SNAT SACCO

YOUR SOLUTION

Credit Committee

Year End Report

For the 12 months Ended 30th June 2025

+268 25056459

www.snatco-op.co.sz

TOLL FREE: 8001101

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SECTION 1 PREAMBLE

This report seeks to cover activities and progress made by the Credit Department during the 2024/2025 the financial year ending 30 June 2025.

The Department continues to receive applications for lending. Applications are vetted and packaged for evaluations based on the SACCO Policies & Procedures. Some are approved within the threshold whilst others are passed to the Credit Committee & Joint Committee for approval as the levels determine. Other clients come for enquiries on a day-to-day basis and are given the requirements. An outline of activities undertaken by the department over the course of the financial year ending 30th June 2025 is therefore given below.

During this reporting period the SACCO proposed to review the Credit Policy. The proposed changes include increasing the Special Loan limit, extending Personal Loan terms, increase of Short loan limits, and introduction of purpose specific Business Loans. These proposals were sanctioned by the board and are yet to be endorsed by the FSRA and thereafter rolled out for member consumption.

Furthermore, during the period under review, the department was able to expand our collection platforms. We managed to open account with Eswatini Bank, Standard Bank as well as Nedbank, whereby we successfully enrolled in both banks Electronic Collection platforms. This is another milestone achieved by the Department as we are now able to harvest Debit Orders directly and timeously form members that are salaried with the respective banks.

The SACCO has also invested its actions on alternative digital channels including the mobile app, MTN mobile money, and Unayo (where implementation is on final stages) in order to open up wide options for interacting with members, therefore improving efficiency and convenience.

We continued to monitor the requirements in an effort to comply with the Consumer Credit Act of 2016 and regulator's requirements.

Following the increase of the Standard Loan limit to 3 times Savings in the 2022/2023 financial year, it led to a huge demand that has resulted in members committing themselves in longer terms of repayment, and therefore not being able to re-borrow in the ensuing financial year, thus resulting in the drop in the loan figures. The increase in the limit also hit hard on the SACCOs liquidity, and we had to employ strategies to monitor liquidity levels.

Due to rising liquidity challenges, the SACCO maintained the following controls to monitor the liquidity:

- Members be eligible to revolve only after paying at least 50% of both the initial loan amount and period.
- Revolving of Standard Loans only processed from the 15th to the last day of the month.

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SECTION 2 INTRODUCTION

On behalf of the Management and the Board of Directors of SNAT SACCO it is our honour to take this opportunity and present the core business of the SACCO.

SECTION 3 ACTIVITIES

3.1 MEMBER SAVINGS

- The SACCO Credit Policy stipulates that credit product granting should be based on member's savings.
- It is crucial therefore to provide a picture of member's savings as at 30th June 2025.
- Member's ordinary savings hiked from E536 248 652 to E619 723 898 by June 2025, reflecting a 15.57% increase.
- Savings form an integral part in the operations of the SACCO because they revitalize cash flows that finance the loans which in turn provide interest.
- It is therefore very imperative that a member should ensure that even upon retirement, one should remain a member of the SACCO, and continue saving so as to access loans or financial assistance without a challenge.

3.2 LOANS TO MEMBERS

- The Co-operative has continued to grant loans in line with the provision of the Credit Policy of the SACCO.
- During the year under review the SACCO disbursed a total of E268, 764,447 in respect of loans to members compared to E256, 923,825 advanced in the previous year, 2024 depicting a rise of 4.6%.
- In terms of actual number of members, we have issued loans to 16,608.00 members, a hike from 9,937members that were granted loans in the previous financial year.
- The Credit Department contributed a total of E109 291 818 to the SACCO's income in the period under review. This in the form of interest income amounting to E102 170 707 and E7 121 111 attributable to fees and commissions.

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Below is a table depicting what we have disbursed in each product during the financial year?

LOANS				MEMBERS		
Last Year	**June 2025**	**Variance**	**Product**	**June 2025**	**Last Year**	**Variance**
158,996,157	121,290,870.74	-37,705,286	**Standard Loan**	2,265	2,279	-14
62,032,986	52,257,588.96	-9,775,397	**Personal loan**	3,764	3,694	70
19,527,106	18,855,861.33	-671,245	**Helpline Loan**	2,788	2,530	258
4,270,029	7,902,692.00	3,632,663	**Short Loan**	7,689	1,376	6,313
320,580	203,200.00	-117,380	**School Fees Loan**	26	26	0
424,976	477,760.75	52,785	**Business Loan**	8	5	3
8,259,391	2,569,000.00	-5,690,391	**Special Loan**	10	16	-6
	240,905.00	240,905	**Study Loan**	6		6
1,932,500	2,099,835.00	167,335	**Hybrid Loan**	7	8	-1
	0.00	0	**Promotional item**	0		0
	326,900.00	326,900	**Salary Advance**	32		32
823,000	263,556.00	-559,444	**Car Loan**	1	3	-2
256,834,725.00	**268,764,447.10**	**11,929,722**	**TOTALS**	**16,596**	**9,925**	**6,671**

2.2 Loans Breakdown

a) Special Loans

- The SACCO disbursed a total of **E3, 638,212.50** to **10** applicants which amounts to **1.35%** of the total loans granted in the year under review.
- This reflects a drop of **E4, 621,179** compared to the previous year.

b) Business Loans

- In this product the SACCO disbursed a total of **E788, 760.75 to 8 applicants,** which amounts to **0.29%** of the total loans granted in the year under review.
- This reflects a positive variance of E363, 785 compared to the previous year.

c) Personal Loans

- The SACCO in this product disbursed a total amount of **E67, 800,706.46** to **3,760** applicants which amounts to **25.23%,** in the year under review.
- This reflects a hike of **E5, 767,720** compared to the previous year.

d) Helpline Loans

- In this product a total of **E23, 272,991.33** to **2,788** applicants which constitutes **8.67%** of the total loans disbursed, in the year under review.
- This reflects a hike of **E3, 745,885** compared to the previous year.

e) Standard Loans

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- The SACCO disbursed a total amount of **E160, 236,363.06** to **2,265 applicants** which amounts to **59.62%** of the total loans disbursed and in the year under review.
- This reflects a hike of **E1, 240,206** compared to the previous year.

f) Short Loans

- In this product the SACCO disbursed a total of **E9, 561,717.00** to **7 689** applicants which amounts to **3.56%** of the total loans granted in the year under review.
- This reflects a rise of **E5, 291,688** compared to the previous year.

h) Hybrid Loans

- The SACCO disbursed a total amount of **E2, 099,835.00 to 7 applicants** which is **0.78%** of the total loans granted in the year under review.
- This reflects a rise of **E167, 335** compared to the previous year.

i) School Fees Loans

- The SACCO disbursed a total amount of **E238, 000.00** to **26** applicants which is amounts to **0.09%** of loans granted to in the year under review.
- This reflects a decline of **E82, 580** compared to the previous year.

j) Car Loans

- The SACCO disbursed a total amount of **E263, 556** to **1** applicant which amounts to **0.1%** of loans granted in the year under review.
- This reflects a decline of **E559, 444** compared to the previous year.

