

Annual Report

MANAGEMENT BOARD REPORT



TSHWARAGANO

2025
"Wa o esi ga o ele"

Annual General Meeting

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ABBREVIATIONS

AGM-Annual General Meeting

AML-Anti Money Laundering

BIFM- Botswana Insurance Fund Management

BOCA-Botswana Cooperative Association

DCD-Department for Cooperative Development

FIA-Financial Intelligence Agency

KYC-Know Your Customers

NBFIRA-Non-Bank Financial Institutions Regulatory Authority

SACCOs-Savings and Credit Cooperative Society

SADC-Southern African Development Community

THE BOARD OF DIRECTORS' REPORT TO THE GENERAL MEMBERSHIP AT THE ANNUAL GENERAL MEETING (AGM) HELD ON 8th MARCH 2025

OVERVIEW 1

Motswedi SACCOS started operations almost 40 years ago (19th of November 1985) and has over the years established itself as a force to reckon. The trading period under review was characterized by a series of economic challenges exacerbated by fluctuating Oil prices, COVID-19 era together with declining mineral revenues, especially the diamonds. Additionally, the trading environment significantly changed owing to the new economic pressures, especially decline in GDP. It is worth noting that the Society was not spared from economic pressures hence downward loan interest rate trajectory mainly to help members during difficult economic era.

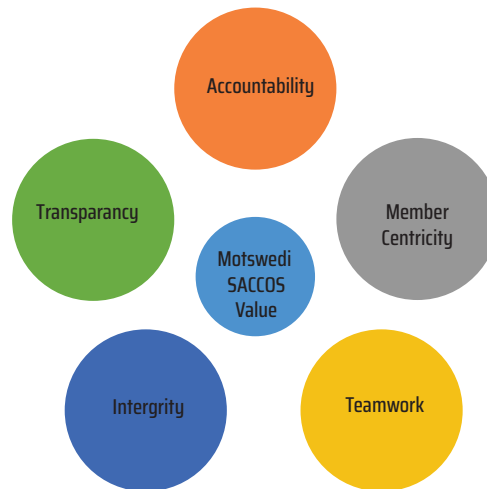
MISSION 1.1

Motswedi SACCOS mission of existence is to provide its members with quality products and services at affordable interest rates in order to improve the quality of their socioeconomic life through good corporate governance.

VISION 1.2

Motswedi SACCOS+ commits itself "To be the best Financial Service Cooperative in the SADC region"

VALUES 1.3



CO-OPERATIVE PRINCIPLES 1.4

The Society identity is entrenched on the seven (7) global Cooperative principles.

7 Cooperative Principles



INTRODUCTION 2

This is a Management Board Report following the last Annual General Meeting for the audited financial of 2018/2019 that was held in 2021. The report therefore entails what transpired from 2021 to date. The trading period under review followed a difficult time in the history of our existence as it suffered repercussions of Covid 19 and severe economic conditions. Consequently, the Society had to reduce interest on loans in order to release the economic pressure faced by our members. The Society also embarked on initiatives that focused on office efficiency, improved internal controls, member education and engagement and regional meetings. Furthermore, we focused on eradicating backlog on audits, load diversity and deepened our reliance or usage of the COOPMIS system.

The trading period under review followed a difficult time in the history of our existence as it suffer Covid 19 effects. In this regard, we found it relevant to reduce interest on loans in order to release the economic pressure faced by our members. The Society also embarked on initiatives that focused on office efficiency, improved internal controls and robust loan products. Furthermore, we focused on eradicating backlog on audits and deepened our reliance or usage of the COOPMIS system.

To achieve our initiatives, the Society embarked on Member education and engagement. Some member surveys were conducted and a successful historic regional meeting was held in Tsabong. We have therefore experienced modest increase in membership. The Society continues to reinvent itself over the years to overcome modern day challenges.

