INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION FINANCIAL STATEMENTS DECEMBER 31, 2018

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INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
DECEMBER 31, 2018

Bogle and Company
Chartered Accountants
Worrick Bogle FCCA, FCA, CPA

Independent Auditor's Report

To the Registrar of the Co-operative Societies of Insurance Employees Co-operative Credit Union

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Insurance Employees Co-operative Credit Union ("the Credit Union") set out on pages 5 to 42, which comprise the statements of financial position as at December 31,2018, 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 December 31,2018 and of financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and the Jamaican Companies 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.

There were no Key Matters to note during our examination.

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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 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 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 Jamaican Companies 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.

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.

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-operatives 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

September 16th, 2019

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 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.

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	Notes	2018	2017
		$	$
Assets			
Non-current assets			
Earning:			
Financial investments	6	112,116,687	82,337,686
Loans, after provision for loan impairment	7	1,357,290,175	1,333,778,181
		1,469,406,862	1,416,115,867
Non-earning:			
Property, plant & equipment	8	33,284,512	29,936,998
Total non-current assets		1,502,691,374	1,446,052,865
Current assets			
Earning:			
Financial investments	6	63,817,763	48,886,542
Loans, after provision for loan impairment	7	42,249,130	71,327,023
Liquid assets	9	146,861,863	143,766,950
Cash & bank balances	10	20,799,254	12,058,305
		273,728,010	276,038,820
Non-earning:			
Accounts Receivable	11	16,110,801	19,346,031
Cash & bank balances	10	57,666,430	72,575,932
		73,777,230	91,921,963
Total current assets		347,505,239	367,960,783
Total assets		1,850,196,615	1,814,013,648

Approved by the Board of Directors on 16/9/19 and signed on its behalf by:

------------\Directors   ------------\Directors

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	Notes	2018	2017
		$	$
Equity & Liabilities			
Equity			
Permanent shares	12	24,725,851	24,852,075
Institutional capital	13	260,875,771	260,874,731
Non-institutional capital	14	94,027,762	107,523,068
Undistributed deficit	15	7,6977,660	(3,176,817)
Total Equity		387,327,044	390,073,057
Non-current liabilities:			
Interest bearing:			
Members' shares (voluntary)		679,701,975	653,039,680
External Credit	16	74,029,640	74,033,370
Total non-current liabilities		753,731,615	727,073,050
Current liabilities			
Interest bearing:			
Savings deposits	17	676,376,487	656,781,928
		676,376,487	656,781,928
Non- interest bearing:			
Payables & accruals	18	32,761,469	40,085,613
Total current liabilities		709,137,956	696,867,541
Total Liabilities		1,462,869,571	1,423,940,591
Total Equity & Liabilities		1,850,196,615	1,814,013,648

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AS AT DECEMBER 31, 2018

	Notes	2018 $	2017 $
Income			
Interest on loans		142,706,185	135,491,399
Interest on investments		6,927,816	17,963,052
		149,634,001	153,454,451
Interest expense			
Interest on Deposits		23,190,540	26,672,053
Interest on Shares		3,197,434	6,500,291
		26,387,974	33,172,344
Net interest income		123,246,027	120,282,107
Interest on loans		(2,666,271)	(2,675,942)
Bank charges		(4,764,980)	(4,199,926)
Loan loss provision	7.iii	(2,982,735)	(8,105,508)
Net interest income after loan loss and financial cost		112,832,042	105,300,732
Miscellaneous	19	10,819,675	9,733,557
Loss on Global Fund		(436,226)	(480,087)
Investment Property Income		3,491,982	2,631,206
		13,875,431	11,884,676
Gross margin		126,707,472	117,185,407
Revaluation (loss)/gain on foreign currency		1,828,119	(291,276)
Less operating expenses	25	120,837,930	119,098,346
Net (loss)/ profit		7,697,661	(2,204,215)
Other comprehensive Gain			
Those that might be reclassified to profit or loss in subsequent periods			
Transfer (from)/ to Loan Loss Reserve		(32,062,626)	2,552,600
Unrealised Gain on Investment		2,953,500	1,292,199
Total comprehensive income		(21,411,466)	1,640,584

