

# **RHLF ANNUAL PERFORMANCE PLAN 2014/15**

**Presentation to: Portfolio Committee on  
Human Settlements, 23 September 2014**

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**and**

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# Outline

- RHLF mandate
- Service delivery model
- People who benefit
- 2014/15 Annual Performance Plan
  - Strategic Oriented Outcomes
  - Statement of Financial Position
  - Statement of Financial Performance
- Concluding remarks

## MANDATE



To provide access to housing credit to low income rural households in order to enable them to improve their housing and living conditions:

- **Loan usage:** new house, extension, fixed improvement to a house, connecting to utilities ; water harvesting, fencing, productive housing; purchasing of land by individuals or groups for residential purposes.
- **Rural areas:** tribal/ communal land, farm areas, small towns.
- **Low income** currently set at maximum of R15, 000 p.m. (60% of loans to those under R3, 500 pm)
- To support the implementation of the government's rural development programme—currently the Comprehensive Rural Development Programme (CRDP).

## SERVICE DELIVERY MODEL



**RHILF is a Wholesale Development Finance institution, that delivers on its mandate through intermediaries:**

- Provides funds to commercial intermediary lenders:
  - Have branch network in targeted areas
  - Partner building merchants as loans distributing channels
  - Field agents operating in villages in rural areas
- Ring fenced facilities for community based organisations to on lend to members only—reach informally and self employed people
- Targeting member based organisations such as unions to facilitate housing credit for members (Work with their Special Purpose Vehicles)

# **People who benefit from RHILF loans**

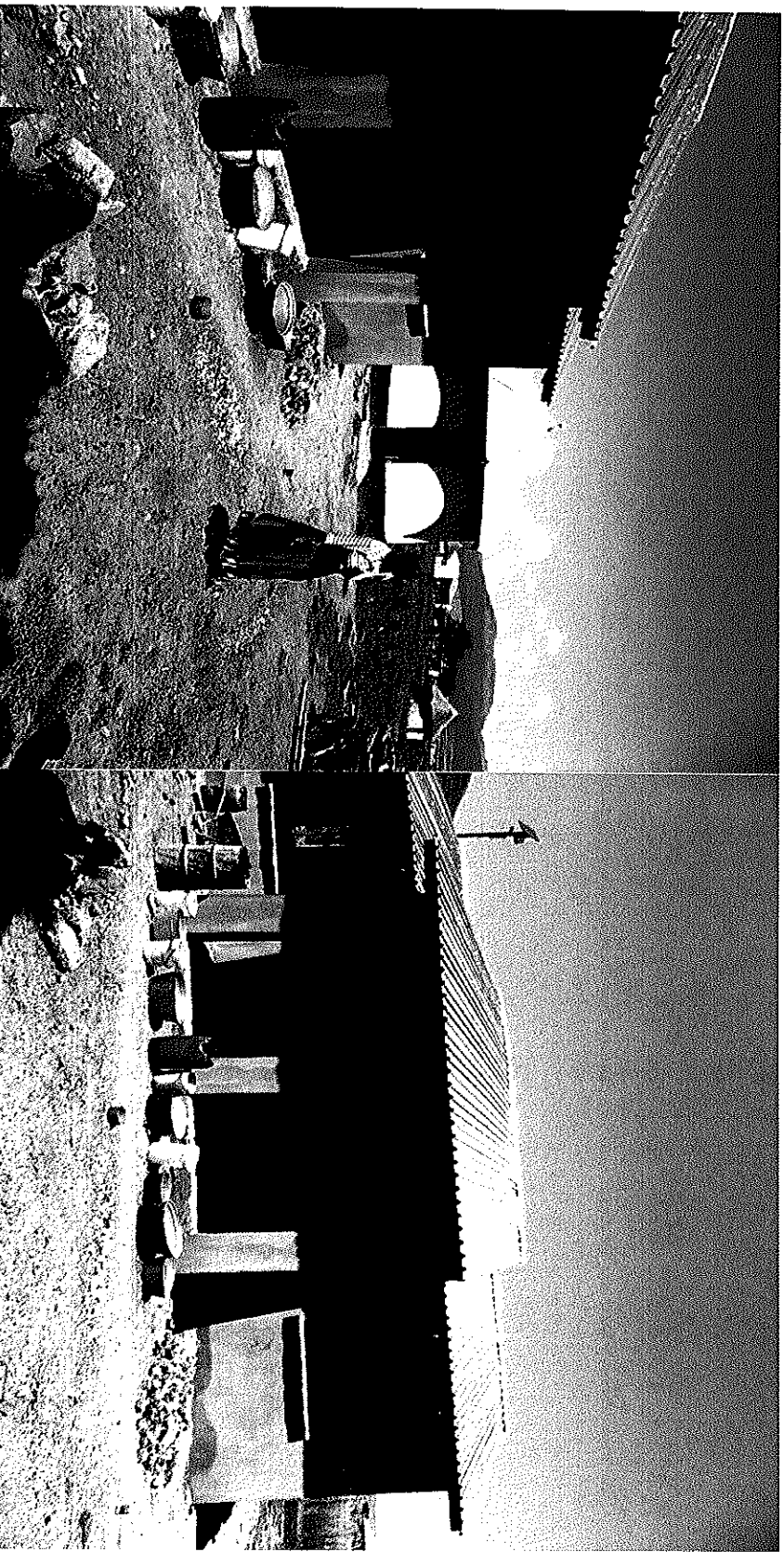
Mrs Moreki lives in Mantsubise, Qwaqwa (Free State) where she works in the public sector. She took a loan from Moliko to build the house while living in a shack, as shown in the picture below



