

LSK SACCO LIMITED



LSK SACCO-BACKGROUND

ESTABLISHED IN 1986 BY COUNCIL OF LSK

MISSION

To mobilize funds, lend to the members and avail other financial services at affordable and competitive rates in accordance with the co-operative principles

Membership common bond: Advocates, Spouses and children of advocates, Staff of law firms and institutions affiliated to administration of justice



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KEY INFO

- Current membership stands at 8,990 members, Active membership @ 75%
- Member deposits @ Kshs 1.7 billion
- Member loans @1.66 billion
- Minimum share capital per member kshs 10,000
- Interest on members' deposits @ 9% p.a. and dividends on share capital @15% p.a.



INTRODUCTION

- Law Society of Kenya Sacco loans constitute a major business activity and generates the bigger percentage of the Society's income.
- LSK Sacco meets the needs of her members that are not presently met by other financial institutions by allowing members to obtain loans at low and competitive interest rates based on their Savings, Guarantee by fellow members and other forms of security.
- The LSK Sacco Credit Policy has been developed and approved by members of the Board as a guideline tool for lending operations by the society.

PRODUCTS

LOANS

- Maximum loan of Kshs 30 million
- Max repayment period of 120 months



SAVINGS

- I. Holiday savings product-Available for members saving with the aim of going for holidays
- I. Junior Savings product-For children of members



OTHER LOAN PRODUCTS

- Loan Rescheduling
- Loan Refinancing
- Asset financing
- LSK Sacco Benevolent fund



WHY CHOOSE LSK SACCO LOANS

- Low interest rates at 1%pm on reducing balance on all loans
- Flexible repayments methods and relatively longer repayment periods
- Varied loan products & loan securities
- No hidden charges
- Lending at 3 times your deposits.
- High liquidity and real time disbursement.



MEMBERS ELIGIBILITY FOR LOANS

- A member must have completed at least six months of active membership and contributed not less than Kshs 2,000 for advocates and Kshs 1,000 for Non-advocates per month.
- The maximum amount of loans granted to a member shall not exceed three times of the member's deposits and subject to the lending limit.
- A member who withdraws from the society and rejoins later will be treated as a new member for the purpose of this credit policy.

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- A new loan will not be issued if the borrower or a loan guaranteed by the borrower is in default.
- A member shall qualify for a loan within his /her own deposits without security as long as he or she has not used the same deposits to guarantee any other loan.
- A borrower who deposits lump sum amount for the purpose of borrowing should wait for at least three (3) months before borrowing or pay a lump sum fee of 7.5% of the lump sum amount deposited subject to credit committee's approval.

LOAN CATEGORIES

Loan type	Maximum	Period
Emergency Loan	200,000.00	12
Education Loan	500,000.00	24
Development Loan	Up to 500,000	36
	Above 500,001-1M	48
	Above 1M-3M	60
	Above 3M-5M	72
	Above 5M-7.5M	84
	Above 7.5-10M	96
	Above 10M-15M	108
	Above 15M-30M	120
Flexi-Cheti Loan	30,000	12

LOAN SECURITY



- Member deposits.
- Guarantor's deposits (must be up to date in case they have loans)
- Savings with the Sacco in other saving accounts such as Fixed term, Children A/c Holiday savings A/c.
- Motor Vehicles with 2000 CC and above - 50% Forced sale value
- Motor Vehicles with below 2000 CC - 70% Forced sale value
- A first charge or Mortgage on registered land up to 70% forced sale value

