

TREASURER'S REPORT

FY2015

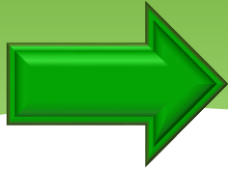
Presentation

20th February 2015

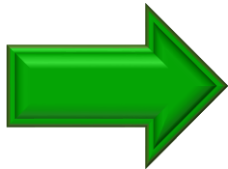
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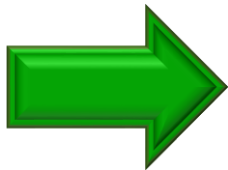
CONTENT



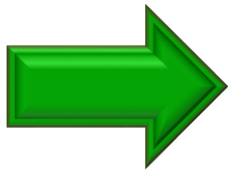
Economic Overview of FY2015



FY2015 Financial Review



Compliance



Budget 2016/2017

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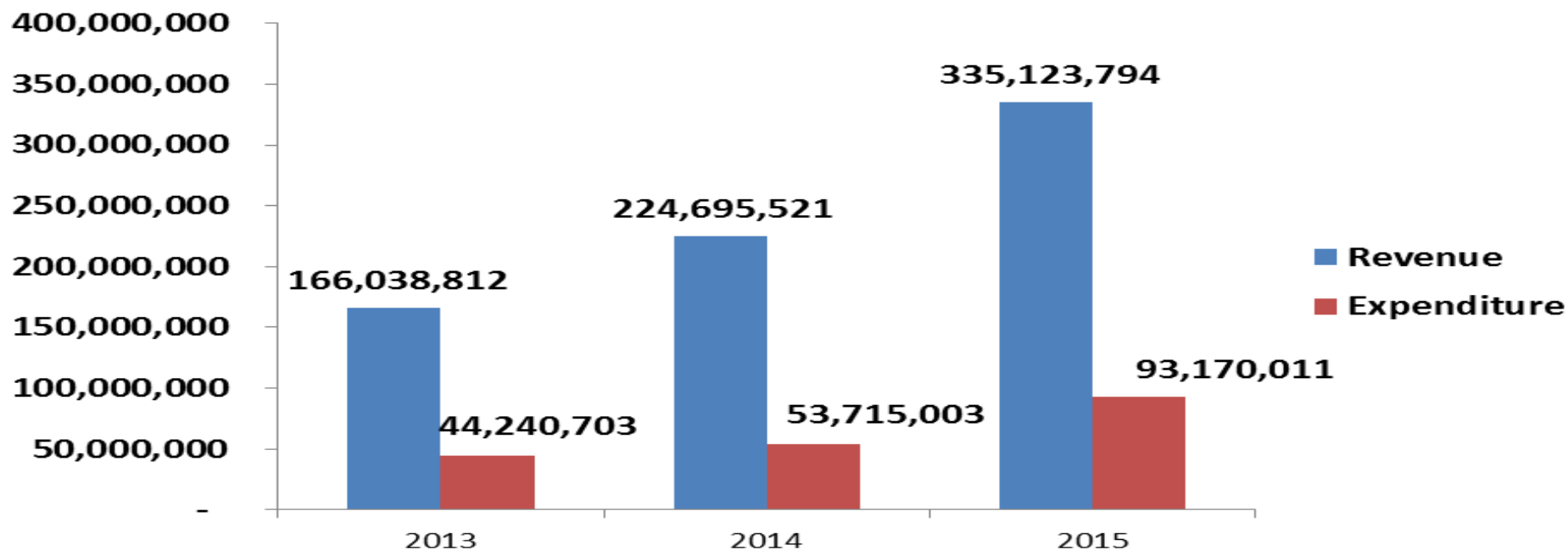
Economic Overview 2015

Highlights

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- The revision of the common base lending rates forced banks to increase the bank loans to up to 27% on personal loans.
- The increase in lending rates forced members to buy off their loans with the banks causing temporary liquidity pressure at the Sacco.
- Strong balance sheet growth with both member deposits and loans to members almost hitting Kes 3B mark
- Increase in Expenditure ratio from 23% in 2014 to 27% in 2015.
- The launch of the Shares drive hit KES 259Million. Pending pledges KES 366,000.00

Revenue and Expenditure



Revenues for the year 2015 rose to KES 335 million representing 49% growth compared to previous year. Expenditure grew to Kes 93.1million as a result of increase in provision of loan loss from Kes 13million in the year 2014 to Kes 35million at the close of FY2015.