Mrs Machaka took a loan from Moliko which she used to buy bricks in preparation for building a house. She is employed in a private sector earns just below R2,500 per month. She has a family of 5. She lives with her family in Makong, Qwa Qwa (Free State)



**Mrs Mtuyedwa lives in Bholokodlela (Cofimvaba) in the EC Province and the household has 6 members. She took a loan from Lendcor and added to her own savings to build a new 6 room house.**





# **Annual Performance Plan**

# Strategic Outcome Orientated Goals



## Stakeholder Client Goals

Perspective	Stakeholder / Client									
	Achieve viability for RHLF and enhance its ability to attract commercial co-funders and development partners for rural housing delivery			Broaden and deepen the reach of rural housing finance			Build lending capacity and competitiveness of the retail intermediary network			
	2010/11 Audited	2011/12 Audited	2012/13 Audited	2013/14 Budget	2014/15 Budget	2015/16 Budget	2016/17 Budget			
Value of Loans in Place	R000 271,847.0	346,381.0	364,619.0	378,189.1	427,567.8	471,757.8	516,664.9			
Percentage impairment provision	% 18%	10%	9.2%	18.0%	15.5%	15.5%	15.5%			
Disbursements to Retail Intermediaries	R000 113,600.0	158,874.0	107,105.9	104,000.0	198,000.0	244,309.8	245,500.0			
Disbursements to Retail Intermediaries (incl. Mezzanine Dis)	R000 224,366.0	275,244.0	239,962.4	198,538.0	298,000.0	344,309.8	345,500.0			
Number of End-User Loans disbursed	# 40,289	47,043	44,812	34,231	49,667	57,385	57,583			
Average End-User Loan Size	R 5,568.9	5,850.9	6,087.0	6,000.0	6,000	6,000	6,000			
Qualifying Housing Use Target (% of loan instances)	% 85%	90%	91.6%	80.0%	80.0%	80.0%	80.0%			
Percentage of end-user loan instances going to households earning R9,800 p.m. or more.	% 17.0%	17.0%	11.8%	20.0%	20.0%	20.0%	20.0%			
Percentage of end-user loan instances going to households earning R3,500 p.m. or less.	% 53.0%	51.0%	65.8%	60.0%	60.0%	60.0%	60.0%			
Number of Retail Intermediaries	# 14	11	11	12	10	11	12			
Community Based Organizations	# 3	4	3	5	7	9	11			

