

**MINUTES OF THE ANNUAL GENERAL MEETING HELD  
ON TUESDAY, 31 OCTOBER 2017 @ 14:00  
AT KLEINKAAP BOUTIQUE HOTEL,  
89 JIM VAN DER MERWE STREET, CENTURION**

**ATTENDANCE**

Directors present:	TI Mvusi (Chairperson), LM De Villiers, W Van Heerden, R Piater, KP Lebina, Q Vorster, TD O'Connell and PD Wolmarans
Secretariat:	PDF van Dyk
Members:	69 members present at the meeting and 17 by way of proxy
Apologies:	JSJ Nel, BP Botha and V Sampula by prior arrangement
By invitation:	M Meyer from PwC
Minutes:	EC van der Merwe

**1. OPENING AND WELCOME**

The Chairman welcomed all members present to the 2017 Annual General Meeting. He confirmed that the meeting was convened on authority of the Iemas Board and that he will proceed with the meeting as per the agenda.

The agenda as well as the notice of the meeting was distributed prior to the meeting to all members of the Co-operative as prescribed by Co-operatives Act.

**1.1. Quorum**

The Secretary confirmed to the Chairperson that the minimum number of 50 members required by the Iemas Constitution, was present at the meeting to form a quorum and that the meeting was thus properly constituted.

**1.2. Voting procedures**

The Chairman announced that, except for the election of a non-executive director, voting at the Annual General Meeting will take place by a show of hands. However, members were reminded of their right to cast their votes by way of ballot paper if so requested by five or more members present at the meeting. No such request was made.

Representatives of the Internal Audit Department were appointed by the Chairperson to deal with the counting of votes.

## **2. NOTICE OF MEETING AND AGENDA**

The notice of the 2017 Annual General meeting, including the matters to be discussed and decisions to be taken, was distributed to members within the prescribed timeframes as required by the Co-operative's Act and the Iemas Constitution. It was confirmed that the Board did not receive any matters from members which needed to be tabled for consideration and discussion by the meeting. The agenda was accepted as presented in the notice to members.

## **3. PREVIOUS MINUTES**

An overview of the minutes of the Annual General Meeting held in 2016 was presented to the meeting. An extract of the draft minutes was communicated to members via Iemas' website and other social media platforms after the conclusion of the meeting in 2016. The draft minutes of the meeting was tabled and considered by the Iemas Board and was recommended for final approval to the Annual General Meeting. The Chairperson confirmed that he has inspected the minutes and was satisfied that it accurately reflects the processes, matters discussed and decisions taken at the 2016 Annual General Meeting.

### ***Resolution:***

**The minutes of the Annual General Meeting held on 30 October 2016 were approved without any amendments.**

## **4. ELECTION OF A NON-EXECUTIVE DIRECTOR**

The Secretariat of the Board informed the members that the nomination, selection and election of members to the Board were governed by the requirements of the Co-operatives Act, as well as the requirements of the Iemas Constitution. Skills, experience and demographic profile of the Board were regularly reviewed by the Human Resources Committee to ensure that the Board's composition remains appropriate to support the strategy of the Co-operative.

The Secretariat advised that Dr Piet Botha had reached the end of his term as director and retired at this meeting and that a vacancy exists for a new board member to be elected. A staggered rotation of the members of the Board ensures both the retention of valuable skills, knowledge and experience and the introduction of new board members. The Board Secretariat discussed the nomination process followed in terms of the Act and the Constitution and advised that four nominations were received, of which one candidate did not meet the minimum qualifying criteria for the vacancy, as it was a requirement that the candidate should be qualified as a Chartered Accountant. A sub-committee of the Human Resources Committee met with the three qualifying candidates to confirm their eligibility. Two of the candidates did not comply with the requirements of business

acumen, the availability to serve on any of the board committees, board related experience and audit committee related experience.

The Secretariat advised that the Board considered and recommended Ms Dashni Sinivasan for election at its meeting of 17 October 2017. The Secretariat gave a brief overview of Ms Sinivasan's CV and declared that in terms of the Iemas Constitution Ms Sinivasan was deemed elected as non-executive director of Iemas Financial services, since there was an equal number of qualifying candidates and vacancies on the Board.

***Resolution:***

**In terms of the Iemas Constitution Ms Sinivasan was elected as non-executive director of Iemas Financial Services for a maximum term of office of seven years.**

## **5. REPORT BY THE IEMAS BOARD OF DIRECTORS AND FUTURE BUSINESS OF THE CO-OPERATIVE**

The Chief Financial Officer provided an overview of the Directors' report as incorporated in the 2017 Annual Report. He mentioned that the Co-operative experienced a challenging year due to the impact of the South African economy that moved into recession during the first quarter of 2017, unemployment being at its highest in 14 years, high consumer debt levels resulting in increased competition for quality debtors in the consumer credit market and a general slow-down in credit extension.

