

# OUR VALUE CREATION STORY

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# ORGANISATIONAL PROFILE

## The essence of who we are

Iemas was established as an employee loan facility within the former Iscor back in 1937. Today, we have grown to become South Africa's largest primary financial services co-operative, providing financial wellness coaching, secured and unsecured lending options. We also offer card-based payment solutions as well as insurance products nationally. For over 80 years, we have helped employers by giving their employees the convenience and access to rewarding financial solutions in the workplace.

## How Iemas works as a financial services co-operative

Iemas' primary market is the total employees employed at contracted employer groups in various public and private sectors across South Africa. Membership to the Co-operative is open to individuals taking up products and services with the Co-operative. As members of the Co-operative, our customers get to share in the profits through an annual member reward payment based on their patronage during the year.

### What is a co-operative?

A co-operative is a business where a community of people come together to address their common needs. Based on these needs, relevant services and/or products are then provided by the business to the members in the community and for their collective benefit.

Over the past 10 years, we allocated more than R1b to our members in the form of Iemas Rewards with the member reward allocation in F2020 being R85,8m (2019: R109,9m). The Member Reserve Fund provides a platform for members to save a portion of their annual rewards and create wealth for their future.

Members approve the Iemas strategy at the Annual General Meeting (AGM) and members can be appointed as Non-executive Directors of the Co-operative.

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## Our vision

We aim to be the preferred financial services co-operative.



## Our mission

To work together as a team to the benefit of our members through the provision of professional service and financial products based on innovation and integrity.



## Our brand promise

We are committed to being a *caring partner* to our employers and members by providing solutions that are innovative and add value. Co-operatives are based on the values of democracy, equality, equity and solidarity.



## Our values

The conduct of the Board, management and employees is underpinned by the values of:

Professionalism

Innovation

Accountability and ownership

Teamwork

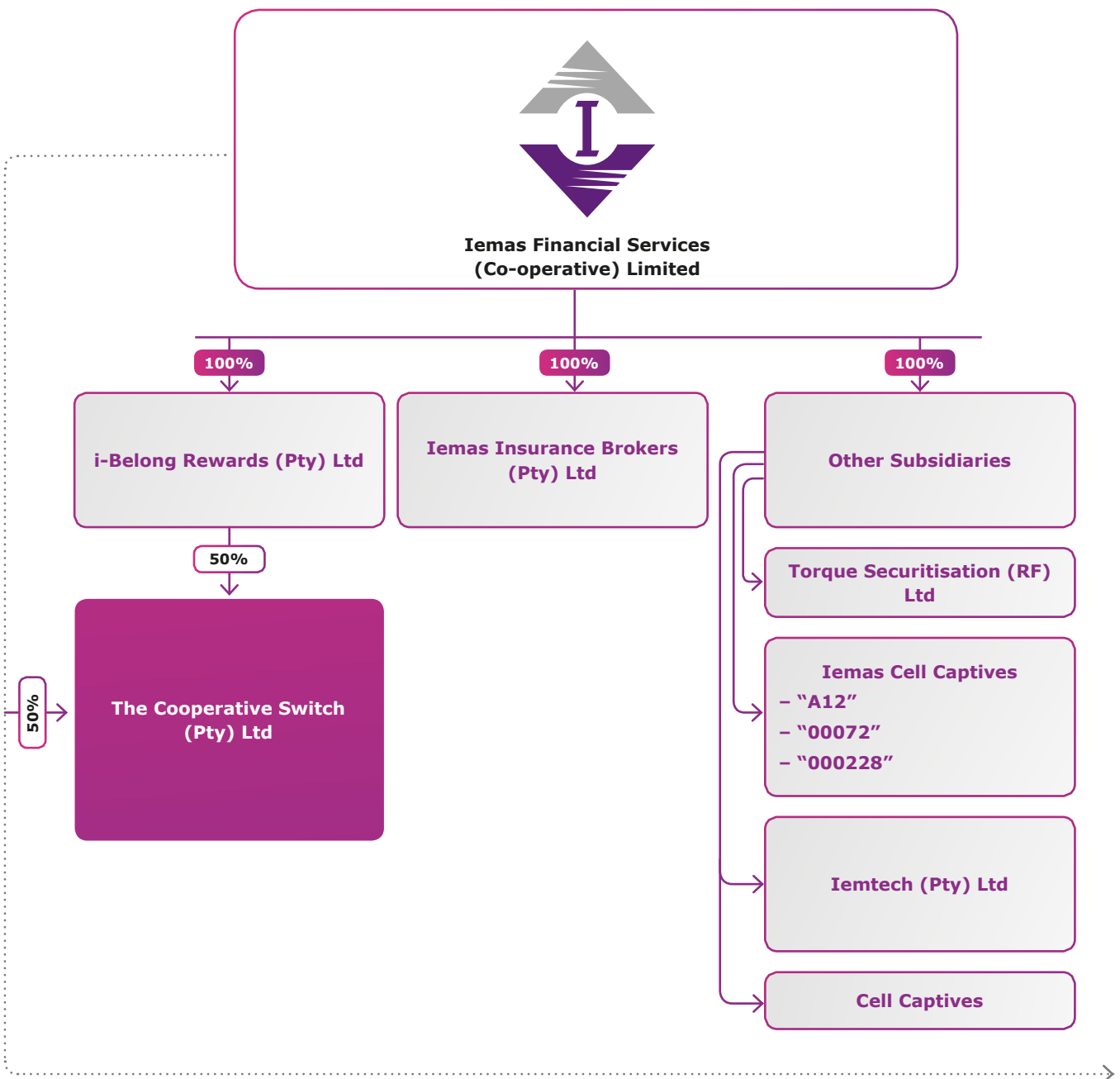
Integrity

Dignity

OUR VALUE CREATION STORY ORGANISATIONAL PROFILE

The Group Structure

The businesses within the Group provide a range of financial service solutions to our members. Iemas, as the Co-operative, establishes the operational base for our business to contract with employers to provide financial products and services to their employees who become our members when they take up our solutions. The collaborative nature of our businesses means that our various operations are constantly sharing best practice and teaming up to deliver exceptional service levels.



Dormant companies (wholly-owned subsidiaries)

- Iemark Marketing Proprietary Limited
- Iemas Financing Proprietary Limited

## Iemas Financial Services

### **i-Belong Rewards (Pty) Ltd**

A wholly owned subsidiary of the Co-operative performing card administration services to the Iemas Card Division as well as to Cape Consumers (Pty) Ltd. The business commenced on 1 March 2020 with the purchase of the card operations business from Cape Consumers.

### **The Cooperative Switch (Pty) Ltd**

A jointly owned subsidiary between the Co-operative and i-Belong Rewards, established to make available payment switching platforms to enable transacting between card holders (currently Iemas and Cape Consumers card holders) and merchants.

### **Iemas Insurance Brokers (Pty) Ltd**

Iemas Insurance Brokers is a wholly owned subsidiary established in 2016 to sell and make available insurance as a brokerage business to members of the Co-operative. The primary activity of the brokerage is to sell insurance products and services. This activity commenced from 1 April 2017 when the Company acquired the insurance business of the Co-operative.

### **Torque Securitisation (RF) Ltd**

Torque Securitisation (Torque) was established as a funding initiative by Iemas in 2012 and is a special purpose vehicle, which bought certain participating assets that complied with the eligibility criteria and portfolio covenants from Iemas. Torque funds the purchase of the participating assets by issuing subordinated, secured compulsory redeemable asset-backed notes to investors.

### **Iemtech (Pty) Ltd**

A wholly owned subsidiary of the Co-operative. The primary activity of the company is to hold an investment in an insurance cell captive for the provision of value-added products (mechanical breakdown insurance) to members of the Co-operative.

### **Iemas Cell Captives**

Owner of various cell captives with insurers that host credit insurance-related products and services to members of the Co-operative.

