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ANNUAL REPORT FOR THE FINANCIAL YEAR 2011

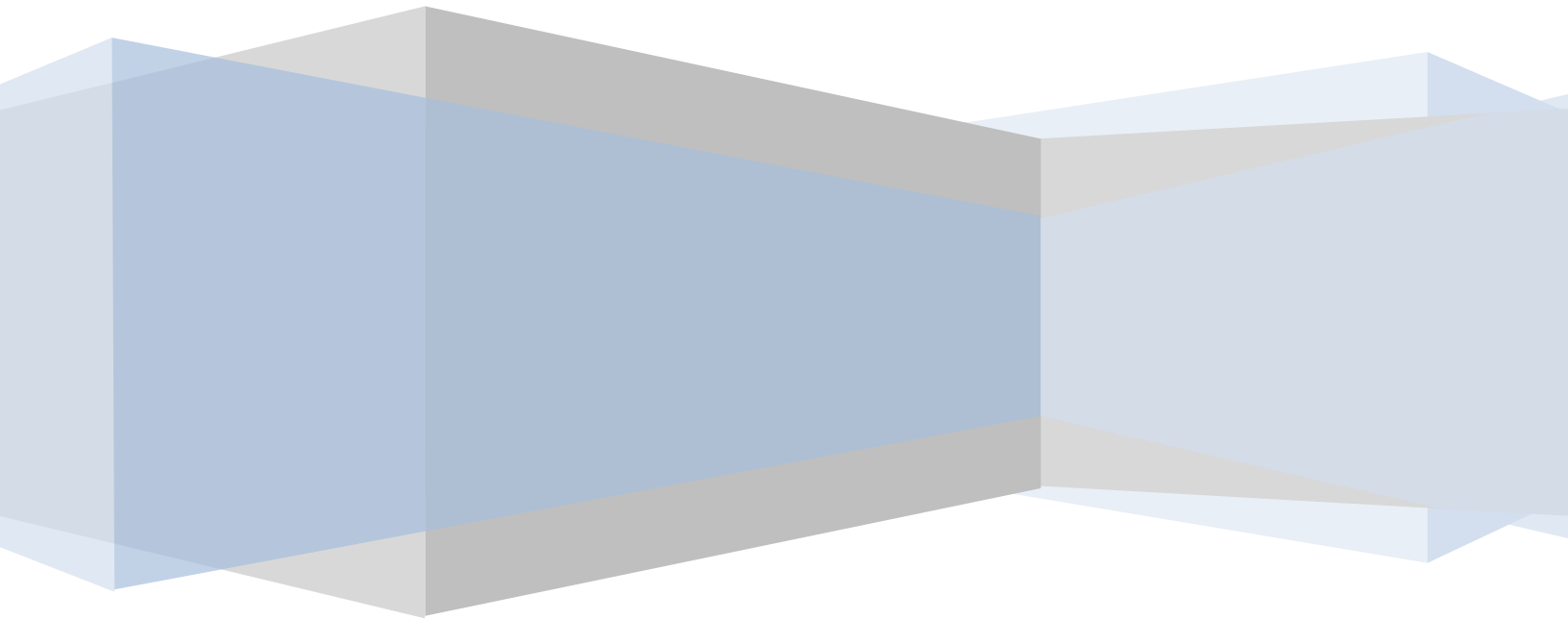


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UMWALIMU SACCO HEAD OFFICE, KIGALI - REMERA

1. Background

UMWALIMU Savings and Credit Cooperative, referred to as MWALIMU SACCO, is a **Savings and Credit Cooperative** for Rwandan teachers, mandated to empower the members towards uplifting of their social-economic welfare and to contribute to socio-economic development of the community in which they live.

The establishment of the SACCO was the initiative from His Excellence the President of the Republic of Rwanda **Paul KAGAME**.

The Ministry of Finance and Economic Planning with the Ministry of Education were charged with responsibility of having the idea implemented. The main concern was the economic position of teachers that would not cater for their basic needs, the budget constraint and the wage bill limit as normally advocated by international financing institutions.

Lack of sufficient financial incentives calls for a combination of benefits and inducements as supplements to low wages. This will contribute to teacher retention, stability, effective curriculum instruction, and may cause positive multiple effects in the community development through small business interactions, joint ventures and other services and skills that may be offered by motivated teachers.

The SACCO was accepted by the Ministry of Trade and Industry as a cooperative on 21st June 2006 and given license to operate by the National Bank of Rwanda (BNR) on 22nd February 2008.

I.1 Our vision

To be a MODEL SACCO in the country, offering high quality, yet affordable financial services to its members.

I.2 Our mission

“To improve members’ welfare through provision of appropriate, innovative, affordable and accessible financial services”.