The volatile socio-economic environment and over-indebtedness of consumers resulted in the adoption of a more conservative approach towards growth in unsecured debt, an increased caution amongst employees at employer groups that retrenched during the previous year, to enter into new credit agreements.

The affordability assessment criteria were refined to comply with the National Credit Amendment Act (NCAA) and to curtail an increase in arrears and bad debts. Low growth in vehicle financing and unsecured loans affected the insurance business negatively. A decrease of 3,5% in policies due to unpaid short-term insurance premiums and cancelation of policies, were experienced during the past financial year.

From 1 April 2017, all insurance related activities were transferred to a wholly owned subsidiary, Iemas Insurance Brokers (Pty) Ltd. This company acts as an intermediary and has binder agreements with most of the reputable product suppliers in the industry.

Iemas also acquired a new purchase card system which will be implemented during the 2018 financial year. This system utilises smart technologies, accommodate mobile phones and will be more aligned with the needs of the market.

The Co-operative continued to execute on its risk management policy and guidelines whereby formal risk reviews are conducted bi-annually, whilst continuous risk assessments are done when triggered by internal and external changes, for example when new regulations are issued.

The total spend on training and development of employees was R3 million and 29 employees are studying with Iemas bursaries towards tertiary qualifications. Various other initiatives were undertaken during the year, including the participation in wellness days and financial wellness training.

Some of the focus and priorities for 2017/2018 are to achieve sustainable debtors growth, manage bad debts and arrears to acceptable levels, retain funding from the banks on acceptable terms, focus on acquiring new employers, especially in the non-mining and manufacturing sectors.

***Resolution:***

**In response to a motion tabled by the Chairperson, the members approved the report by the Board for the financial year ended on 31 August 2017 by a show of hands.**

## **6. ANNUAL FINANCIAL STATEMENTS AND AUDITOR'S REPORT FOR THE YEAR ENDED 31 AUGUST 2017**

An overview of the financial results of the Co-operative, as contained in the Annual Financial Statements, was presented by the Chief Financial Officer. The audited Annual Financial Statements were available to members more than fourteen days prior to the meeting and were also available on request by members at the Iemas Regional and Branch Offices. The Annual Financial Statements were prepared on the going-concern basis.

The Audit and Risk Committee had considered the Annual Financial Statements at its meeting on 10 October 2017 and it was finally approved for recommendation to the Annual General Meeting by the Board on 17 October 2017.

An unqualified report was issued by PricewaterhouseCoopers.

***Resolution:***

**In response to a motion tabled by the Chairperson, the members approved the Annual Financial Statements and auditor's report for the financial year ended on 31 August 2017 by a show of hands.**

## **7. APPROPRIATION OF THE DISTRIBUTABLE SURPLUS FOR 2017**

The proposed appropriation of the surplus for 2017 was dealt with by the Board Secretariat. The proposed distribution of the surplus by means of an allocation of bonuses and the payment of interest on members' funds amounted to R109,7 million for 2017, compared to R123,5 million in 2016.

An analysis of the proposed distribution per product was presented to the meeting. An interest rate rebate of 2% on pension-backed loans was proposed. The interest rate on vehicle finance were lowered to 8% and the cash portion of the interest rebate on vehicle finance increased from 15% to 25%. A decrease in the interest rate payable to members on their member's funds from 7.00% to 6.50% was also proposed.

***Resolution:***

**In response to a motion tabled by the Chairperson, the members approved the Board's proposal for the appropriation of the distributable surplus for 2017 by a show of hands.**

## **8. APPOINTMENT OF EXTERNAL AUDITORS FOR THE 2017 FINANCIAL YEAR**

The Board proposed the re-appointment of PricewaterhouseCoopers as external auditors for the 2018 financial year. PricewaterhouseCoopers has an in-depth knowledge of the financial services sector and performed the audits of a large number of financial institutions and has over the years gained excellent knowledge of Iemas's business model as well as the Co-operative's Act.

- PricewaterhouseCoopers also has a rotation policy to rotate the responsible partner/director every five years and the audit manager every eight years to ensure independence. PricewaterhouseCoopers has a level 1 B-BBEE score.

***Resolution:***

**In response to a motion tabled by the Chairperson, the members approved the re-appointment of PwC as external auditors for the 2018 financial year by a show of hands.**

## **9. CLOSURE**

The Chairman thanked the participants for their attendance and declared the meeting closed at 15:15.



Minutes approved by:

