

PORTFOLIO COMMITTEE ON HUMAN SETTLEMENTS



Briefing by RHLF on Annual Report 2009

21 October 2009, Cape Town

Presented by:

Jabulani Fakazi & Hennie Potgieter

Outline

- ▣ Mandate
- ▣ Governance – Board and Committees
- ▣ Impact performance 31 March 2009
- ▣ Economic realities of the past 18 months
- ▣ Financial performance year ending 31 March 2009
- ▣ Discussion

MANDATE

- ▣ To provide affordable housing credit to low income rural households
- ▣ To support the implementation of the Integrated Sustainable Rural Development Programme

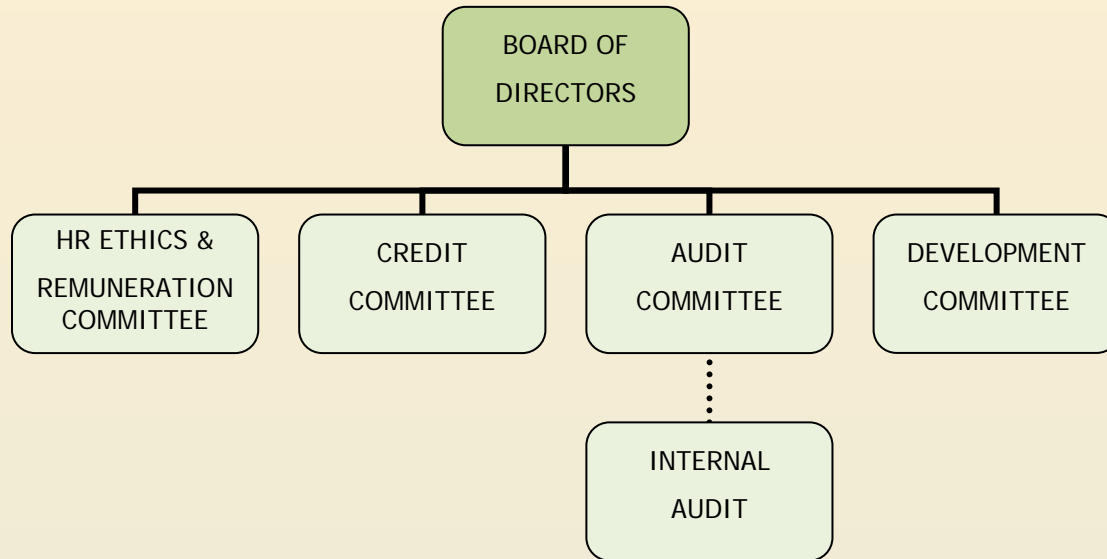
CORPORATE GOVERNANCE

- The board of directors retains full and effective control over the company, monitors management and ensures that decisions on material matters are in the hands of the board.
- The composition of the board of directors provides for a majority of non-executive directors, including a non-executive chairperson. RHLF MD is the only Executive Director on the Board
- The sub-committees of the board are as follows:

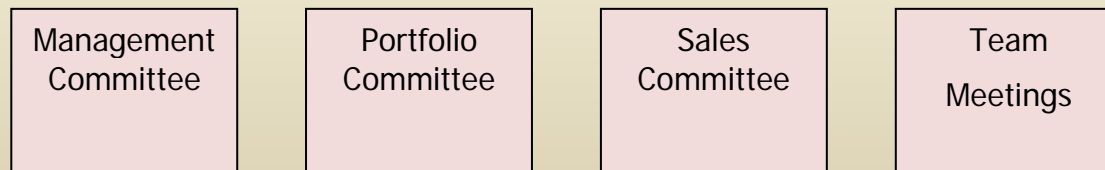


CORPORATE GOVERNANCE

BOARD & SUB-COMMITTEES



INTERNAL COMMITTEES



CORPORATE GOVERNANCE

RHLF Board member name	Race	Gender
Ms TBJ Memela-Khambule	B	F
Mr JH de V Botha	W	M
Mr L Mashaba	B	M
Ms G Mthethwa	B	F
Ms T Chiliza	B	F
Mr KR Oliver	W	M
Mr MP Silinga	B	M
Mr M Hathorn	W	M
Ms N Makiwane	B	F
Ms N Sihlwayi	B	F
Mr M Pule	B	M
Mr JJ Fakazi (acting CEO)	B	M

Demographics: Black 9 White 3

 Female 5 Male 7



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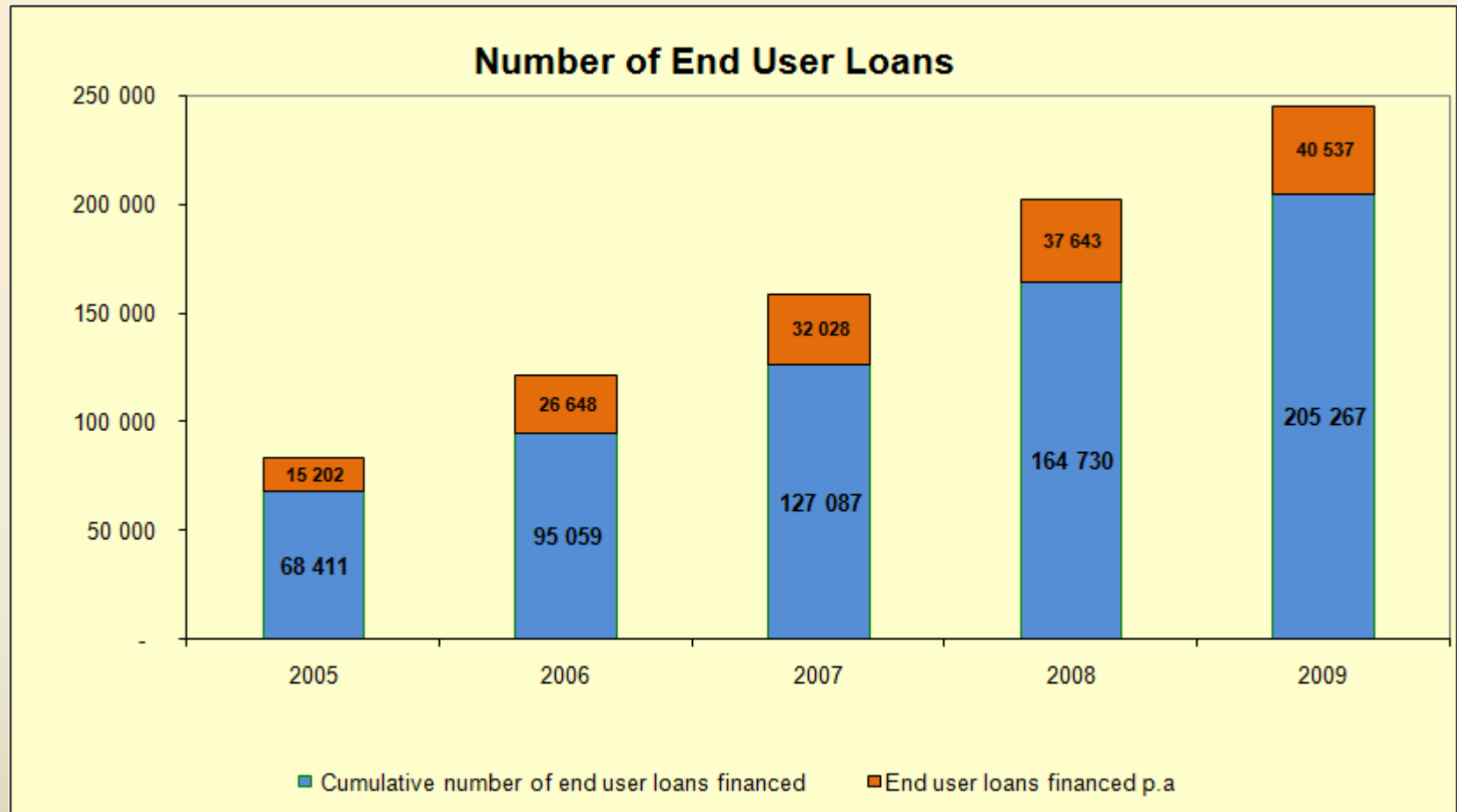
Key points

