of our business and our members and reach out in similarly unusual ways. New ways of hosting meetings, communicating, moving money and supporting employees in delivering services to members are being identified and will continue throughout the pandemic and beyond.

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

For and on behalf of the Board of Directors,



Mark Wallen
President

FINANCIALS



DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES
CHARITIES AUTHORITY, JAMAICA
Ministry of Industry, Investment, and Commerce
2 Musgrave Avenue, Kingston 10
Jamaica, W.I.
Tel: (876) 927-4912 | 927-6572 | 978-1946
E-mail: dcfs@cwjamaica.com Website: www.dcfs.gov.jm

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

S1
R467-112/11/21

November 16, 2021

The Secretary
Insurance Employees Co-operative Credit Union Limited
27 Parkington Plaza
Kingston 11

Dear Sir/Madam,

I forward herewith the Financial Statements of your Society for the financial year ended December 31, 2020.

The Annual General Meeting (AGM) must be convened under **Regulation 19, 21 and 25 a-f** of the Co-operative Societies (Amendment) Regulations, 2021. 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 (b)** of the Co-operative Societies Regulations should be forwarded to this office.

An AGM Protocol Documents developed by the Department should be used as a guide in preparing for the Meeting, along with the **Exceptions to Prohibition on Public Gathering Exceeding Specified Number of Persons** available to Societies under the Disaster Risk Management (Enforcement Measures) Order, 2021.

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

Yours truly,

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

18 NOV 2021

HOPE GARDENS

Hope Gardens, Kingston 6
(876) 977-2277 / 927-1948
Fax (876) 977-2698

MANDEVILLE, MANCHESTER

23 Caledonia Road
(RADA Bldg.)
(876) 615-9083

MONTEGO BAY, ST. JAMES

10 Delisser Drive
(The Office of the Prime Minister)
(876) 952-7913



— INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION —

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020



FINANCIALS

Independent Auditor's Report

To the Registrar of the Co-operative Societies
INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION
(A Society Registered Under the Co-operative Societies Act)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Insurance Employees Cooperative Credit Union (“the Credit Union”) set out on pages 25 to 53, which comprise the statements of financial position as at 31 December 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Credit Union as at 31 December 2020 and of financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and the Co-operative Societies Act.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

During the current year audit there were two areas which we consider to be a key audit matter.



FINANCIALS

To the Registrar of the Co-operative Societies
INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION
(A Society Registered Under the Co-operative Societies Act)

Impact of the Corona virus

The Credit Union has assessed the impact of the recent Corona virus and its ability to continue as a going concern.

In this evaluation, the Credit Union assessed its industry, including its customer base in determining the potential future impacts.

Our responsibility was to assess these factors and determine if management's conclusions as to its ability to continue as a going concern is reasonable.

Management has concluded that based on the industry which it currently is, there will not be significant negative impact on its ability to continue as a going concern.

We have assessed the factors and based on the type of industry found no significant exceptions to their conclusion.

Other Information

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

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Co-operative Societies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



FINANCIALS

To the Registrar of the Co-operative Societies
INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION
(A Society Registered Under the Co-operative Societies Act)

The Board of Directors is responsible for overseeing the Credit Union's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix of this auditor's report. This description, which is located on page 5, forms part of our auditor's report.

Report on additional matters as required by the Co-operative Societies Act

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

The engagement partner on the audit resulting in this independent auditor's report is Worrick Bogle.



BOGLE & COMPANY
Chartered Accountants
Kingston, Jamaica



FINANCIALS

Appendix to the Independent Auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

	Note	2020 \$	2019 \$
ASSETS			
NON-CURRENT ASSETS			
Earning:			
Financial Investments	3	171,346,176	71,432,866
Loans, after provision for loan impairment	4	1,331,478,354	1,372,866,824
Total Earning		<u>1,502,824,530</u>	<u>1,444,299,690</u>
Non-earning:			
Property, plant & equipment	6	37,800,284	35,603,007
Total Non-earning		<u>37,800,284</u>	<u>35,603,007</u>
TOTAL NON-CURRENT ASSETS		<u>1,540,624,814</u>	<u>1,479,902,697</u>
CURRENT ASSETS			
Earning:			
Financial Investments	3	154,871,851	98,125,689
Cash & cash equivalents	7	190,005,985	174,203,949
Loans, after provision for loan impairment		42,014,882	45,403,247
Total Earning		<u>386,892,718</u>	<u>317,732,885</u>
Non-earning:			
Accounts Receivable	8	19,351,138	18,824,412
Cash & cash equivalents	7	53,882,787	61,314,237
Total Non-Earning		<u>73,233,925</u>	<u>80,138,649</u>
TOTAL CURRENT ASSETS		<u>460,126,643</u>	<u>397,871,534</u>
TOTAL ASSETS		<u>2,000,751,457</u>	<u>1,877,774,231</u>


The accompanying notes form part of these financial statements.

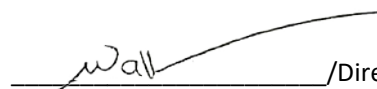
FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

	Note	2020 \$	2019 \$
EQUITY			
Permanent Shares	9	26,229,480	24,845,226
Institutional capital	10	264,173,180	263,918,316
Non-institutional capital	11	119,998,887	104,868,960
Undistributed Surplus	12	8,183,295	12,162,306
TOTAL EQUITY		<u>418,584,842</u>	<u>405,794,808</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Interest bearing:			
Members Shares		826,145,729	723,423,123
External Credit	13	73,671,616	73,925,535
Total Interest bearing		<u>899,817,345</u>	<u>797,348,658</u>
TOTAL NON-CURRENT LIABILITIES		<u>899,817,345</u>	<u>797,348,658</u>
CURRENT LIABILITIES			
Interest bearing:			
Saving Deposits	14	666,163,182	652,095,180
Total Interest bearing		<u>666,163,182</u>	<u>652,095,180</u>
Non-interest bearing			
Payables and Accruals	15	16,186,088	22,535,585
Total Non-interest bearing		<u>16,186,088</u>	<u>22,535,585</u>
TOTAL CURRENT LIABILITIES		<u>682,349,270</u>	<u>674,630,765</u>
TOTAL LIABILITIES		<u>1,582,166,615</u>	<u>1,471,979,423</u>
TOTAL EQUITY AND LIABILITIES		<u>2,000,751,457</u>	<u>1,877,774,231</u>

Approved by the Board of Directors on September 15, 2021 and signed on its behalf by:

 / Director

 / Director

The accompanying notes form part of these financial statements.



FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED PROFIT & LOSS AND COMPREHENSIVE INCOME AS AT DECEMBER 31, 2020

	Note	2020 \$	2019 \$
Interest and Investment Income	16	139,528,068	152,575,525
Interest expense			
Interest on Deposits		(11,473,592)	(12,812,116)
Interest on Shares		-	(3,607,752)
		<u>(11,473,592)</u>	<u>(16,419,868)</u>
Net interest income		<u>128,054,476</u>	<u>136,155,657</u>
Finance Cost		(6,392,218)	(7,825,777)
Loan loss provision		(4,514,270)	(3,482,508)
		117,147,988	124,847,372
Other Revenue		18,654,695	15,403,107
Gross margin		<u>135,802,683</u>	<u>140,250,479</u>
Operating expenses:			
Staff Costs		(84,402,041)	(82,680,310)
General Overheads		(36,722,808)	(34,843,651)
Affiliation and Representation		(8,199,313)	(10,159,298)
Marketing & Promotion		(3,784,765)	(2,928,206)
Depreciation & Amortisation		(1,425,786)	(2,133,779)
Total Expenses	17	<u>(134,534,713)</u>	<u>(132,745,244)</u>
Surplus for the year		<u>1,267,970</u>	<u>7,505,235</u>
Other comprehensive income			
<i>Those that might be reclassified to profit or loss in subsequent periods</i>			
Revaluation (from)/to Loan Loss Reserve		8,060,790	6,205,221
Unrealised Gain on Investment		7,069,136	4,633,976
Other comprehensive income for the year		<u>15,129,926</u>	<u>10,839,197</u>
Total comprehensive income for the year		<u>16,397,896</u>	<u>18,344,432</u>

The accompanying notes form part of these financial statements.

FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED STATEMENT OF CHANGES IN EQUITY AS AT DECEMBER 31, 2020

	Reserves			Retained Earnings	Total
	Permanent Shares	Institutional capital	Non-institutional capital		
	\$	\$	\$	\$	\$
Balance as at 1 January 2018	24,725,853	260,875,771	94,027,763	7,697,650	387,327,037
Comprehensive Income					
Surplus for the year				7,505,235	7,505,235
Loan Loss Reserve	-	-	-	10,839,197	10,839,197
Total comprehensive income for the year	-	-	-	18,344,432	18,344,432
Entrance fee		1,966			1,966
Prior Year Statutory transfer		1,539,532		(1,539,532)	-
Current year Statutory transfer		1,501,047		(1,501,047)	-
Receipts/Transfer	119,373	-	2,000	-	121,373
Loan loss reserve			6,205,221	(6,205,221)	-
Unrealised holding gain			4,633,976	(4,633,976)	-
Total other	119,373	3,042,545	10,841,197	(13,879,776)	123,339
Balance as at 31 December 2019	<u>24,845,226</u>	<u>263,918,316</u>	<u>104,868,960</u>	<u>12,162,306</u>	<u>405,794,808</u>
Balance as at 1 January 2019	24,845,226	263,918,316	104,868,960	12,162,306	405,794,808
Comprehensive income					
Surplus for the year				1,267,970	1,267,970
Other comprehensive income for the year	-	-	-	15,129,926	15,129,926
Total comprehensive income for the year	-	-	-	16,397,896	16,397,896
Other					
Entrance fee	-	1,270	-	-	1,270
Statutory transfer	-	253,594	-	(253,594)	-
Honorarium	-	-	-	(2,000,000)	(2,000,000)
Receipts/Transfer	1,384,254	-	-	(2,993,386)	(1,609,132)
Loan loss reserve	-	-	8,060,790	(8,060,790)	-
Unrealised holding gain	-	-	7,069,137	(7,069,137)	-
Total other	1,384,254	254,864	15,129,927	(20,376,907)	(3,607,862)
Balance as at 31 December 2020	<u>26,229,480</u>	<u>264,173,180</u>	<u>119,998,887</u>	<u>8,183,295</u>	<u>418,584,842</u>

The accompanying notes form part of these financial statements.

FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED STATEMENT OF CASH FLOWS AS AT DECEMBER 31, 2020

	Note	2020 \$	2019 \$
Cash flow from operating activities			
Surplus for the year		1,267,970	7,505,235
Depreciation & Amortisation		1,425,786	2,029,932
Interest Income		(139,528,068)	(152,575,525)
Less Unrealised Gain		(7,069,136)	(4,633,976)
Other Assets		(526,726)	(2,713,612)
Payables & accruals		(6,603,416)	(10,329,989)
Interest received		138,930,245	153,435,193
Net cash flow from operations		<u>(12,103,345)</u>	<u>(7,282,742)</u>
Cash flow from investing activities			
Purchase of property, plant and equipment		(3,623,065)	(4,348,426)
Financial Investments		(148,864,856)	9,358,970
Loans from Members		44,649,178	(17,939,531)
Net cash flow from investing activities		<u>(107,838,743)</u>	<u>(12,928,987)</u>
Cash flow from financing activities			
Appropriations & payments		10,391,406	13,883,742
Permanent shares		1,384,254	119,373
Members' shares deposits		116,790,608	19,439,831
Prior year Statutory Transfer		-	(1,539,532)
Current year Statutory Transfer		(253,594)	(1,501,047)
Net cash flow from financing activities		<u>128,312,674</u>	<u>30,402,367</u>
Net increase in cash held		<u>8,370,586</u>	<u>10,190,638</u>
Cash and cash equivalents at beginning of financial year		235,518,186	225,327,548
Cash and cash equivalents at end of financial year	7	<u><u>243,888,772</u></u>	<u><u>235,518,186</u></u>

The accompanying notes form part of these financial statements.



FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

1 Identification & Activities

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

The objectives of the credit union are to promote thrift among its members and to create hereby a source of credit for its members at competitive rates of interest for provident and productive purposes.

To receive the savings of its members

To make loans to members for provident and productive purposes in the way and manner hereinafter provided.

To invest in any security in which trustees are for the time being by Law authorized to invest.

To borrow money as provided by the rules of the Credit Union subject to the provisions of the Law and Regulations.

To draw, make, accept, endorse, discount, execute and issue Promissory Notes, Bills of lading, Bills of Exchange, Bills of Sale, Warrants and other negotiable or transferrable instruments.

2 Summary of Significant Accounting Policies

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In addition, for financial reporting purposes, fair value measurement are categorised into level 1,2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Credit Union can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly: and
- Level 3 inputs are unobservable inputs for the asset or liability.



FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

(a) New Accounting Standards for Application in Future Periods

The Credit Union has not applied the following new and revised IFRSs that have been issued but are not yet effective and the Credit Union has not opted for early adoption.

IFRS 17 Insurance Contracts¹

¹Effective for annual periods beginning on or after 1 January 2021.

(b) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The significant accounting policies that have been used in preparation of the financial statements are summarised below and have been consistently applied for all the years presented. The Measurement bases used are those specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

(c) Reporting currency

The amounts stated in these financial statements are presented in Jamaican Dollars which is the functional currency of the Credit Union.



FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

(d) Basis of Preparation

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In addition, for financial reporting purposes, fair value measurement is categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Credit Union can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly: and

Level 3 inputs are unobservable inputs for the asset or liability

(e) Financial Instruments

Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets are classified into the following specified categories: financial assets 'investments FVTPL and FVTOCI' and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.



FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

(e) Financial Instruments (cont'd)

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and Receivables

Loans and receivables are measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

Financial Investments

The 'Financial Investments' caption in the statement of financial position includes:

- debt and equity investment securities mandatorily measured at FVPL or designated as FVPL;
- debt securities measured at FVOCI; and
- equity investment securities designated as at FVOCI

The Credit Union elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Cumulative gains and losses recognised in OCI are transferred to the surplus and appropriations account on disposal of an investment.

Dividends

Dividends are recognised in profit or loss unless they clearly present a recovery of part of the cost of the investment, in which case they are recognised in OCI.

(f) Provisions

The Credit Union recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- Loans, after provision for loan impairment

No impairment on loss recognised on equity investments.

The Credit Union measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Loans for which a 12-month ECL is recognised are referred to as "Stage 1"

Lifetime ECL are the ECL that result from all possible default events over the expected life of the loan. Loans for which a lifetime ECL is recognised but which are not credit-impaired are referred to as "Stage 2 and 3"



FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

(f) Provisions (cont'd)

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are no credit-impaired at the reporting date: as the present value of all cash shortfalls;
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Credit Union of the commitment is drawn down and the cash flows that the Credit Union expects to receive.

The Credit Union also provides based on the industry standards. This provision does not factor the time value of money, neither does it consider collateral.

The excess of the provision set for by the industry and that prescribed by IFRS is accumulated in a reserve called 'Loan loss Reserve' included in non-institutional capital.

(g) Property, Plant and Equipment

Land and Building comprises the building located at 27 Parkington plaza, Kingston 10, which is also the Credit Union's main office. All property, plants and equipment are reported at their initial cost less accumulated depreciation and accumulated impairment.

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method and next month convention. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The annual depreciation rates for the Credit Union are as follows:

Building	2.5%
Furniture and Fixtures	10%
Office Equipment	20%
Computer	20%

The useful lives of the property, plant and equipment are reviewed and adjusted if necessary.
Land is not depreciated

Repairs and maintenance expenditures are charged to the profit or loss as general overhead during the period in which they are incurred.



FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

(h) Foreign Currency Transactions and Balances

The Credit Union is subject to changes in foreign currency rates as it relates to the accounts held in United States dollar. It is recorded initially in the functional currency using the spot exchange rate of the Jamaican dollar to the United States dollar at the date of transaction. At the end of the period the foreign currency is converted to the functional currency using the closing rate for the period. Exchange differences arising from conversion of the rates used for initial recording and at the end of the period are recognised in the profit and loss statement.

(i) Cash and Cash Equivalents

Cash and Bank balances included notes and coins on hand, unrestricted funds held at other financial institutions representing non-interest-bearing liquid assets owned by the Credit Union. Interest bearing liquid assets such as interest-bearing savings accounts and short-term investments which are expected to be converted within a ninety-day cycle (90).

(j) Revenue and Other Income

Interest on investment

Dividend/Interest income from investments is recognized when the investor's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Credit Union and the amount of income can be measured reliably).

Interest on loans

Interest on loans is recognized when interest is calculated on the outstanding balance at the end of each month, using the reducing balance method.