k) Study Loans

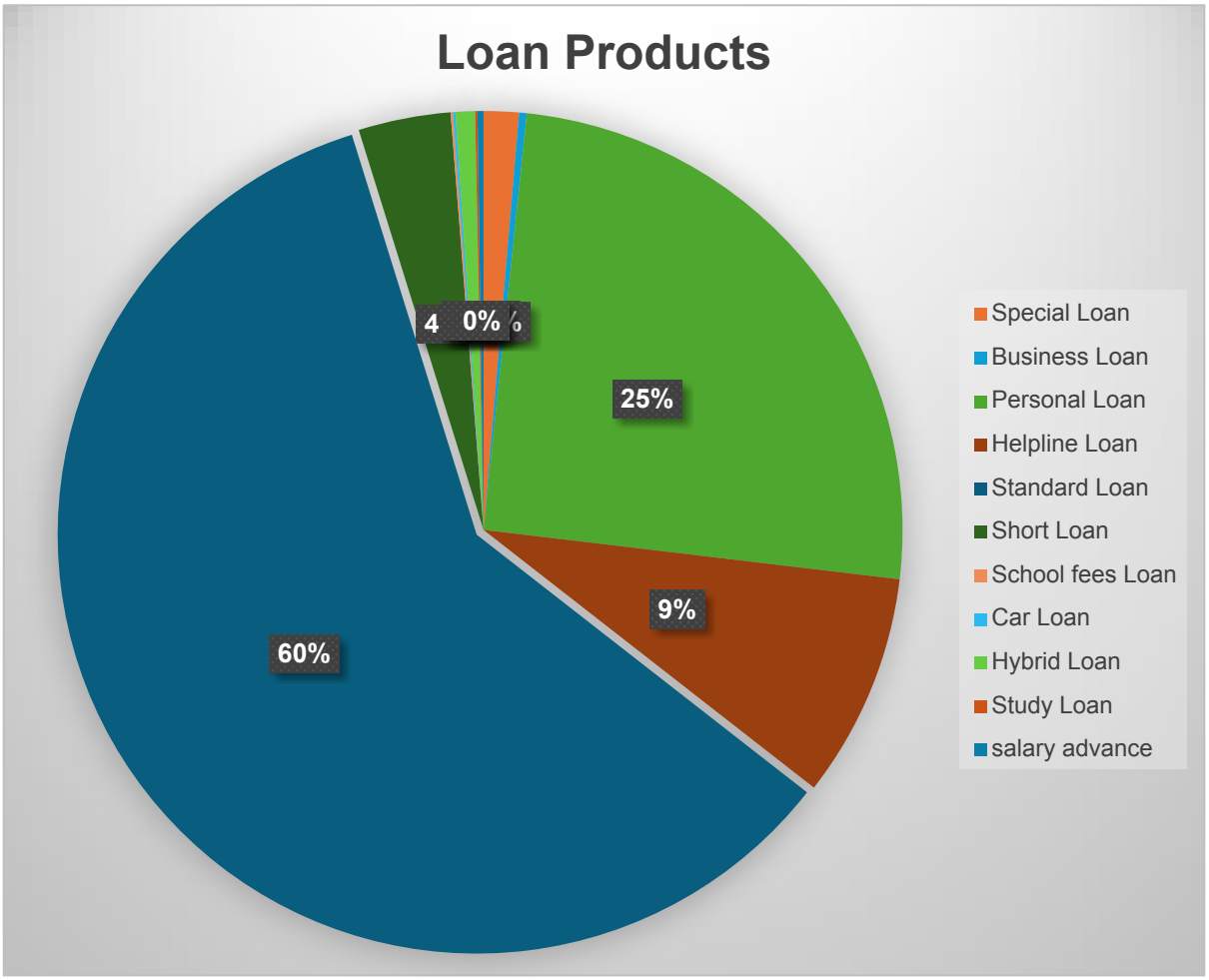
- The SACCO disbursed a total amount of **E240, 905.00** to **6** applicant which amounts to **0.09%** of loans granted in the year under review.
- No Study was granted last year, reflecting a rise of **E240, 905.**

l) Salary Advance

- The SACCO disbursed a total amount of **E363, 400.00** to staff which amounts to **0.14%** of loans granted in the year under review.

Below is pie chart reflecting a picture of loans disbursed during the year under review

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2.3 LOAN BOOK

In terms of our total book, we stood at **E613 819 305** loan assets by the end of June 2025. A breakdown of the loans is shown below;

- Standard Loans E520 939 637
- Business Loans E3 837 676
- Car Loans E1 224 969
- Consolidation Loan E4 456 958
- Helpline Loans E10 747 617
- Hybrid Loans E4 424 747
- Personal Loans E44 242 985
- Salary Advance E53,245
- School Fees Loan E99 390
- Short Loans E2 354 861
- Special Loans E21 213 142
- Study Loans E426 855

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SECTION 3 DELIQUENT LOANS

- This section covers loans that are behind on payments and are therefore classed as defaults.
- These are loans that are not performing in accordance with contractual repayment terms.