- ▣ Unqualified Audit Report from External Auditors – since inception
- ▣ Internal Auditors found control environment acceptable and adequate
- ▣ RHLF complied with all legislative and regulatory provisions
- ▣ RHLF reported a surplus of R9 million
- ▣ RHLF achieved most of its impact targets

Impact performance 31 March 2009

Development impact statistics compiled from monthly Housing Impact Monitoring Reports	2006	2007	2008	2009
Number of new loans	26 648	32 028	36 310	40 537
Loan usage				
New House	2%	2%	6%	8%
Extension	6%	10%	8%	17%
Improvement	49%	48%	56%	50%
Services	16%	10%	4%	3%
Others (mainly education)	74%	70%	74%	78%
	26%	30%	26%	22%
	100%	100%	100%	100%
Repeat loan borrowers	25%	27%	25%	22%
Borrowers using loan together with government subsidy	12%	25%	27%	28%
Gender of borrower				
Male	51%	49%	48%	46%
Female	49%	51%	52%	54%
Borrower's employment				
Private sector	41%	43%	44%	43%
Public sector	57%	55%	54%	53%
Self-employed, informal	1%	2%	2%	4%
Borrower's income				
less than R1 500	21%	25%	29%	30%
R1 500-R2 500	22%	19%	14%	12%
R2 500-R3 500	19%	20%	15%	16%
R3 500-R6 000	62%	64%	58%	59%
more than R6 000	26%	22%	24%	22%
	12%	14%	18%	19%
	100%	100%	100%	100%