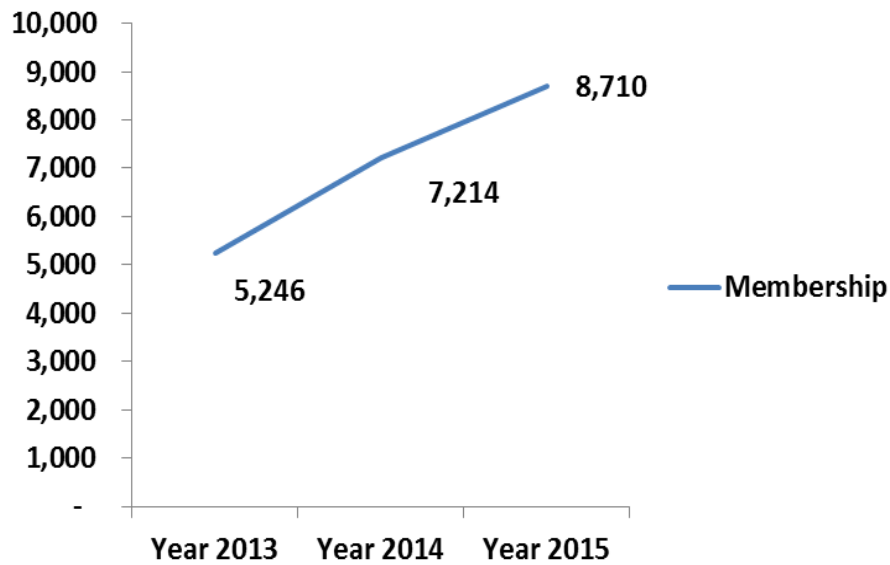
In order to reduce the default rate and address future increases in provision of loan loss:-

- 1) Defaulters have been listed with CRB
- 2) Debt collection recovery through Metropol.
- 3) A staff has been assigned specifically to handle debt recovery process

Going Forward:-

- Guarantors to repay the loans starting March 2016
- Use of collaterals.

Membership



Marginal growth in Membership

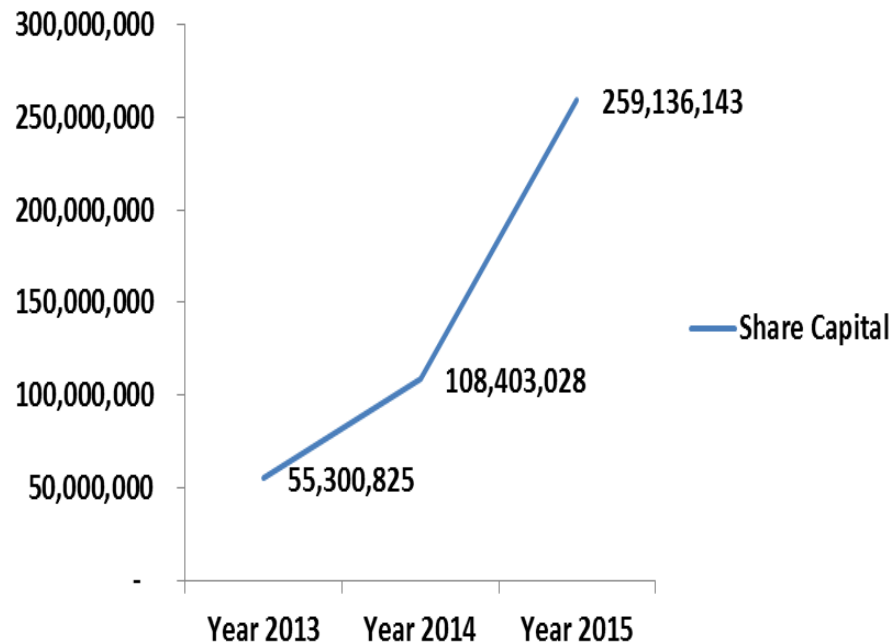
Statistics:-

- Membership base in FY2015 – 8,710 representing growth of 21%.
- No. of dormant accounts

2014	2015
825	1,690

- No of exits within the year – 22.