- Below is summary of delinquent loans as at 30th June2024

Product Name	Amount in arrears	Loan Balance
Business Loan	363,243	3 837 676
Consolidation	379,889	4 456 958
Helpline Loan	18,728	10 747 617
Motor Vehicle Loan	0	1 224 969
Personal Loan	66,533	44 242 985
Short Loan	8,743	2 354 861
Special Loan	381,943	21 213 142
Standard Loan	2,349,228	520 939 637
School Fees Loans	0	99 390
Study	0	426 855
Total	**3,568,307**	**613 819305**

- The amount of arrears at the end of June 2024 was **E3, 568,307**. This makes up 0.58% of the total loan book.
- It is encouraging to report that these numbers are well within the industry standard of 5% limit for non-performing loans as a percentage of the total Loan Book.

SECTION 4 COLLECTIONS & REVIEWS

- One milestone achieved by the Credit Unit was the implementation of an appropriate internal loan collections and review function that provides an on-going review and assessment of potential loss exposure in the loan portfolio to ensure on an on-going basis, at a minimum, that:
  - Lending activities are in compliance with prudent written lending requirements as approved and adopted by the board.
  - Problem or deteriorating loans are properly and timely identified and classified accordingly.

- The Collections & Review unit endeavoured to pursue defaulting members that abandoned payment of their loans for different reasons. This is done by way of reaching out to the respective members through their contact details in their files, the most effective being cell phone numbers (also traced through next of kin or latest/last school where necessary). Where the members failed to cooperate, demand letters have been sent and there have been positive responses.

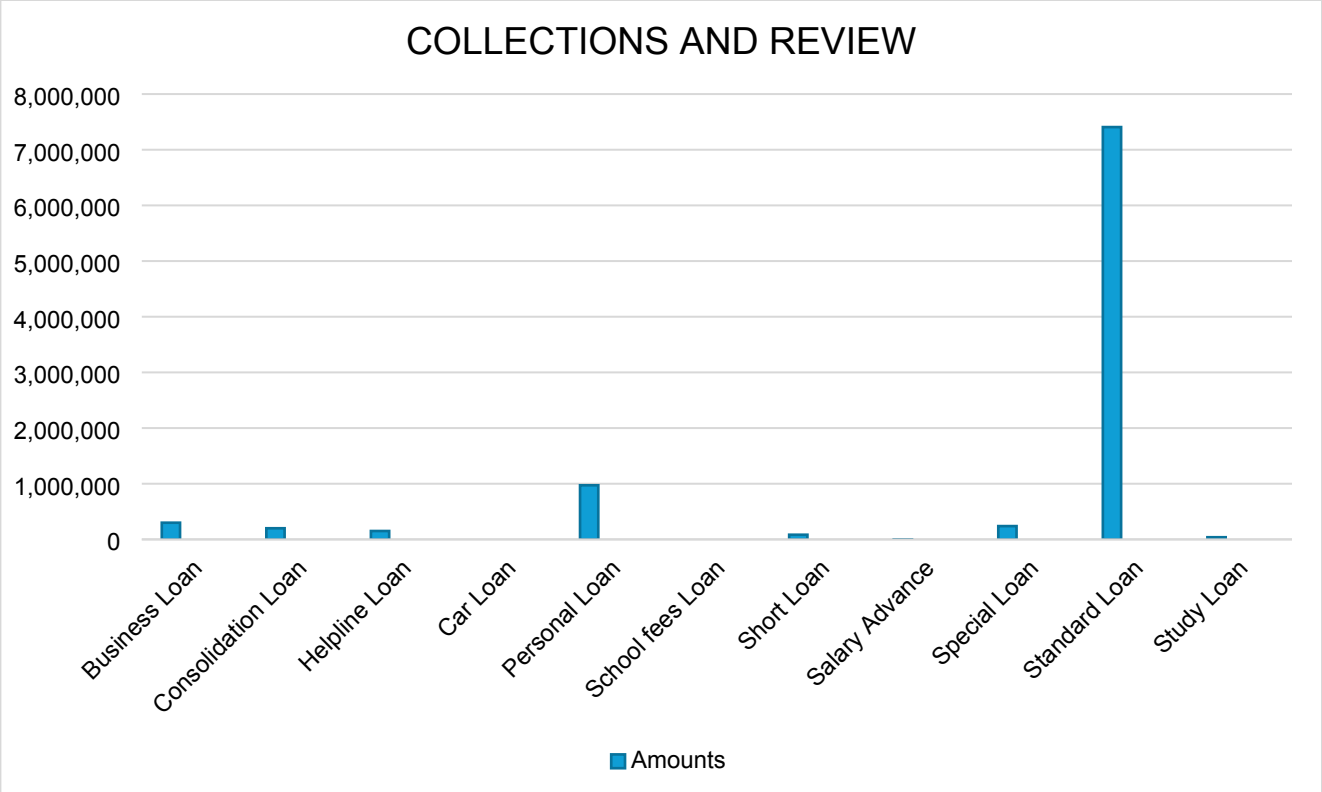
- During the period under review, the department was able to recover a total of E**9, 360,967.77.**