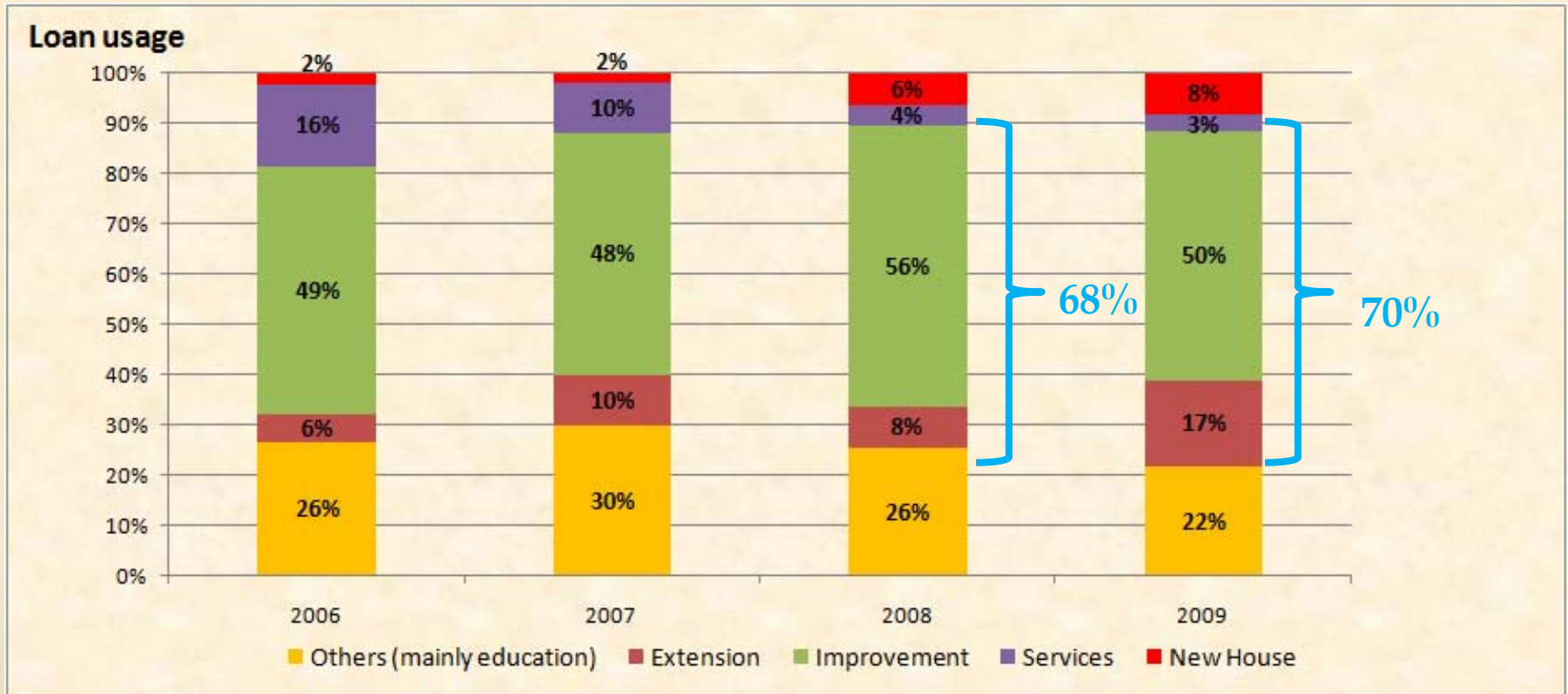
Impact performance 31 March 2009



Target for 2009: 35,000
Achieved: 40,537

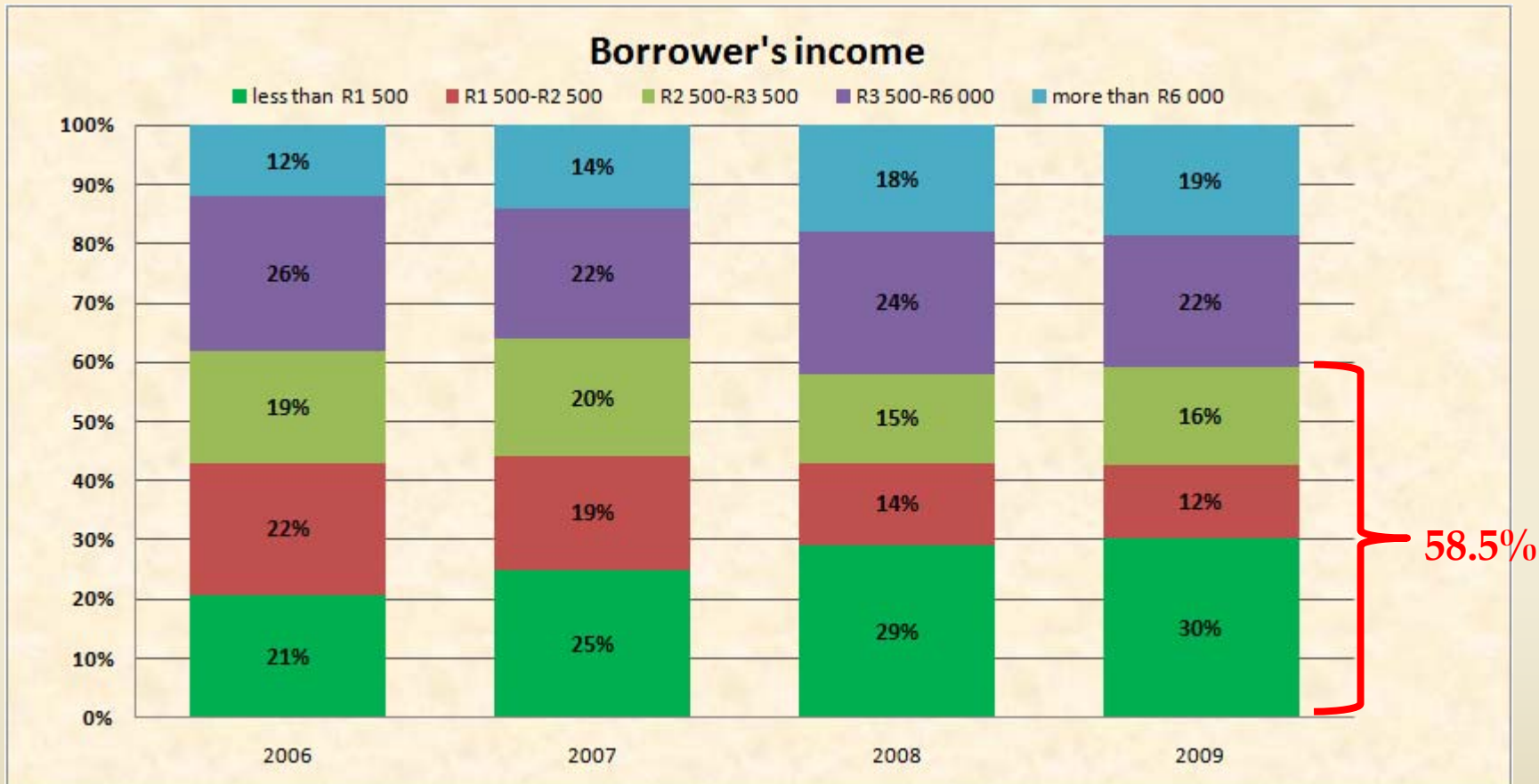
Cumulative Disbursements since 1996
= R681 million

Impact performance 31 March 2009



Target for 2009: 70% for "Housing"
Achieved: 78%

Impact performance 31 March 2009



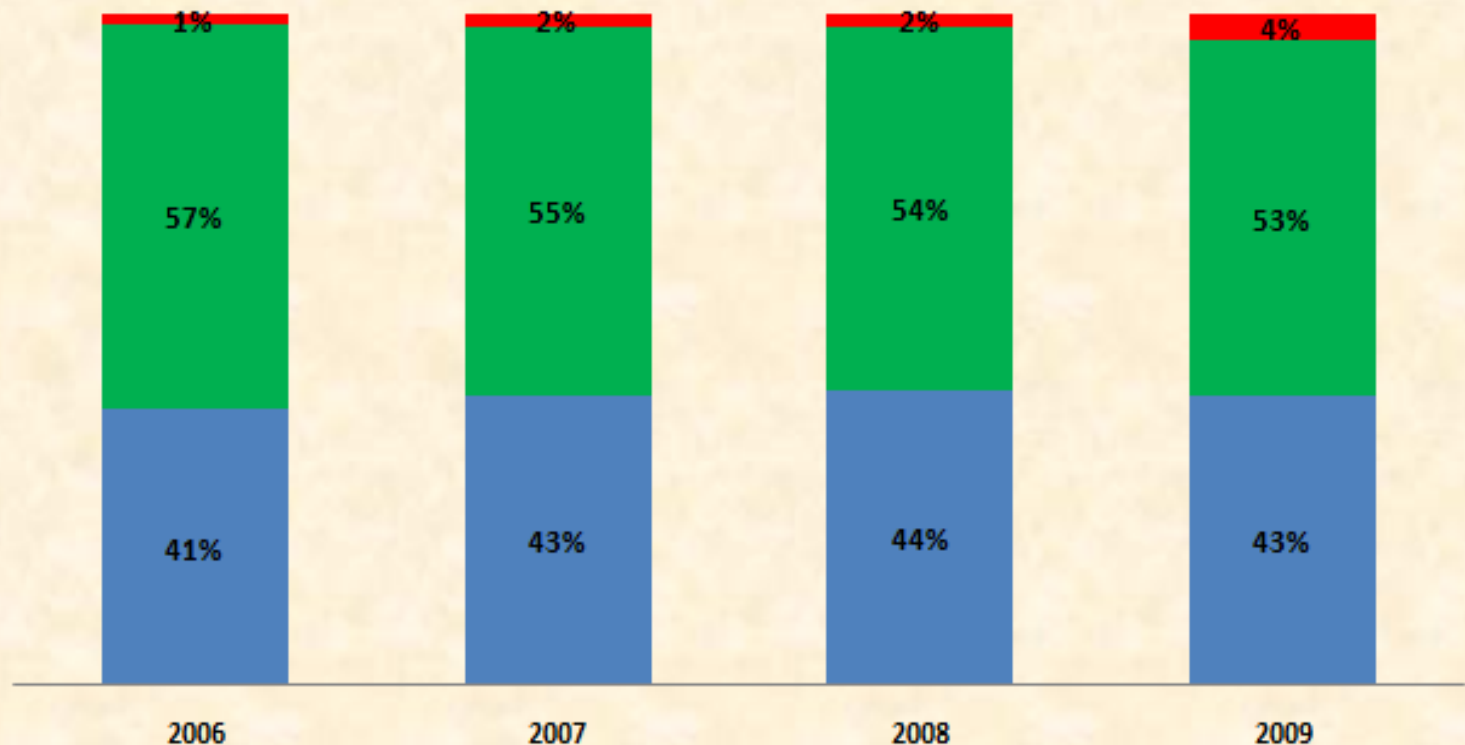
Target for 2009: 15% to households earning R6000 or more pm
Achieved: 19% to households earning R6000 or more pm

Target for 2009: 60% to households earning R3500 or less pm
Achieved: 58.5% to households earning R3500 or less pm