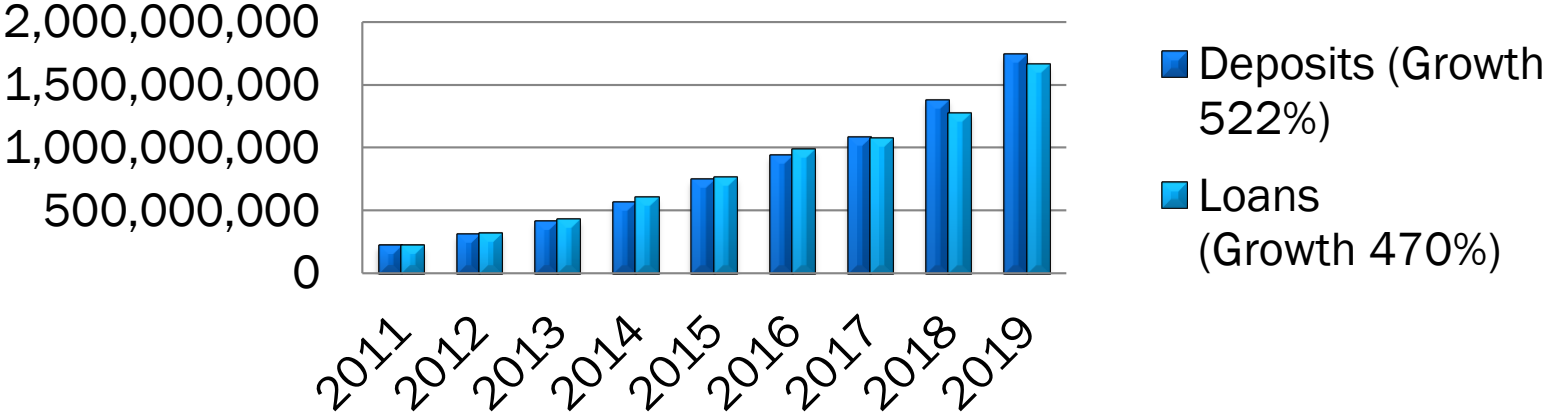
ANALYSIS OF ACTIVE LOANS PER CATEGORY BAND

Loan band	Total portfolio	No of Loanees
18,000-200,000	24,741,457.46	283
200,001-1,000,000	191,482,574.58	520
1,000,001-3,000,000	406,869,670.42	328
3,000,001-5,000,000	266,676,866.78	92
5,000,001-7,500,000	217,833,811.93	47
7,500,000-10,000,000	164,635,556.44	23
10,000,001-15,000,000	238,080,291.57	25
15,000,001- 30,000,000	170,284,554.93	10
	1,680,604,784.11	1328

NOTES

- Only 1328 members out of almost 8,990 members have loans.
- Majority of members borrow between kshs 200,000-1M
- More members are borrowing development loans (amounts above 200,000) due to improved TAT.
- Few members are taking advantage of prime loans i.e loans above kshs 10M

DEPOSITS & LOANS GROWTH TRENDS



LOAN PORTFOLIO GROWTH

- There is a steady increase in the maximum loan ceiling annually.
- The Sacco has reviewed the maximum lending limit from Kshs 2 Million in 2010 to Kshs 30 Million in 2019.

IMPROVEMENT ON TAT ON LOANS

- In 2010 all loans were disbursed approximately in one and a half months.
- Currently the disbursement of all loans take a period of not more than 10 days with exception of loans that are secured by title deeds.
- Emergency loans take a period of 48 hours

KEY STRATEGIC PLAN (2017-2022) ACHIEVEMENTS /TARGETS ON PRODUCTS

- Increase borrowing limit by Kshs. 5 million annually now standing at Kshs. 30,000,000.00.
- Raise Sacco's income by 50% annually
- Enhanced operational efficiency by reducing TAT for loan processing
- Diversify loan products in response to members needs

CHALLENGES

- Lack of a consistent saving culture to enjoy access to and benefits of credit facilities
- Default in repayment of loans by members
- Lack of awareness of security options available to members
- Cross guarantee
- Members not taking advantage of Sacco's high liquidity.
- Lack of active participation by members in SACCO affairs

LOAN DEFAULT TRENDS

Year	Total Outstanding loan balances	Outstanding loan-Defaulted(Ksh)	Defaulted Rate
2014	604,238,044	32,914,467	5.4%
2015	759,860,586	37,731,939	4.8%
2016	986,462,349	41,512,369	4.2%
2017	1,069,097,178	38,627,563.44	3.7%
2018	1,353,855,006	39,265,302	3.1%
2019	1,657,187,641	49,079,579	3.1%

AND LET'S BUILD OUR FUTURE TOGETHER!

THANK YOU FOR YOUR CONTINUED SUPPORT.

GOD BLESS YOU.

SAMUEL M. MWANIKI
CHAIRMAN -CREDIT COMMITTEE