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2018

	Permanent Shares	Institutional Capital	Non-Institutional Capital	Undistributed Surplus/Deficit	Totals
	$	$	$	$	$
January 1, 2017	24,414,464	260,545,064	120,732,103	(17,428,833)	388,262,798
Total comprehensive income		-	-	1,640,584	1,640,584
Prior period adjustment				(261,486)	(261,486)
Entrance fee		1,550			1,550
Statutory transfer		328,117		(328,117)	-
Loan Loss Reserve			2,552,600	(2,552,600)	-
Unrealised Holding Gain			1,292,199	(1,292,199)	-
Appropriations:					-
General Reserves		-	(17,045,834)	17,045,834	-
Receipts /transfer	437,611		(8,000)		429,611
December 31, 2017	24,852,075	260,874,731	107,523,068	(3,176,817)	390,073,057
IFRS 9 Adjustment	-	-	15,610,243	-	15,610,243
December 31, 2017 adjusted	24,852,075	260,874,731	123,133,311	(3,176,817)	405,683,300
January 1, 2018	24,852,075	260,874,731	123,133,311	(3,176,817)	405,683,300
Total comprehensive income		-	-	(21,411,466)	(21,411,466)
Entrance fee		1,040			1,040
Statutory transfer		-		-	-
Loan Loss Reserve			(32,062,626)	32,062,626	-
Unrealised Holding Gain			2,953,500	(2,953,500)	-
Appropriations:					-
General Reserves		-	-	-	-
Receipts /transfer	(126,224)		3,577	3,176,817	3,054,170
December 31, 2018	24,725,851	260,875,771	94,027,762	7,697,660	387,327,044

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF CASH FLOWS
AS AT DECEMBER 31, 2018

	2018 $	2017 $
Cash flows from operating activities		
Total Comprehensive Income	(21,411,466)	1,640,584
Adjustment to reconcile profit for the year to		
Net cash provided by operating activities		
Add depreciation	1,832,888	1,895,871
Less Interest Income	(149,634,001)	(153,454,451)
Less Unrealised Gain	(2,953,500)	(1,292,199)
	(172,166,079)	(151,210,195)
Other assets	3,235,231	(163,648)
Payables & accruals	(7,327,875)	19,344,670
Net cash flows from operating activities	(176,258,723)	(132,029,173)
Interest received	149,513,435	155,971,408
Cash flows from investing activities		
Purchase of fixed assets	(5,180,402)	(3,431,624)
Financial investments	(41,549,174)	129,832,870
Loans to members	5,702,787	(223,618,602)
Net cash used in investing activities	(41,026,789)	(97,217,356)
Cash flows from financing activities		
Appropriations & payments	18,791,678	(267,934)
Permanent shares	(126,224)	437,612
Members' shares deposits	46,256,856	111,460,115
Net cash flows from financing activities	64,922,310	111,629,793
Net cash and cash equivalents for the year	(2,849,771)	38,354,672
Cash and cash equivalents at beginning of year	228,388,487	190,033,815
Cash and cash equivalents at end of year	225,538,716	228,388,487
Represented by:		
Cash & bank balances	78,465,685	84,634,237
Liquid assets (excluding accrued interest)	147,073,031	143,754,250
	225,538,716	228,388,487

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. New and revised IFRSs in issue but not yet effective

The Credit Union has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 4	Applying IFRS 9 Financial instruments with IFRS 4 Insurance Contracts[1]
IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[2]

[1]Effective for annual periods beginning on or after 1 January 2019.
[2]Effective for annual periods beginning on or after 1 January 2021.