OUR VALUE CREATION STORY ORGANISATIONAL PROFILE (CONTINUED)

## What sets Iemas apart in the market

### Our value proposition

Rooted in financial wellness, Iemas’ value proposition entails a variety of affordable and competitive financial solutions, including vehicle finance, secured and unsecured loans, card and payment solutions, short-term insurance, life and funeral insurance. Our business is founded on the well-established co-operative principles of democracy, equality and social responsibility and the business strategy is underpinned by the commitment to live our brand promise of being a caring partner.

We understand that financial literacy plays an integral role in creating a culture of financial inclusion. Being able to plan, track finances and make sound decisions when borrowing money enables South Africans to make the best out of their often-limited disposable income.

## Iemas’ Value Proposition

### Employer Value Proposition

Iemas is your trusted financial partner, offering unmatched holistic financial wellness solutions to progressive companies wishing to invest in their greatest asset – their employees.

Help employers by giving their employees the convenience and access to rewarding financial solutions in the workplace.

Give ordinary South Africans an opportunity to be part of a business and share in the profits.

Empower financial wellness by means of financial wellness workshops and virtual training.

### Enabled by:

 **Vehicle financing**

 **Personal lending**

 **Educational lending**

 **Card and payments solutions**

 **Housing solutions**

### IEMAS REWARDS



 **Financial wellness training**

 **Short-term insurance**

 **Savings and investments**

 **Life and funeral cover**

 **Wills and estate planning**

### Translates to:

**Financial Inclusion**

Through Iemas’ offerings, employers enable access to a wide variety of affordable and convenient financial solutions to their employees.

**Employee Satisfaction**

Iemas’ offerings drive an enhanced Employer Value Proposition (EVP), enabling employer groups to stand out and be competitive in the competition for skills and talent.

**Shared Value**

Iemas’ unique business model enables the sharing of value with our members. Active members are rewarded annually, based on the products used throughout the year.

## Our channels, how and where we serve

Members are served through their channels of choice, which include:

- A national branch network;
- Digital and social platforms;
- Contact centres;
- Financial advisors;
- Group brand ambassadors;
- Worksite service points; and
- Dealerships and originators.

In 2020, we launched an online application capability on the Iemas Financial Services website that improved the digital experience for members: [www.iemas.co.za](http://www.iemas.co.za).

■ Regional office  
○ Branch office

[www.iemas.co.za](http://www.iemas.co.za)