# Strategic Outcome Orientated Goals



## Financial Goals

Perspective	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	
	Audited	Audited	Audited	Budget	Budget	Budget	Budget	
Financial	Income from Core Business	R000 35,377.4	35,847.5	37,977.2	47,084.0	39,062.6	44,304.7	49,964.8
	Income from Financial Investments	R000 9,677.4	9,604.1	8,618.7	6,373.1	5,320.1	1,141.0	(973.9)
	Impairments on Loans and Investments	R000 -	-	(8,186.5)	4,497.1	1,763.6	(6,849.5)	(6,960.6)
	Expenditure before bad debts	R000 (10,969.4)	(13,732.1)	(13,002.9)	(16,693.3)	(17,517.4)	(18,618.8)	(19,711.6)
	Operating Expense Ratio	% -31.0%	-38.3%	-36.0%	-29.6%	-39.2%	-40.7%	-40.0%
	Operating Surplus before Taxation	R000 24,576.2	21,629.3	19,201.9	33,579.8	18,487.4	10,296.9	13,141.2
	Total Capital	R000 255,624.8	320,569.1	365,115.7	372,866.7	386,140.1	393,514.4	402,934.5
	Return on Equity	% 6.3%	4.7%	3.8%	6.6%	3.6%	2.0%	2.5%
	Real capital preservation							

# Statement of Financial Position



2010/11	2011/12	2012/13	2013/14	2014/2015	2015/16	2016/17
Audited R000	Audited R000	Audited R000	Budget R000	Budget R000	Budget R000	Budget R000

## Gross Advances

### Net Advances

### Impairment provision rate

### Equity Investments

### Available for sale financial assets

### Held to Maturity financial assets

### Held to Maturity

### Provision held to maturity financial assets

### Provision Held to Maturity

### Fixed Assets

### Intangible assets

### Current Assets

### Other receivables

### Bank balances

### Total assets

### DBSA loan

### Current liabilities

### Net assets

### EQUITY AND LIABILITIES

### Grant Capital

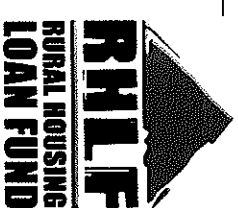
### Distributable reserves

224,204.8	311,751.1	330,905.2	310,152.4	361,294.7	398,635.3	436,581.9
18.0%	10.0%	9.2%	18.0%	15.5%	15.5%	15.5%
3,925.8	3,393.2	6,030.3	3,393.1	3,493.1	3,593.1	3,693.1
1,481.6	1,481.6	1,481.6	1,481.6			
7100/080	6,850.0	6,850.0	6,850.0	6,850.0	6,850.0	6,850.0
7100/085	(6,850.0)	(6,850.0)	(6,850.0)	(6,850.0)	(6,850.0)	(6,850.0)
224.0	272.3	186.3	113.9	687.5	974.2	1,261.0
167,376.0	147,293.6	169,120.2	182,179.1	143,813.1	107,755.1	68,893.6
12,072.0	8,893.7	11,455.4	17,856.5	17,856.6	20,480.6	20,643.0
155,304.0	138,399.9	157,664.8	164,322.6	125,956.5	87,294.5	48,250.6
397,212.2	464,191.8	507,723.5	497,320.1	509,288.5	510,957.8	510,429.5
139,642.2	139,670.1	136,660.5	136,119.7	132,878.8	126,396.9	119,915.0
1,945.2	3,952.6	5,947.3	(11,666.3)	(9,730.4)	(8,953.9)	(12,419.9)
141,587.4	143,622.7	142,607.8	124,453.4	123,148.4	117,443.4	107,495.1
255,624.8	320,569.1	365,115.7	372,866.7	386,140.1	398,514.4	402,984.5
204,262.6	253,762.6	285,737.6	285,737.6	285,737.6	285,737.6	285,737.6
51,362.2	66,806.5	79,378.1	87,129.1	100,402.5	107,776.7	117,196.8
255,624.8	320,569.1	365,115.7	372,866.7	386,140.1	398,514.3	402,984.4