3. Application new and revised International Financial Reporting Standards (IFRSs) effective January 1, 2018

a. IFRS 9 Financial Instruments

IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaced IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability – weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and the contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12- month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the report date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; The Credit Union has chosen to apply this policy also for the Loans and Financial Investments.

4. Use of Judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Credit Union's accounting policies and the reported amounts of assets and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that has a significant risk of resulting in a material adjustment in the year ending December 31, 2018 is set out below.

Note 5d – Financial Instruments: Recognition and Measurement

5. Summary of significant accounting policies

a. 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.

b. Reporting currency

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

c. 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

The principal accounting policies are set out below:

d. Financial Instruments: Recognition and Measurement

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.

Summary of significant accounting policies

Financial Instruments: Recognition and Measurement (cont'd)

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.

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 initial 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.

Summary of significant accounting policies

Financial Instruments: Recognition and Measurement (cont'd)

Loan Loss Provision

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 the 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. Loan which a lifetime ECL is recognised but which are not credit-impaired are referred to as "Stage 2 and 3"

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.

Summary of significant accounting policies

Financial Instruments: Recognition and Measurement (cont'd)

Loan Loss Provision (cont'd)

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.

e. Properties, 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.

f. The effects of changes in foreign currency rates:

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.

g. Liquid Assets

A liquid asset an asset that can readily be converted into cash is similar to cash itself because the asset can be sold with little impact on its value. Investments are considered liquid assets because they can be readily liquidated. Generally, investments are considered liquid assets because they can be easily sold, depending on the investment. The Credit Union's fixed assets comprises interest bearing assets from the Jamaica Co-op Credit Union League (JCCUL).

h. Cash and Bank Balances

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) are classified under "Liquid Assets."

i. Revenue Recognition

<u>Interest on investment</u>

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).

<u>Interest on loans</u>

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

Summary of significant accounting policies (cont'd)

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.

j. 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.

k. 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.

l. Lease arrangements

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.

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

6. Financial investments

	2018	2017
	$	$
Investment securities designated as at FVTPL	114,618,444	
Investment securities measured at FVOCI - debt instruments	29,835,382	
Investments securities designated as at FVOCI - equity instruments	31,480,624	
Available-for-sale investment securities		131,224,228
	175,934,450	131,224,228

i. Investment securities designated as at FVTPL

	2018
	$
Debt Securities	55,649,200
Equity Securities	58,969,244
	114,618,444

ii. Debt Securities measured at FVOCI

	2018
	$
Government Of Jamaica FR 8.5%	4,351,301
Government Of Jamaica BMI 8.5%	25,483,781
	29,835,082

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

Financial investments (cont'd)

iii. **Equity Investments designate as at FVOCI**

	2018
	$
NCB CAP Income optimizer	31,480,624

iv. **Available-for-sales securities**

	2017
	$
Debt securities	84,462,757
Equity securities	39,320,844
unquoted equity securities at cost	7,440,627
	131,224,228

7. Loans, after provision for loan impairment

Loans originated by the credit union

	Maturity schedule					
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Carrying Value	Carrying Value
	Current		Non-current		2018	2017
Loans to individuals	10,623,281	25,334,270	1,145,134,064	217,393,853	1,398,485,468	1,425,455,082
Accrued Interest	6,291,579	-	-	-	6,291,579	6,154,590
Less provision for loan loss	-	-	-	-	(5,237,742)	(26,504,468)
	16,914,860	26,038,073	1,147,765,409	218,087,196	1,399,539,305	1,405,105,204

The total number of loans for 2018 was 2,394 (2017: 2,585), of which there are a total of 111 (2017 :231) 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.

i. ECL Evaluation

A total of 2,454 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) = 50%
- 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*

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
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Loans, after provision for loan impairment (cont'd)

ii. Movement for loan loss provision

	2018	2017
	$	$
Allowance for loan loss at the beginning of year	26,504,469	20,951,559
IFRS 9 adjustment	(15,610,243)	-
(Reversal)/Additional of provision	(4,622,936)	5,903,147
Amount recovered during the year	(1,033,548)	(350,239)
Net provision at end of year	5,237,742	26,504,468

During 2018, the Credit Union wrote off loans totalling $40,701,845 which was charged against the provision accounts. There was no write offs in 2017.