**Iemas Insurance Brokers App**

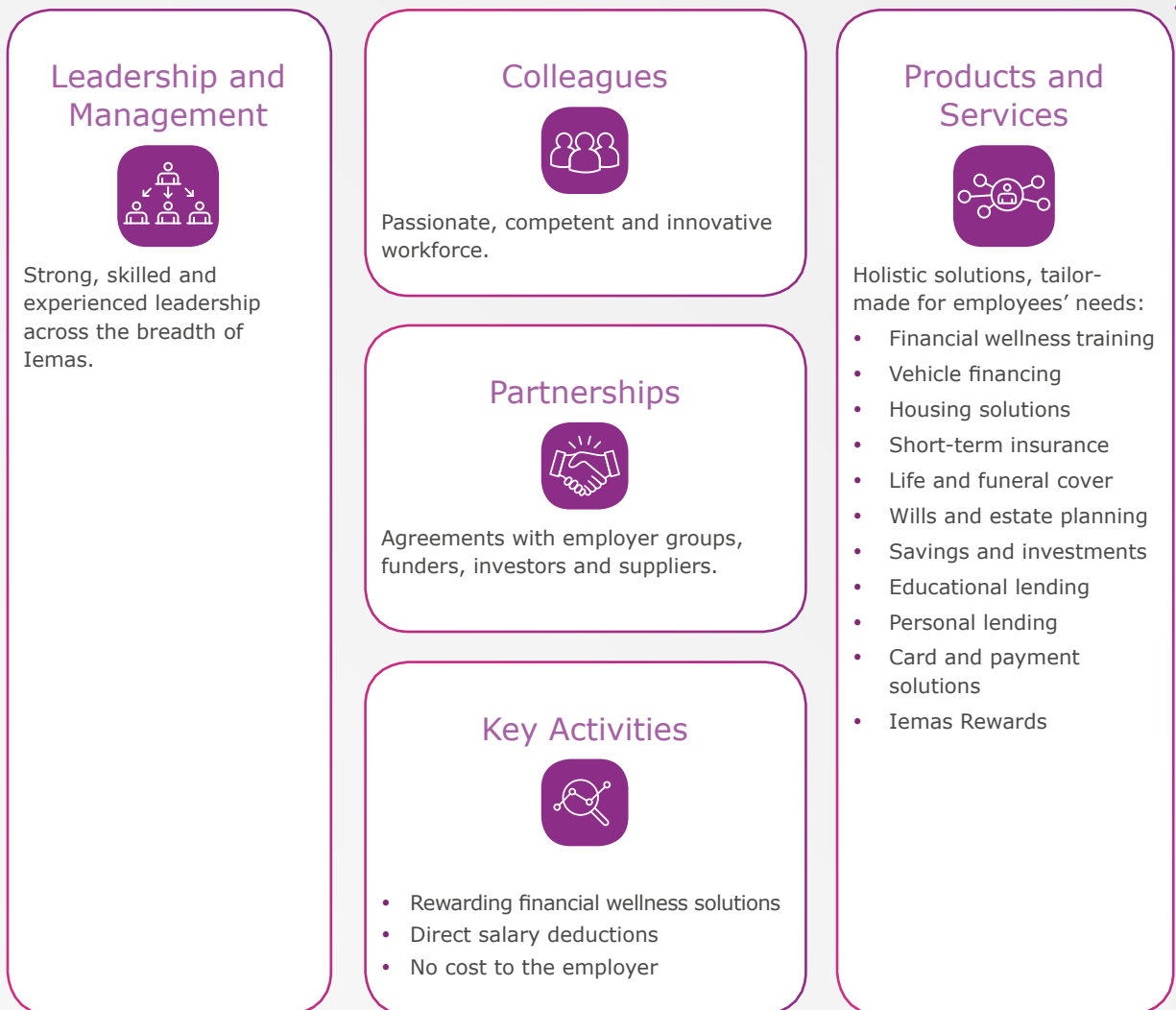
OUR VALUE CREATION STORY ORGANISATIONAL PROFILE (CONTINUED)

## How we operate

### Iemas' Business Excellence Model – enablers delivering the desired results

Iemas applies a business excellence model framework that is focussed on setting up the appropriate enablers within the Co-operative to achieve the desired results for our stakeholders. Our enablers are those levers that set us apart from other financial services organisations – from our leadership, colleagues, strategy and partnerships with employers, funders, investors and suppliers. Focussing on these allows us to deliver value to our stakeholders: be it our people, members or society.

#### Enablers







## Results

### Colleague Results



Empowered, digitally savvy and innovative employees who put our members first, driving a high-performance culture environment.

### Customer Results



Financially empowered members who access a wide range of financial services and rewards – contributing to financial inclusion.  
Rewarding EVP for employers.

### Society Results



Long-term and sustainable contribution to society, through our unique Co-operative model, which enables members to co-own the business.