Share Capital



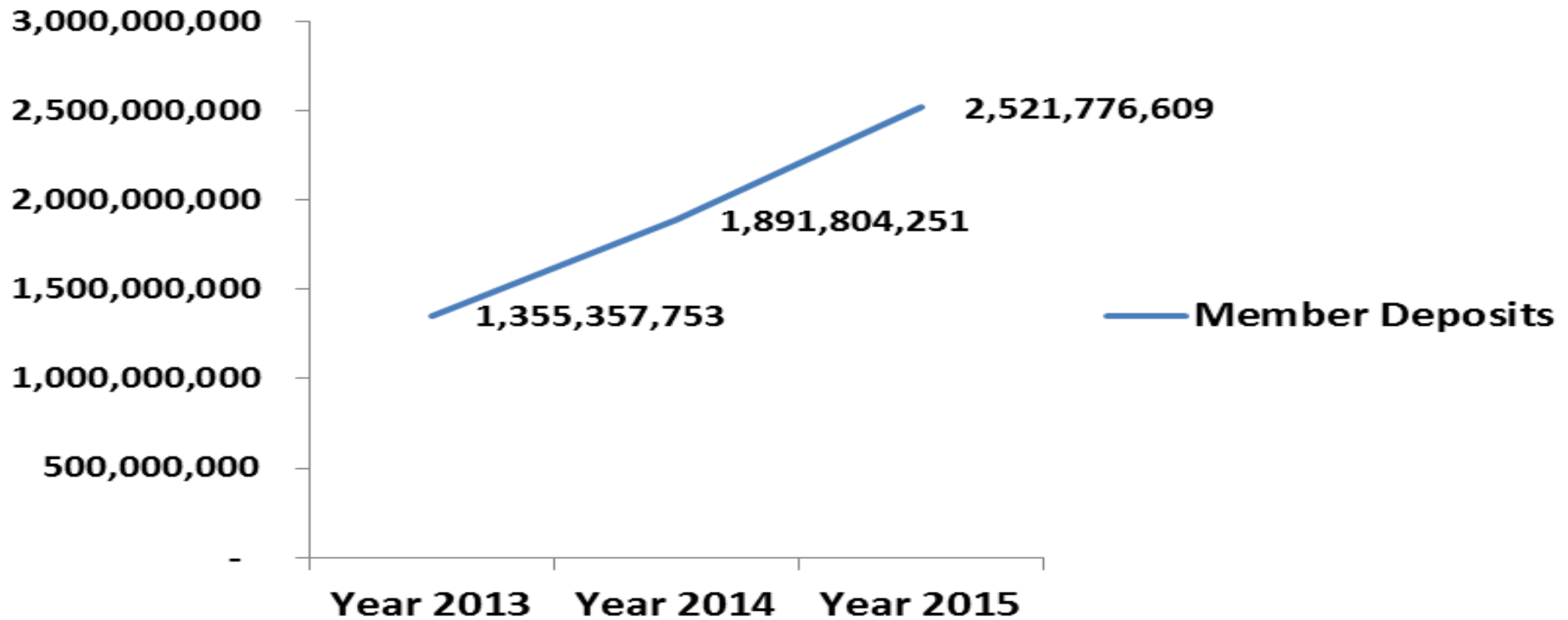
Share capital grew by 139% at the close of the financial year closing at KES: 259million.

Urging members to invest in Sacco shares.