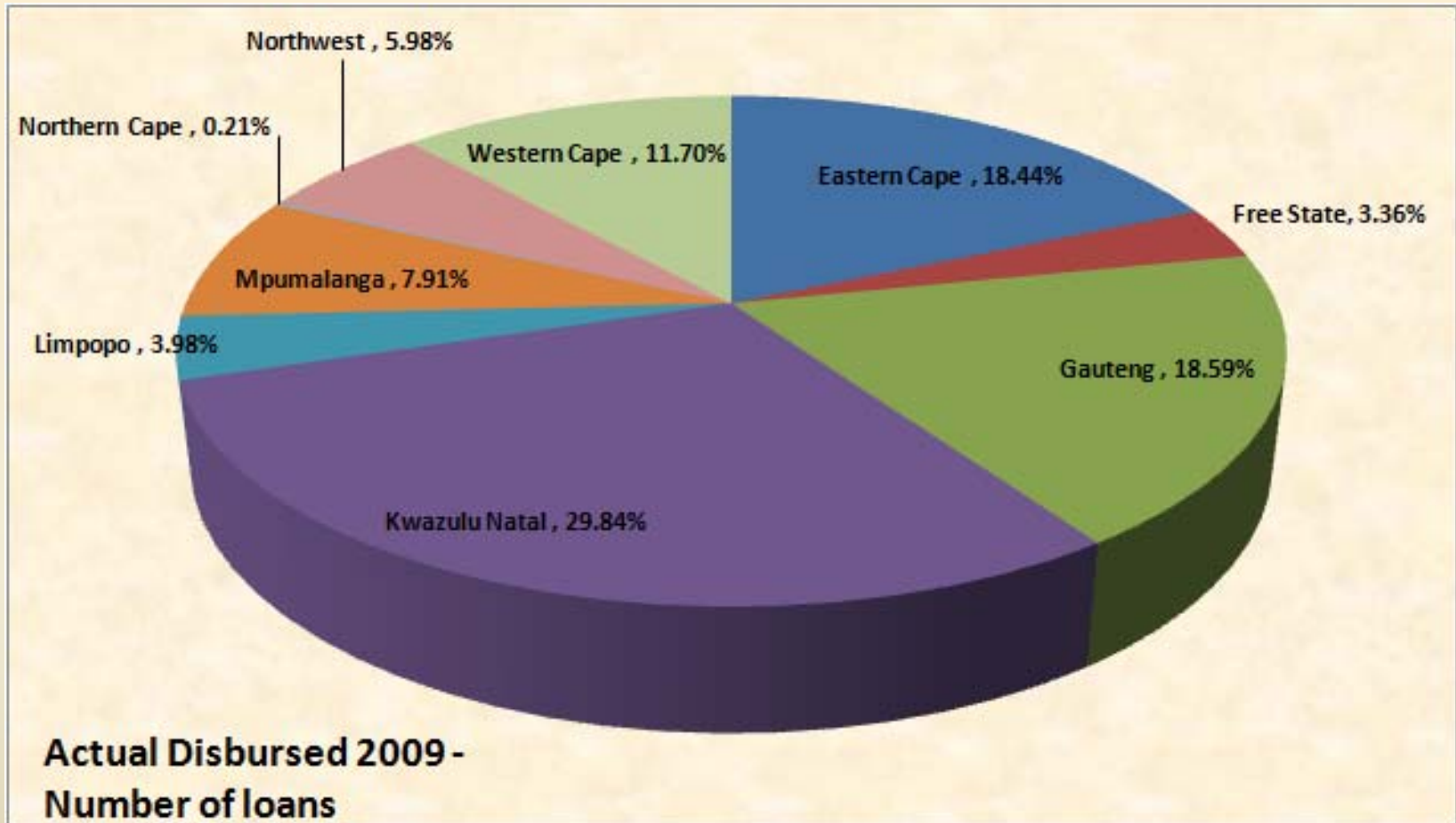
Impact performance 31 March 2009

Borrower's employment

■ Private sector ■ Public sector ■ Self-employed, informal

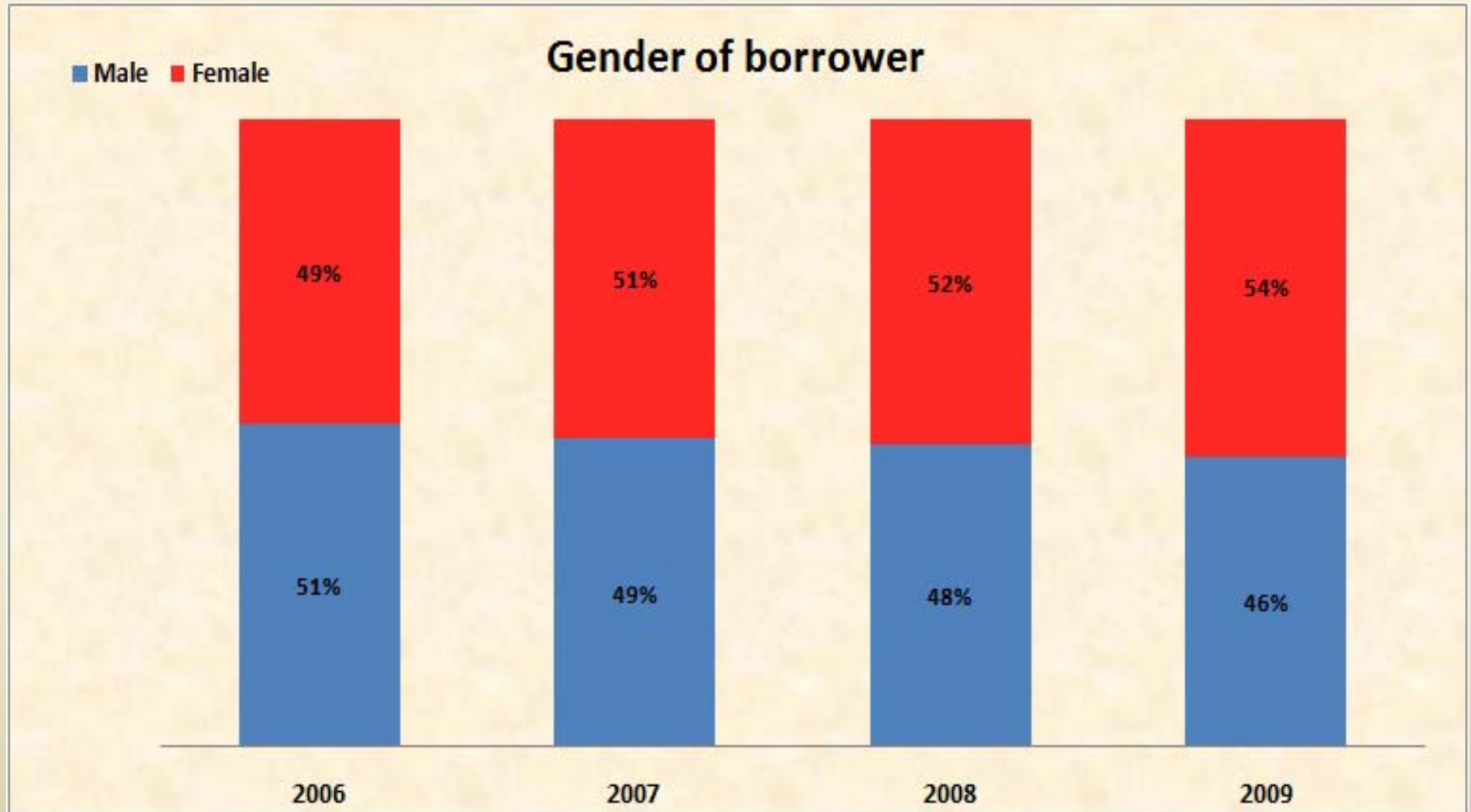


Impact performance 31 March 2009



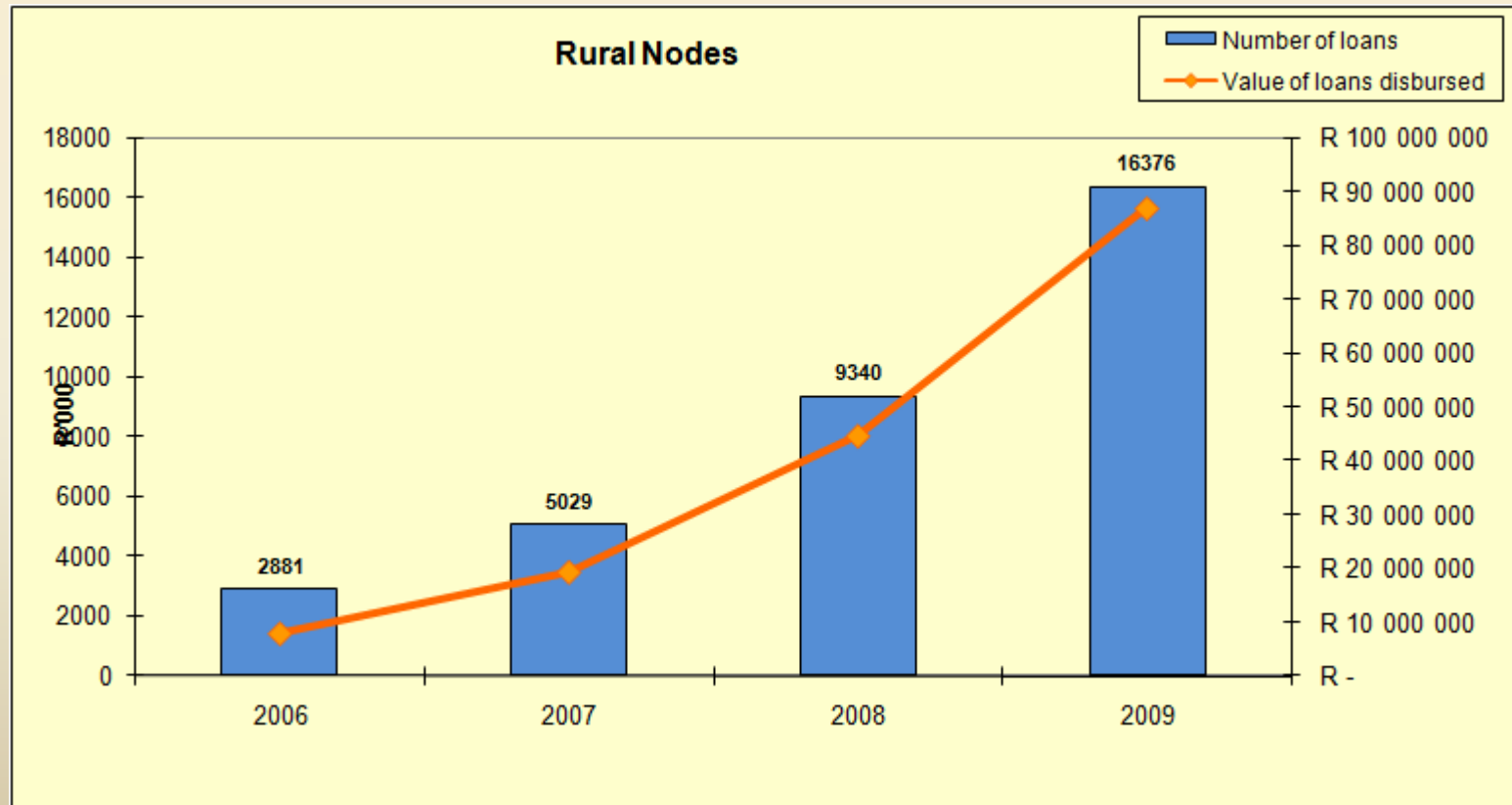
Target for 2009: 75% outside Gauteng
Achieved : 81% outside Gauteng

Impact performance 31 March 2009



Impact performance 31 March 2009

RHLF Development Impact in Presidential Rural Nodes