BUSINESS PERFORMANCE REPORT 3

The Business performance report is divided into two periods being the period of the audited financial years (2019/20 to 2021-22) and the unaudited financial years to date (2022/23 to end of January 2025) which will provide business performance to date. The Society's performance is reported by movements in its core business areas which are membership, share capital, savings and loans.

BUSINESS PERFORMANCE REPORT: 2019/20 TO 2021/22 3.1

Membership 3.1.1

The membership of the Society increased by 93 from the total of 3485 members in 2020/21 to stand at 3578 members as at end of 2021/22 against a target of 3973 as per the Strategic Plan. The reported growth represented the lowest growth recorded under the reporting period as illustrated by Chart 1.

The age analysis reveals that the age group 47 – 56 dominates membership with a total number of 1 470 members while the youth age group is the least with a total number of 242. Furthermore, the Society is made up of more females dominates society's membership with a total of 2 798 against 1 527 males.



BUSINESS PERFORMANCE REPORT 2019/20 TO 2021/23 ((continued))

Graph 1. Membership Growth



FINANCIAL PERFORMANCE 3.1.2

Members Share Capital 3.1.2.1

The Members' share capital increased by P280,623.00 from P5,227,766.00 at the end of 2018/19 to P5,508,389.00 as at end of 2021/22 depicting a steady and consistent growth over the period.

Members' Savings 3.1.2.2

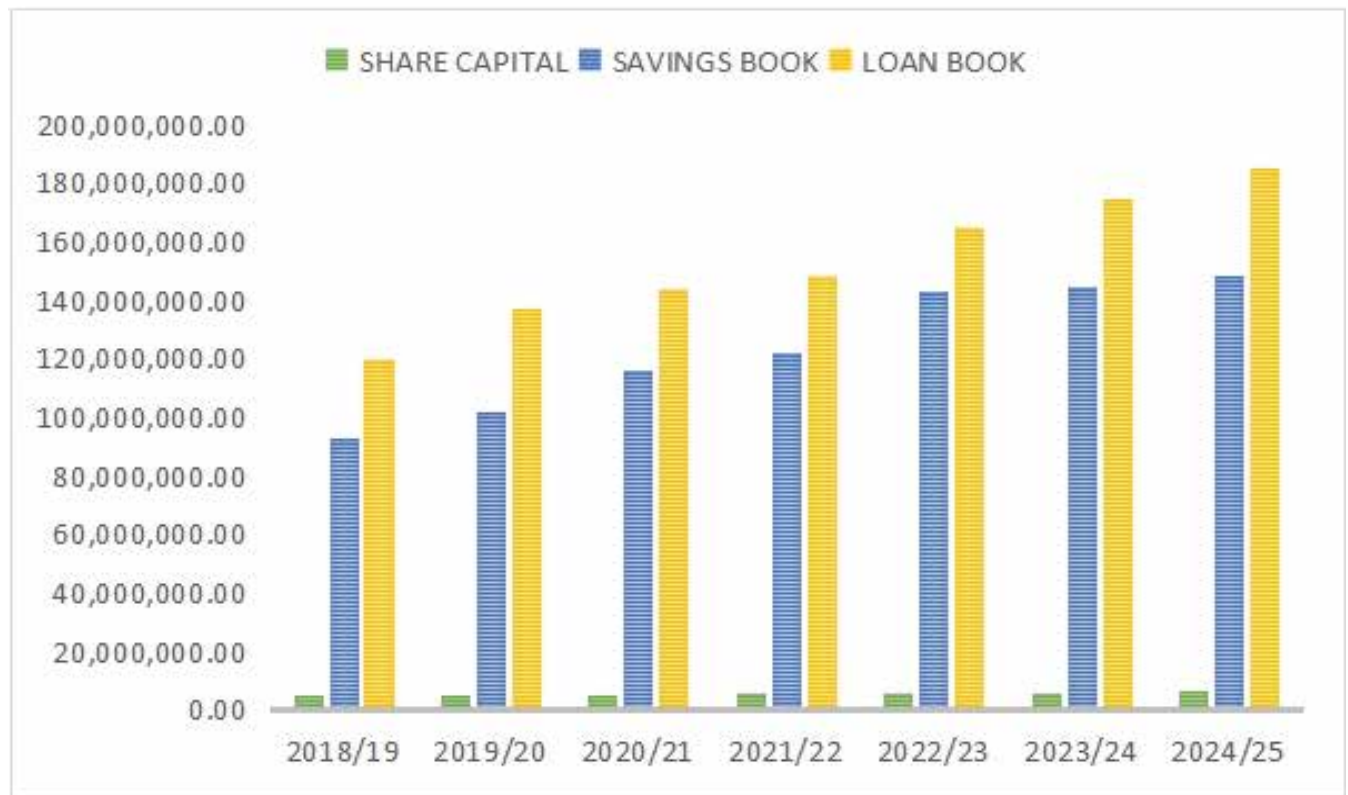
The Savings Book increased by P29,406,429.00 from P92,785,596.00 at the end of 2018/19 to P122,192,025.00 at end of 2021/22. The savings book growth demonstrates the members' confidence in the Society which is key for value creation through interest income.