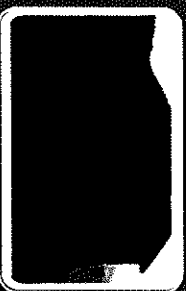
# Statement of Financial Performance

	2010/11	2011/12	2012/13	2013/14	2014/2015	2015/16	2016/17
	Audited	Audited	Audited	Budget	Budget	Budget	Budget
	R000	R000	R000	R000	R000	R000	R000
<b>Revenue</b>	45,797.6	45,664.1	49,941.5	56,442.5	44,720.2	45,783.2	49,328.4
Total Interest	43,711.4	45,451.6	46,595.9	47,084.0	44,382.7	45,445.7	48,990.9
Other income	2,086.2	212.5	3,345.6	9,358.5	337.5	337.5	337.5
<b>Interest Paid</b>	(10,289.0)	(10,302.8)	(10,214.2)	(10,666.5)	(10,479.1)	(10,018.0)	(9,515.0)
<b>Operating expenses</b>	(10,936.4)	(13,732.1)	(17,296.1)	(12,196.2)	(15,753.8)	(25,468.3)	(26,672.2)
Accommodation	(622.4)	(746.4)	(860.7)	(919.9)	(1,540.5)	(1,623.7)	(1,709.8)
Debtors provision			(3,969.3)	4,497.1	1,763.6	(6,849.5)	(6,960.6)
Travel	(317.6)	(388.8)	(909.4)	(1,186.2)	(2,088.3)	(2,201.0)	(2,317.7)
Employee	(6,897.2)	(8,138.4)	(8,718.6)	(9,380.4)	(10,678.9)	(11,308.4)	(12,033.8)
Communication and IT	(193.3)	(182.6)	(358.7)	(332.6)	(579.1)	(610.4)	(642.8)
Depreciation	(114.1)	(105.6)	(139.0)	(127.8)	(262.4)	(379.3)	(379.3)
Marketing, promotions and workshops	(533.4)	(643.0)	(528.3)	(1,516.3)	(594.0)	(626.1)	(659.3)
Printing and stationery	(128.0)	(115.0)	(168.0)	(192.1)	(239.8)	(252.7)	(266.1)
Consulting, legal and audit	(1,472.4)	(1,371.1)	(1,328.7)	(2,631.5)	(1,037.8)	(1,093.8)	(1,151.8)
Other	(658.0)	(2,041.2)	(315.4)	(406.8)	(496.6)	(523.4)	(551.1)
<b>Operating profit before taxation</b>	24,572.2	21,629.2	22,431.2	33,579.8	18,487.4	10,296.9	13,141.2
Total taxation	(6,325.4)	(6,185.0)	(5,615.1)	(15,458.6)	(5,213.9)	(2,922.6)	(3,721.1)
<b>Operating profit after taxation</b>	18,246.8	15,444.2	16,816.1	18,121.2	13,273.4	7,374.3	9,420.0

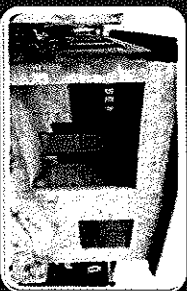
# Concluding Remarks



RHILF achieves its mandate within the constraint of its funding resources



Target market is huge and more needs to be done to significantly increase market coverage



Tough market / economic conditions and high level of indebtedness pose a challenging outlook



RHILF business model resonates with active citizenry advocated in the NDP—people drive their building process and improvement of their living conditions