Economic realities of the 2008/2009 year

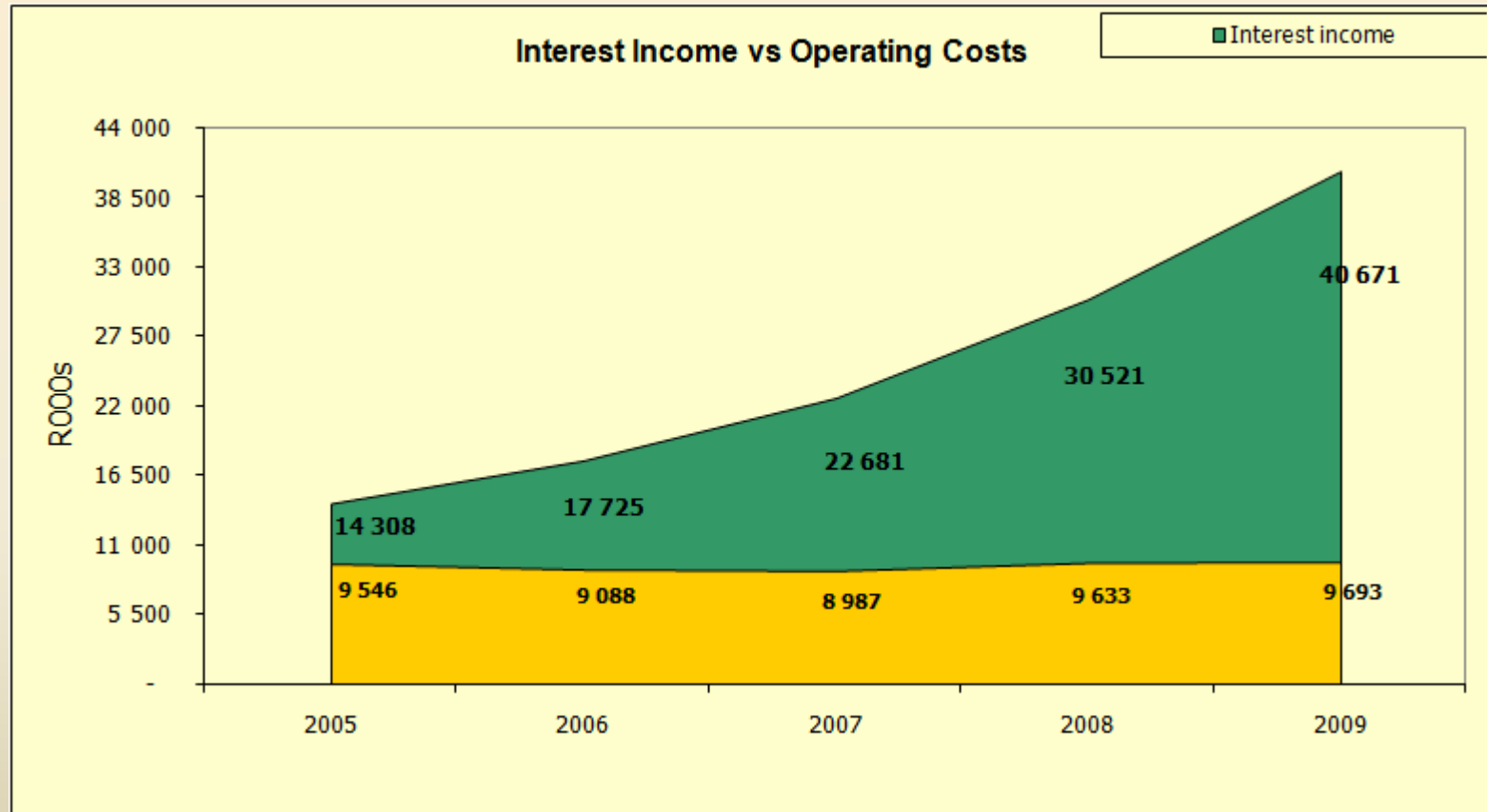
- ▣ High interest rates – Only started decreasing in Dec08
- ▣ South Africa officially entered recession in May 2009 - its first in 17 years.
- ▣ High level of job losses – Starting in Q4 of 2008 and increasing in Q1 of 2009
- ▣ Inflation remains relatively high
- ▣ Decreasing disposable income levels
- ▣ Limited funding from capital markets