Members' Loans 3.1.2.3

The Loan Book increased from P119,945,974.00 at end of 2018/19 to P148,047,585.00 at the end of 2021/22, an increase of P28,101,611.00 growth. It must be noted that although the loan book growth showcases a positive trajectory trend the significant growth of the savings book narrows the profit margin due to interest expense.

BUSINESS PERFORMANCE REPORT 2019/20 TO 2021/23 - 3.1.2- FINANCIAL PERFORMANCE ((continued)

Graph 3. Summary of Share Capital, Savings & Loan Book



Revenue

Revenue of the Society (interest income) recorded a fluctuating trend during the reporting period (2019/20 - 2021/22). Revenue of P20,154,350.00 was reported in 2019/20 followed by an increase to P20,338,988.00 in 2020/21 and a decrease to P16,943,913.00 in 2021/22. The decrease in the latter year can be attributed to the reduced interest rate in ordinary loan from 12% to 10%.

2019/20	20,154,350.00
2020/21	20,338,988.00
2021/22	16,943,913.00

Gross Profit

A gross profit of P2,569,053.00 was achieved in 2019/20 due to relatively high impairments. The gross profit then increased to P8,894,254.00 in 2020/21 driven by the a substantial loan book growth and low impairments. Nevertheless, the achievements were offset in the following year (2021/22) by a reduction in loan interests from 15% to 12%.

2019/20	2,569,053.00
2020/21	8,894,254.00
2021/22	1,472,228.00

CURRENT BUSINESS UPDATE 4.0

This section presents business performance between 2022/23 and end of Quarter 3 2024/25.

Membership 4.1

Membership as at the end of 31st January 2025 stood at 4325 against a target of 5000.

Members Share Capital 4.1.1

The Members' share capital stood at P5,726,147.00 in 2022/23 and is envisaged to be P6,420,550.00 by the end of the current financial year.

CURRENT BUSINESS UPDATE ([continued])

Members' Savings 4.1.2

The Savings Book recorded P142,856,470.00 in 2022/23 and increased to P144,875,720.46 in 2023/24. The savings book is projected to P147,919,321.00 at the end of the financial year.

Members' Loans 4.1.3

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Revenue

During the unaudited reporting period (2022/23 – date), the Society registered a revenue of P18,189,947.00 in 2022/23 and P19,500,010.00 in 2023/24. The revenue for the current year (2024/25) is projected at P17,368,007.00 as at end of Quarter 3.

2022/23	18,189,947.00
2023/24	19,500,010.00
2024/25	17,368,007.00

Total Income

Total income for the year 2022/23 is projected to be P19,494,844.00 and to increase to P19,962,088.00 in 2023/24. The current income for the Society as at Quarter 3 2024/25 is projected to be P18,690,167.00.