Analysis of uptake as at 31st Dec 2015

Shares B/F Dec 2014	108,403,028.00
Paid up as at Dec 2015	150,733,115.00
Pledges	366Million

Member Deposits



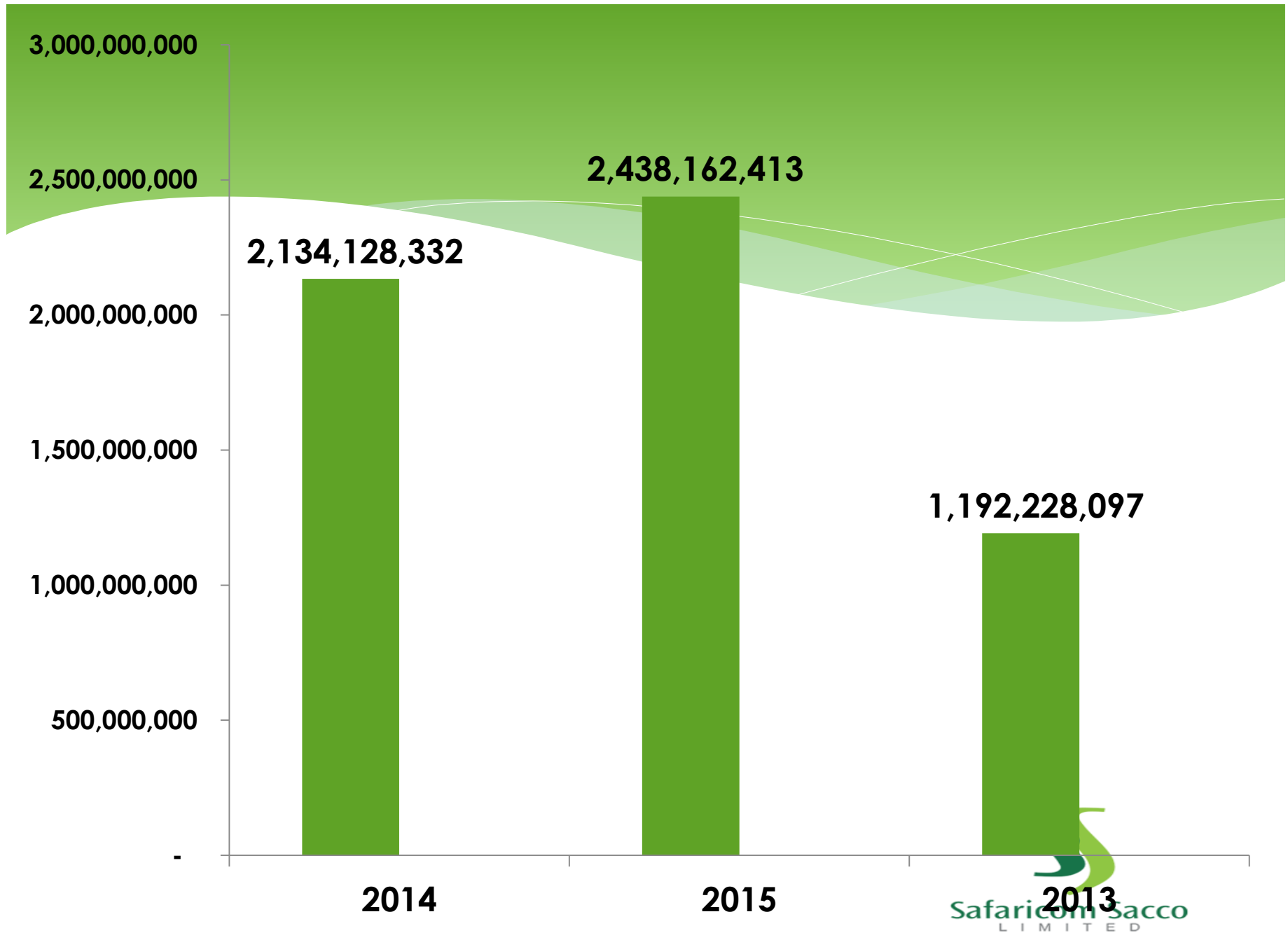
- Impressive growth in member deposits by 33% closing at KES **2.5Billion**.
- The Sacco urges members to inculcate a culture of Savings by increasing their monthly contributions:-

