



Samoa Housing Corporation Corporate Plan 2021-2024

*Stepping into the Future:
Keeping Samoa Housing at the Forefront
of Social and Economic Development in
Samoa*



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1. EXECUTIVE SUMMARY

Welcome to Samoa Housing Corporation Corporate Plan 2021-2024.

Heading into the new plan period 2021-2024 is a challenging time for Samoa Housing Corporation (SHC) and the country with continued uncertainty over the economy and its ongoing effect on the communities, businesses and employments due to the uncharted disrupting environment of the global Covid-19 pandemic. SHC participated in the Government Stimulus Package delivered to salvage our economy's downturn by having offered 3 months moratorium on loan and rental payments and 50% interest rates reduction for all loans for 6 months from April to September 2020. The relief support affects the last 3 months of the current period and the first 3 months of the planning period. It is predicted this outbreak will continue to be a major threat in the new plan period due to its impact in the years ahead.

This four year Corporate Plan 2021-2024 documented SHC's adopted road map to strategically guide its operations in the next four years to achieve its vision and mission. The plan has been formulated with much consideration of the operating environment to ensure maximising capitalization on business opportunities and also proper and appropriate measures are in place for the Corporation to stay vigilant and resilience during times of emerging challenges and changing circumstances.

The plan aims to increase accessibility to cheap sources of external funding to improve SHC performance of its twofold functions of meeting the needs of low to middle income level of the population for proper residential houses and properties and demand from Samoan people to stay in rental accommodation on affordable financing terms and rental prices.

Major developments in this plan period include continuation from last plan period pursuing of an application to the Central Bank of Samoa for Samoa Housing Corporation to become a Non Bank Deposit Taking Institution as a key driver to accessing more funding at cheaper rates. The first step of the process of having it formally introduced in the SHC legal framework was successfully incorporated in the review of SHC Act 2019 which is now with the Cabinet for final approval before referring it to be enacted by Parliament.

In addition is the maximising of housing stocks by replacing old houses which are currently in a non recoverable states of repair by building new multiple units to make the best utilisation of surplus lands and meet increasing demand for residential in Government houses. In addition the transformation into executive upmarket residences of the former Head of State Office at Motootua and Chief Justice residential house at Lelata recently transferred from Government in Nov 2019 to get better returns from this property portfolio.

The Plan envisages a drop of interest and rental revenue collections in the first year on the total SHC portfolio due to the effect of Covid-19 economic relief package imposed on its two main income streams. The growth in the following years have been structured accordingly to our products projected market demands and its operating expenditure needs to ensure maintaining high quality of service delivery, profitability and sustainability of the Corporation are of high priority in the planning period.

Investment in our people through increase focus on staff trainings for capacity building, staff administration benefits and incentives, operational procedures, policy formulation and good management practices is critical to the future success of SHC and has been given high emphasis during the new plan period.

We will also continue to strengthen and build a strong internal control environment through our Internal Audit program to ensure high compliance and good governance exists.

While the lending function of Samoa Housing Corporation has always been aimed at making home loan financing accessible and available to people who would not otherwise be able to secure finance from a commercial bank, a major shift in focus is to incorporate in the lending function and rental units considerations relevant to the rights and interests of the elderly and infirm, young people or persons with disabilities. This information shall be considered, when assessing applications for loans and for tenancies and used for continuing partnerships in programmes to improve our community social obligation.

Some of the objectives are ongoing works which are continuing in the new plan period. Some projects highlighted in this document under Specific Projects are longer term and will be developed in the next few years.

2. MANDATE

The Samoa Housing Corporation is a Public Enterprise that was established pursuant to the provisions of the Housing Corporation Act 1989 recently amended in 2010 with its principal function of lending money on mortgages or other security for the purposes of erecting, renewing, repairing, extending, purchasing or otherwise acquiring a home for personal occupation of the borrower or the borrower's family, or to assist the borrower to acquire land for the purpose of erecting a home for personal occupation.

Pursuant to the amended legislation, the Corporation undertakes further responsibilities of managing Government rental properties, effective July 2013.

The Corporation being a Public Trading Entity is required to comply with the requirements as stipulated in the following Legislations and mandated regulations such as the Samoa Housing Corporation Act 2010, Public Finance and Management Act 2001, Public Bodies (Performance and Accountability) Amendment Act 2005, Companies Amendment Act 2006, Labour & Employment Act 1972, Cabinet Directives, Strategy for Development of Samoa and Central Bank Prudential Guidelines.

3. ENTITY PROFILE

3.1 Corporation History

Samoa Housing Corporation was established by an Act of Parliament, Housing Corporation Act 1989 and officially commenced operation in May 1990. This year marks 30 years since the Corporation was established.

The main purpose for which the Corporation was instituted, is to assist with the low to middle income earners Samoans who wish to build a home and/or buy a land but unable to qualify for credit facilities from commercial institutions as they do not meet the collateral requirements and/or unable to make repayments on schedule.

The first review of Housing Corporation Act 1989 was made in 2010, "Housing Corporation Act 2010". The amended Samoa Housing Act 2010 refined and diversified functions of the Corporation to have access to more related business activities opportunities to meet the growing needs of the level of the population we serve as a way to improve performance and service delivery.

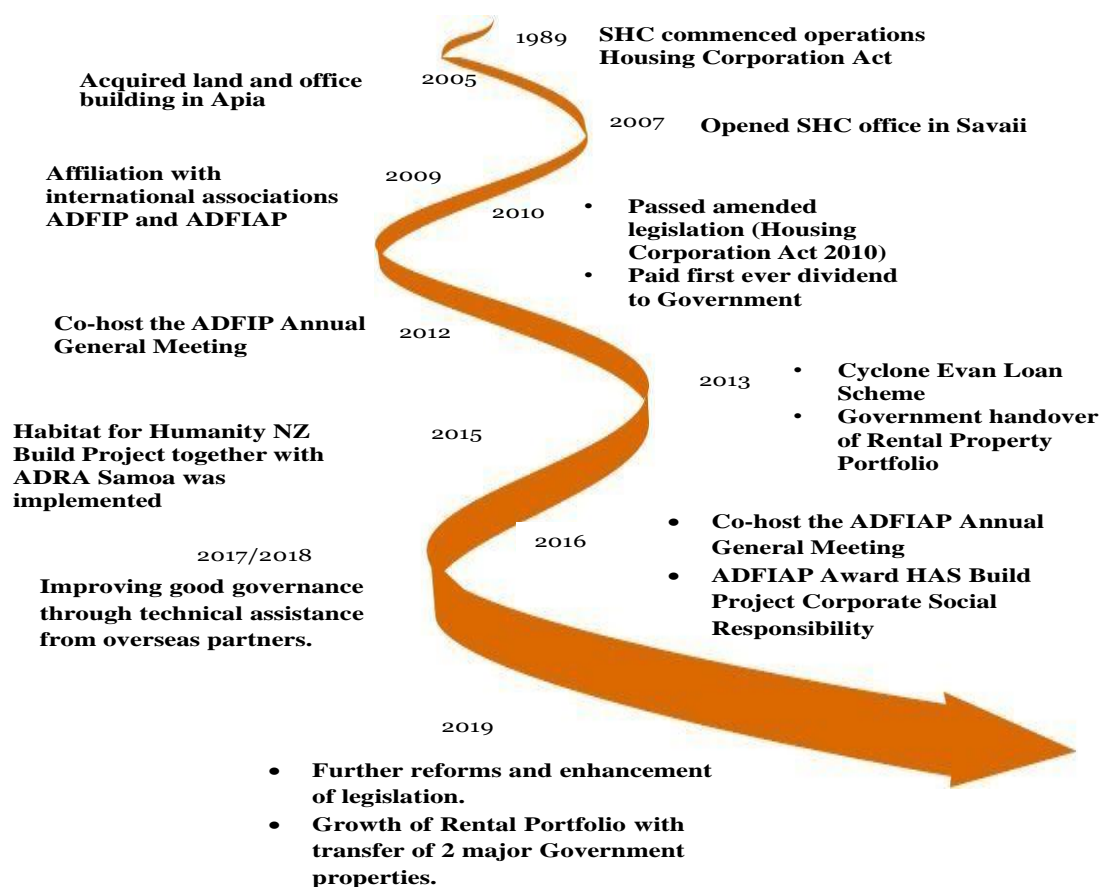
In 2013, the Government rental portfolio which was under the Ministry of Works, Transport & Infrastructure was transferred to SHC as a subsequent effect of section 5 (3) (d) provisioned in the amended SHC Act 2010.