Financial performance year ending 31 March 2009

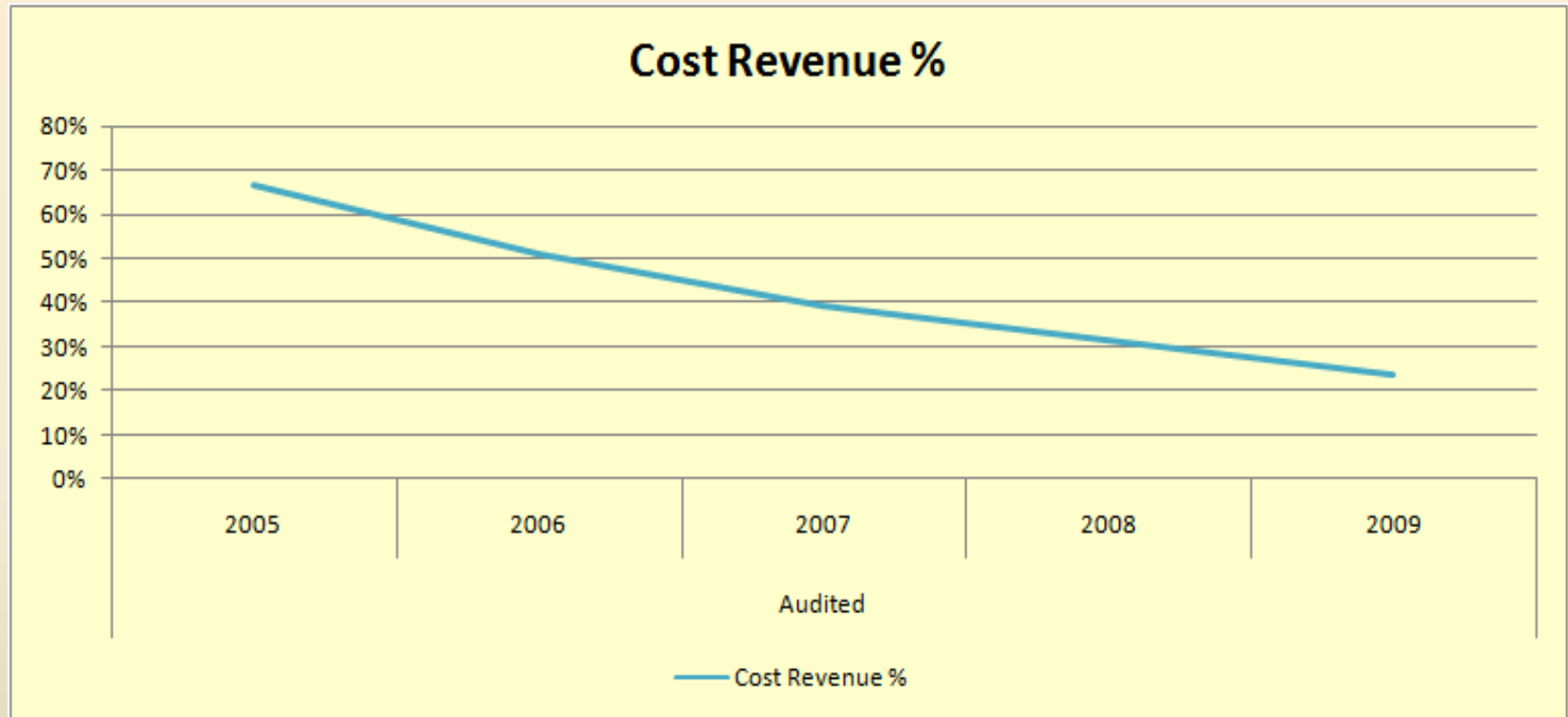
Key Performance – Actual vs. Budget

Key Performance area	Measurement	Strategic Objective	Outcome	Variance
Active clients	number	12	11	-8%
Annual disbursements	R'000s	111 600	139 313	25%
End user loans financed	number	35 000	40 537	16%
Surplus	R'000s	6 776	9 092	34%
Expenditure	R'000s	(12 027)	(9 694)	19%
Cost Revenue %	%	31%	24%	24%
Loans receivable impairment %	%	19%	16%	16%

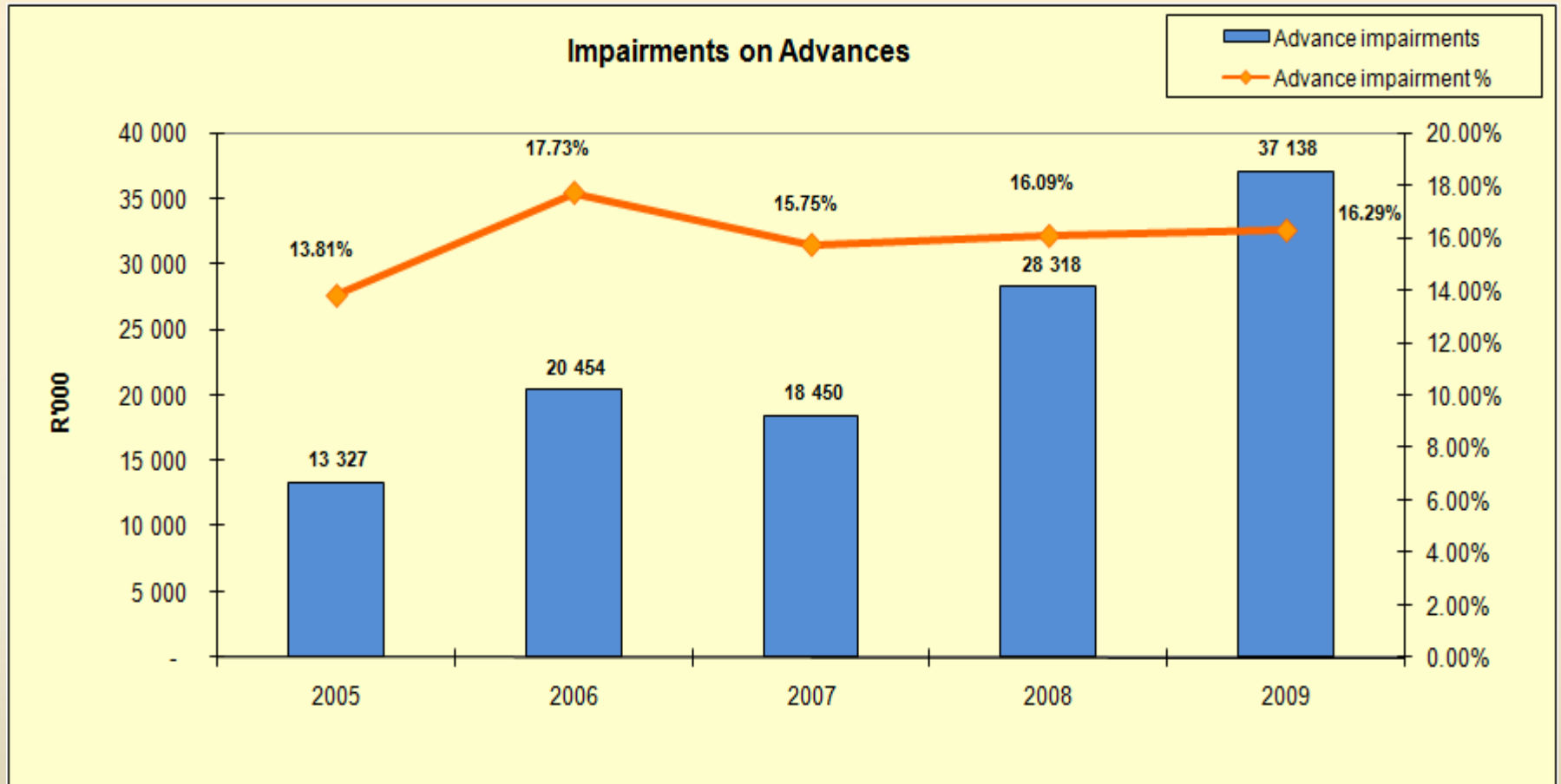
Financial performance year ending 31 March 2009