2022/23	19,962,088.00
2023/24	19,962,088.00
2024/25	18,690,167.00

Gross Profit

A gross profit of P1.9 million is envisaged for 2022/23 and P676 thousand is projected for 2023/24 due to P10.4million savings interest expense. Gross profit for the current year is expected to be P3.3million by the end of this financial year due to envisaged loan book growth and high interest income.

2022/23	1,874,282.57
2023/24	675,805.00
2024/25	3,281,067.00

MEMBERS LOANS

Ordinary Loan & Quick Loan

The current loan book for both ordinary and quick loans as at the end of January 2025 is P183 024 292.

Emergency Loan

The loan book for the emergency loan portfolio currently sits at P175 496.00 as at the end of January 2025.

Monana Loan

Monana loan is a once off facility offered to members below the age of 35 at a maximum of P60,000.00 payable in 3 years. The loan is based on ability to pay, and currently has a book balance of P951 459.00 as at end of January 2025.

Goledzwa Loan

This loan is offered only in January with a maximum amount of P10 000.00 payable in 8 months. Its interest rate is 8% per annum and is based on ability to pay. The current book balance as at end of January 2025 is P794 897.00.

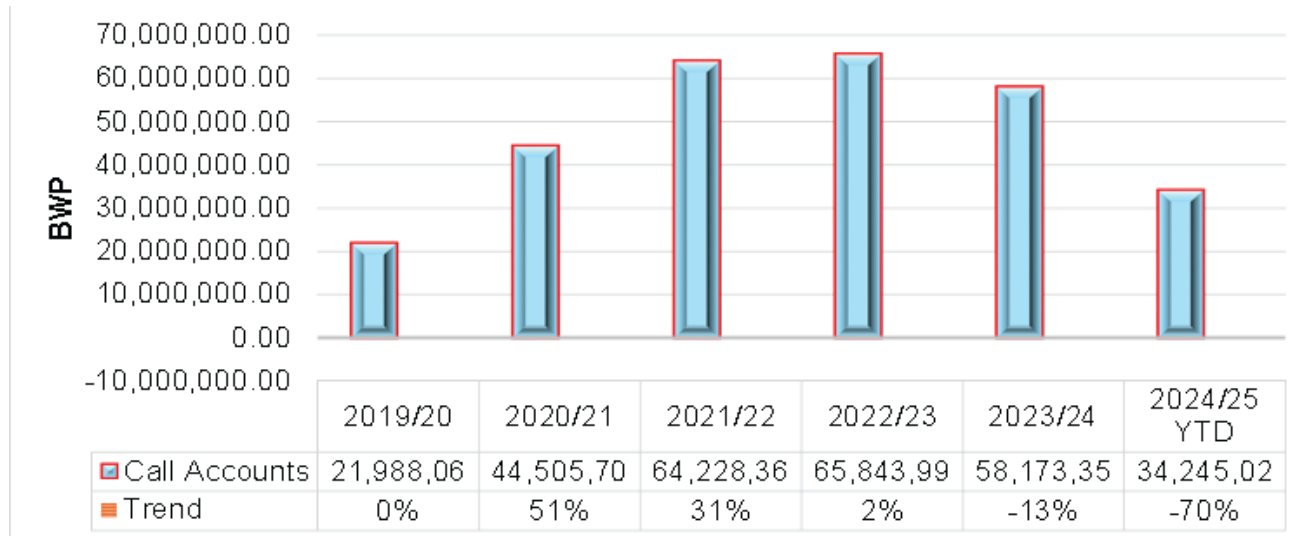
STATUS OF BANK BALANCES 5.

Call Accounts Trend Analysis 5.1

The Bank balances significantly reduced over the years due to decline in interest revenue, loss of commission income, rise in Savings book interest expense, CoopMis costs and backlog eradication activities. Additionally, P12.8m in 2023/2024 and P2.9m in 2024/25 were transferred to the security reserves leading to P15.8m total security. Figure 4 below illustrates movement in the Bank balances between 2019 and January 2025.