Rental Income

Rental Income is recognised based on the accrual basis on rental agreement for the portion of building located at 27 Parkington plaza, Kingston 10.

Commission and Fees

Fees and commission income are generally recognised on a cash basis when the service has been provided.

(k) Institutional Capital

Institutional Capital includes the Statutory Reserve Fund as well as various other reserves established from time to time as is deemed necessary by the Board of Directors and agreed upon by the members to support the operation of the Credit Union and thereby protect the interest of the members. These reserves are not available for distribution.

The stronger the overall capital position, the easier it is for the credit union to deal with future uncertainties such as asset loss and adverse economic cycles.

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

(l) Members' Shares in Co-operative Entities and Similar Instruments

Members' shares in co-operative entities have some characteristics of equity. They also give the holder the right to request redemption for cash, although that right may be subject to certain limitations. IFRIC 2 gives guidance on how those redemption terms should be evaluated in determining whether the shares should be classified as financial liabilities or as equity.

Members' shares- (voluntary)

The voluntary shares are the main account for the credit union members. It forms the corner stone of the members' relationship with the credit union.

(m) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(n) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Credit Union retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(o) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Credit Union.

FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

3 Financial investments

		2020	2019
		\$	\$
Current			
Financial assets at fair value through profit or loss	3(a)	154,871,851	98,125,689
Total current assets		<u>154,871,851</u>	<u>98,125,689</u>
Non-Current			
Investment securities designated as at FVTPL	3(a)	43,068,549	7,694,640
Investment securities measured at FVOCI - debt instruments	3(b)	40,563,562	(1)
Investments securities designated as at FVOCI - equity instruments	3(c)	87,714,065	63,738,227
Total non-current assets		<u>171,346,176</u>	<u>71,432,866</u>
Total Financial Investments		<u>326,218,027</u>	<u>169,558,555</u>

(a) Investment securities designated as at FVTP

	2020	2019
	\$	\$
Debt Securities	51,493,486	15,208,541
Equity Securities	146,446,914	90,611,788
Financial assets at fair value through profit or loss	<u>197,940,400</u>	<u>105,820,329</u>

(b) Debt Securities measured at FVOCI

	2020	2019
	\$	\$
Listed investments at fair value:		
Government and fixed interest securities	40,563,562	(1)
	<u>40,563,562</u>	<u>(1)</u>
Total Investments measured at FVOCI - debt instruments	<u>40,563,562</u>	<u>(1)</u>

FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

3 Financial investments (cont'd)

(c) Equity Investments designate as at FVOCI

	2020	2019
	\$	\$
NCB CAP Income Optimizer	87,714,065	63,738,227
Total Investment securities designated as at FVOCI-equity instruments	<u>87,714,065</u>	<u>63,738,227</u>

4 Loans, after provision for loan impairment

	Note	2020	2019
		\$	\$
Staff Loans		92,821,234	82,626,007
Ordinary Loans		334,518,192	363,800,905
Motor Vehicle Loans		459,460,805	500,193,804
Guardian Life Facilities		86,768,637	114,052,126
Payroll Short term loan		316,230,844	276,599,572
Other		81,196,197	78,739,709
Total Gross Loans		<u>1,370,995,909</u>	<u>1,416,012,123</u>
Loan loss provision	5	(4,457,829)	(4,824,865)
Accrued Interest		6,955,156	7,082,813
Loans Net of Provision for Impairment		<u>1,373,493,236</u>	<u>1,418,270,071</u>

(a) Maturity Schedule

	Maturity Schedule					
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 years	Carrying Value	Carrying Value
	Current	Non-current		2020	2019	
	\$	\$	\$	\$	\$	
Loans to Individuals	13,901,826	25,615,728	843,991,970	487,486,385	1,370,995,909	1,416,012,123
Accrued Interest	6,955,156				6,955,156	7,082,813
Less: provision for Loan loss					(4,457,829)	(4,824,865)
	<u>20,856,982</u>	<u>25,615,728</u>	<u>843,991,970</u>	<u>487,486,385</u>	<u>1,373,493,236</u>	<u>1,418,270,071</u>

FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

4 Loans, after provision for loan impairment (cont'd)

(b) Collateral

The Credit Union holds collateral against loans to members in the form of mortgage interests over property, lien over motor vehicles, other registered securities over assets, hypothecation of shares held in the Credit Union and guarantees. Estimates of fair values are based on value of collateral assessed at the time of borrowing and are generally not updated except when a loan is individually assessed as impaired.

The Credit Union had nil repossessed collateral at the reporting date with a market value of nil (2019: \$6,030,000).

5 Provisions

There are a total of 73 (2019 :64) non-performing loans. The credit union defines a non-performing loan as one where payments are beyond 30 days past due. The Credit Union does not accrue interest for loans which are in arrears for over 90 days

The Credit Union provides for its non-performing loans using the loan loss provision as prescribed by IFRS 9 as well as the standards of the Jamaica Co-operative Credit Union League (JCCUL). Each loan has been analysed as required by the standard and the adjustment reclassified to the Loan Loss Reserve under non-institutional capital.

	Loan Loss Provision	Loan Loss Reserve	Total
	\$	\$	\$
Balance as at 1 January 2019	4,824,865	15,096,441	19,921,306
Additional provisions	-	8,060,790	8,060,790
Amounts used	(367,036)	-	(367,036)
Balance as at 31 December 2020	<u>4,457,829</u>	<u>23,157,231</u>	<u>27,615,060</u>

FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

5 Provisions (cont'd)

(a) ECL Evaluation

A total of 2,317 contracts have been assessed by the Credit Bureau as at the reporting date of December 31, 2018. Based on the assessment the following assumption were made:

- Loss Given Default (LGD) = 4.82%
- Contacts with terms remaining < 1 month not assessed
- Contract already in default assumed to have a Probability of Default (PD) of 100% going forward.
- 5% discount rate

Below is the staging policy used

Stage	DPD	PD
1	< 31	12 Months
2	31- 89	Lifetime
3	> 90	Lifetime

(b) Provision as Prescribed by JCCUL

In the financial statements the credit union does not provide for loan loss in accordance to Jamaica Co-operative Credit Union League (JCCUL) as those methods are superseded that those of the International Financial Reporting Standards set out in the preceding paragraph.

For comparative purposes, the credit union continues to maintain the provision schedule in accordance with JCCUL requirements.

Provision based on the Jamaica Co-operative Credit Union League

	Number of accounts	Delinquent Loans \$	Required provision \$	Provision rate %
Delinquent Loans (60 - 90 days)	7	3,573,512	357,351	10
Delinquent Loans (>90 - 180 days)	14	10,297,769	3,089,331	30
Delinquent Loans (>180 - 360 days)	10	6,048,940	3,629,364	60
Delinquent Loans (Over 360 days)	42	20,539,014	20,539,014	100
	73	40,459,235	27,615,060	

FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

6 Property, plant & equipment

	Land and Buildings	Furniture, Fixtures & Fittings	Computer	Office Equipment	Total
	\$	\$	\$	\$	\$
Cost/Valuation					
Balance as at 1 January 2019	15,249,144	4,286,116	27,308,505	13,360,955	60,204,720
Additions	-	801,937	1,743,707	1,802,782	4,348,426
Balance as at 31 December 2019	15,249,144	5,088,053	29,052,212	15,163,737	64,553,146
Additions	99,021	44,018	3,047,446	432,580	3,623,065
Disposals	-	-	-	-	-
31 December 2020	15,348,165	5,132,071	32,099,658	15,596,317	68,176,211
Accumulated Depreciation					
Balance as at 1 January 2019	3,900,340	2,848,344	10,401,223	9,770,300	26,920,207
Depreciation expense	319,613	185,898	696,789	827,632	2,029,932
Balance as at 31 December 2019	4,219,953	3,034,242	11,098,012	10,597,932	28,950,139
Depreciation expense	322,091	192,075	553,762	357,860	1,425,788
Disposals	-	-	-	-	-
Balance as at 31 December 2020	4,542,044	3,226,317	11,651,774	10,955,792	30,375,927
31 December 2020	10,806,121	1,905,754	20,447,884	4,640,525	37,800,284
31 December 2019	11,029,191	2,053,811	17,954,200	4,565,805	35,603,007

Land and Building comprises land in the amount of \$2,464,594 (2019: \$2,464,594), which is not depreciated.

FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

7 Cash & cash equivalents

	2020	2019
	\$	\$
Cash and cash equivalents		
Non-earning:		
Cash on hand	444,695	520,445
Bank accounts Denominated in Jamaican Dollar	53,438,092	60,793,792
	<u>53,882,787</u>	<u>61,314,237</u>
Earning:		
Bank accounts Denominated in United States Dollar	16,813,167	22,419,934
Short term investments	173,192,818	151,784,015
	<u>190,005,985</u>	<u>174,203,949</u>
Total cash and cash equivalents	<u>243,888,772</u>	<u>235,518,186</u>

The Short-term investments represent the fair value of the investments as at December 31, 2019 and are expected to mature within 3 months or less. These investments are categorised as Fair Value through Profit or Loss (FVPL).

Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2020	2019
	\$	\$
Cash and cash equivalents	243,888,772	235,518,186
Balance as per statement of cash flows	<u>243,888,772</u>	<u>235,518,186</u>

FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

8 Accounts Receivables

The accounts receivable accounts represent amounts owed to the Credit Union as of December 31, 2020. There has been no provision for loss against these accounts

	2020	2019
	\$	\$
Current		
Premium receivables	1,777,435	1,777,435
Rental receivable	1,494,347	928,180
Prepaid assets	1,069,929	1,200,304
Security Deposit	34,188	34,188
Withholding tax	3,292,937	3,156,617
Other receivables	11,682,302	11,727,688
Total current trade and other receivables	<u>19,351,138</u>	<u>18,824,412</u>
Total trade and other receivables	<u>19,351,138</u>	<u>18,824,412</u>

a) Withholding tax represents accumulated withholding tax on investments. Effective September 1, 2010, the Credit Union was granted a 10-year exemption on withholding tax. The Credit Union has been reducing this balance by offsetting it against the withholding tax payable on interest paid to members on shares and deposits.

b) Premiums Receivables represents balance owed by members to reimburse Credit Union for payments made on their behalf

9 Permanent Shares

This represents equity in the Credit Union which cannot be withdrawn but may be transferred to another member or repurchased by the Credit Union through its permanent shares reserve Fund.

	2020	2019
	\$	\$
Permanent Shares	26,178,411	24,831,434
Permanent Shares reserve	51,069	13,792
	<u>26,229,480</u>	<u>24,845,226</u>

FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

10 Institutional capital

a. Statutory Reserve

Pursuant to the Co-operative Societies Act Credit Unions are required to transfer to a Statutory Reserve all entrance fees collected and a minimum of 20% of net surplus.

b. Special Reserve

This reserve represents amounts appropriated by members to strengthen the capital based of the Credit Union and is not available for distribution.

	2020	2019
	\$	\$
Statutory Reserve	264,155,964	263,902,370
Entrance fees	17,216	15,946
	<u>264,173,180</u>	<u>263,918,316</u>

11 Non-institutional capital

This represents amounts set aside to facilitate outreach and development activities of the credit union.

	2020	2019
	\$	\$
Capital Reserve	3,000,000	3,000,000
Gain on Investment	19,653,649	12,584,512
Share Fund transfer reserve	577,321	577,321
General Reserve	73,610,686	73,610,686
Loan Loss Reserve	23,157,231	15,096,441
	<u>119,998,887</u>	<u>104,868,960</u>

- i. Capital Reserve represents an amount put aside for significant capital expenditure.
- ii. Gain on investment represents the accumulated interest on the Credit Union's National Commercial Bank Capital Market account and its gain on the Jamaica Unit Trust securities
- iii. The Share Transfer Reserve is used to purchase/buy back retired Permanent Share (\$3,000.00) whenever an Account is closed. These amounts are placed in the "Nominee Account" for future share distribution to new Members
- iv. Loan loss reserves represents the cumulative excess of provision for loan loss determined by using the JCCUL regulatory requirements over the amount determined under IFRS.

FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

12 Undistributed Surplus

This represents amount available for distribution to the members of the Credit Union

	\$
Balance as at 31 December 2019	12,162,306
Surplus for the year	1,267,970
Honarium	(2,000,000)
Receipts/Transfer	(2,993,387)
Statutory transfer	(253,594)
Balance as at 31 December 2020	<u><u>8,183,295</u></u>

13 External Credit

	1 to 5 years	Over 5 Years	Carrying value 2020	Carrying value 2019
	\$	\$	\$	\$
Secured by Building	48,394,630		48,394,630	48,648,548
Secured by Hypothecation		25,276,986	25,276,986	25,276,987
	<u>48,394,630</u>	<u>25,276,986</u>	<u>73,671,616</u>	<u>73,925,535</u>

- i. The loan facility from Sagicor life Jamaica Limited matures 2020 and is secured by Building located at 27 Parkington Plaza, Kingston 10 and bears an interest rate of 4%.
- ii. The loan facility from Guardian life Limited matures 2025 and is secured by hypothecation and bears an interest rate of 5%.

14 Members Deposits

	2020	2019
	\$	\$
Regular Deposit	99,389,080	106,032,084
Term Deposits	559,858,911	538,473,717
Accrued Interest	6,915,191	7,589,379
	<u>666,163,182</u>	<u>652,095,180</u>

FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

15 Payables and Accruals

This represents the non-interest earning liabilities of the Credit Union.

	2020 \$	2019 \$
Current		
Accounts Payables	1,796,552	3,196,990
Death Claims	1,359,392	1,813,389
Premiums Payables	601,482	4,319,090
General Consumption Tax	765,538	101,363
Honoraria	824,375	-
QNET	559,799	113,165
Security Deposit	301,417	301,417
Audit Fees	1,922,076	1,316,800
Other Payables	8,055,457	11,373,371
	<u>16,186,088</u>	<u>22,535,585</u>

16 Revenue and Other Income

	2020 \$	2019 \$
Revenue		
Interest and Investment Income		
Investment Income	5,056,136	7,956,273
Interest on Loans	134,471,932	144,619,252
	<u>139,528,068</u>	<u>152,575,525</u>
Other Revenue		
Commission and Fees	2,062,207	1,635,543
Bills of Sale	139,000	115,184
Discount Cards	13,320	9,500
Service Charge	6,689,856	8,134,268
Other Revenue	5,775,191	1,723,650
Investment Property	3,975,121	3,784,962
	<u>18,654,695</u>	<u>15,403,107</u>
Total Revenue	<u>158,182,763</u>	<u>167,978,632</u>

FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

17 Administrative expenses

	2020	2019
	\$	\$
Staff Costs		
Salaries, allowances & statutory contributions	78,011,590	76,457,403
Staff Training	-	875,691
Travelling & related expenses	1,110,638	727,309
Pension	5,279,813	4,619,907
	<u>84,402,041</u>	<u>82,680,310</u>
General Overheads		
Donation	-	38,000
Auditor's Remuneration	1,899,996	1,419,800
Office Rental	1,607,257	1,567,539
Insurance	6,997,519	6,889,223
FIP Expense	1,713,546	1,316,640
Office Expenses	3,640,108	4,836,665
Professional fees	4,499,271	2,089,622
Repair and Maintenance	1,101,684	2,169,709
Security and messenger service	2,507,896	2,559,057
Telephone, cable, postage & telegram	8,039,619	7,410,042
Electricity	3,685,532	3,719,975
Rates & taxes	1,030,380	827,379
	<u>36,722,808</u>	<u>34,843,651</u>
Marketing & Promotion	<u>3,784,765</u>	<u>2,928,206</u>
Affiliation and Representation		
Stabilization dues	1,533,386	1,877,250
League fees	3,712,344	3,703,530
Seminars and meetings	2,953,583	4,578,518
	<u>8,199,313</u>	<u>10,159,298</u>
Depreciation & Amortisation	<u>1,425,786</u>	<u>2,133,779</u>
Total operating expenses	<u>134,534,713</u>	<u>132,745,244</u>

FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

18 Contingent Liabilities and Contingent Assets

The Credit Union has guaranteed \$9.6M to Collector of Customs for 3 years from June 2015 if a member fails to pay the duties on the vehicles imported when they are sold. In exchange a freehold title for a 2-bedroom apartment valued at \$12M provides security.