### Business Results

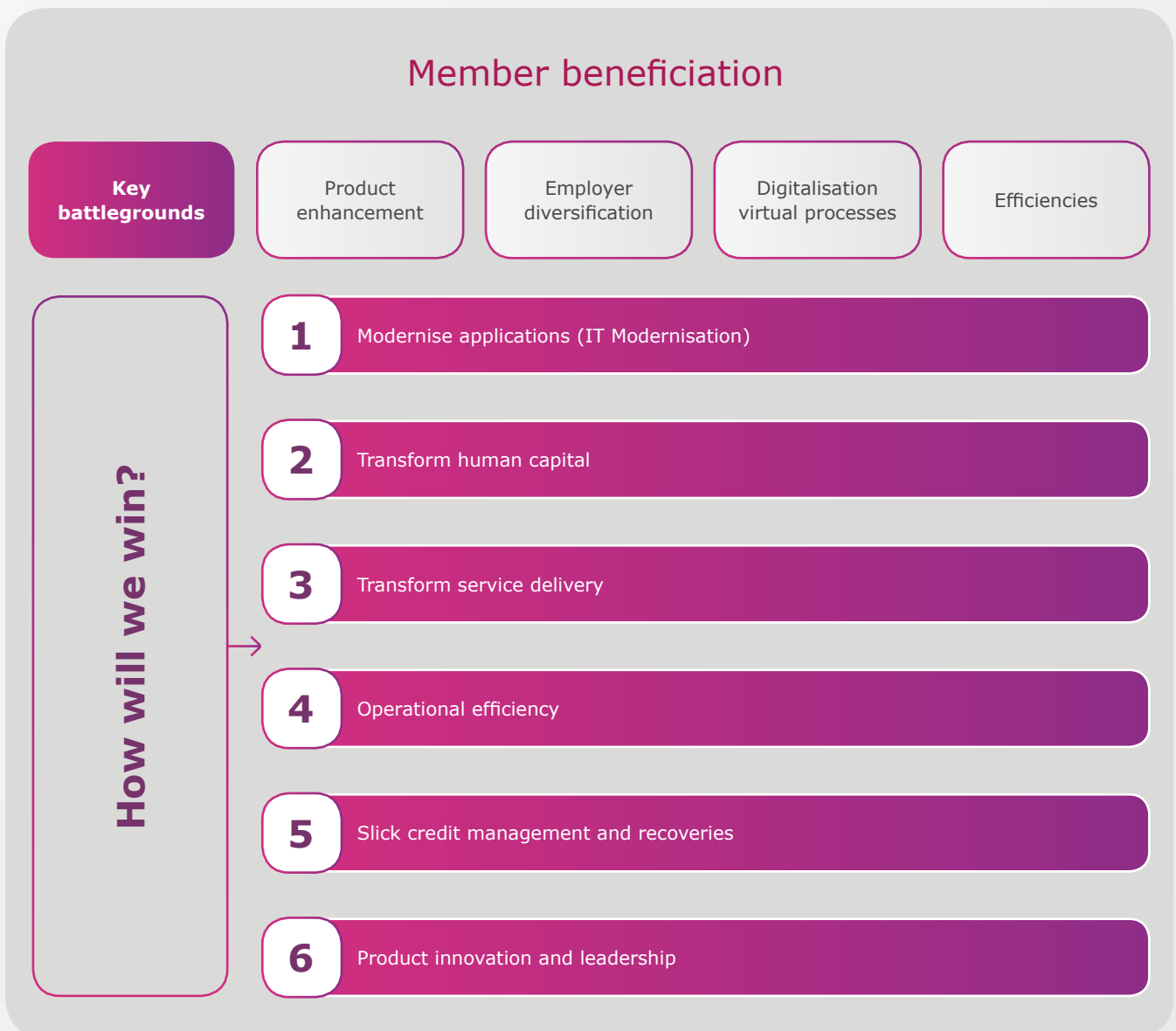


- Value created and shared with members.
- Multiple income streams: interest income, contract and administration fees, commission and dividend income.
- Growing a sustainable business.