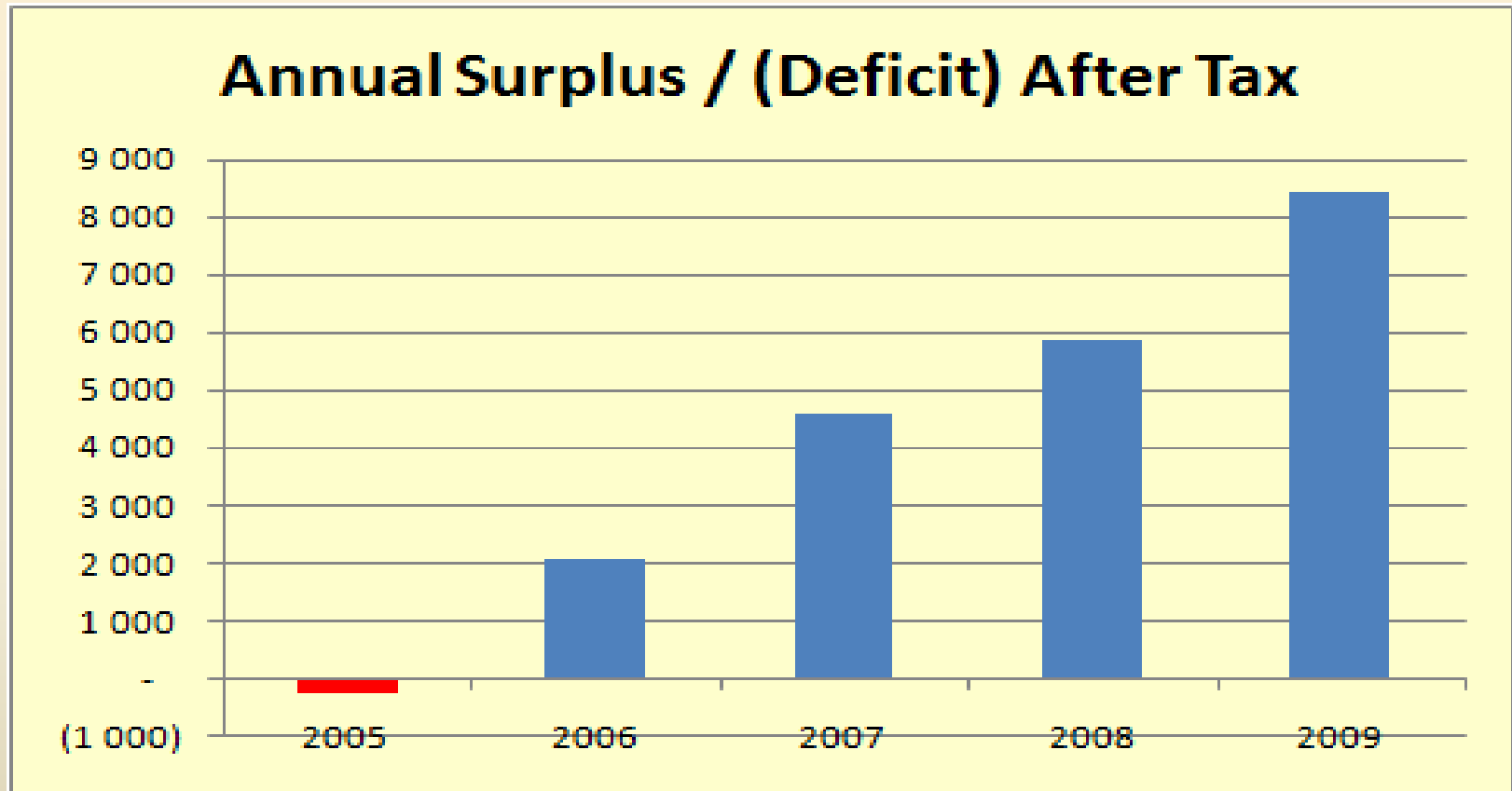
Financial performance year ending 31 March 2009



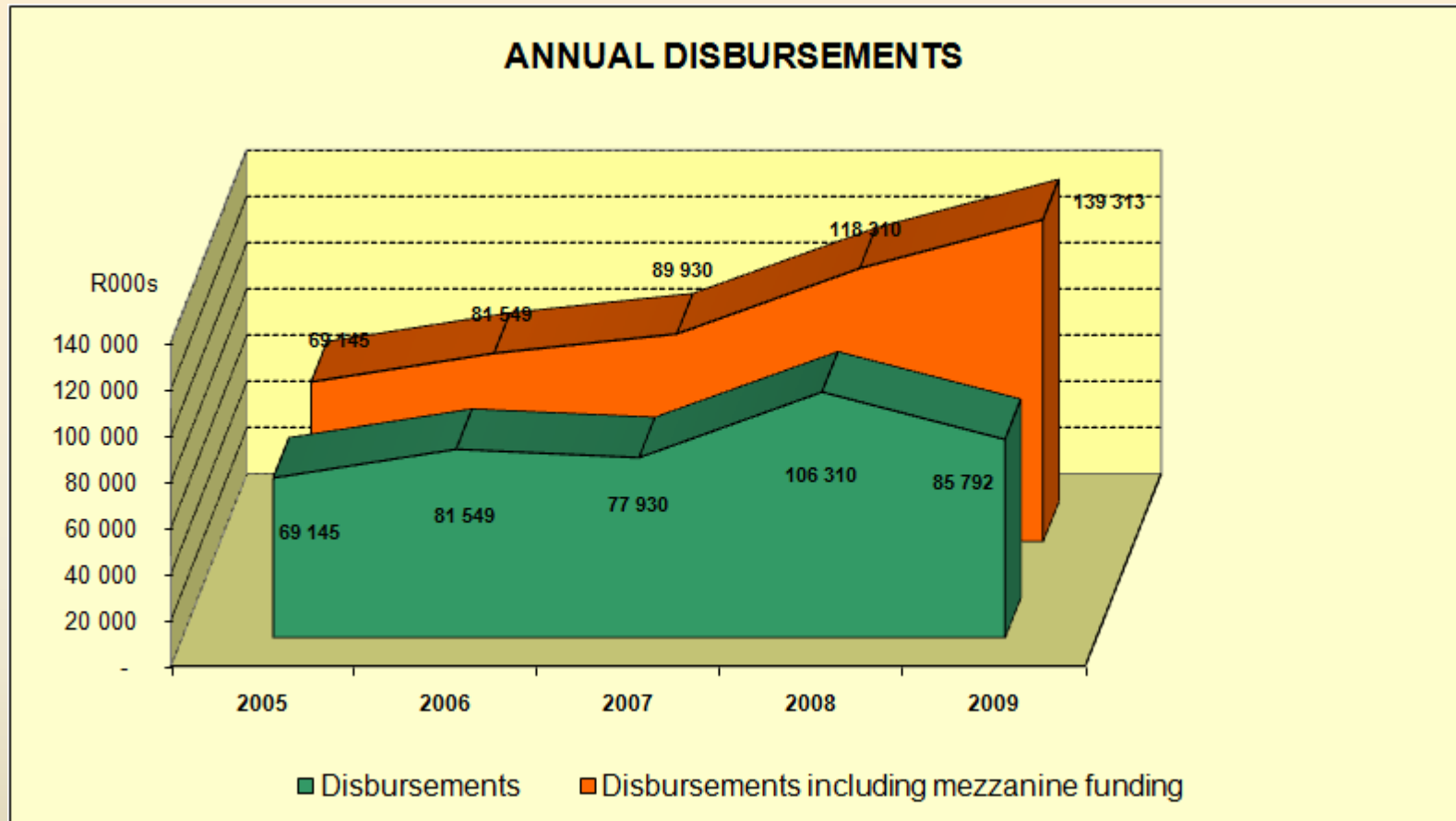
Financial performance year ending 31 March 2009