19 Auditor's Remuneration

	2020	2019
	\$	\$
Remuneration of the auditor for:		
auditing or reviewing the financial statements	1,176,000	1,120,000
due diligence services	723,996	299,800
	<u>1,899,996</u>	<u>1,419,800</u>

20 Related Party Balances

On December 31, 2020, 14 (2019: 14) members of the credit union's Board of Directors, Committee members and key management personnel had savings and loans inclusive of interest of the figures below:

	2020	2019
	\$	\$
Savings	18,684,597	17,855,337
Loans (inclusive of interest)	39,804,619	32,952,701

21 Staff Compliment

	2020	2019
Number of persons employed		
Permanent	24	27
	<u>24</u>	<u>27</u>

22 Comparison of ledger balances

	Saving Deposits \$	Members Shares \$	Permanent Shares \$	Loans Gross of Allowance \$
General Ledger	666,163,182	826,145,729	26,178,411	(1,366,538,080)
Sub Ledger	666,163,182	826,145,729	26,178,411	1,366,538,080
Variance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

23 Fair Values

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable and willing parties who are under no compulsion to act. This is best evidenced by a quoted market price. Many of the society's financial instruments lack an available trading market. Therefore, these instruments have been valued using other valuation techniques and may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments. The fair values of cash resources, securities purchased under resale agreements, other assets, and other liabilities, are assumed to approximate their carrying values due to their short-term nature. The fair value of the quoted equities is determined based on their quoted bid price at the statement of financial position date. The fair value of Government of Jamaica securities is estimated by discounting the future cash flows of the securities at the estimated yields at the date of the statement of financial position for similar securities. The estimated fair values of loans to members are assumed to be the principal receivable less any allowance for loan losses.

The fair value of external credits, deposits payable on demand or after notice, and deposits with a variable or floating rate payable on a fixed date are assumed to be equal to their carrying values. The estimated fair values of fixed rate deposits payable within a year are assumed to approximate their carrying values, due to their short-term nature. The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	2020 Fair Value \$	2020 Fair Value \$	2019 Fair Value \$	2019 Fair Value \$
Financial Asset				
Loans and advances	1,373,493,236	1,373,493,236	1,418,270,071	1,418,270,071
Liquid assets (including cash and bank balance)	243,888,772	243,888,772	235,518,186	235,518,186
Financial investments	326,218,027	326,218,027	169,558,555	169,558,555
Non-earning assets	19,351,138	19,351,138	18,824,412	18,824,412
Financial liabilities				
Savings deposits	666,163,182	666,163,182	652,095,180	652,095,180
Members' share capital	826,145,729	826,145,729	723,423,123	723,423,123
Other liabilities				
Non-interest liabilities	16,186,088	16,186,088	22,535,585	22,535,585

FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

23 Fair Values (cont'd)

Fair value hierarchy as at 31/12/20

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Liquid assets		173,192,818		173,192,818
Loans and receivables:				
loans to members			1,373,493,236	1,373,493,236
Other receivables			19,351,138	19,351,138
Fair Value through Profit or loss:				
Repurchase agreements		154,871,851		154,871,851
Unquoted investments			7,861,660	7,861,660
Fair Value through Other Comprehensive Income		87,714,065		87,714,065
	-	415,778,734	1,400,706,034	1,816,484,768
Financial liabilities				
Saving Deposits			666,163,182	666,163,182
Members' share capital			826,145,729	826,145,729
Loans from other entities			73,671,616	73,671,616
Trade and other payables			16,186,088	16,186,088
	-	-	1,582,166,615	1,582,166,615

24 Financial Risk Management

(a) Insurance

The Credit Union has in place the following insurance coverage which are deemed adequate:

- GK General Insurance Company Limited: Commercial All Risk, Fidelity Guarantee, Public Liability, Money, Machinery Breakdown, and Low Voltage.

(b) Credit Risk

Credit risk is the risk of financial loss to the Credit Union if a member or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Credit Union's loans to members, deposits with other institutions and investment securities. There is also credit risk exposure in respect of instruments such as loan commitments and guarantees which may not be stated on the Statement of Financial Position. They expose the Credit Union to similar risks as loans and are managed in similar manner.

FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

(b) Credit Risk (cont'd)

The carrying amount of financial assets represents the maximum exposure to credit risk (before application of collateral held) which at the statement of financial position date was:

	2020	2019
	\$	\$
Financial assets		
Cash and Cash Equivalents	243,888,772	235,518,186
Accounts Receivables	19,351,138	18,824,412
Loans and receivables (including trade receivables balance)	1,392,844,374	1,437,094,483
Investments	326,218,027	169,558,555
Financial liabilities		
Payables and Deposits	1,582,166,615	1,471,979,423

(c) Liquidity Risk

The Credit Union's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal or stressed conditions. Prudent liquidity risk management which the Credit Union uses includes maintaining sufficient cash and marketable securities, monitoring future cash flows and liquidity on a daily basis and maintaining an adequate amount of committed overdraft facilities.

The Credit Union is subject to a liquidity limit set by the Jamaica Co-operative Credit Union League and compliance is closely monitored. The key measure used by the Credit Union for managing liquidity risk is the ratio of liquid assets to total savings deposit.

For this purpose, liquid assets include cash and bank balances, deposits held with JCCUL and highly liquid investments which are readily converted into cash within three months. The liquid asset ratio at the end of the year was 1:0.59 (2018:1:0.49). There has been no change to the Credit Union's exposure to liquidity risk or the manner in which it manages and measures the risk.

	2020	2019
	\$	\$
Cash resources:		
Loans (after provision for loan impairment)	42,014,882	45,403,247
Financial investments (within 3 months)	154,871,851	98,125,689
Liquid assets	173,192,818	151,784,015
Cash & bank balances	70,695,954	83,734,171
Accounts Receivable	19,351,138	18,824,412
	<u>460,126,643</u>	<u>397,871,534</u>
Saving Deposits and other payables:		
Members deposits	666,163,182	652,095,180
Payables & accruals	16,186,088	22,535,585
	<u>682,349,270</u>	<u>674,630,765</u>
Ratio	0.67	0.59

FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

(c) Liquidity Risk (cont'd)

Members' Voluntary share capital can be withdrawn at the option of the members, unless they are held as security for loans and guarantees and will therefore affect the liquidity position of the Credit Union. These have no contractual maturity. The amounts included in the analysis are based on management's estimate of flows on expected cash from these instruments as determined by retention history. These may vary significantly from actual cash flows which are generally expected to maintain a stable or increasing balance.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. These arise mainly from changes in interest rate, foreign currency rate and equity prices and will affect the Credit Union's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk exposures are measured using sensitivity analysis.

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

(e) Interest rate risk

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. It arises when there is a mismatch between interest-earning assets and interest-bearing liabilities which are subject to interest rate adjustments within a specified period. It can be reflected as a loss of future net interest income and or a loss of current market values. Interest rate risk is managed by holding primarily fixed rate financial instruments.

A summary of the Credit Union's interest rate gap position and sensitivity analysis is as follows:

	Within 3 Months	3-12 Months	1 to 5 years	>5 Years	No Maturity	Total
31 December 2020						
Assets						
Cash & cash equivalents	243,888,772					243,888,772
Financial Investments	154,871,851			163,484,516	7,861,660	326,218,027
Loan Portfolio, net	20,856,982	25,615,728	843,991,970	487,486,385	(4,457,829)	1,373,493,236
Property, plant & equipment					37,800,284	37,800,284
Other Assets		19,351,138				19,351,138
Total Assets	419,617,605	44,966,866	843,991,970	650,970,901	41,204,115	2,000,751,457
Liabilities						
Demand Savings Account	273,135,379					273,135,379
Term Deposits	110,335,551	282,692,252				393,027,803
Loans Payable	671,616	-	48,000,000	25,000,000		73,671,616
Other Liabilities					842,331,817	842,331,817
Total Liabilities	384,142,546	282,692,252	48,000,000	25,000,000	842,331,817	1,582,166,615
Total Equity					418,584,842	418,584,842
Total Liabilities and Equity	384,142,546	282,692,252	48,000,000	25,000,000	1,260,916,659	2,000,751,457
Asset Liability Gap	35,475,059	(237,725,386)	795,991,970	625,970,901	(1,219,712,544)	-
Cumulative Asset-Liability Gap	35,475,059	(202,250,327)	593,741,643	1,219,712,544	-	1,646,678,919



FINANCIALS

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

(f) Capital Management

The Credit Union's objectives when managing capital are to safeguard the Credit Union's ability to continue as a going concern.

The Credit Union defines its capital as members' share capital, institutional capital and non-institutional capital. Dividend pay-outs are made taken into account as maintenance of an adequate capital base.

The Credit Union is required by the League to maintain its institutional capital inclusive of permanent shares at a minimum of 8 % of total assets. At the statement of financial position date, this ratio was 13 % (2019: 14 %) which is in compliance with the requirements.