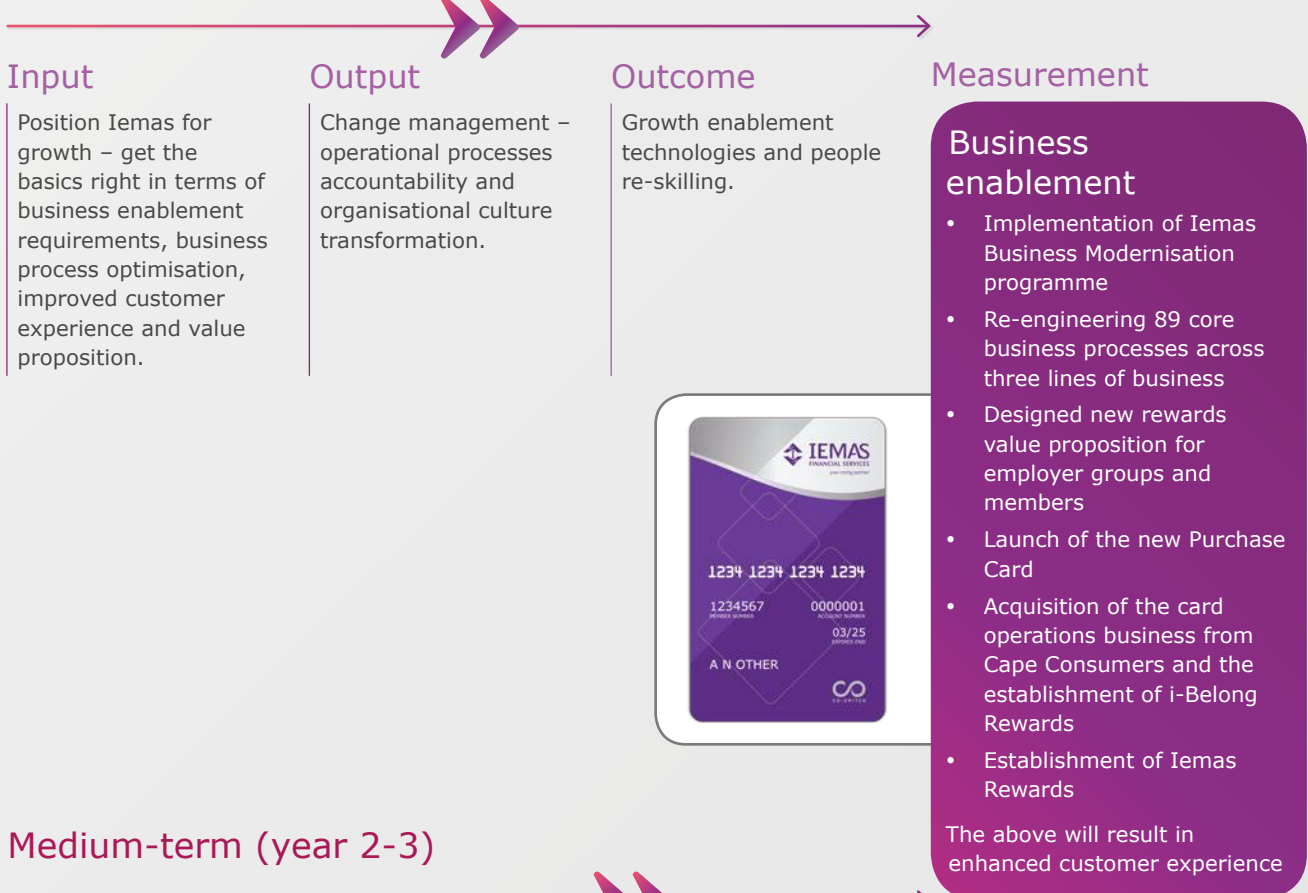
OUR VALUE CREATION STORY ORGANISATIONAL PROFILE (CONTINUED)

## Our strategy

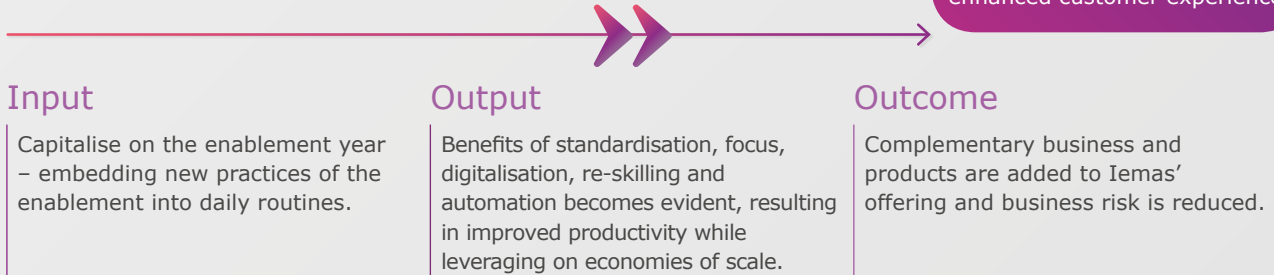
Iemas has completed the first year of a three-year turnaround strategy, created to reposition the Co-operative for growth. Though execution was disrupted by the declaration that the country is in a state of emergency and followed by a national lock-down, management has continued to create the building blocks to execute on this mandate. The Board, with Executive Management, are focused on fulfilling the strategy of the Iemas Group with a view of driving scale and growth.