I.3 Our Motto

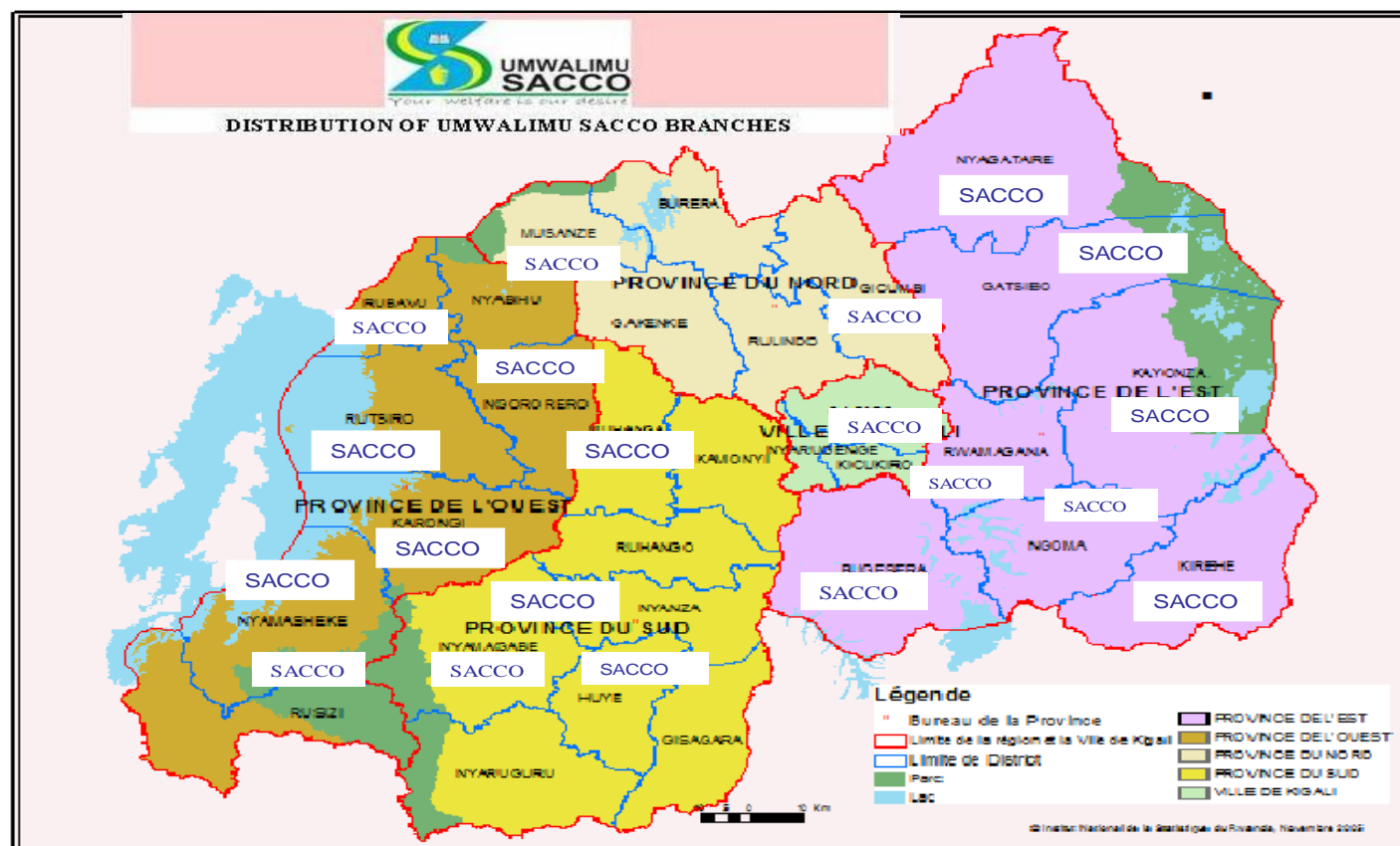
“Your Welfare is Our Desire”.

I.4 Corporate values

- Objectivity
- Integrity
- Team work
- Accountability
- Efficiency
- Effectiveness

I.5 Distribution of UMWALIMU SACCO Branch Offices

UMWALIMU SACCO HAS 20 Branches namely; Nyagatare, Kayonza, Ngoma, Gatsibo, Rwamagana, Bugesera Kirehe, Gicumbi, Musanze, Muhanga, Nyanza, Huye, Nyamabage, Rusizi, Nyamasheke Rubavu, Karongi, Rutsiro, Ngororero and the Head Office at Remera. All these branches are centralized to the Head Office for quick accessibility of data and information.