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

	2020	2019
	\$	\$
Institutional Capital	264,173,180	263,918,316
Total Assets	2,000,751,457	1,877,774,231
Ratio	13%	14%

TREASURER REPORT



Lesa Robinson
Treasurer

REPORT FROM YOUR TREASURER

On behalf of the Board and Management I am pleased to report on the financial performance of your Credit Union for the year ended 31 December 2020.

OVERVIEW

The year 2020 was a very challenging year for the Credit Union with the Pandemic having a significant impact on the ability of the organization to grow the business. As a result, the Surplus for the year 2020 fell significantly compared to 2019, coming in at \$1.267M, a reduction of 83% over 2019. Total assets grew by 6.5% or \$123 million to close 2020 at \$2 billion (2019 - \$1.87 billion), a growth rate that was above the annual inflation rate of 5.19%.

During the year, finance costs associated with deposit products were reduced in line with market rates. This resulted in a reduction in interest costs by about 43%. This resulted from the full effect of the departure from strategy of offering higher rates on low risk instruments, well in excess of the market, as well as a response to declining interest income caused by Covid 19. Going forward your Credit Union will be looking more acutely at the level of risk we will accommodate in the placements of our financial investments.

Interest charged on some loans were reviewed but in most cases were found to be in line with market rates.

INCOME

Loans after provisions declined by 3.16%, with interest on loans overall declining by 7%. The decline was mainly due to the reduction in the demand for all types of loans with the

exception of Payroll Short Term Loans with increase of 14%, which is indicative of the change in needs of our members during the pandemic for more short term loan facilities. The loan appetite of our members decreased with the uncertainty in the job market and the affect the pandemic had and continues to have on the economy.

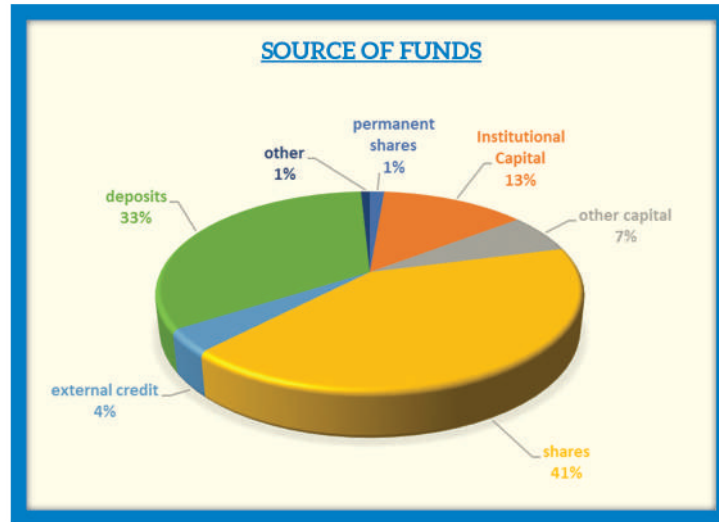
Our return on property improved by 5% over prior year and our Commissions and Fees income increased by 26% and Service charge decreasing by 18%. Overall the total revenue reduced by 6% as a result of the reduction of the interest on Loans and Investment Income. While public utterances suggest some financial institutions charge rapacious fees, we are confident that our service charges are well below those of other entities and appropriately recognize the cost of providing the service. Utilizing this avenue to increase revenue will be utilized among future strategies.

MEMBERS' SAVINGS

Members' savings in share accounts increased by 14% or \$103M as at 31 December 2020. Deposits also increased by 14M or 2%. These deposits form the pool from which funds are made available to loan to members. Savings together form the main source of funds supporting the Credit Union. Other sources include institutional and non-institutional capital, undistributed surplus and minor borrowings.

The chart, **Sources of Funds** shows both the sources and the percentage mix of the Credit Union's funds that are used for lending. Members' savings (*Voluntary shares- 41% and savings deposits -33%*) comprised 74% of the total.

TREASURER REPORT

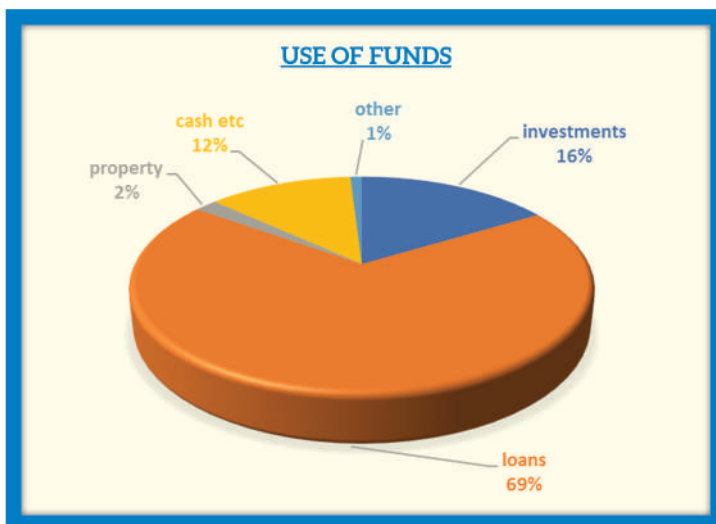


The chart above highlights the importance of members' savings and capital retention to the Credit Union. These are the main sources of loanable funds to fuel the engine of growth and service offering. It is only with continued and consistent placement of funds, that the Credit Union will be able to offer increasing loan facilities at competitive rates for the benefit of all our members. We continue to encourage our members to use the Credit Union as a safe repository of savings to cope with future needs.

EQUITY

Institutional Capital and Permanent shares to assets at 14.5%, which is above the standard of 8%. This is a measure of the Credit Union's ability to withstand shocks and maintain adequate cash flows. We must ensure our capital is continuously funded from surpluses for future requirements.

The chart below, **Use of funds** shows the use to which members' deposits are put.



LOANS

Our Loans to assets of 69% over the last period of 76% was in compliance with the PEARLS standard of between 60% and 80%. We remain committed to maintaining a relatively high ratio to ensure we maximise our loan interest income returns in a competitive market.

Delinquency was 3.8% at December 31, 2020 compared to the standard of 5% an increase over the last period. The credit union was able to keep the rate in line with acceptable ratios due in part to the granting of moratorium to our members who experienced cash flow fluctuations due to the Pandemic. We continue to work with our members to ensure that we offer financial advice and expertise to ensure that we protect your credit rating. Our members whose circumstances have affected their credit rating are encouraged to make contact so that we can assist in restoring your position.

TREASURER REPORT

The PEARLS ratios, as prescribed by the Jamaica Co-operative Credit Union League continue to be the financial measuring tool of how well a credit union has performed financially. IECCU's performance measured against the PEARLS Standard is set out below. The table below presents our performance for the last five (5) periods

KEY RATIOS As At December 31, 2020

<u>Protection</u>	STANDARD	2020	2019	2018	2017	2016
Adequacy of A.L.L For Delinquency > 12 Months	100%	100%	100%	100%	100%	100%
Net Capital /Asset	>8%	14.5%	15.33%	15%	14%	16.95%
<u>Effective financial structure</u>						
Net Loans / Total Assets	60-80%	68.6%	75.68%	76%	77%	69.93%
Total Savings / Total Assets	70-80%	74.6%	73.03%	73%	72%	70.61%
<u>Asset quality</u>						
Delinquent Loans / Gross Loans	<5%	3.8%	2.21%	3.78%	5.1%	4.92%
Total Non-Earning Assets / Total Assets	<7%	3.5%	7.57%	6%	5%	5.00%
<u>Rate of return & costs</u>						
Cost Of Funds / Average Member Savings	>8%	0.4%	1.22%	1.90%	2.6%	2.97%
Operating Expenses / Average Assets	<8%	6.7%	7.90%	6.5%	6.5%	7.02%
Net Income / Average Assets	>2.3%	0%	0.32%	0.4%	0.1%	0.61%
<u>Liquidity</u>						
Liquid investments / members savings	20-30%	35%	21.51%	21%	21%	26.78%
<u>Signs of growth</u>						
Total Assets	>2.4%	6.5%	2.80%	2%	8%	4.90%
Membership	>5%	1.3%	5.68%	%	4%	-5.32%

OTHER

We ask members to note that all credit contracts including those outside IECCU form part of the provision assessment. It is important to maintain a good credit record as it will assist your loan prospects as well as the overall cost of credit.

Your financial wellbeing is dependent on how you save and borrow. We therefore continue to emphasize the following:

1. Let us assist you to manage your loans. If you identify an imminent challenge, contact us without delay.
2. Save more with your Credit Union as an avenue to building wealth.