A further review of SHC Act was conducted in November 2019. The main purposes of the review were, first, to amend the Samoa Housing Corporation (SHC) Act 2010 to reflect government policy approved in July 2013 regarding the SHC’s rental portfolio; and second, to enable the SHC to carry out the functions envisaged under Sections 25 and 26 of the amended Act 2010, that authorise it to raise funds through the issuing of bonds, stocks or other securities, by allowing for it to become a non-bank deposit-taking institution (NBDTI) which was set as a top priority in the Corporation's last Corporate Planning 2019-2022. The Housing Corporation Amendment Bill to be cited as Housing Corporation Amendment Act 2019 has been with the Cabinet for approval before referring it to be enacted by Parliament. This Act commences on the date of its assent by the Head of State.

Meantime, the role of the Corporation is twofold which are to provide access to quality financial services so that its clients can buy land and build affordable homes; and the provision of affordable rental houses. The additional function as a NBDTI will be realised once an application is accepted by the Central Bank of Samoa.

Since its commencement in 1990, the Corporation has grown strongly and now provides to Samoans total home and land financing of \$60million. In addition, since 2013 the Corporation has managed the government rental property portfolio, and now provides residential rental accommodation for approximately 73 Samoan families.

The following are milestones and important events in the history of the Corporation.



3.2 Vision and Strategic Themes

“To be the active leader in the financing of housing and land, and the provision of affordable rental properties”



To deliver on this vision our Corporate Plan focuses on four strategic themes which are woven into all of our Divisional activities. We have selected these specific themes to ensure that our activities are based on outcomes that are important to all our stakeholders, including government, customers and staff.



Theme	What does it mean?
Strategy	Leveraging our knowledge and collaborating to identify opportunities for growth.
People	Focusing on the Corporation’s organic growth and addressing staff needs.
Process	Minimising waste and focusing on process efficiencies with daily operations.
Technology	Utilising the IT system and maximising its efficiency and usage for the benefit of staff, clients and stakeholders.

3.3 Mission

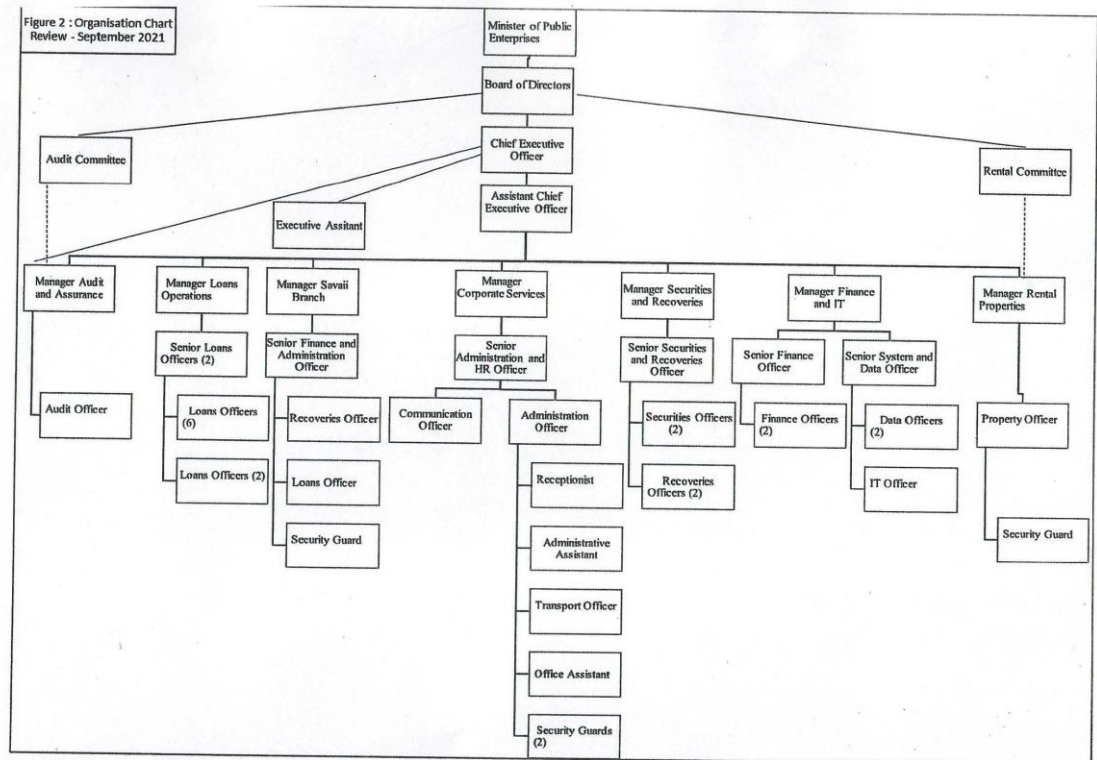
“We are committed to provide affordable Housing Finance and Competitive Rental Properties through implementing new strategies, being professional, streamlining processes and utilising available technology to become more profitable to satisfy our Stakeholders”

3.4 Our values

Our core values are integral to the way in which we work within the Corporation. They underpin everything that our staff do and the way we operate as an organisation.

- **Honesty and integrity** – we value honesty and integrity and they comprise the core of our operations.
- **Transparency and accountability** – clear and open decision making while holding decision-makers to account, which leads to sound governance.
- **Respect** – Staff embracing each other’s different points of view and background.
- **Impartiality** – Fair and objective decision making within all areas

3.5 Organisational Structure



Key	 Vacant Positions	 2021 Financial Year (2 extra staff)	 2022 Financial Year (1 extra staff)	 2023 Financial Year (1 extra staff)	 2024 Financial Year (no change)
		-1 Administration Officer	-1 Loans Officer	-1 Investment Officer	-No addition
		-1 Finance Officer			

The Corporation current employs forty two (42) permanent staff, thirty seven (37) at the Apia Main Office and five (5) at its Savaii office. Five new staff have been added out of seven new positions planned in the last plan period with the remaining positions to be filled up once the planned development take place.

In carrying out its functions, the Corporation is bound by the 2010 SHC Act and abides by conventional principles of good governance and financial management. SHC is run progressively by its board of directors and by the management team with close controls being kept on staff numbers and personnel costs. Staffing is determined strictly according to the qualitative and quantitative of the Corporation’s work.

3.6 Funding

Funding continues to be a major challenge for the Corporation especially with its increasing added corporate responsibilities and transferred properties from Government and the New Office building and other major developments in the pipeline.

It is important for the Corporation to continue to secure funding from its partners specifically the Australian Government through the Samoa Governance Support Programme for technical assistance on improving good governance through its improved legislative framework. While the new building project would also impose some major capital costs acquisition, it is imperative that this development would not pose any restrictions on allowing the Corporation to provide funding for affordable homes and improving its rental portfolio or its two major core functions.

As a lending institution, the Corporation is dependent on long term borrowings from local financial institutions and income generated from repayment collections. The Corporation is working to secure more funding, at a lower cost by submitting an application to the Central Bank of Samoa in the last plan period for Samoa Housing to become a Non Bank Deposit Taking Institution. This strategy will meet the dual objectives of providing *more funding at cheaper rates*, which would enable SHC to better meet its mandate of providing affordable home loans and accelerate renovation of housing stock transferred to SHC in 2013 by the Government in a poor state of repairs without a supporting capital budget.