Advantages

- Avenue for saving.
- Higher returns in rebates
- Increase in loan facility



LOANS AMOUNTS ISSUED



Rebates, Honorarium and Bonus

Member Rebates

- **Proposed interest** on member deposits is **KES 165.7 million**.
- **Proposed dividend** on shares is **KES 20.2 million**.
- The board **proposes dividend on share capital** of **12%** and **full capitalization of the same**.
- **Proposed dividend** contribution to members in form of rebates on weighted deposits at the rate of **9%** and **capitalization of at least 20% of the same**.
- Proposed Honorarium of **KES 1,603,333.00** to be shared among members of the board and supervisory committee.
- **Proposed staff bonus** for approval **KES 2,675, 432.00** to be distributed among the sacco staff based on the performance for the year.

Compliance

Regulatory Soundness

- Institutional Capital has remained a big gapping risk.

Currently
2.5%

Required
8%

Variance
5.5%

To achieve this, we require additional institutional capital of Kes 360million.

Borrowing Powers

In the last financial year, members had approved a maximum borrowing power of **KES 600million**.

Proposed Recommendation: Maintain the same.

Amount borrowed last year: KES

Budget FY2016/2017

	YEAR 2015	YEAR 2016	YEAR 2017
	Kes	Kes	Kes
REVENUE			
Interest on loans and advances	325,248,596	507,154,720	648,701,578
Other interest income	2,907,492	11,197,343	11,975,666
Total interest	328,156,087	518,352,063	658,177,243
Less: Interest Expenses	192,438,179	316,213,885	347,137,387
Net Interest income	135,717,908	202,138,178	311,039,857
Other operating income	6,967,657	16,071,000	20,025,200
Total Income	142,685,565	218,209,178	331,065,057
EXPENSES			
Financial Expenses	25,658,375	22,500,000	24,750,000
Administration Expenses	14,571,607	22,881,774	20,999,802
Personnel Expenses	33,838,348	46,036,353	50,345,690
Governance Expenses	8,339,195	16,015,500	17,352,750
Marketing Expenses	2,172,387	9,758,212	10,734,033
Depreciation and Amortization	8,590,049	15,270,607	9,145,252
Total expenses	93,169,961	132,462,446	133,327,527
Net operating surplus	49,515,604	85,746,732	201,023,918
Less Tax Expenses	2,090,297	2,410,650.00	3,003,780
Net operating surplus	47,425,307	83,336,082	198,734,243

CAPEX FY2016/2017

CAPITAL EXPENDITURE BUDGET FOR YEAR 2016 AND 2017

Description	Qty	Unit cost	2016 Total cost	2017 Total cost	Justification Particulars
Portable Projectors	2	150,000	300,000		Field presentations
CCTV Camera	3	100,000	100,000		FOSA security
Virtual Servers	1	492,000	492,000	492,000	For web portal and website
Filing cabinet	2	500,000	1,000,000		Safe keeping of member documents
Building of Office Block	1	-	600,000,000	400,000,000	To solve much needed space
Office-furniture & fittings & partitioning	1	20,000,000	24,000,000	24,000,000	Branch office expansions
NAV 2013-R2 Additional licenses	10	403,747	4,037,468		Additional user licences
External hard disks	4	15,000	60,000		Data backup
Servers	2	900,000	1,800,000		Host CRM and BCP application
Disaster Recovery(Realtime replication) app	1	1,000,000	1,000,000		Data replication and mirroring
Laptops(7)	7	80,000	560,000		New employees and replacement
Customer Relation Management app & mini call centre	1	5,814,973	5,814,973		Management of members' queries
HRMIS(Human Resource Management)	1	1,749,421	1,749,421		Management of employees' data
Document Management System	1	15,000,000	15,000,000		Management of documents
Professional fee	1	3,926,619	3,926,619		Cost of developing solutions
MailChimp	1	350,000	350,000		Enhance mail efficiency
MS.Office	33	30,000	1,000,000		Microsoft licenses
Totals			661,190,480	424,492,000	

Thank You

Q&A



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