



22/01/2020

To all members,

Dear member,

## **SHARE CAPITAL INCREMENT**

Happy New Year!

You will recall that at the AGM in the year 2018, members unanimously passed a **resolution** to increase the minimum share capital from the current Kshs 10,000 to Kshs 30,000 per member by the year 2021. This initiative was principally informed by the urgent need to lift the financial strength of the Sacco in relation to her total assets. The Sacco assets have been growing at a much faster rate than the core capital hence lowering the financial strength, a matter that is very relevant in case the Sacco was to suffer unexpected losses.

Following that resolution, a good number of members have already taken the initiative and made this increment. In fact, quite a number have far exceeded this minimum of **Kshs. 30,000**. Currently, our member with the highest share capital has **Kshs 150,000/-**. The vast majority of us are yet to increase their share capital.

Now, there is even a more **urgent reason** to increase the share capital. In the year 2019, the Sacco Society Regulatory Authority (SASRA) proposed a number of regulations to govern the Regulated Non-Deposit Taking (Non-DT) Saccos, a category which LSK Sacco Society is expected to be classified under. In the said proposed regulations, which are awaiting parliamentary approval, every Regulated Non-DT-Sacco Society will be required to have a minimum threshold of 8% of core capital (share capital + reserves) as a proportion of total assets. LSK Sacco Society had 5.87% as at 31<sup>st</sup> December 2019. This directly impacts on our individual share capital besides future profits we may reserve. For detailed information kindly read attached **MEMBER SHARE CAPITAL INCREMENT INFORMATION DOCUMENT**.

In order to implement the said resolution and in anticipation of compliance with the law, the Management Committee intends to ensure that each of us has a share capital of not less than the amounts stated and on (or before) the dates below:

Year	Current share capital	Planned increment	Share capital
2020 31 <sup>st</sup> March	10,000	5,000	15,000
2020 30 <sup>th</sup> Sept.	15,000	5,000	20,000
2021 31 <sup>st</sup> Jan.	20,000	5,000	25,000
2021 31 <sup>st</sup> July	25,000	5,000	30,000

***These periods may be adjusted and shortened should the new law/regulation demand.***

The Management Committee wishes to adopt four strategies which are indicated below, to implement the AGM resolution on share capital and be compliant with the anticipated SASRA regulation; they are:

**Strategy 1:** Constantly remind and encourage members to voluntarily make one-off share capital increments so as to reach a minimum of Kshs. 30,000, or make incremental contributions to their share capital to proportionate levels as indicated in the above table within one and half years.

**Strategy 2:** Carry out a promotional campaign in the year 2020 and reward members who increase their share capital within the promotion period.

**Strategy 3:** Urge members to capitalize their 2019 interest on deposits and dividend towards share capital.

**Strategy 4:** The Sacco to deduct an amount (possibly a minimum of Kshs 5,000) from the member's savings/deposits towards the member's share capital account to upgrade the same to the required level on the date indicated in the above table.

We urge all members to take advantage of the voluntary contribution/incremental window and especially the promotion to increase their share capital and earn more dividends for year 2020 without necessarily affecting the members' savings/deposits, which are essential for loan qualification and security.

If you have any query as regards, kindly do not hesitate to contact your Customer Relationship Officer (CRO) and or e-mail to: [info@lsksacco.co.ke](mailto:info@lsksacco.co.ke) .

Yours faithfully,



**M, L. Mugambi,**  
**TREASURER**

**Management Board:**

Justus M. Munyithya (**Chairman**), Caleb P. Nadebu (**V.Chairman**), Lawrence M. Mugambi (**Treasurer**), Kellen G. Njue (**Secretary**), Gladys W. Kinyanjui, Boniface K. Mutwiri, Samuel M. Mwaniki, Jackson O. Awele, Gad K. Gathu.

**Supervisory Board:**

Collins Wanderi (**Chair**), Joseph Makumi (**Secretary**), Salome Muhia (**Member**)

*"Your Partner, Your Treasure, Always There For You!"*