STATUS OF BANK BALANCES - Call Accounts Trend Analys ([continued)

Figure 2



The Society has failed to invest its excess liquidity in high returns portfolios due to being risk averse. This has denied the Society to diversify its revenues. This further exposes the Society to declining bank balances.

STATUTORY RESERVES 5.2

Society started maintaining separate account for statutory reserves as per the regulatory requirements in 2023/2024 financial year resulting in a cumulative year to date book value of P16.4m. In essence 25% of profit is maintained as a statutory upon completion of each financial year's audit. Table 6 below illustrates that the security deposit is invested in an interest-bearing account hence P821k was realized in the current financial year whilst P946k will be generated in 2024/25 nevertheless the impact will be experienced in 2025/26 financial year.

RISK MANAGEMENT 5.3

Operating within the regulated business environment confines the Society into ensuring compliance balance, capability, capacity and continued profitability to achieve such given the inherent cost. The Society has employed a highly trained compliance officer as per the requirement of Financial Intelligence Act (FIA)

KYC COMPLIANCE 5.4

KYC compliance currently stands at 88%. Three hundred and eleven (311) non-compliant members will be advertised in print media and thereafter their funds shall be listed with the Department for Cooperative Development.

Table 3

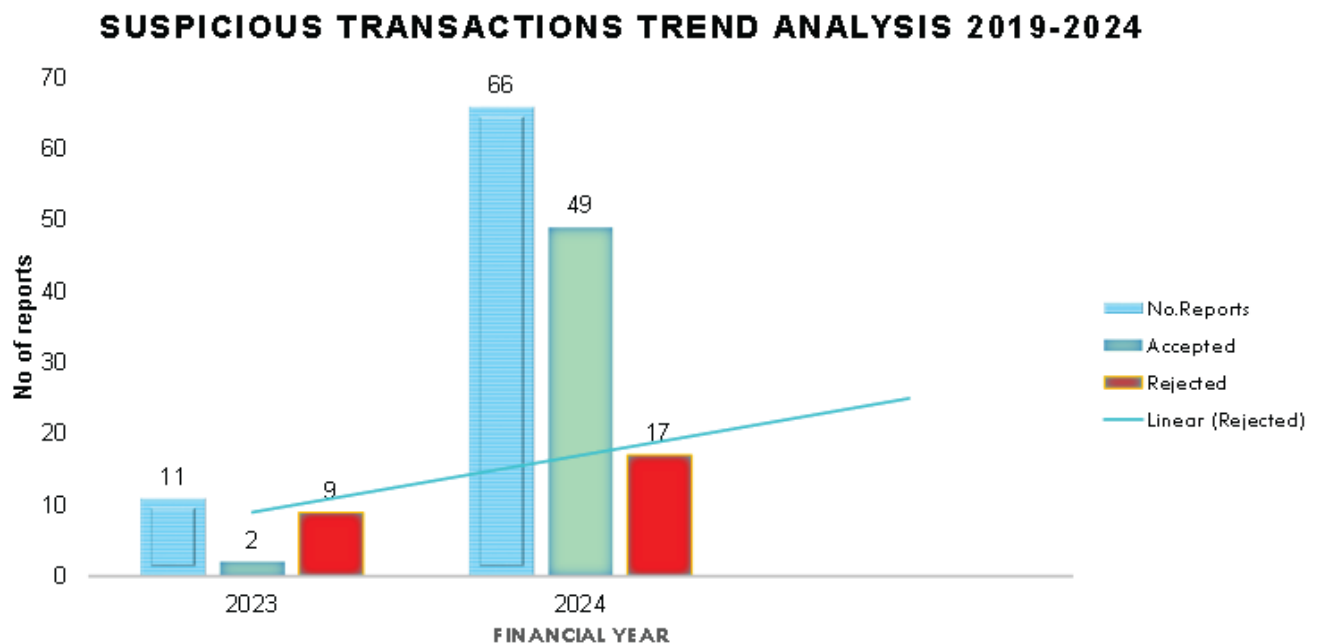
Financial Year	Membership	Compliant	Non-Compliant	Trend %
2023	3950	3765	185	95
2024	4230	3728	311	88