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

Movement for loan loss provision (cont'd)

	Total Loan Loss Provision	Net Movement on loan impairment
	$	$
As prescribed by JCCUL	14,128,961	(37,719,109)
As prescribed by IFRS 9	(5,237,742)	5,656,482
Transferred from Loan Loss Reserve	8,891,219	(32,062,626)

iii. Net movement on impairment

	2018	2017
	$	$
Provided during the year	4,016,282	8,455,747
Bad Debt Recovered	(1,033,547)	(350,239)
Charged to income and expenditure	2,982,735	8,105,508

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

iv. 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 5 repossessed collateral at the reporting date with a market value of $4,195,906 (2017: $2,000,000).

v. Ageing

	2018	2017
	$	$
Neither past due nor impaired	1,345,507,334	1,350,998,614
Less than 2 months	24,198,135	1,158,552
2-3 Months	7,997,671	18,176,518
4-6 Months	5,590,880	2,622,097
6-12 Months	8,848,796	8,138,783
Over 12	6,342,652	44,360,518
Total Loans	1,398,485,468	1,425,455,082
Less: Allowance for impaired loans	(5,237,742)	(26,504,468)
Add: Accrued Interest	6,291,579	6,154,590
Loans after allowance for impairment losses	1,399,539,305	1,405,105,204

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

8. Property, Plant and Equipment

	Land and Building $	Furniture and Fixtures $	Office Equipment $	Computer $	Total $
Cost					
January 1, 2017	14,649,347	3,860,638	11,679,256	21,403,454	51,592,695
Additions	599,797	215,814	567,214	2,048,798	3,431,623
Balance December 31, 2017	15,249,144	4,076,452	12,246,470	23,452,252	55,024,318
January 1, 2018	15,249,144	4,076,452	12,246,470	23,452,252	55,024,318
Additions	-	209,664	1,114,485	3,856,253	5,180,402
Balance December 31, 2018	15,249,144	4,286,116	13,360,955	27,308,505	60,204,720
Accumulated depreciation					
January 1, 2017	3,261,114	2,576,464	8,365,688	8,988,184	23,191,450
Charge for the year	319,613	119,850	710,838	745,569	1,895,870
Balance December 31, 2017	3,580,727	2,696,314	9,076,526	9,733,753	25,087,320
January 1, 2018	3,580,727	2,696,314	9,076,526	9,733,753	25,087,320
Charge for the year	319,614	152,029	693,774	667,471	1,832,888
Balance December 31, 2018	3,900,341	2,848,343	9,770,300	10,401,224	26,920,208
Net book value					
Balance December 31, 2018	11,348,802	1,437,773	3,590,655	16,907,282	33,284,512
Balance December 31, 2017	11,668,416	1,380,138	3,169,944	13,718,450	29,936,998

Land and Building comprises land in the amount of $2,464,594 (2017: $2,464,594), which is not depreciated.

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

9. Liquid Assets

The liquid assets represent the fair value of the investments as at December 31, 2018 and are expected to mature within 3 months or less. These investments are categorised as Fair Value through Profit or Loss (FVPL).

	2018 $	2017 $
JCCUL - Certificate of Deposits	-	112,600,235
JCCUL - Cu-Cash Deposit	145,854,777	30,173,080
JCCUL - Settlement deposit	1,007,086	993,635
	146,861,863	143,766,950

10. Cash and Bank Balances

	2018 $	2017 $
Earning Assets		
Foreign exchange account – NCB Financial Group	49,480	48,465
Foreign exchange account – Scotiabank	20,749,774	12,009,839
	20,799,254	12,058,304
Non-Earning		
Petty cash	2,050	905
Cash in hand	310,138	255,777
Current Account – CIBC First Caribbean International Bank	1,136,074	5,196,392
Current Account - Scotiabank	34,703,665	47,813,837
Current Account - NCB Financial Group	7,981,450	9,696,624
Current Account – Sagicor Group	2,242,035	1,801,311
Current Account – JN Group	5,477,584	4,850,798
Current Account – Victoria Mutual Group	778,347	706,723
Current Account - Sagicor Group	5,035,087	2,253,565
	57,666,430	72,575,932

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

11. Accounts Receivable

The accounts receivable accounts represent amounts owed to the Credit Union as of December 31, 2018. There has been no provision for loss against these accounts.

	2018	2017
	$	$
Premiums Receivables	1,777,437	1,777,433
Rental Receivable	641,522	433,267
Prepayment	1,142,100	1,915,033
Security Deposit	34,188	34,188
Withholding Tax	5,103,281	5,103,437
Other receivables	7,412,274	10,082,673
	16,110,801	19,346,031

i. 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.

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

12. 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.

	2018	2017
	$	$
Permanent Shares	24,717,637	24,864,172
Permanent Shares reserve	8,214	(12,096)
	24,725,851	24,852,076

13. 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.

	2018	2017
	$	$
Statutory Reserve	260,861,791	260,861,791
Entrance Fees	13,980	12,940
Total	260,875,771	260,874,731

14. Non-institutional capital

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

	2018	2017
	$	$
Capital Reserve[i]	3,000,000	3,000,000
Gain on Investment[ii]	7,950,536	4,997,036
General Reserve	73,610,686	73,610,686
Share Fund transfer reserve	575,321	571,744
Loan Loss Reserve[iii]	8,891,219	25,343,603
	94,027,762	107,523,068

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. 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.

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

15. Undistributed Surplus

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

	2018	2017
	$	$
Undistributed Deficit	7,697,660	(3,176,817)
	7,697,660	(3,176,817)

16. External Credit

	1 to 5 Years	Over 5 Years	Carrying value	Carrying value
	Non-Current		2018	2017
	$	$	$	$
Sagicor Life Jamaica Limited	48,000,000		48,000,000	48,000,000
Guardian Life	-	25,000,000	25,000,000	25,000,000
Interest Payable			1,029,640	1,033,370
	48,000,000	25,000,000	74,029,640	74,033,370

i. The loan facility from Sagicor life Jamaica Limited matures 2019 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%.

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

17. Members Deposits

	Within 3 Months	3 to 12 Months	Carrying value 2018	Carrying value 2017
	$	$	$	$
Term Deposit	251,324,717	305,116,108	556,440,825	531,398,047
Regular deposits	109,421,946	-	109,421,946	113,497,876
Interest Accrued on Members deposits	10,513,716	-	10,513,716	11,886,005
	371,260,379	305,116,108	676,376,487	656,781,928

18. Payables and Accruals

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

	2018	2017
	$	$
Accounts Payables	2,804,959	8,040,843
Death Claims	1,193,602	950,050
Premium Payables	4,024,260	7,163,511
General Consumption Tax	71,433	292,720
Honoraria	251,001	251,001
QNET	151,094	189,492
Security Deposit	301,417	301,417
Audit Fees	1,898,906	1,186,091
Other payables	22,064,797	21,710,488
	32,7616,469	40,085,613

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

19. Miscellaneous Income

	2018	2017
	$	$
Commission and Fees	1,858,191	1,072,440
Bill of Sale	187,578	422,243
Discount Cards	9,500	15,600
Service Charge	6,876,200	7,684,135
Other	1,888,206	539,139
	10,819,675	9,733,557

20. Contingent Liability

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.

