

CHAIRMAN'S REPORT FOR POLYTECH NON-WDT SACCO AGM HELD ON 08/03/2025

Office of Co-operative county director representatives present

Invited guests

Fellow directors

Sacco Auditor

CEO

Other members of staff present

Distinguished honorable members and any other member Present.

I am delighted this morning while presenting year 2024 Sacco performance report. Today Sacco is 53 years old and is celebrating its' 52st AGM. Like any other business, the journey has not been seamless due to numerous challenges. However, the Sacco has also had its' share of achievements.

1)SACCO PERFORMANCE

1.1 ASSET BASE

During the year under review the asset figure decreased from Ksh 151,808,667.00 to Ksh 145,338,009.00 resulting in a difference of Ksh 6,470,658.00. This was caused due to treating Cooperative Bank and CIC shares at their respective par/nominal value.

1.2 LOAN PORTFOLIO

Loans decreased from Ksh 88,603,651.00 to Ksh 85,208,897.00. The decrease of Ksh 3,394,754.00 was due to withdrawal of 24 members who were among the best savers and also partaker of huge loans. During withdrawal some even offset their loans with deposits. Other contributions are challenges of getting guarantors.

1.3 ACHIEVEMENTS

Sacco has also made some significant milestone namely;

- Improvement on some prudential ratios as result of saving more money in form of reserves. A case in point is that during the year under review, the Sacco transferred its' Ksh 859,179.00 of surplus profits to retained earning which was more than twice the amount of Ksh 429,299.00 transferred in 2023. This has resulted in Sacco meeting the required ratio of Institutional Capital/ Core Capital of 50%
- In the same year, the Sacco has developed a draft strategic plan for the Period 2025-2029. The Strategic Plan is at its final stage of completion and is awaiting stakeholders to give

their feedback. The Strategic Plan development has been undertaken through a participatory approach, which ensured that views of the key stakeholders were incorporated and the participation was through interviews, discussions, meetings and wide consultations. Envisaged cost to completion is Ksh 970,500

- The Sacco has upgraded its system at a cost of Ksh 1,700,000 To leverage with the technology. The new service provider is Swiss soft.

1.4 CHALLENGES

Polytech like other related Sacco's has also its' own fair share of challenges as outlined below

- Economic down turn resulting to decreased borrowing
- Pressure on the pay slip due to increased statutory deductions.
- Potential credit risks

The Sacco has established a robust risk assessment and mitigation strategies and also maintaining loan stability portfolio. That is the proactive approach taken by the Sacco

-Members exit

-The massive looting of over 13B that took place at KUSCO adversely affected Polytech Sacco since it had a saving account of Ksh 1,423,629.00. Prudent financial management requires a provision in case of smelling uncertainty. In our case, we intend to write off this amount within 10 years. However, there are prospects that this amount can be settled within 3 years following recoveries made by KUSCO.

2) FINANCIAL REPORT

2.1 REVENUE GENERATED

Revenue generated during the year 2024 was Ksh 17,955,552.00 compared to Ksh 17,736,744.00 for 2023, resulting to a marginal increase of Ksh 218,808.00

2.2 DEPOSITS

Members deposits during the year 2024 was 118,327,840.00 compared to Ksh 119,261,258.00 resulting to a decrease of Ksh 933,418.00. This was occasioned by over 12M deposits refunds settled during the year.

2.3 INVESTMENT PORTFOLIOS

Investments in Cooperative Bank and CIC has been pegged to nominal values of shares as outlined above.

3) MEMBERSHIP GROWTH AND RETENTION

Board of Directors first priority is members. In the new developed Strategic Plan, priority pillar No. 1 is Stronger Membership and Customer Pillar. Directors committed to educating members, having members' engagement initiatives and also quest to bring Sacco closer to members. No room for assuming any retention effort.

4) LOAN PORTFOLIO MANAGEMENT

- Strong loan disbursements and recovery mechanism is well in place
- Risk assessment and mitigation measures are well spelt in our credit risk policy.
- Polytech Sacco loans guaranteed fully
- Loan Guard Policy with CIC are 100% covered in case of death. In addition, a sendoff package for 50,000.

5) GOVERNANCE AND COMPLIANCE

5.1 BOARD OF DIRECTORS ROLES AND RESPONSIBILITIES

Board is governed by code of Corporate Governance and Board Appraisal Policy.

Board aware of its mandate on internal control, risk management and Governance

6) SOCIAL RESPONSIBILITY AND COMMUNITY OUTREACH

Through support from Cooperative Bank of Kenya, the Sacco sponsors a student ever year for Secondary education. This year the board has also plans to come up with other related activities that are not limited to financial but also to environment sustainability.

7) FUTURE PLANS AND STRATEGIES

Board is committed to growth and expansion plans. Innovations and product development. The Board endeavors to listen, research and develop member centric products that meet changing trends in the market

8) DIVIDEND & INTEREST ON DEPOSIT

The board recommends a dividend payout rate of 6.4% and Interest Rebate Payout rate of 6.3%

9) ELECTIONS

Ladies and gentlemen, today we shall exercise our voting powers and elect leaders to serve in the Board and Supervisory Committee. Let's do so with the integrity that this exercise deserves. Board members retiring this year are;

- 1) Millicent Omondi
- 2) George Obwayo
- 3) Dorcus Okia

Supervisory

1. Daniel Kigaa

All have expressed their desire and readiness to continue serving the society and being eligible, do offer themselves for re-election. We shall be guided by the Ministry representative when that time comes.

We thank them for their dedication and commitment in serving the society.

10) Appreciation

I wish to sincerely appreciate your support and patronage. Indeed, we would not be where we are today without the consistent, unequalled loyalty and confidence you have for us. We look forward to serving you better.

We commit ourselves to growing member value and providing member-focused products and services and unprecedented member experience.

We will strive to be worthy of the trust you have bestowed on us. In fact, you are the reason for our Sacco

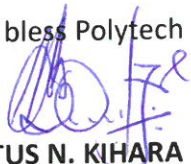
We also remain appreciative of our business partners, stakeholders, and regulators who have tirelessly continued to provide invaluable support.

To our employees, I wish to express our sincere gratitude for making the year 2024 a fruitful one by diligently playing your part

Lastly, I thank you, fellow board members, for your contribution, dedication, and support as we together propel this great organization to higher heights.

May God bless you.

God bless Polytech



FESTUS N. KIHARA

CHAIRMAN