SUSPICIOUS TRANSACTIONS TREND ANALYSIS 5.5

The Society has been adhering to FIA regulations since 2023. Since then, seventy seven (77) suspicious transactions were loaded in the FIA system and fifty one (51) entries were accepted whilst twenty six (26) entries were rejected due to insufficient information and were returned to the Society for further investigation.

SUSPICIOUS TRANSACTIONS TREND ANALYSIS ((continued)

Figure 3



DITSWELETSE HOUSING COOPERATION PROJECT UPDATE 5.6

Ditsweletse project is at drawings stage indicating the shopping complex and residential plots. The project is experiencing delays and some Cooperative Societies (Selibe Phikwe while Bobonong has not been appease very uncertain) are pulling back. Motswedi has acceded to the Chairmanship of Ditsweletse in order to safe guide Motswedi’s interest.

The audited financials of Ditsweletse indicate that the project is making losses due to lack of trading activities. This project remains a financial burden in the medium term but it is expected to be a historic success in the long years to come.

OPERATIONAL UPDATES 6

COLLECTIONS AND RECOVERIES 6.1

6.1.1

The Society managed to collect P77 700 00 thus reduction in Doubtful debts from P1.6m to P1.5m at the end of quarter 3 (Q3). The Society lost one member who owed P149 000 which will be claimed from Loan Administration Fund (LAF) in quarter 4 (Q4).

6.1.2

Due to medical grounds two members were boarded which means they will not have income to maintain their loans, therefore, LAF will be used to settle their loans.

6.1.3

Bad debts books were handed to a legal attorney for collection and further guidance on the matter.

Table 4

Category	Book Value (P)	Collections (P)
Doubtful Debt	1 541 526,01	73709,77
Deceased and ill Health	416 460,15	4 000,00
Bad Debts	2 858 603,72	
Grand Totals	4 816 589,88	77 709,77

COLLECTIONS AND RECOVERIES ((continued))

ACHIEVEMENTS 6.2

6.2.1

The Society managed to grow both the loan and savings books;

6.2.2

The computerization (CoopMis system) as an ongoing process and it is now at 90% complete;

6.2.3

Audits for the financial years 2019/2020, 2020/2021 and 2021/2022 completed also have managed to update books for the year 2022/2023;

6.2.4

The Society's strategic plan remains our guiding tool for achieving our mission and vision;

6.2.5

The Society is FIA compliant as almost all members have submitted completed forms for Know your customer (KYC);

6.2.6

The Society has bought media equipment to use during its events and also teaching its members.

6.2.7

The Society has revised its policies such as loan, Anti-money laundering (AML), HR Policy and Loan Policy just to mention but a few.

CHALLENGES 7

7.1

Due to lack of robust supporting technology renders meeting set customer satisfaction standards.

7.2

System data backlog impedes business.

7.3

Parallel process of using manual and automated processes reduce the rate at which the daily activity/duties should be carried out.

7.4

Group Funeral Scheme (GFS) and LAF models are too risk therefore the risk should be transferred to an insurance company.

Management Board 8

No.	Name	Position	Term of office
1.	Tshepiso Kgarubane	Board Chairperon	Joined the Supervisory Committee in 2017 and elected into the Management Board in 2019.
2.	Thabo Masie	Board Vice Chairperson	Joined in 2017 and re-elected in November 2021
3.	Dr Micus Chimbombi	Member	Joined in November 2021
4.	Dr Obakeng Kemolatlhe	Member	Dr Kemolatlhe joined in November 2021 and resigned in 2023. Mr Katiso Lesupi was coopted to replace Dr Kemolatlhe in November 2023
5.	Molemi Tsheboeng	Member	Joined the Board in 2016 and re elected in 2019
6.	Marea Kazondunge	Member	Joined in 2021
7.	Morena M Hunyepa	Member	Joined in 2021
8.	Mpho Phologolo	Member	Joined in 2016 and re elected in 2019
9.	Fatimah Makgethe	Member	Joined in 2018 and reelected in 2021

Mr Katiso Lesupi was co-opted in 2023 and therefore the General membership has to endorse him in line with Bye Law 61.