CONCLUSION

Despite the challenges that your Credit Union has faced throughout the year, we remain committed to providing our members with greater benefits and rewards all while minimizing costs. We have had to learn to pivot and become innovative in our handling of the



TREASURER REPORT

pandemic and all the attendant costs that have arisen in order for us to provide a safe space for our team members and members to operate business.

This blended AGM is one such way that we have had to evolve to be able to continue to be relevant in this ever changing environment.

We encourage our members to continue to invest in your Credit Union and invite other to do so as despite our best efforts, we can only be as successful as you make us. We are a partnership, owners together, working together and achieving together.

While we work at achieving and ensuring the financial health of your Credit Union, we balance our activities with prudent management of our operations in observance of the requirements of our regulators, industry best practices and reporting requirements as set out for financial institutions. This is our commitment to you to ensure the longevity of this institution.

I must also say thanks to our auditors Bogle and Company, the Registrar of Cooperative Societies, and the Jamaica Co-operative Credit Union League for their professional assistance and guidance provided throughout the year. On behalf of the members of the Board of IECCU. I must also thank our dedicated management, team members and volunteers, who continue to serve this noble organisation.

The resolve of the IECCU remains that of serving our members and working alongside you in helping you to achieve the dreams and goals for yourselves and your families.



Lesla Robinson
Treasurer

SUPERVISORY COMMITTEE REPORT



SUPERVISORY COMMITTEE: (From Left to Right)
Peter Samuels - Chairperson, Dwight Moore, Damion White, Napair McLeary
Missing from photo: Gabre Spence

REPORT OF THE SUPERVISORY COMMITTEE 2019/20

The committee's overall objective was to ensure compliance with key requirements, to ensure transparency, as well as ensure soundness and that the credit union operate in the best interest of its members.

MEMBERS OF THE COMMITTEE

At the first meeting of the **Committee**, Peter Samuels was elected as Chairman and Dwight Moore elected Secretary. The **Committee** met together on eight (8) occasions online via 'Google Meet'. It should also be noted that the **Committee** communicated at other times on matters concerning the credit union via other online application. The following table gives a profile of the members' attendance for the online meetings.

MEMBERS	POSSIBLE MEETING	ATTENDED MEETINGS	EXCUSED
Peter Samuels (Chairman)	8	8	0
Dwight Moore (Secretary)	8	8	0
Damion White	8	7	1
Gabre Spence	8	5	1
Napair McLeary	8	7	0

MAJOR AREAS OF FOCUS

The **Committee** probed the operations of the Credit Union and investigated areas such as Information and Communication Technologies (ICT), the Work from Home Policy, Financial Management, Delinquency, Membership Growth, Marketing and

SUPERVISORY COMMITTEE REPORT

Membership, Human Resource Management. The Credit Union's management should be commended for the overall running of the credit union. The following areas of concerns were however noted.

Information and Communication Technologies: The **Committee** reviewed the Information Technology Securities Policy and Standards, and we are pleased with how far reaching and comprehensive it is. There are still a few matters of concern, namely:

1. Segregation of duties which comes with its internal control risks.
2. Is there an Insurance Policy in place to protect the Credit Union against loss of hardware or software?
3. Is there insurance in place to indemnify the Credit Union against a financial loss suffered by a Member due to IT breaches (Cyber Crime), which also includes cloning of debit cards? This is very prevalent today and other Credit Unions have been affected.

Work from Home Policy: This was reviewed, and the Committee was quite pleased with its contents and the plans outlined to ensure that the equipment are treated with due care while emphasizing the mantra for continued confidentiality of the clients' and Credit Union's information. We are, however, recommending that periodic checks be conducted on the equipment to ensure that they are in proper working order and are not being used for anything outside of the Credit Union's business.

Financial Management: The Credit Union has been performing well with most of the PEARLS Ratios given the current climate. These include Protection, Effective Financial Structure, Asset Quality, Delinquency, Rate of Return as well as Liquidity. There remains, however, concern regarding the Signs of Growth indicators / ratios which have been way below the PEARL ratio standards.

Membership Growth and Marketing: The Credit Union's efforts to grow its membership have been noted; notwithstanding the poor growth rate. The addition of a new Marketing Officer argues well for the Credit Union as immediately it can be seen that efforts are being made to improve this area.

Additionally, the introduction of the new and improved maximum limit for the Credit Union's 'Unsecured Loan' as well as the new 'Motor Vehicle Loan' with improved interest rate of 6.5%, up to 100% financing and up to 10 years to pay should assist the

'Credit Union' in growing its loan portfolio and attracting new member while giving current member a sense of hope that the Institution is keeping up with the times.

The recommendation is for more aggressive and deliberate marketing strategies within the industry such as a directly targeting the small insurance companies and the insurance brokers (who are not directly associated with a bank) and form an alliance to be their source of staff loan for these institutions.

Human Resource Management: The 'Committee's' major concern in this area is the staffing situation in the ICT Department and we are please that the gap in the Marketing Department has been closed.

ACKNOWLEDGEMENT

The **Supervisory Committee** wishes to express appreciation to the members of the credit union for the confidence placed in us to serve the membership. We also want to say thanks to the board of directors, other volunteers, the management and staff of the credit union for the support and cooperation given us during our tenure.

Let me also say thank you to the members of the **Supervisory Committee** for their time and commitment to serve the **Committee**, staff, volunteers and the credit union membership.



Peter Samuels, MBA; BSc. (Hons); FLMI
Chairman



IECCU SWEET TREAT HOLIDAY LOAN

Get a "SWEET TREAT"
this holiday season
by accessing a special loan
from IECCU.

For a limited time only,
you can get up to

60% of the average
of your net salary

at a low, low rate of
10% per annum.

*Conditions Apply

*Terms and conditions may change
without notice.

- 
- Paint Your House
 - Buy Gifts
 - Go on Vacation
 - Treat Yourself

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED

📍 **Kingston** - 27 Parkington Plaza, Kingston 10 | ☎ 876.906.5362-4, 920.7447

📍 **Montego Bay** - Shop 22, Sagicor Shopping Centre, Howard Cooke Blvd.

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CREDIT COMMITTEE REPORT



CREDIT COMMITTEE: (From Left to Right)
Woodrow Smallwood - Chairperson, Odeon Campbell
Audrey Wilson, Courtney Golding
Missing from photo: Neuton Nelson

REPORT OF THE CREDIT COMMITTEE 2019/20

The Insurance Employees Co-operative Credit Union's membership accessed over a billion dollars in loan funding to finance their various needs and desires during the year in review – Year 2020.

Improved loan offerings such as the three -million-dollar Unsecured Loan, and reduced interest rates for Motor Vehicle Loans served to drive this demand for financing, among other changes.

As usual, Members requested funds for a variety of purposes, chief among which were:

- 1) Domestic, Personal and Utility
- 2) Motor Vehicle Purchase and Repairs
- 3) Real Estate & Home Improvement
- 4) Education
- 5) Debt Consolidation & Loan Refinancing

The Credit Union's total loan portfolio's growth trend is graphically displayed in the five year comparison in Figure 1 on the following page.

CREDIT COMMITTEE REPORT

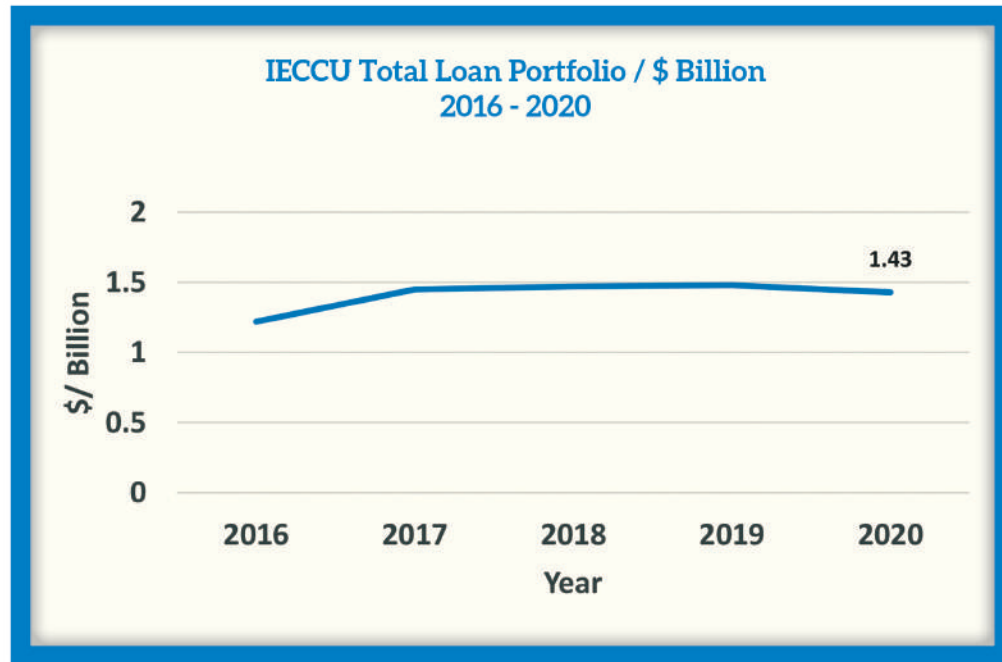


Figure 1: IECCU Total Loan Portfolio 2016-2020

Credit Functions were effectively administered by the IECCU Staff and Management. On a weekly basis, the Credit Committee for its part consistently assessed, reviewed and approved loans.