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- Below is the table reflecting collections under each product recorded for the reporting period July 2024 to June2025: -

Product Name	Amount collected
Business Loan	299,777.83
Consolidation	199,829.39
Helpline Loan	150,567.81
Car Loan	0.00
Personal Loan	971,827.45
School Fees Loan	0.00
Short Loan	83,531.06
Salary Advance	954.97
Special Loan	238,597.89
Standard Loan	7,406,634.12
Study Loan	38,409.93
Total Collected	**9,360,967.77**

- It is worth mentioning that when engaged, some members requested that their loan be restructured, and new agreements signed. They are now being serviced and are in order. Those repayments are not captured in the collections report as these losses have been recapitalised to be in the performing category.



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SECTION 5 LOAN PROVISIONING

- Loan provisioning is a process that ensures prompt identification of problem loans and potential losses, and making measures to ensure that SACCO earnings are not overstated. When provisioning, amounts are set aside to the reserve for bad debts account through a charge to current period earnings.
- This safeguards against unforeseen losses that the SACCO might incur in the future, resulting from members not honouring their obligations in terms of loan repayments.
- The provisioning process is governed by the Financial Services Regulatory Authority, which requires that delinquent loans are classified/graded for regulatory purposes utilizing a specific criterion based on their number of days in arrears, and then a provision should be made.
- This is entailed in the FRSA Guidelines for SACCOS OF 2018, guideline no 7(Sec.7.2)
- It states that loans which are in arrears for 1-30 days (watch) a provision of 5% be made on the principal balance, 31-180 days (Sub -Standard) a provision of 25% is made, 181-360 days(doubtful) a provision of 50% be made and those which are not paid from 361 days and above (loss) a provision of 100% is made.
- Our Provisions Summary as at June 2025 was as follows;

SNAT Savings & Credit Co-operative Society Ltd

RISK CLASSIFICATION OF ASSETS AND PROVISIONING

PORTFOLIO AGEING REPORT

No.	Classification	No. of A/cs	Outstanding Loan Portfolio (SZL)	Less 80% of Savings used(SZL)	Exposure (SZL)	Required Provision (%)	Provision (SZL)
1	Performing	12467	568,101,250.89		568,101,250.89	0	0.00
2	Watch	108	6,453,604.84		6,453,604.84	0.05	322,680.24
3	Substandard	83	4,630,264.49		4,630,264.49	0.25	1,157,566.12
4	DoubtFull	44	1,815,155.72		1,815,155.72	0.5	907,577.86
5	Loss	150	6,671,019.26		6,671,019.26	1	6,671,019.26
	Sub-Total Classification	**12852**	**587,671,295.20**				**9,058,843.48**