Supervisory 9

No.	Name	Position	Term of office
1.	Ms Maipelo B. Dikgang	Chairperson	Joined in 2021
2.	Rebecca Hange Tjetjo	Member	Joined in 2019
3.	Boitumelo Bakoko	Secretary	Joined in 2017 and re-elected 2021

Nominations 10

No.	Name	Position	Term of office
1.	Keolemoge M. Malema	Chairperson	Joined in 2021
2.	Zibanani Oyiembo	Member	Joined in 2021
3.	Botlhe Lonkokile	Secretary	Joined in 2021

Credit Committee 11

No.	Name	Position	Term of office
1.	Richard Muyoba Muyoba	Chairperson	Joined in 2021
2.	Kate Medupe	Member	Joined in 2019
3.	Matildah B Ndwapi	Member	Joined in 2017
4.	Bantle Zacharia	Member	Joined in 2021 and resigned in September 2022 and replaced by Ms Patricia Kgopolelo
5.	Goleba Lemmenyana	Member	Joined in 2019 and resigned in October 2023. She was replaced by Ms Ellen Filipo

Ms Patricia Kgopolelo and Ms Ellen Filipo was co-opted in 2023 and therefore the General membership has to endorse them in line with Bye Law 61.

Staff Updates 12

The Society had a staff compliment of twenty one (21) in 2021, and Currently the staff complement is thirty (30) following structural review that was implemented in 2023. The new positions are: Records officer, Human Resource Officer and Accounts Officer. This was followed by realignment of promotion of five (5) officers. Mr John Ditlharapa, who was our Security officer for 30 years, retired in December 2024

Bereavement 13

The Society lost an officer, Ms Nkagisang Motlhatlego who was holding the position of Accounts Officer, in December 2022.

Elapsed Contracts 14

The General Manager, Ms Onalenna Thelma Moshabi's contract lapsed in October 2022. The Society employed Mr Johane Baesi to the position of General Manager in April 2024.

The Retail and Finance Manager, Ms Malebogo Sepopa's contract lapsed in December 2024 and it was not renewed. This position is currently vacant.

CONCLUSION 15

Fellow Cooperators, your loyalty is a true source of inspiration as we strive towards continued prosperity in the future. This indeed resonates well with our slogan "wa o esi ga o ele". Together, we will relentlessly evolve as we innovate towards our vision sustainability and a prosperous future for Botswana. The current macro-economic conditions dictate that technological driven environment together with constant innovation can propel a business, to success in 2025 and beyond. Motswedi strategy seeks to increase membership growth and satisfaction, improve interest income, portfolio management, quality product and service at affordable pricing and adopting cost containment initiatives fundamental to our profitability. Central to our success is technology, which is key to our data analysis, resource optimization and improved customer interactions. Therefore, revenue streams diversification and better risk management are vital for our sustained success.

Our theme "Rising the tides to a new dawn' is convenient to our foresight as we forge into the future.

Thank you.



TSHWARAGANO

Registered Address
Zambezi Towers, Plot 54352, CBD, Gaborone
P O Box 81027 Gaborone
Company Registration number: 143

Telephone: +267 390 8227
Fax: 319 1534
E: info@motswedisaccos.co.bw
Website: www.motswedisaccos.co.bw

Vision
To be the best Financial Service Cooperative in SADC Region.

Mission
To provide quality, affordable financial services to its members and to improve their Socio economic well-being.



2025
"Wa o esi ga o ele"

Annual General Meeting