Our Credit Committee Team, comprising: Audrey Wilson, Neuton Nelson, Courtney Golding, Odeon Campbell and myself – Woodrow Smallwood, appreciate your support of this organisation. We remain committed to serving you -our membership and are available to continue offering our service in this capacity.

We thank you our members for choosing this Union of Possibilities.

Woodrow Smallwood
Chairman

NOMINATING COMMITTEE REPORT

REPORT OF THE NOMINATIONS COMMITTEE 2020

The nominations committee is responsible for proposing persons to serve according to the Rules, considering the requisite talents required by the Credit Union, term limit, fit and proper requirements, standing as a member, and the spectrum of membership.

The nominees are as follows:

BOARD NOMINATIONS

NAME	RETIRING	NOMINATED	TERM (YRS)
Mark Wallen	Yes	Yes	2
Lesa Robinson	Yes	Yes	2
Barrington Lawrence	Yes	Yes	2
Rejeanne Campbell	Yes	Yes	2
Andre McFarlane	New	Yes	2
Aldane Milton	New	Yes	1

- Aldane Milton is currently the AVP, Application Services, Shared Services IT at Sagicor, and leads a team of developers in Jamaica and Barbados, with oversight of other development teams in the U.S. and India. He has over 15 years of experience in Software Engineering and general I.T., with 8 of those years at the middle and senior management levels. Aldane holds a B.Sc. in Computer Science from the University of the West Indies, Mona and is currently pursuing a M.Sc. in Computer Science (Software Engineering focus), with doctoral studies to immediately follow.
- Andre McFarlane occupies the position of Director, Information Technology at the Statistical Institute of Jamaica, responsible for ensuring that the division maintains its core objectives; proficient at designing and implementing projects, processes and communicating business information to internal and external authorities to improve business efficiency. He has extensive experience in the Finance and Insurance industry with in-depth knowledge of information systems, security, and project management experience for the last twenty years (20).

CREDIT COMMITTEE NOMINATIONS

NAME	RETIRING	NOMINATED	TERM (YRS)
Odeon Campbell	Yes	Yes	2
Audrey Wilson	Yes	Yes	2

SUPERVISORY COMMITTEE NOMINATIONS

NAME	RETIRING	NOMINATED	TERM (YRS)
Peter Samuels	Yes	Yes	1
Gabre Spence	Yes	Yes	1
Napier McLeary	Yes	Yes	1
Damion White	Yes	Yes	1
Dwight Moore	Yes	Yes	1

COMMITTEE MEMBERS: Macherie Hamilton Clarke, Mark Bowen, Dionne White



.....

Macherie Hamilton Clarke - *Chairman*



DELEGATES REPORT

DELEGATES REPORT ON THE 79th ANNUAL GENERAL MEETING OF THE JAMAICA CO-OPERATIVE CREDIT UNION LEAGUE LTD.

The Convention and 79th annual general meeting of the Jamaica Co-operative Credit Union League was held on October 3, 2020 at the Knutsford Court Hotel. The meeting was delivered using a hybrid method (virtually using Zoom with limited in- person attendees) in accordance with the Government's COVID-19 public restrictions at the time. There were approximately 53 delegates from 25 Credit Unions who attended the meeting in person and approximately 150 delegates through the Zoom platform.

Delegates from twenty-four (24) Credit Unions attended the 78th Annual General Meeting held on June 1, 2019. Delegates agreed to the distribution of the surplus of nine million ninety thousand dollars (\$9.09 million)

RULE CHANGES and RESOLUTIONS

There were no rule changes. Congratulatory resolutions recognized five Credit Union anniversaries.



.....
Mark Bowen



APPROPRIATION OF SURPLUS

PROPOSAL FOR THE APPROPRIATION OF SURPLUS FOR THE YEAR ENDING DECEMBER 31, 2020

Your Board proposes the appropriation of surplus as follows:

Surplus	\$ 1,267,970
Reserve Fund 20%	\$ 253,594
Undistributed Surplus	\$ 1,014,376

PROPOSAL FOR THE SETTING OF MAXIMUM LIABILITY FOR THE YEAR ENDING DECEMBER 31, 2021

The Board of Directors proposes that the maximum liability for 2021 be set at \$2Billion. This will satisfy the maximum projected growth in interest bearing liabilities during 2021 in relation to Article XIX, Rule 69.

For and on behalf of the Board of Directors



.....
Lesa Robinson
Treasurer

Staff Member Photos



Mark Bowen
General Manager



Michelle Walters Nembhard
Operations Manager

Staff Member Photos

Member Service Department



Nyadian Dubidad-Huie



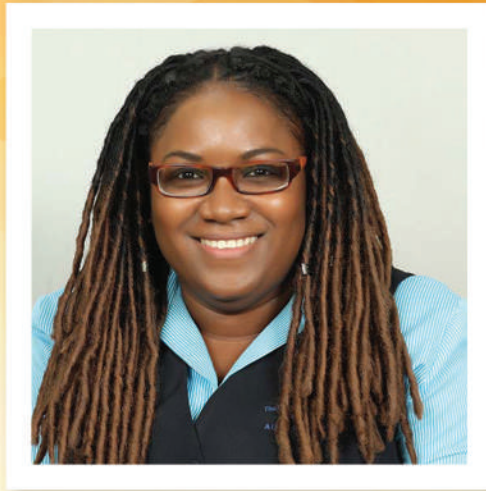
Krisan Codner



Latoya Jones

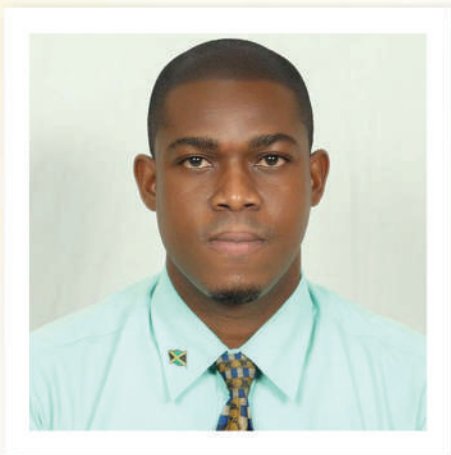
Staff Member Photos

Marketing Department

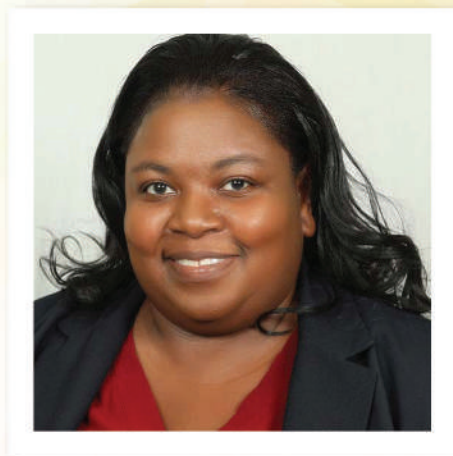


Kamisha Wint

Systems & Processes Department



Everton Campbell



Cordella McGowan



Christine Barker

Staff Member Photos

Credit Department



Roxanne Brown



Dionne White

Accounts Department



Vinnilla Alexander



Godfrey Silvera



Damia Barrett

Staff Member Photos

Delinquency Department



Tricia Robinson



Devar Rhoomes

Risks, Compliance & Securities Department



Jacqueline Wilson

Administrative Department

Business Admin (MoBay)



Karlene Thompson-Williams



Claudette Graham-Johnson



Kamla Brown

PRAYER OF ST. FRANCIS ASSISI

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

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



ANNUAL | 20 REPORT | 20



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