4. STRATEGIC ISSUES FOR THE PLANNING PERIOD

4.1 Assessment of Results

Key Performance Indicators	9 Months 2020 \$	Audited 2019 \$	Audited 2018 \$
Financial KPIs			
Revenue	6,755,417	7,778,912	6,909,290
Expenditures	3,915,029	5,928,910	5,714,443
Net profit	2,840,388	1,850,002	1,194,847
Current assets	20,451,812	17,707,225	15,299,266
Non current assets	41,351,048	36,498,645	32,232,038
Total assets	61,802,860	54,205,870	47,531,304
Current liabilities	6,260,388	5,309,358	2,415,730
Non current liabilities	18,955,470	15,149,898	13,218,962
Total liabilities	25,215,858	20,459,256	15,634,692
Equity	36,587,002	33,746,614	31,896,612
Net profit to revenue (%)	42%	24%	17%
Current ratio	3.27:1	3.34:1	6.33:1
Debt to equity	0.69:1	0.61:1	0.49:1
Return on equity (%)	8%	5%	4%
Non-Financial KPIs			
Total receipts from customers	14,853,979	20,981,870	19,139,651
Total loan disbursements	12,322,166	17,839,423	15,269,204
No. of loans approved	652	990	1098
Value of loans approved	17,345,000	17,839,423	22,204,308
No. of total portfolio	3127	3066	2845
Value of total portfolio	60,128,845	56,246,340	48,409,736
Number of employees	42	42	41

4.2 Analysis of Business Environment

Market

The Corporation has increased its loan portfolio to over \$60 million as at June 2019 and will endeavour to continue increasing its share of the market by providing more loans at cheaper rates of interest over time. SHC will also continue to be innovative by introducing new services and products to entice new clients to partner with SHC in their development aspirations. SHC has a comparative advantage in its unsecured (guarantee-based) lending which makes it attractive to low income borrowers. We will also continue to increase our offerings of affordable residential rental properties, by renovating all houses in the property portfolio and building more houses on vacant or surplus land.

Labour Relations

The Corporation will continue to enhance its human resource policies as an employer of choice. It is also committed to the development of skills and experience through participation in training both locally and overseas while upholding the values and principles of the organisation. A safe and healthy working environment for the employees is also a priority and in compliance to Occupation and Safety requirement for workplace enforced by the Ministry of Commerce Industry and Labour. The Human Resource Manual has been set in the plan to review annually to provide appropriate incentives packages that inspire staff to be loyal and productive and also to swiftly introduce new policy guidelines to adjust working conditions to emerging circumstances such as natural disasters and fatal diseases (eg Covid-19 pandemic and Measle disease) to ensure the safety of staff, workplace and families for business continuity.

Inflation Levels

The Corporation will continue to monitor inflation levels and adapt pricing accordingly.

Legal Framework

The “Housing Corporation Act 2010” has been updated in 2019 to reflect the changes that came with the handover of the Government housing portfolio, and to incorporate the provisions for the Central Bank of Samoa’s acceptance of the Corporation’s NBDTI status. The review also has envisaged a "Business Unit within the Corporation" which is tailored directly to a separate unit to manage SHC new headquarters if this development happens and other specific developments to be explored in the future.

Interest Rates & Foreign Exchange

The current interest rates of 10% for unsecured and 9% for mortgaged loans reflects SHC’s borrowing costs and the risks that the Corporation is exposed to, given its relatively high-risk client base. Mitigating factors, including guarantees, have been put in place to minimize the risk exposure of the Corporation and to maintain a quality loan portfolio.

SHC regularly scans the macro environment (demographic, economic, technological, political-legal and socio-cultural) and microenvironment factors (customers, competition, distributors, etc.) to identify what may affect the ability of the Corporation to earn profits. In addition it helps to discern new marketing opportunities to meet consumer interests or needs, where the Corporation can perform profitably.

4.3 Opportunities and Threats

SHC regularly scans the macro environment (demographic, economic, technological, political-legal and socio-cultural) and microenvironment factors (customers, competition, distributors, etc.) to identify what may affect the ability of the Corporation to earn profits. In addition it helps to discern new marketing opportunities to meet consumer interests or needs, where the Corporation can perform profitably.

OPPORTUNITIES	NEW PRODUCTS
1. Land equity savings to promote land ownership.	Entice more people to invest in land purchases by building up deposits with SHC. This will increase their borrowing opportunities and improve their asset base. These deposits do not currently pay interest.
2. Digitalization and connectivity	Entice the younger generation to borrow, as they will appreciate digital information sharing through the use of phones and Quick Pay systems to fast-track disbursements. SHC is working to increase its digitisation to attract new, younger clients and provide better customer service to existing clients.
3. Opening lending to overseas residents on mortgage security only.	SHC is starting to offer lending services to Samoan Citizens who live overseas and would like to buy land and build a home for their family in Samoa. These loans must be secured by land in Samoa.
THREATS	STRATEGIES TO PROTECT AGAINST THREATS
1. Change in Government Legislation, regulation, policies and decisions can adversely impact the Corporation's operations	Board and Management to actively respond when such developments arise.
2. Competition	Offer competitive interest rates and fees, and excellent customer service.
3. Natural disasters and infectious diseases outbreak.	Further develop and formulate a Contingency Plan to apply during times of emergencies. All the contingency plans are subject to Cabinet Directives and State Order of Emergency (SOE).
4. Increased migration under the NZ Quota Scheme	Maintain relationship with Government Authorities to accessing successful migrant's list. Follow up on absconding borrowers by lodging debt collection action with agencies in Australia and New Zealand. Conduct awareness program on media on the consequences of leaving Samoa without paying your loans. Develop partnership with NPF in scrutinizing absconding clients.

4.4 Strengths and Weaknesses

STRENGTHS		WAYS TO ENHANCE STRENGTHS
1.	100% owned by the Government	100% Compliance with all Government Regulations and Policies
2.	Large Loans Portfolio	Expand Web presence and social media efforts to market loan products Maintain strong customer service culture
WEAKNESSES		WAYS TO MINIMISE WEAKNESSES
1.	High risk clientele	Strict applications of lending policies to ensure recoverability of loans funds
2.	Small Office Space	Build new office space

4.5 Assessment of SHC's Resources (Key issues to the achievement of objectives)

Capital and Source of Funds

The Corporation continues to utilize a range of funding sources including: loan repayments, borrowings from the Central Bank of Samoa & Local Financial Institutions and overdraft facilities with Commercial Bank partners.

Operations, Staff & Products

The Corporation has 42 dedicated employees who are regularly assessed under the Performance Management Assessment (PMA) and rewarded according to their performance. The Human Resource Manual is the ultimate guide of their performance, and compliance is enforced by the Corporate Services Division.

Main Central Office

The current building is small and unable to cater for additional staff as the Corporation continues to grow. Hence a new office space which is a leased next door relocates some of staff to ease congestion and improve the working environment. In addition, a new building is under the consideration of the Cabinet and SHC Board .

Savaii Office

The Savaii office is small and located on the second floor of the Salelologa market building. Access is upstairs and difficult, especially for elderly or disabled customers. In addition, visibility of the office from the street is very poor. SHC has now secured from MNRE a lease for a corner site of land opposite the market, and will look to build a new office building there in the future, when funding permits.

Information Technology

The custom built Loan Management System (LMS) and the Rental Properties System (RPS) have been enormously beneficial in improving operational efficiencies. The Corporation continues to review all of its Information Technology to ensure that it meets the needs of SHC staff and customers, and is compatible with the fast moving globalized technology.

Customer Satisfaction & Retention

Customer's satisfaction is always a focus in designing and introducing a range of KPIs in the Loans and Rentals Divisions to ensure that there is continuous improvement in levels of customer service delivery.

Risk Management

Risk mitigating factors are being applied aggressively in all areas of operations, particularly in the Loans, Securities & Recoveries and Rental Divisions to minimize default risk, reduce arrears and improve portfolio quality.

Compliance

The Corporation will continue to monitor its legal obligations under the SHC Act and other relevant legislation for compliance purposes.

5. OBJECTIVES, STRATEGIES AND PERFORMANCE INDICATORS

The following tables identify the Corporation's objectives, strategies and key performance indicators that are considered to be crucial to the successful and sustainable operation of the Samoa Housing Corporation for the next four years 2021-2024.

5.1 Board of Directors

Objective 1: Achieve goals and objectives set out in the corporate plan

Strategy	Key Performance Indicator	Time Frame	Responsibility
S1.1 Closely monitor the Corporation's performance every year to ensure the corporate objectives are implemented, approved budget are followed and desired results are achieved.	K1.1 Achieved ROE and comply with the government dividend policy	Annually	Chairman Directors
	K1.2 Achieved profit increase annually	Quarterly Annually	Chairman Directors
	K1.3 Submit Quarterly and Annual Report to the Responsible Minister on time		
S1.2 Observe duties and responsibilities expected of directors governed under the Public Bodies Act 2001 and the Companies Act 2001	K1.4 Decision makings to be faired and in-line with the governing SHC Act, and Policies, Directors Manual 2019 as well as Cabinet directives	Monthly	Chairman Directors
	K1.5 Held Board meetings every month to expedite decision makings processes of the priority tasks under the directors delegation threshold		

5.2 Chief Executive's Office

Objective 2: To be a profitable and sustainable financial institution and provider of affordable homes.