Financial performance year ending 31 March 2009



Financial performance year ending 31 March 2009



Annual Financial Statements 2009

STATEMENT OF FINANCIAL POSITION					
AS AT 31 MARCH 2009					
		Group	Group	Company	Company
	NOTES	2 009	2008	2009	2008
		R	R	R	R
ASSETS					
Cash and cash equivalents	3	68 091 864	104 564 791	68 091 864	104 564 791
Other receivables		3 383 623	2 142 637	3 383 623	2 142 637
Prepayments		90 399	-	90 399	-
Taxation receivable		646 992	503 028	646 992	503 028
Available for sale financial assets	4	7 363 943	7 632 677	7 363 943	7 632 677
Loans and receivables	5	190 773 007	147 720 307	190 773 007	147 720 307
Investments in associates	6	2 427 598	3 473 006	250 951	250 951
Property, plant and equipment	7	225 106	268 195	225 106	268 195
Intangible assets	7	13 165	21 398	13 165	21 398
Held to maturity financial assets	8	-	-	-	-
Deferred tax asset	15.3	7 044 071	6 058 874	7 044 071	6 058 874
TOTAL ASSETS		280 059 768	272 384 913	277 883 121	269 162 857

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STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2009

		Group	Group	Company	Company
	NOTES	2 009 R	2008 R	2009 R	2008 R
EQUITY					
Capital and reserves attributable to equity holders		158 929 650	150 625 124	156 753 003	147 403 067
Grant capital	2	154 762 590	154 762 590	154 762 590	154 762 590
Accumulated deficit		(1 067 284)	(9 497 568)	(3 243 931)	(12 719 625)
Other reserves		5 234 344	5 360 102	5 234 344	5 360 102
TOTAL EQUITY		158 929 650	150 625 124	156 753 003	147 403 067
LIABILITIES					
Non Current Liabilities					
Long term liabilities	10	119 626 758	118 945 907	119 626 758	118 945 907
Current Liabilities					
Trade and other payables	9	1 503 360	2 813 882	1 503 360	2 813 882
TOTAL LIABILITIES		121 130 118	121 759 789	121 130 118	121 759 790
TOTAL EQUITY AND LIABILITIES		280 059 768	272 384 913	277 883 121	269 162 857

Annual Financial Statements 2009

STATEMENT OF COMPREHENSIVE INCOME					
FOR THE YEAR ENDED 31 MARCH 2009					
		Group	Group	Company	Company
		2009	2008	2009	2008
	NOTES	R	R	R	R
REVENUE	11	40 670 777	30 521 285	40 670 777	30 521 285
Finance costs	12	(8 784 211)	(6 138 875)	(8 784 211)	(6 138 875)
Net impairment of advances	14	(8 820 514)	(10 000 696)	(8 820 514)	(10 000 696)
INTEREST MARGIN NET IMPAIRMENTS		23 066 052	14 381 714	23 066 052	14 381 714
Non Interest Income / (Expense)	14	(4 280 345)	3 364 924	(1 538 450)	2 823 820
SURPLUS FROM OPERATIONS		18 785 707	17 746 638	21 527 602	17 205 534
Operating expenses		(9 693 473)	(9 632 563)	(9 693 473)	(9 632 563)
Depreciation and amortisation	14	(139 307)	(267 876)	(139 307)	(267 876)
Employee costs	14	(4 106 207)	(4 865 253)	(4 106 207)	(4 865 253)
General administration		(5 447 959)	(4 499 434)	(5 447 959)	(4 499 434)
NET SURPLUS FROM OPERATIONS		9 092 234	8 114 076	11 834 129	7 572 972
Share of earnings / (loss) from associate companies	4	1 696 487	(109 404)	-	-
NET SURPLUS BEFORE TAXATION		10 788 721	8 004 672	11 834 129	7 572 972
Taxation	15	(2 358 435)	(2 137 436)	(2 358 435)	(2 137 436)
NET SURPLUS AFTER TAXATION		8 430 286	5 867 236	9 475 694	5 435 536

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STATEMENT OF CASH FLOW					
FOR THE YEAR ENDED 31 MARCH 2009					
		Group	Group	Company	Company
		2009	2008	2009	2008
	NOTE	R	R	R	R
CASH FLOWS FROM OPERATING ACTIVITIES		(28 390 553)	(36 916 778)	(28 390 553)	(36 916 778)
Cash utilised in operations		(35 187 617)	(46 274 510)	(35 187 617)	(46 274 510)
Loan interest received		30 497 624	21 040 098	30 497 624	21 040 098
Cash paid to employees and suppliers		(13 812 027)	(7 308 417)	(13 812 027)	(7 308 417)
Net loan and receivables disbursed		(51 873 214)	(60 006 191)	(51 873 214)	(60 006 191)
Investment interest received		9 189 038	9 357 732	9 189 038	9 357 732
Dividends received		912 148	-	912 148	-
Taxation paid	17	(3 304 122)	-	(3 304 122)	-
CASH FLOWS FROM INVESTING ACTIVITIES		(86 003)	2 843 729	(86 003)	2 843 729
Acquisition of property, plant and equipment	5	(97 408)	(102 762)	(97 408)	(102 762)
Acquisition of intangible assets		-	(20 110)	-	(20 110)
Proceeds on disposal of property, plant and equipment		11 405	3 421	11 405	3 421
Proceeds on disposal of available for sale / associate investments		-	2 963 180	-	2 963 180
CASH FLOWS FROM FINANCING ACTIVITIES		(7 996 371)	110 806 359	(7 996 371)	110 806 359
Proceeds from borrowings		-	114 528 800	-	114 528 800
Interest paid		(7 996 371)	(3 722 441)	(7 996 371)	(3 722 441)
Net increase / (decrease) in cash and cash equivalents		(36 472 927)	76 733 310	(36 472 927)	76 733 310
Cash and cash equivalents at beginning of period		104 564 791	27 831 481	104 564 791	27 831 481
Cash and cash equivalents at end of period	8	68 091 864	104 564 791	68 091 864	104 564 791

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Thank You