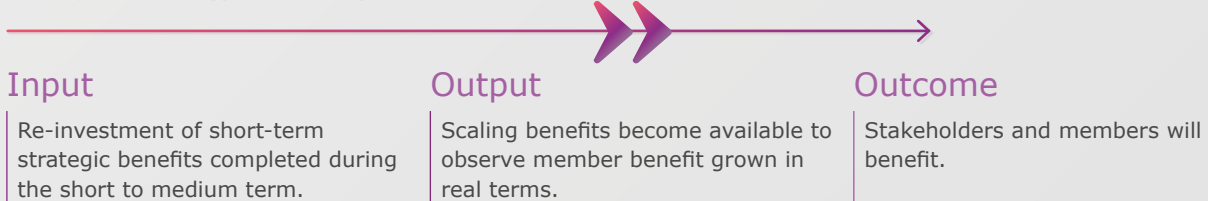
## Short-term (year 1)



## Medium-term (year 2-3)



## Long-term (year 3+)





# OUR MAIN LINES OF BUSINESS AT A GLANCE

## Iemas Insurance Brokers

### *How we performed in our insurance business during 2020*

Iemas Insurance Brokers is a wholly owned subsidiary of the Co-operative and is our insurance business. Through Iemas Insurance Brokers, we provide comprehensive insurance solutions to our members and clients in collaboration with a network of insurance partners – from short-term insurance, group schemes, wills and estate planning, business insurance to life and funeral insurance.

Iemas Insurance Brokers has a distinct value proposition.

Insurance options you can trust and afford:

- **Securing your family:** Insurance solutions that are comprehensive and suited for our members.
- **Securing your future:** Insurance solutions set to protect your financial future.
- **Securing your belongings:** Insurance solutions that safeguard the belongings that are important to you.
- **Securing your business:** Insurance solutions that are geared to protect your business from several eventualities.

We have distinct strengths that separate us from other insurance brokers in the market.

These include:

- **Manage/facilitate claims on behalf of our members;**
- **Product suite:** Provide a comprehensive insurance product basket;
- **Affinity with employers:** Strong affinity with employer groups;
- **Going beyond compliance:** A commitment to high levels of internal and statutory compliance; and
- **Financial stability:** The Group's financial stability and reserves offers stability for Iemas Insurance Brokers' operations for non-organic growth.

### Signature strategic initiatives in 2020

- Application optimisation, for example lead referrals through the "refer a friend" incentive and ploughing rewards back to our members;
- Driving cross-selling opportunities across the Group to deliver greater adoption of Iemas Insurance Brokers products;
- Developing a digital marketing strategy to drive online leads and sales;
- Use of Group Brand Ambassadors to manage close relationships with employer groups; and
- Investment in robotics process automation to increase the speed of service.

## Looking ahead

Iemas Insurance Brokers will help Iemas become a preferred financial services provider by:

- Using big data to drive better member understanding and knowledge;
- Entry into the middle/higher segment with Financial Advisory and Intermediary Services Act (FAIS);
- Leveraging off the revamped Iemas Rewards programme to drive member satisfaction; and
- Enhancing our products by developing modular and digital solutions.

## Performance Highlights for F2020

Iemas Insurance Brokers contributes

**13,2%**  
to the Group's revenue

Total policies

**114 568**  
(2019: 114 752)

Annual premium collection

**R511,7m**  
(2019: R510,3m)

## Iemas Lend

*How we performed in our secured and unsecured lending business*

*Iemas Lend is the anchor product offering and largest contributor to the Group's revenue, with a 71,5% contribution to revenue.*

Iemas Lend is our integrated lending business, focused on providing credit solutions across a range of areas – from personal loans, emergency loans, consolidation loans, educational loans, our pension-backed home loans and our vehicle finance.