Strategy	Key Performance Indicator	Time Frame	Responsibility
S2.1 Ensure that revenue and profitability growth are increasing steadily over the years over the normal course of events S2.2 Maintain a steady return on funds capital to ensure that shareholders are satisfied with industry specific benchmarks	K2.1 Revenue growth is increased by 5%	Annually	CEO Management
	K2.2 Earnings before interest and tax (EBIT) increased by 5%	Annually	
	K2.3 Return on Equity of 5%		

Objective 2.1 Provides focused and effective leadership that ensures commitment to the Organisation's vision and mission and ensures stakeholder satisfaction

Strategy	Key Performance Indicator	Time Frame	Responsibility
S2.3 Sets an organizational tone and culture that attracts retains, motivates and develops a highly qualified and trained workforce	K2.4 No greater than 10% staff turnover. No unjustifiable reason of exiting the workplace	Annually	CEO Management
S2.4 Stakeholders satisfaction in the leadership earning and maintaining respect eg: community, staff, customers, Board, Government, etc.	K2.5 Positive working relationship founded on honesty, trust and collaboration as testified by the Minister , Board, staff, customers and partners through feedback and surveys	Annually	CEO Management

Objective 2.2: Timely review for the Housing Corporation Act 2010 and that amendments to Act were needed to support the operational functions of SHC and to facilitate the implementation of approved Government policies and to support aim of SHC to raise capital by becoming a licensed non-bank depositor.

Strategy	Key Performance Indicator	Time Frame	Responsibility
S2.5 Sought a Technical Assistance under Samoa Governance Support Program to implement the Review of SHC Act 2010	K2.6 SHC Amended Bill completed	Dec 2020	CEO Management
	K2.7 SHC Amended Bill approved by Cabinet, enacted by Parliament and assent by the Head of State.		

Objective 2.3: Samoa Housing Corporation New Office Building

S2.6 Continue discussions with the Taskforce Committee to finalize the new building conceptual design and financing module for Cabinet approval	K2.8 PK Submitted K2.9 Final conceptual design, financing module and project cost approved by Cabinet	Dec 2020	CEO Management
S2.7 Tender new building for interested investors through Tender Board	K2.10 Investors are finalized and approved by the Tenders Board having meeting all the requirements for design, build, finance, operate and maintain	Dec 2021	CEO Management
S2.8 Liaise with AG for formulation of Contract Agreement between the Investor(s) and the Government (SHC)	K2.11 Contract Agreement completed and signed off	July 2022	CEO Management
S2.9 Project works for a new building start	K2.12 New building work in progress	Dec 2022	

Objective 2.4: Achieve registration of Samoa Housing Corporation with the Central Bank of Samoa as a non-bank deposit taking institution (NBDTI)

S2.10 Secure a TA to prepare a Business Plan for registration of SHC as a NBDTI	K2.12 Business Plan completed K2.13 Registration of SHC as a NBDTI is granted by the CBS	Dec 2021	
S2.11 Once NBDTI registration is received, develop a range of term deposit products	K2.14 Develop a range of term deposits from 1 month to five years in duration, with interest rates that are competitive in the Samoan financial markets	June 2022	
S2.12 Develop and implement a marketing strategy to promote these term deposits to the Samoan public and institutional investors	K2.15 Market SHC's new NBDTI status and term deposit products to the Samoan public and institutional investors. Use multiple distribution channels including radio, television, newspapers, the SHC website and social media	June 2022	

Note: The above targets are projected assuming the normal course of activities eventuates and no other abnormal events, natural disasters, pandemics or adverse situations outside of our control are present during the period assessed.

5.3 Loans Division

Objective 3: Maintain a high quality loan portfolio that is sustainable and adequately delivers the desired returns on the Corporations Investments.

Strategy	Key Performance Indicator	Time Frame	Responsibility
S3.1 Maintain a highly skilled loan staffs by providing regular training and capacity building opportunities	K3.1 All Loans Officers must attend a job related training on Lending	Annually	MLO Division
S3.2 Apply lending policies prudently on all loan applications to cage potentially good clients and eliminate risky borrowers	K3.2 Increase loan approvals by 2% per annum.	Annually	MLO Division
S3.3 Regularly implement new preventive practical measures to improve early detection of poor repayment performance	K3.3 Implement a review system of 5 files per day for each Loans Officer or 25 account reviews per week	On going	MLO Division
S3.4 Ensure loan officers are evenly allocated with the right number of clients to avoid being pressured and burdened which often leads to poor work quality and deteriorating results.	K3.4 Set similar number of clients in each Loans portfolio	June 2021	MLO Division
S3.5 Employ a new Loans Officer to meet loan demand from public.	K3.5 Recruit new Loans Officer	June 2022	MLO Division

Objective 3.1: To constantly improve loan management to reduce arrears and improve repayment collection

Strategy	Key Performance Indicator	Time Frame	Responsibility
S3.6 Face to face arrears follow up to homes and workplaces	K3.6 Achieve Arrears by value at 3% and Number at 25% of total portfolio	On going	MLO Division
S3.7 Weekly monitoring of loan accounts is essential and all officer and client contacts must be recorded and filed	K3.7 More loan reviews are conducted weekly of at least 25 per week	Weekly	MLO Division
S3.8 Maintain close relationship with employers in the private sector and Government Corporation for repayment collections	K3.8 Reduced number of clients being referred for legal action by 50%	On going	MLO Division
S3.9 Enforce guarantors deduction after they have been thoroughly informed of an account arrears situation	K3.9 Action guarantors salary deductions after serving and when 14 days Default Notice is	On going	MLO Division

	due		
S3.10 Utilise Social media and other electronic means to keep in contact with our clients regularly about their accounts situation.	K3.10 Contact clients via Facebook and Website on weekly basis	On going	MLO Division
S3.11 Pro-active in the issuing of Departure Prohibition Order for flight risk clients	K3.11 DPO register in place	June 2021	MLO Division

Objective 3.2: We shall continue to invent new products that are essential and relevant for our target market to attract new customers, maintain our established borrowers, and expand our market share

Strategy	Key Performance Indicator	Time Frame	Responsibility
S3.12 Implement the Homeware Loans of \$10,000 in the new financial year and beyond	K3.12 50 Approved loans valued at \$500,000 per annum. Interest 10% per annum, Term up to 3 years	Dec 2021	MLO Division
S3.13 Voluntary Land Deposit Fund shall continue to be promoted for new and potential clients who wish to invest in land ownership.	K3.13 Increased in LDF clients by 10 LDF holders per annum, with minimum deposit funds of \$30,000 per annum	Dec 2021	MLO Division
S3.14 Implement a Small Loan Scheme of \$10,000 max for minor renovation work which will be useful in building of Family Utility Unit Facility in response to the Corona Virus Impact or other adverse conditions.	K3.14 Target \$250,000 for approvals. Interest 10% per annum, up to 3 years	Dec 2021	MLO Division

Objective 3.3: Progressive work on maximising SHC's earning potential by implementing new services to increase our repayment collection of delinquent accounts to recuperate the Corporation's loss from the COVID 19 Relief Package

Strategy	Key Performance Indicator	Time Frame	Responsibility
S3.15 Promote a Mobile Loan Processing, Collection Services and Marketing to rural villages targeting government workers in particular	K3.15 Implement Mobile Service.	June 2021	MLO Division
S3.16 Regularly update the Corporations Website and Facebook on its services, products available, policy changes, and loan balances to maintain a cordial and an open relationship with its clients,	K3.16 Monthly post on Website & Facebook	Weekly Monthly	MLO Division
S3.17 Use Social Media and other means to publicise names of local and delinquent's clients when appropriate	K3.17 Quarterly Publication of names upon approval by CEO	Quarterly	MLO Division

Objective 3.4: In the post State of Emergency, we will continue to focus on customer retention, attract new customers through marketing of new products and conduct aggressive follow up work

Strategy	Key Performance Indicator	Time Frame	Responsibility
S3.18 Issue letters to Corporations, Church Organisations, Ministry of Finance & Local Banks to reactivate all loan deductions after the three months Moratorium period	K3.18 Reactivation of all loan repayments.	1 st July 2020	MLO Division
S3.19 Schedule a Facebook post to remind clients of their loan repayments particularly for cash paid customers and overseas based clients	K3.19 Loan repayments reminder FB post.	1 st July 2020	MLO Division
S3.20 Reopen lending to the public at all levels	K3.20 Lending Resumes	July 2020	MLO Division
S3.21 Ensure that all loans in the Loan Portfolio are charged with their normal interest rates upon the completion of the Relief Package	K3.21 All loans are charged with their normal interest rates.	Oct 2020	MLO Division

5.4 Securities & Recoveries Division

Objective 4: To safeguard the interest of SHC over its loan portfolio by minimising security risks and accurate loan documentation.