21. Financial Risk

a. 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:

	2018	2018	2017	2017
	Fair value	Carrying value	Fair value	Carrying value
	$	$	$	$
Financial assets:				
Loans and advances	1,399,539,305	1,399,539,305	1,405,105,204	1,405,105,204
Liquid assets (including cash and bank balance	225,327,548	225,327,548	228,401,186	228,401,186
Financial investments	175,934,450	175,934,450	131,224,228	131,224,228
Non-earning assets	16,110,801	16,110,801	19,346,032	19,346,032
Financial liabilities:				
Savings deposits	676,376,487	676,376,487	656,781,928	656,781,928
Members' share capital	679,701,975	679,701,975	653,039,678	653,039,678
Other liabilities				
Non-interest liabilities	32,761,467	32,761,467	40,085,613	40,085,613

Financial Risk (cont'd)

Fair Values (cont'd)

	Fair value hierarchy as at 31/12/18			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets				
Liquid assets		146,861,863		146,861,863
Loans and receivables:				
- loans to members	-	-	1,399,539,305	1,399,539,305
- Other receivables	-		16,110,801	16,110,801
Fair Value through Profit or loss				
- Repurchase agreements		63,817,763	-	63,817,763
- Other investments		104,676,060	-	104,676,060
- Unquoted investments			7,440,627	7,440,627
	-	315,355,686	1,423,090,733	1,738,446,420
Financial liabilities				
Saving Deposits		-	676,376,487	676,376,487
Members' share capital	-	-	679,701,975	679,701,975
Loans from other entities	-	-	74,029,640	74,029,640
Trade and other payables	-	-	32,761,467	32,761,467
Total	-	-	1,462,869,569	1,462,869,569

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
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Financial Risk (cont'd)

Fair Values (cont'd)

	Fair value hierarchy as at 31/12/17			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets				
Liquid assets		143,766,950		143,766,950
Loans and receivables:				
- loans to members	-	-	1,405,105,204	1,405,105,204
- Other receivables	-		19,346,032	19,346,032
Investments available for sale				
- Repurchase agreements		48,886,542	-	48,886,542
- Other investments		74,897,059	-	74,897,059
- Unquoted investments			7,440,627	7,440,627
	-	267,550,551	1,431,891,863	1,699,442,414
Financial liabilities				
Saving Deposits		-	656,781,928	656,781,928
Members' share capital	-	-	653,039,678	653,039,678
Loans from other entities	-	-	74,033,370	74,033,370
Trade and other payables	-	-	40,085,613	40,085,613
Total	-	-	1,423,940,589	1,423,940,589

b. 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.

Financial Risk (cont'd)

c. 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.

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:

Financial assets	2018	2017
	$	$
Cash and Cash Equivalents	225,327,548	228,401,186
Loans and receivables (including trade receivables balance)	1,399,539,305	1,405,105,204
Available-for-sale financial assets	175,934,450	131,224,228
Financial liabilities		
Payables and Deposits	1,462,869,571	1,423,940,590

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
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Financial Risk (cont'd)

d. Loan loss provision

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 requirement
December 31, 2018

Months arrears	Number of accounts	Delinquent Loans $	Savings held $	Exposure $	Revised Provision $	%
Less than 2	52	24,198,135	6,519,757	17,678,378	-	
2-3	18	7,997,671	3,108,227	4,889,444	799,767	10%
4-6	16	5,590,880	2,451,421	3,139,459	1,677,264	30%
6-12	13	8,848,796	2,008,069	6,840,727	5,309,278	60%
over 12	12	6,342,652	495,428	5,847,224	6,342,652	100%
Totals	111	52,978,134	14,582,902	38,395,232	14,128,961	

	2018 $	2017 $
Balance brought forward	51,848,069	43,742,559
Increase/(decrease) in provision for loan loss	(37,719,108)	8,105,510
Balance carried forward	14,128,961	51,848,069

Financial Risk (cont'd)

e. Liquidity Risk

Liquidity risk is the risk that the Credit Union will encounter difficulty in meeting obligations for its financial liabilities. 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 1:0.48 (2017:1:0.53). 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.

	2018	2017
	$	$
Cash resources:		
Loans (after provision for loan impairment)	42,249,130	71,327,023
Financial investments (within 3 months)	63,817,763	48,886,542
Liquid assets	146,861,863	143,766,950
Cash & bank balances	78,465,685	84,634,236
Accounts Receivables	16,110,801	19,346,032
	347,505,242	367,960,783
Saving Deposits and other payables:		
Members deposits	676,376,487	656,781,928
Payables & accruals	32,761,467	40,085,613
	709,137,954	696,867,541
Ratio	0.49	0.53

Financial Risk (cont'd)

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.

f. 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.

g. 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.

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2018

Financial Risk (cont'd)

Interest rate risk (cont'd)

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

As at December 31,2018

	Within 3 months	3-12 Months	1-5 Years	>5 Years	No Maturity	Total
Assets						
Cash	-	-	-	-	78,465,685	78,465,685
Demand Deposits	146,861,863	-	-	-	-	146,861,863
Investments	63,817,763	-	104,676,060	7,440,627	-	175,934,450
Loan Portfolio, net	11,677,118	25,334,270	1,145,134,064	217,393,853	-	1,399,539,305
Fixed Assets	-	-	-	-	33,284,512	33,284,512
Other Assets	-	-	-	-	16,110,800	16,110,800
Total Assets	222,356,744	25,334,270	1,249,810,124	224,834,480	127,860,997	1,850,196,615
Liabilities						
Demand Savings Account	251,324,717	-	-	-	-	251,324,717
Term Deposits	119,935,662	305,116,108	-	-	-	425,051,770
Loans Payable	1,029,640	-	48,000,000	25,000,000	-	74,029,640
Other Liabilities	-	-	-	-	712,463,444	712,463,444
Total Liabilities	372,290,019	305,116,108	48,000,000	25,000,000	712,463,444	1,462,869,571
Total Equity					387,327,044	387,327,044
Total Liabilities & Equity	372,290,019	305,116,108	48,000,000	25,000,000	1,099,790,489	1,850,196,615
						-
Asset Liability Gap	(153,961,766)	(279,078,035)	1,204,441,469	200,527,823	(971,929,491)	-
						-
Cumulative Gap	(153,961,766)	(433,039,801)	771,401,668	971,929,491	-	-

A 1% basis point increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates.

	Within 3 months	3-12 Months	1-5 Years	>5 Years	No Maturity	Total
Impact of 1% increase in interest rate per tenor bucket	(1,539,618)	(2,790,780)	12,044,415	2,005,278	(9,719,295)	-
Impact of 1% decrease in interest rate per tenor bucket	1,539,618	2,790,780	(12,044,415)	(2,005,278)	9,719,295	-
Impact of 1% increase in interest on cumulative gap	(1,539,618)	(4,330,398)	7,714,017	9,719,295	-	-
Impact of 1% decrease in interest rate on cumulative gap	1,539,618	4,330,398	(7,714,017)	(9,719,295)	-	-

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2018

Financial Risk (cont'd)

Interest rate risk (cont'd)