With over 34 channels, Iemas Lend's aspiration is to be a member-obsessed business, geared to serve our members wherever they are. Whether it is through our physical channels – branches across the country – or our digital channels that provide sales and support services.

We have distinct strengths that separate us from other lending businesses in the market.

These include:

- **Workplace-based value proposition:** With access to members through employer groups, our business model provides members with a unique value proposition;
- **Direct deduction mechanism:** Our collection mechanism is based on us deducting from members' salaries directly; and
- **Diverse product line:** With a focus on promoting financial wellness through virtual and onsite workshops. We also provide a diverse product suite to our members.

### Signature strategic initiatives in 2020

- **IT enablement:** Implementing and operationalising our lending system through our new IT system "Credit Ease";
- **Nurturing employer relationships:** Benefits illustrated to employer groups, enabling the successful continuation of our salary-deduction mechanism;
- **Competitive and enhanced product parameters:** Revised parameters become flexible, in line with competitors and our risk-appetite; and
- **Retention:** Steady increase of loans refinanced after the settlement of existing loans (repeat business).

## Looking ahead

Iemas Lend will help Iemas become a preferred financial services provider by:

- Targeted use of social media to attract and engage millennials as a new member segment;
- Execution of cross-sell and up-sell opportunities in our member base; and
- Driving recognition of Iemas' brand to foster member-affinity.

## Performance Highlights F2020

Contributing  
**71,5%**  
(R664,7m)

Iemas Lend is the largest contributor the Group's revenue.

Total debtors  
**R4,9b**  
(2019: R5,1b)

Members with Iemas Lend products

**54 006**  
(2019: 46 586)

Average debtors balance

**R96 132**  
(2019: R104 028)

# Iemas Pay

## How we performed in our payments business

Iemas Pay integrates the relevant functional areas and co-opts services of i-Belong Rewards subsidiary, Cooperative Switch subsidiary and the Iemas Purchase Card product house. Iemas Pay strategically acquired the business operations of Cape Consumers in March 2020. Through Iemas Pay, we connect buyers (consumers) and sellers (merchants) of goods and services in a mutually beneficial way.

Iemas Pay comprises of three businesses:

- **Iemas Card Division:** An existing division of the Group and was fully incorporated as of 1 June 2020.
- **I-Belong Rewards:** A wholly owned subsidiary of Iemas, incorporated in 2019.
- **Cooperative Switch:** Incorporated into the Group in 2017, with 50% of shareholding held by Iemas and i-Belong respectively.

We have distinct strengths that separate us from other payment businesses in the market.

These include:

- **Strong merchant network:** A wide range of merchants across the country with strong relationships with Iemas;
- **Product enhancement:** Focused on improving product offerings, through features such as the PIN card, web portal and mobile development; and
- **Solid business processes:** Continuous investments made in people and technology, resulting in cost-effective operations.

## Signature strategic initiatives in 2020

- People – Integrating of i-Belong, Cooperative Switch personnel, Iemas Card personnel and Iemas Pay personnel into the Iemas Group;
- Enhancing our business operations by stabilising and consolidating our operations and systems – with a focus on the enhancement of the Iemas Card security and member functionality, i-Belong administrative efficiencies and Cooperative Switch improved functionality enhancements;
- Defining a clear value proposition by confirming and promoting the products and services to be offered to members; and
- Supporting the redesign of the Iemas Rewards programme through card-based loyalty and rewards to drive loyalty and cross-selling throughout the Group.

## Looking ahead

Iemas Pay will help Iemas become a preferred financial services provider through:

- **e-Commerce for our members:** Developing online shopping capabilities;
- **Exploring co-branded opportunities with partners:** School Days, Pokkit, Automobile Association of South Africa, MediSaver, Clientele and Fund your Passion; and
- **Leveraging off the revamped Iemas Rewards:** programme to drive stickability of Iemas Pay.

## Performance Highlights F2020

Iemas Pay contributes

**3,0%**

to the Group's revenue

Total number of accounts

**7 979**

(2019: 9 059)

Total number of cards

**11 965**

(2019: 12 130)

– The largest among buy-aid organisations in South Africa