Strategy	Key Performance Indicator	Time Frame	Responsibility
S4.1 Ensure all loans and securities documents are properly documented	K4.1 All loans correctly documented and 100% free of error when signed off by Manager	Daily	MSR Division
S4.2 Ensure that all loans and securities documents are backed up electronically	K4.2 All loans and securities documents are scanned electronically and stored to the office server and offsite back up	Monthly	MSR Division
S4.3 Stamp duty process of loan documents with MOF to be done on a timely manner	K4.3 All loans and securities documents signed off by Manager to be referred to MOF for stamp duty on monthly basis	Monthly	MSR Division
S4.4 Storage of loan and security documents to be in order and secured.	K4.4 Maintain and update register of all loans & security packets on a monthly basis	Monthly	MSR Division
S4.5 Maintain a register of all mortgage loans	K4.5 Review & update register so that any outstanding matters are identified and perfected	Monthly	MSR Division

Objective 4.1: Aggressively pursue recovery of delinquent accounts in an effective, efficient and timely manner

Strategy	Key Performance Indicator	Time Frame	Responsibility
S4.6 Instigate legal action for recoveries accounts on a timely manner	K4.6 80% of all accounts	Annually (EO Fin. Yr)	MSR Division
S4.7 Maintain a high level of collection of expected repayments	K4.7 80% of expected repayments	Annually	MSR Division
S4.8 Review accounts that are 100% doubtful for write off	K4.8 \geq 30% of accounts 100% doubtful are written off	Annually	MSR Division
S4.9 Maintain a minimum level of arrears for the Recoveries portfolio	K4.9 Arrears in the Recoveries Portfolio no more than 2.5% p.a on average across the total Recoveries Portfolio	Annually	MSR Division

5.5 Finance & IT Division

Objective 5: To be a profitable and sustainable financial institution by maintaining tight budget controls and providing accurate management reports for decision making on time

Strategy	Key Performance Indicator	Time Frame	Responsibility
S5.1 Closely monitor the approved organisational budget; report monthly on major variances; and strengthen controls over office and accounting procedures	K5.1 No variances of more than 10% of total organisation budget.	On going	MFIT Division
	K5.2 Achieve 5% Return on Equity each year during the plan period		
S5.2 Minimize data input errors within all financial systems	K5.3 No proven complaints from the public and other users of our financial information	On going	MFIT Division
S5.3 Review all costs, including transactional fees, and payments to contracted suppliers regularly	K5.4 Review all costs quarterly	Quarterly	MFIT Division

Objective 5.1: To maintain and improve our IT systems

Strategy	Key Performance Indicator	Time Frame	Responsibility
S5.4 Maintain and upgrade IT hardware to minimize system breakdown and disruption of business operations or reporting compliance	K5.5 Monitor performance of all computer hardware including computers, laptops, cabling, servers and power supply and upgrade as necessary.	On going	MFIT Division
	K5.6 No proven complaints from staff, customers or other stakeholders.		

S5.5 Upgrade key accounting systems including Quick pay and MYOB systems as required for operational efficiency	K5.7 Monitor performance of key accounting systems and upgrade as necessary	On going	MFIT Division
S5.6 Upgrade the Loan Management System (LMS) and Property Rental System (PRS) as required for operational efficiency.	K5.8 Monitor performance of LMS and PRS and upgrade as necessary	On going	MFIT Division
S5.7 Annually review the performance and license status of all proprietary software and upgrade as necessary	K5.9 Review all software annually including Windows and Microsoft Office (Outlook, Word, Excel, Power Point)	Annually	MFIT Division
S5.8 Regularly test the performance of the back-up data system	K5.10 Test hardware, software and back-up generator every week, and ensure that data is backed up and retrievable	Weekly	MFIT Division

Objective 5.2: Review the Finance Policy Manual

Strategy	Key Performance Indicator	Time Frame	Responsibility
S5.9 Review the Finance Policy Manual twice a year and update if necessary	K5.11 Review of FPM approved by CEO	Annually	MFIT Division

5.6 Corporate Services Division

Objective 6: To continually develop and empower human resource capacity.

Strategy	Key Performance Indicator	Time Frame	Responsibility
S6.1 Maintain regular contact with local and overseas training providers to identify applicable trainings for SHC staff (In-country training, PSC, Chamber of Commerce, ADFIAP, etc)	K6.1 50% of staff must attend to work-related trainings.	Annually	MCS Division
S6.2 Conduct performance management appraisals to assess and encourage good performance	K6.2 All staff must achieve $\geq 95\%$ of his/her set targets	Annually	MCS Division
	K6.3 Discipline poor performing staff		
	K6.4 Award well performing staff		
	K6.5 Training needs identified and provided		

Objective 6.1: Fair and transparent applications of HR policies to all staff.

Strategy	Key Performance Indicator	Time Frame	Responsibility
S6.3 Apply HR policies consistently across the board.	K6.6 100% Compliance	On going	MCS Division
	K6.7 No proven staff complaints of ill treatment	On going	MCS Division
S6.4 Review Human Resource Manual to keep abreast with changing business environment	K6.8 HRM review approved by CEO	Annually	MCS Division

Objective 6.2: To provide a healthy and safe working environment.

Strategy	Key Performance Indicator	Time Frame	Responsibility
S6.5 Address and implement Health and Safety issues at all times	K6.9 Comply with MCIL, FESA & MOH health and safety requirements.	On going	MCS Division
S6.6 Develop policies to guide emergency situations that may arise.	K6.10 Emergency policy approved but subjects to Cabinet directives & SOEs'	December 2020	MCS Division

Objective 6.3: To provide essential physical resources to sustain operations.

S6.7 Build new Savaii office on the leased to own land from MNRE	K6.11 Savaii new office building	July 2024	MCS Division
S6.8 Manage all assets effectively and efficiently	K6.12 Ensure Insurance policies for all major assets are renewed yearly	Annually	MCS Division
	K6.13 Six months asset report submitted to management	Half yearly	MCS Division

5.7 Rental Properties Division

Objective 7: Achieve an acceptable return on the Corporation's Rental Property Portfolio

Strategy	Key Performance Indicator	Time Frame	Responsibility
S7.1 Thoroughly assess tenant applications to avoid probable rental arrears.	K7.1 $\geq 95\%$ of Rental Portfolio must not in arrears	On going	MCS Division
S7.2 Retain high level of rental repayments collection and minimize rental arrears level.	K7.2 $\geq 95\%$ of monthly expected total rental repayments are collected	On going (Monthly)	MCS Division
	K7.3 $\leq 5\%$ arrears of monthly rental expected repayments	On going (Monthly)	MCS Division
S7.3 Minimise vacancies of rental units	K7.4 Occupancy rate of $\geq 90\%$	Monthly (On going)	MCS Division

S7.4 Ensure tenancy documentations are completed and stored efficiently and effectively	K7.5 100% of tenancy documentations are kept electronically and with office offsite back up system.	Monthly	MCS Division
S7.5 Review Rental Rates to differentiate rental units according to their vicinities and conditions.	K7.6 New rental rates approved and imposed.	June 2024	MCS Division
S7.6 Review Rental Properties Manual	K7.7 Review of RP Manual approved by CEO	Annually	MCS Division

Objective 7.1: Maximise housing stock to increase and expand Rental Property Portfolio

Strategy	Key Performance Indicator	Time Frame	Responsibility
S7.7 The last four (out of 73) houses will be demolished and rebuilt	K7.8 All four houses are demolished and rebuilt	June 2024	MCS Division
S7.8 Further new units will add to vacant or surplus land as space and funding allows	K7.9 Building of four new rental units	June 2024	MCS Division
S7.9 Convert units formerly used by the HOS and CJ into new executive commercial units.	K7.10 Two new executive commercial properties.	June 2024	MCS Division

Objective 7.2: Monitor the status of properties to ensure their well upkeep.

Strategy	Key Performance Indicator	Time Frame	Responsibility
S7.10 Carry out six months rental units inspections to monitor their well upkeep by tenants.	K7.11 Six months report submitted the following month with appropriate recommendations including disciplinary actions for non compliance tenants.	Half yearly	MCS Division
S7.11 Develop a maintenance work plan to ensure timely upgrading of each rental units by the Corporation to maintain their well upkeep and safety for occupancy.	K7.12 Maintenance Work Plan with a budget approved.	Annually	MCS Division

5.8 Audit & Assurance Division

Objective 8: To add value to the Corporation by enhancing good governance, accountability and transparency through providing quality audit services, initiating and monitoring effective and efficient systems and internal controls, initiating risks mitigation measures and preventions, maintaining strict standards of professional practices and ethics.

1. Loans and Recoveries & Securities Divisions Audits

Strategy	Key Performance Indicator	Time Frame	Responsibility
S8.1 Conduct analysis of loan portfolio arrears, collections and growth	K8.1 Improved Arrears and Collection	Quarterly	MAA Division
S8.2 Compliance audits for loan policies	K8.2 Improved quality of newly appraised loans and avoidance of application outside of policies	Yearly	MAA Division
S8.3 Assessment of 100% provision for doubtful debts	K8.3 Adequate provision for doubtful debts and ensure no adjustment by external auditors	Yearly	MAA Division
S8.4 Compliance audits of securities and recoveries documentation and security assets	K8.4 Loan securities are adequate, complete and registered	Yearly	MAA Division

2. Finance Audits

Strategy	Key Performance Indicator	Time Frame	Responsibility
S8.5 Compliance and substantive audit of payments and receipts	K8.5 Reduce incorrect transactions and ensure no fraud transactions	Quarterly	MAA Division
S8.6 Random audits of cash, cheques and bank reconciliations	K8.6 No fraud, cash shortage, lapping, long unrepresented cheques and outstanding deposits	Surprise , Random Basis	MAA Division
S8.7 Fixed Assets Audit	K8.7 Ensure 100% of fixed assets are registered, safeguarded, exist, depreciated, valued and accounted for (recorded)	Yearly	MAA Division
S8.8 Payroll	K8.8 Ensure all recruitment processes, salaries and wages, staff entitlements and leaves, calculations are correct.	Yearly	MAA Division

3. Corporate Services Audits

Strategy	Key Performance Indicator	Time Frame	Responsibility
S8.9 Daily monitoring of payroll and human resources management	K8.9 Ensure all employees exist and are recruited, managed and compensated fairly and in accordance with HR policies	Yearly	MAA Division
S8.10 Administration compliance audits	K8.10 No staff penalties	Monthly	MAA Division

4. Rental Properties Audits

Strategy	Key Performance Indicator	Time Frame	Responsibility
S8.11 Audit to ensure income and expenses were fairly and correctly accounted for, systems and controls were effective, and costings were accurate	K8.11 No material misstatement in accounts	Monthly	MAA Division

6. FINANCIAL STATEMENTS

6.1 Main Assumptions

Presented below is the Corporation's proposed Operational Budget for financial years ending 30 June 2021, 2022, 2023 and 2024. The budget estimates for SHC's corporate plan are based on the audited figures for FY2018 and FY 2019 and the actual figures of 9 months of FY2020. The revenue is based on average movements in those financial years and the effect of Covid-19 relief package on our interest revenue in the first 3 months of 2021 budget has been factored in. The main income are deriving from interest on loans, supported by rental income from the residential property portfolio.

The operational expenditure needs of the Corporation are factored in, while also being mindful of the ability to finance these costs with reference to our income streams. The overall projections also include the budget estimates from each division for their foreseeable operations over the next four years.

6.2 Budget Summary

i. Ratios

The following ratios are divided into five categories Profitability ratios, Equity ratio, Debt ratio, Current ratio and Debt to equity ratio. These ratios analyze major components of budget as well as previous year Audited Accounts.

ii. Revenue

The Corporation is forecasting to earn total revenue of \$8.2 million in FY2021, \$8.2 million in FY2022, \$8.3million in FY2023 and \$8.3million in 2024. Revenue is sourced from:

- application fees	1%
- establishment fees	1%
- service fees	2%
- documentation fees	1%
- interest on loans	77%
- interest on term deposit	1%
- arrears fees	5%
- maintenance fees	3%
- rental properties	8%
- Others	1%

iii. Staff costs

Staff costs include salaries and wages, NPF, ACC and other staff costs such as long service leave, retirement benefit and others totaling to \$2.1 million. We have accommodated in the budget additional positions yet to be finalized and 5% increase of any staff review at the end of proposed period.

iv. Audit fees

Set fees each FY throughout the plan period. Sua Rimoni Ah Chong \$28,900 plus Audit Office \$5,000.

v. Interest

Interest expense on loans of \$1million is based on scheduled calculation of amortized interest of all four loans at Central Bank of Samoa, loan at NPF and loan at UTOS. In addition, interest expense on overdraft of \$29k is based on average interest charged for an overdraft facility of \$1 million to be cleared within 3 months.

vi. Other expenses

Other expenses totaling to \$3.3 million consists of normal operating costs and other related costs in running of the day to day basis. Their estimates are based on movements of past FY's 2018, 2019 and the last 9 months of FY2020 and the needs of each division.

vii. Profitability

According to the projected comprehensive income, the Corporation forecasts an excess of revenue over expenditures in FY2021 of \$1.8million.

viii. Capital costs

Capital expenditures have been budgeted to \$1,110,000 and are classified below:

- replacements of some office equipments	\$96k
- replacements of some office furniture	\$20k
- Capital items for rental properties	\$320k
- Others including Savaii Office	\$550k

7. SPECIAL PROJECTS

7.1 Non Bank Deposit Taking Institution

This project is a strategy which will meet the dual objectives of providing *more funding at cheaper rates*, which would enable SHC to better meet its mandate of providing affordable home loans to the people of Samoa, and it would afford citizens the option of obtaining a better return on their deposits than they would from commercial banks. This new function would increase our capital base and mitigate heavy reliance on long term loans from local financial institutions at higher interest rates.

This category of NBDTI is used in many other countries including New Zealand, Australia and Fiji - and enables a central bank to allow organisations that they consider to be well-managed and having a low credit risk to receive term deposits from the public. An NBDTI is not permitted to provide transactional, or cheque, accounts, but can offer term deposits of various lengths, typically from 1 month to 5 years.

The only fund requires for setting up this project is the security bond for term deposits to be determined by the Central Bank's prudent guidelines. The project would be funded externally from minimum of \$20,000,000 annually for term deposits. sitting alongside the funds generated from the regular repayment of loans. The total term deposit market in Samoa is approximately \$458,610,000, so SHC would be targeting just 4.3% of this market.

NBDTI status would enable SHC to:

- secure more funding at a cheaper rate;
- increase its lending operations, to increase income;
- increase the size of its housing portfolio, to increase income;
- provide more loans at lower interest rates, which would benefit lower-income Samoan families;
- provide more housing for Samoan families, at affordable rents; and
- increase its profitability in the long term, and satisfy its obligations governed under existing legislation;
- the achievement of NBDTI status by SHC would be a win-win-win scenario: all stakeholders would benefit including SHC, government and the people of Samoa.

The Corporation will be able to achieve this objective by taking the following actions:

- Applying to the Central of Samoa for NBDTI status, and completing all requisite documentation.
- Introducing policies and procedures to meet international deposit-taking requirements in terms of Anti-Money Laundering (AML) and Countering Financing of Terrorism (CFT).
- Developing a range of term deposit products from one month to five years in duration, at interest rates that are competitive in the Samoan financial markets.
- Developing and implementing a marketing strategy to promote these term deposits to the Samoan public and institutional investors.

The timeframes and responsibilities for these actions are set out in the Objective 1.

7.2 New Headquarter Office Building

Since July 2018, the Corporation has been working with the Taskforce Committee including MPE(Chair), SHC, MOF, MWTI and MNRE to pursue a Cabinet directive FK(16)46, instructing SHC to build its new Office Headquarter at the former location of the RSA. This project requires substantial capital costs which is certainly cannot be afforded by the Corporation's all sort of revenue streams. Hence the Taskforce has been tasked to explore avenues to develop a viable conceptual design with relevant financing modules to enable the implementation of this project without jeopardizing Samoa Housing's ability to serve its mandate. A conceptual design with a module of externally funded under PPP concept has been earmarked and is to be finalised once the proposal submission is approved by the Cabinet.