As at December 31,2017

	Within 3 months	3-12 Months	1-5 Years	>5 Years	No Maturity	Total
Assets						
Cash	-	-	-	-	84,634,236	84,634,236
Demand Deposits	143,766,950	-	-	-	-	143,766,950
Investments	48,886,542	-	74,897,059	7,440,627	-	131,224,228
Loan Portfolio, net	18,089,526	31,343,881	924,101,431	431,570,366	-	1,405,105,204
Fixed Assets	-	-	-	-	29,936,998	29,936,998
Other Assets	-	-	-	-	19,346,032	19,346,032
Total Assets	210,743,018	31,343,881	998,998,490	439,010,993	133,917,266	1,814,013,648
Liabilities						
Demand Savings Account	240,656,196	-	-	-	-	240,656,196
Term Deposits	125,383,881	290,741,851	-	-	-	416,125,732
Loans Payable	1,033,370	-	48,000,000	25,000,000	-	74,033,370
Other Liabilities	-	-	-	-	693,125,294	693,125,294
Total Liabilities	367,073,447	290,741,851	48,000,000	25,000,000	693,125,294	1,423,940,591
Total Equity					390,073,057	390,073,057
Total Liabilities & Equity	367,073,447	290,741,851	48,000,000	25,000,000	1,083,198,351	1,814,013,648
						-
Asset Liability Gap	(156,330,428)	(259,397,970)	950,998,490	414,010,993	(949,281,085)	-
						-
Cumulative Gap	(156,330,428)	(415,728,398)	535,270,092	949,281,085	-	-

	Within 3 months	3-12 Months	1-5 Years	>5 Years	No Maturity	Total
Impact of 1% increase in interest rate per tenor bucket	(1,563,304)	(2,593,890)	9,509,985	4,140,110	(9,492,811)	-
Impact of 1% decrease in interest rate per tenor bucket	1,563,304	2,593,890	(9,509,985)	(4,140,110)	9,492,811	-
Impact of 1% increase in interest on cumulative gap	(1,563,304)	(4,157,284)	5,352,701	9,492,811	-	-
Impact of 1% decrease in interest rate on cumulative gap	1,563,304	4,157,284	(5,352,701)	(9,492,811)	-	-

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
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h. 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 15 % (2017: 16 %) which is in compliance with the requirements.

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

	2018	2017
	$	$
Institutional Capital	285,601,623	285,726,807
Total Assets	1,850,196,615	1,814,013,648
Ratio	15%	16%

22. Related Parties

At December 31, 2018, 20(2017: 23) 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:

	2018	2017
	$	$
Savings	28,745,703	15,810,164
Loans (inclusive of interest)	28,702,349	24,263,701

Relate Party transactions were made on terms equivalent to those that prevail in arm's length transactions

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
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23. Staff Compliment

	2018	2017
Number of persons employed		
Permanent	24	25
	24	25

24. Comparison of ledger balances

	Permanent Shares	Voluntary Shares	Deposits	Loans
	$	$	$	$
Balance as per General Ledger	25,103,639	679,701,975	665,862,771	1,398,485,470
Balance as per Members' Ledger	25,103,639	679,701,975	665,863,034	1,398,485,470
Difference	-	-	(263)	-

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
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25. Administrative expenses

	2018	2017
	$	$
Personnel expenses		
Salaries, allowances & statutory contributions	70,328,151	69,852,052
Staff training	901,591	639,161
Travelling & related expenses	926,688	825,421
	72,156,430	71,316,634
General overheads		
Audit & supervision	1,018,109	1,900,380
Depreciation	1,832,888	1,895,871
Donations	45,704	41,500
Office rental	1,404,802	1,587,117
Insurance premiums	6,620,515	6,479,765
FIP Expenses	1,548,493	843,978
Office expenses	7,396,080	4,988,100
Professional fees	2,295,547	1,968,627
Repairs & maintenance	1,264,001	1,611,623
Security and messenger service	2,549,689	2,564,287
Telephone, cable, postage & telegram	5,644,217	6,346,227
Utilities	3,857,076	3,872,773
Rates & taxes	673,330	647,269
Minimum Business tax	60,000	60,000
	36,210,451	34,807,518
Marketing & promotion	2,604,280	3,534,583
Affiliation & representation:		
Stabilization dues	2,352,761	1,797,542
League fees	3,635,073	3,382,798
Seminars and meetings	3,878,935	4,259,272
	9,866,769	9,439,612
Total operating expenses	120,837,930	119,098,346