No.	Rescheduled/Renegotiated Loans	No. of A/cs	Outstanding Loan Portfolio (SZL)	Less 80% of Savings	Exposure (SZL)	Required Provision (%)	Provision (SZL)
1	Performing/Rescheduled Loans					0	
2	Watch Rescheduled/Renegotiated					0.05	
3	Substandard					0.25	
4	DoubtFull Rescheduled/Renegotiated					0.5	
5	Loss Rescheduled/Renegotiated Loans					1	
	SubTotal						
	GRAND TOTAL	**12852**	**587,671,295.20**				**9,058,843.48**

- Provision for doubtful debts at the end of the 2024/2025 financial year stood at E9, 058,844.
- When obligation is not honoured by members, delinquent loans increase and when they increase, a provision is made and this provision negatively affects the SACCO's income statement.
- It is therefore imperative to ensure that loans are well serviced to avoid the increase in provision which has the overall effect of decreasing the SACCO profits.

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SECTION 6 CHALLENGES

- Members' difficulties to embrace new policies with more stringent requirements in conformity with the consumer credit act and FSRA guidelines.
- Over committed and financially stressed members requesting to be granted loans, expecting us to flout regulated guidelines.
- The issue of members with salary advances, limiting their affordability.
- Some Co-operators turn to the SACCO for financial rescue when they are already overwhelmed with debts from other financial institutions.
- Members that have left the employ of Government and pensioneers defaulting their repayments.
- Untraceable Members who are reported to have relocated to other countries with no contact details nor arrangements to service their loans.
- Member's suspension/dismissal from employment leaving no source of repayment for the outstanding debts.
- Members still continue to submit online documents in picture instead of sending PDF.
- Members leaving employment to further studies without a plan to service their debts.
- Members are forging their payslips and bank statements in order to qualify for loans.
- Request for funds to cover school fees and tuition have become an increasing concern, particularly at the beginning of each academic term and semesters while there SACCO has a School Fees saving product crafted for such.

SECTION 7 RECOMMENDATIONS

- The SACCO c exploring other Fintech platforms in order to open up wide options for interacting with members, therefore improving efficiency and convenience.
- The SACCO to continue offering financial literacy training for SACCO members to enhance their ability to understand and effectively equip them with various financial skills, including personal financial management, budgeting, and investing. This will improve members' relationship with money.
- Members are encouraged to prioritise applying the SACCO friendly products instead of coming to the SACCO when they are over-indebted.
- Members are encouraged to save and utilise the school fees savings product for the purpose it was crafted for.
- Member should refrain from fraudulent activities as such is a criminal offense.
- To ensure printed documents are clear, members are strongly encouraged to submit them in PDF format.
- Members are encouraged to use the confidential **whistle blowing line 8001013** to report members who are defrauding the SNAT SACCO by failing to service loans.

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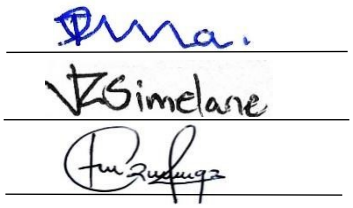
SECTION 8 CONCLUSION

- The SACCO request you all to report members who have decided to go overseas so that the SACCO can check their financial status.
- Members are encouraged to download SNAT SACCO app in their phones for the purposes of getting service at the comfort zones.
- Members can also use WhatsApp (76326853) for short loans not exceeding E20 000.00.
- Members are encouraged use the Toll-Free line (8001101) for consultations before making financial commitments or decision.
- The Credit Department wishes you a safe festive season.

Compiled by: Thabile Matsenjwa (Secretary)

Approved by: Vumandaba Simelane **(**Chairperson)

Approved by: Thembela Mhlanga (Member)



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