This special project is long term and is expected to kick start with the finalising of the conceptual design and financing module in the first year of the current planning period and progressively implementing phase by phase once all the prerequisites are in place. The capital cost has yet to be finalised by the Cabinet.

8. SUPPORT FOR GOVERNMENT POLICY

The Corporation will continue to refine and align its responses to the Government policies periodically and in particular the Strategy for the Development of Samoa (SDS). This approach has been adopted in the preparation of this Corporate Plan to coincide with the Corporation's short and long term financial objectives. The Corporation will continue to review and improve its procedures and controls to align with the Governments focus on principles such as accountability and transparency.

9. GOVERNANCE

Good governance is being practiced at the Corporation at its highest level. The Board of Directors consists of five citizens from the private sector with different backgrounds who are the decision makers for all strategic issues that may arise. The employment of an Internal Auditor and having an Audit Committee all have a role to play in ensuring issues of great importance are dealt at the highest level possible.

PROJECTED STATEMENT OF FINANCIAL POSITION 2021-2024

Audited 2019 \$	Un-audited 2020 \$		Budget 2020 \$	Budget 2021 \$	Budget 2022 \$	Budget 2023 \$	Budget 2024 \$
<u>CAPITAL AND RESERVES</u>							
20,588,000	20,588,000	Paid up capital	20,588,000	20,588,000	20,588,000	20,588,000	20,588,000
9,313,653	11,159,906	General reserve fund	7,363,823	11,159,906	11,159,906	11,159,906	11,159,906
806,557	806,557	Asset revaluation reserve	806,557	806,557	806,557	806,557	806,557
3,038,404	4,032,539	Reserve for rental unite repairs	3,829,516	4,352,539	6,152,539	7,952,539	9,752,539
33,746,614	36,587,002		32,587,896	36,907,002	38,707,002	40,507,002	42,307,002
<i>Represented by:</i>							
<u>CURRENT ASSETS</u>							
670,521	4,971,095	Cash and cash equivalents	3,000	878,656	591,882	236,077	-
40,640	62,145	Other debtors and prepayments	45,000	65,000	68,250	71,663	75,246
972	6,419	Rental portfolio	5,000	5,000	4,900	4,802	4,706
16,995,092	15,412,153	Loans portfolio-current portion	14,923,918	16,182,761	16,991,899	17,841,494	18,733,568
17,707,225	20,451,812		14,976,918	17,131,416	17,656,931	18,154,035	18,619,553
<u>CURRENT LIABILITIES</u>							
-	-	Overdraft facility	1,759,239	-	-	-	193,967
1,359,346	1,969,666	Borrowings-current portion	1,642,312	1,885,995	1,160,083	929,021	968,756
3,541,939	3,880,712	Other creditors and accruals	160,000	4,030,712	4,180,712	4,330,712	4,480,712
380,800	366,031	Deferred revenue	-	354,600	335,004	315,408	295,812
27,273	43,979	Land loan deposit	40,000	40,000	40,000	40,000	40,000
-	-	Dividend payable	-	636,108	650,265	668,508	680,388
5,309,358	6,260,388		3,601,551	6,947,415	6,366,064	6,283,649	6,465,668
12,397,867	14,191,424	WORKING CAPITAL	11,375,367	10,184,002	11,290,867	11,870,386	12,153,885
<u>NON CURRENT ASSETS</u>							
28,230,290	33,380,414	Loans portfolio-long term portion	25,610,819	36,034,564	35,750,299	33,974,095	33,587,172
8,268,355	7,970,634	Property, plant and equipment	7,861,900	8,437,134	9,414,534	10,389,321	11,361,482
36,498,645	41,351,048		33,472,719	44,471,698	45,164,833	44,363,416	44,948,654
15,149,898	18,955,470	<i>Less: LONG TERM BORROWINGS</i>	12,260,190	17,748,697	17,748,697	15,726,800	14,795,537
33,746,614	36,587,002		32,587,896	36,907,002	38,707,002	40,507,002	42,307,002
<u>I. PROFITABILITY RATIO</u>							
1.1 % return on total investment by shareholders(Government)							
5%	4%	Profit	6%	5%	5%	5%	5%
1,850,002	1,592,020		1,884,782	1,817,450	1,857,900	1,910,023	1,943,965
33,746,614	36,587,002	Equity	32,587,896	36,907,002	38,707,002	40,507,002	42,307,002
24%	20%	1.2 % return on total revenue					
1,850,002	1,592,020		1,884,782	1,817,450	1,857,900	1,910,023	1,943,965
7,778,912	8,002,454		8,449,036	8,263,589	8,242,803	8,272,459	8,302,553
2. EQUITY RATIO							
- Assess long term stability, the higher the equity ratio the greater the asset protection on creditors							
62%	59%	Equity	67%	60%	62%	65%	67%
33,746,614	36,587,002		32,587,896	36,907,002	38,707,002	40,507,002	42,307,002
54,205,870	61,802,860	Total assets	48,449,637	61,603,114	62,821,763	62,517,451	63,568,207
3. DEBT RATIO							
- Measure margin of safety to creditors							
38%	41%	Total liabilities	33%	40%	38%	35%	33%
20,459,256	25,215,858		15,861,741	24,696,112	24,114,761	22,010,449	21,261,205
54,205,870	61,802,860	Total assets	48,449,637	61,603,114	62,821,763	62,517,451	63,568,207
4. CURRENT RATIO							
- Measure ability of Corporation to satisfy its obligation in the short term							
3.0:1	3.0:1	Current assets	4.0:1	2.0:1	3.0:1	3.0:1	3.0:1
17,707,225	20,451,812		14,976,918	17,131,416	17,656,931	18,154,035	18,619,553
5,309,358	6,260,388	current liabilities	3,601,551	6,947,415	6,366,064	6,283,649	6,465,668
5. DEBT TO EQUITY							
- Measure the Corporation's financial levera							
61%	69%	Total liabilities	49%	67%	62%	54%	50%
20,459,256	25,215,858		15,861,741	24,696,112	24,114,761	22,010,449	21,261,205
33,746,614	36,587,002	Equity	32,587,896	36,907,002	38,707,002	40,507,002	42,307,002

PROJECTED STATEMENT OF COMPREHENSIVE INCOME 2021-2024

Audited 2019 \$	Un-audited 2020 \$		Budget 2020 \$	Budget 2021 \$	Budget 2022 \$	Budget 2023 \$	Budget 2024 \$
<u>INCOME</u>							
-	20,210	Application fees	42,000	42,000	42,210	42,421	42,633
95,943	76,564	Establishment fees	108,000	96,000	96,480	96,962	97,447
191,886	149,516	Service fees	216,000	192,000	192,960	193,925	194,894
89,225	66,440	Documentation fees	84,000	84,000	84,420	84,842	85,266
6,021,214	6,303,679	Interest - loans	6,570,869	6,429,749	6,461,897	6,494,207	6,526,678
19,171	832	- term deposit	50,830	50,830	834	838	843
395,780	406,603	Arrears fees	385,886	395,132	385,254	375,623	366,232
253,911	264,059	Maintenance Fee	268,795	274,614	275,987	277,367	278,753
647,634	675,473	Rental propertise	602,924	675,473	678,851	682,245	685,656
64,148	39,079	Others	119,732	23,791	23,910	24,030	24,150
7,778,912	8,002,454		8,449,036	8,263,589	8,242,803	8,272,459	8,302,553
<u>EXPENSES</u>							
<u>Staff costs</u>							
1,542,518	1,526,899	Salaries & wages	1,588,794	1,530,177	1,537,828	1,545,517	1,553,245
107,977	122,225	NPF 8%	127,103	137,716	138,405	139,097	139,792
15,426	15,271	ACC 1%	15,888	15,302	15,378	15,455	15,532
243,692	403,283	Other staff costs	384,000	384,000	391,680	399,514	407,504
33,720	33,900	Audit fees	33,900	33,900	33,900	33,900	33,900
<u>Interest</u>							
371,018	291,325	Interest - UTOS	86,612	261,550	253,834	245,643	237,605
268,284	89,774	Interest - SCB	47,320	-	-	-	-
155,204	121,502	Interest - CBS	120,529	84,864	48,433	23,412	17,931
-	535,269	Interest - NPF	652,749	696,573	675,903	653,959	630,660
71,739	64,870	Interest - Overdraft	103,330	28,831	-	-	-
<u>Other expenses</u>							
96,473	99,271	Directors fees & expenses	120,360	118,000	118,590	119,183	119,779
500,717	516,805	Depreciation	550,000	520,000	522,600	525,213	527,839
20,899	18,400	Advertising	41,000	36,000	36,180	36,361	36,543
28,390	25,248	Allowances	30,617	33,556	33,724	33,893	34,062
129,309	230,413	Office expenses	137,639	140,424	141,126	141,832	142,541
44,963	39,397	Electricity	46,800	39,600	39,798	39,997	40,197
3,114	1,556	Water	3,131	1,560	1,568	1,576	1,584
57,324	58,125	Rent	55,287	58,171	58,462	58,754	59,048
43,449	43,377	Postages and telephone	45,621	49,200	49,446	49,693	49,942
18,440	16,951	Stationeries	24,240	24,000	24,120	24,241	24,362
27,036	23,897	Insurance	30,000	25,000	25,125	25,251	25,377
198,095	215,717	Repairs and maintenance	284,888	220,272	221,373	222,480	223,593
70,115	54,061	Motor vehicle running costs	66,198	73,960	74,330	74,701	75,075
128,866	61,213	Staff training & meetings	128,560	121,800	122,409	123,021	123,636
-	-	Bad debts	10,000	10,000	10,000	10,000	10,000
1,752,142	1,801,683	Doubtful debts	1,829,688	1,801,683	1,810,691	1,819,745	1,828,843
5,928,910	6,410,434	TOTAL EXPENSES	6,564,254	6,446,139	6,384,903	6,362,436	6,358,588
1,850,002	1,592,020	NET PROFIT	1,884,782	1,817,450	1,857,900	1,910,023	1,943,965
(1,850,002)	(1,592,020)	T/F TO GRF	(1,884,782)	(1,817,450)	(1,857,900)	(1,910,023)	(1,943,965)
NIL	NIL		NIL	NIL	NIL	NIL	NIL

PROJECTED STATEMENT OF CASH FLOW 2021-2024

Audited 2019 \$	Un-audited 2020 \$		Budget 2020 \$	Budget 2021 \$	Budget 2022 \$	Budget 2023 \$	Budget 2024 \$
INFLOW							
-	19,710	Application fees	42,000	42,000	42,210	42,421	42,633
88,936	35,828	Establishment fees	108,000	96,000	96,480	96,962	97,447
1,455	-	Service fees	-	192,000	192,960	193,925	194,894
84,630	62,040	Documentation fees	84,000	84,000	84,420	84,842	85,266
89,036	49,191	Land deposit	40,000	50,000	50,000	50,000	50,000
-	-	Interest on term deposit	50,830	50,830	834	838	843
18,743,583	14,242,303	Operational debtors	21,248,206	21,537,426	21,645,113	21,753,338	21,862,105
594,830	609,607	Rental debtors	608,953	675,473	678,851	682,245	685,656
22,570	14,632	Other income	119,733	23,191	23,307	23,424	23,541
3,048,659	12,247,300	Other receipts	12,034,944	33,600	33,768	33,937	34,107
22,673,699	27,280,610		34,336,666	22,784,520	22,847,943	22,961,932	23,076,492
OUTFLOW							
Staff costs							
1,271,440	1,416,519	Salaries & wages	1,588,794	1,530,177	1,537,828	1,545,517	1,553,245
87,238	112,551	NPF 6%	127,103	137,716	138,405	139,097	139,792
12,463	14,133	ACC 1%	15,888	15,302	15,378	15,455	15,532
288,018	248,701	Other staff costs	384,000	384,000	391,680	399,514	407,504
30,710	30,710	Audit fees	33,900	33,900	33,900	33,900	33,900
Interest							
63,221	49,502	Interest - Overdraft	103,330	-	-	-	-
Other costs							
74,535	88,931	Directors fees & expenses	120,360	118,000	118,590	119,183	119,779
21,199	17,539	Advertising & promotion	41,000	520,000	522,600	525,213	527,839
19,310	16,761	Allowances	30,617	36,000	36,180	36,361	36,543
98,982	141,309	Office expenses	137,639	33,556	33,724	33,893	34,062
40,034	34,661	Electricity	46,800	140,424	141,126	141,832	142,541
1,204	1,213	Water	3,131	39,600	39,798	39,997	40,197
51,913	49,201	Rent	55,288	1,560	1,568	1,576	1,584
35,935	41,196	Postages and telephone	45,621	58,171	58,462	58,754	59,048
16,432	15,280	Stationeries	24,240	49,200	49,446	49,693	49,942
2,003	23,897	Insurance	30,000	24,000	24,120	24,241	24,362
150,509	168,468	Repairs and maintenance	150,000	25,000	25,125	25,251	25,377
61,988	47,977	Motor vehicle running costs	66,198	220,272	221,373	222,480	223,593
114,767	63,121	Staff training & conferences	128,560	73,960	74,330	74,701	75,075
468,101	386,660	UTOS - term loan	4,331,957	386,640	386,640	386,640	386,640
270,000	5,027,657	SCB - term loan	5,031,756	-	-	-	-
1,134,477	1,260,530	CBS - term loan	1,512,636	1,512,636	1,512,636	1,512,636	1,512,636
-	687,800	NPF - term loan	1,031,700	1,031,700	1,031,700	1,031,700	1,031,700
466,794	62,338	Capital expenditure	1,292,000	986,500	1,500,000	1,500,000	1,500,000
107,175	21,087	Land deposit	50,000	20,000	20,000	20,000	20,000
17,113,277	13,691,296	Operational debtors	14,544,000	18,400,000	14,584,000	14,729,840	14,877,138
269,820	359,642	Other payments	2,942,391	-	636,108	650,265	668,508
22,271,545	24,078,682		33,868,909	25,778,314	23,134,716	23,317,738	23,506,536
402,154	3,201,929	NET INC/(DEC) IN CASH	467,757	(2,993,794)	(286,774)	(355,805)	(430,044)
268,367	670,521	ADD O/BALANCE	688,890	3,872,450	878,656	591,882	236,077
670,521	3,872,450	ENDING BALANCE	1,156,647	878,656	591,882	236,077	(193,967)

Financial Status

Audited 2019 \$	Un-audited 2020 \$	Key Performance Indicators	Budget 2020 \$	Budget 2021 \$	Budget 2022 \$	Budget 2023 \$
		<i>Financial KPIs</i>				
7,778,912	8,002,454	Revenue	8,449,036	8,263,589	8,242,803	8,272,459
5,928,910	6,410,434	Expenditures	6,564,254	6,446,139	6,384,903	6,362,436
1,850,002	1,592,020	Net profit	1,884,782	1,817,450	1,857,900	1,910,023
17,707,225	20,451,812	Current assets	14,976,918	17,131,416	17,656,931	18,154,035
36,498,645	41,351,048	Non current assets	33,472,719	44,471,698	45,164,833	44,363,416
54,205,870	61,802,860	Total assets	48,449,637	61,603,114	62,821,763	62,517,451
5,309,358	6,260,388	Current liabilities	3,601,551	6,947,415	6,366,064	6,283,649
15,149,898	18,955,470	Non current liabilities	12,260,190	17,748,697	17,748,697	15,726,800
20,459,256	25,215,858	Total liabilities	15,861,741	24,696,112	24,114,761	22,010,449
33,746,614	36,587,002	Equity	32,587,896	36,907,002	38,707,002	40,507,002
3.34:1	3.27:1	Current ratio	4.16:1	2.47:1	2.77:1	2.89:1
0.61:1	0.69:1	Debt to equity	0.49:1	0.67:1	0.62:1	0.54:1
5.5%	4.4%	Return on equity (%)	5.8%	4.9%	4.8%	4.7%
3.4%	2.6%	Return on assets (%)	3.9%	3.0%	3.0%	3.1%
		<i>Non-Financial KPIs</i>				
990	724	No. of loans approved	760	798	838	880
23,841,200	19,504,000	Value of loans approved	19,699,040	19,896,030	20,094,991	20,295,941
3066	3085	No. of total portfolio	3176	3191	3206	3222
56,246,340	61,762,303	Value of total portfolio	63,039,013	63,576,275	64,123,866	63,220,021
20,981,870	20,343,686	Collection	20,547,123	20,752,594	20,960,120	21,169,721
16,292,758	15,271,523	Expected collections				
17,839,423	12,205,241	Disbursement	14,544,000	18,400,000	14,584,000	14,729,840
-	-	Dividend	-	636,108	650,265	668,508