N.B: 9 Mobile Counters were also opened up such as: Nyarugenge, Kamonyi, Ruhango, Gisagara, Nyaruguru, Rulindo, Gakenke, Nyabihu, Burera

II. Chairman's Report



UMWALIMU SACCO Chairman: Mr. Jean Marie Vianney NZAGAHIMANA

On behalf of the Board, I'm pleased to present the Cooperative's 2011 Financial Statements. This year's performance was exceptionally good and the Cooperative's profit increased to 700 million at the end of 2011 from 64 million in 2010. This accelerating growth was achieved despite the challenging global environment in the second half of 2011, and our management and staff are to be congratulated for this achievement.

In 2011, the Cooperative went on to strengthen and improve its operational policies and processes with risk management being the major focus. Strategic review and revalidating the Cooperative's strategic plan and other institutional documents all geared towards boosting the cooperative business and asset quality. In the pursuit to bring closer our services to the members the branch network was increased from 16 branches at the start to 20 branches countrywide and Mobile Counters were organized in all 10 remaining Districts reason why number of our staff must be increased for good service delivery. Staff numbers also grew **from 110 in 2009 to 209 at the end of 2011**. This expansion is set to continue in 2012; primarily this will reinforce our stated annual aim of uplifting the social economic welfare of our members, and in doing so facilitate growth and prosperity of our country and beyond the East African region. We are maintaining strong emphasis on growing our earnings through performance improvements, tight cost controls and providing customized Cooperative products and services to our members. Our aim is to be the leading Microfinance institution in the Rwanda and in the region.

Thus, to meet this goal, we are improving our technology platform as well as increasing our efforts to understand the individual needs, behaviors and preferences of our members. This will enable us to tailor our products and services offerings to meet those expectations, thereby increasing customer satisfaction and brand loyalty.

At UMWALIMU SACCO, we endeavor to be the preferred Cooperative to work for, attracting, developing and retaining the best people. It is the know-how and performance of our employees that give us the ability to become a leading Microfinance in the financial industry.

To realize this potential, we have been working hard to improve key Human Resource processes around performance management and personal development goals, as well as to keep the unique culture and atmosphere that we have developed over the years.

As we head to the future, UMWALIMU SACCO will continue to focus on steady but controlled growth through providing flexible and innovative Cooperative solutions to our members in a sustainable manner. In this regard we will continue to grow our delivery channel mix and to add to our existing branch network complement. And to ensure sustainability, we will continue to build on and enhance our risk management framework in all of our operations.

We aim to provide innovative solutions in a sustainable manner. In this context, we are in the final stage of our key project to replace our software System and overhaul our ICT infrastructure. This is aimed at creating a more robust platform for supporting the Cooperative's businesses. The significant investment in the new IT platform will provide a launch pad for new products, diverse delivery channels, improved customer service, enhanced security and risk management, better reporting and compliance monitoring, as well as scalability which will support the Cooperative's growth well into the future. Through any change, review, or initiative there is one important component that needs to be recognized – the Rwandan teacher we serve.

Success is difficult to achieve without staff who are knowledgeable and possess the right skills. In this regard, we continue to focus on attracting, motivating, developing and retaining of talent at all levels in the Cooperative. With the support of organizations like AMIR, we were able to run several learning and capacity building programmes during the year because knowledge and skill alone do not deliver success.

Looking ahead, rest assured that the Board of Directors and Management of the Cooperative will remain focused on delivering profitable growth as all branches are networked from Head Office.

In conclusion, on behalf of the Board of Directors, we wish to express our sincere gratitude to the Government of Rwanda, to all our partners, particularly our loyal members (clients), regulators and service partners for their continued support and partnership that has enabled us deliver these results. I particularly wish to thank management and staff for their commitment, diligence and dedication. I also wish to acknowledge with appreciation my colleagues on the Board. The Directors continue to give their time and very valuable expertise and experience to the Cooperative. This contribution cannot be taken for granted and I thank them most sincerely. Our success in 2011 will remain our major motivational factor as the Cooperative will endeavor to maintain, if not increase, the necessary skills, resources and zeal are needed to conduct good service delivery as a foundation to success.

Thank you.

NZAGAHIMANA Jena Marie Vianney
Chairman the Board of Directors

III. Managing Director's Report



Mr. Joseph MUSERUKA: Managing Director of UMWALIMU SACCO

III. 1.1 Introduction

I am pleased to announce that UMWALIMU SACCO continued the growth path in our financial performance and balance sheet. The Cooperative increased its profit from Rwf **64,987,021** in 2010 to Rwf **700,033,594** at the end of 2011. This accelerating growth was achieved despite an increase in costs due primarily to ongoing investment in information technology upgrades, opening up of new service delivery channels activities like mobile counters ... which will offer better customer service and efficiency in the near future as UMWALIMU SACCO's strategy is to become a regional MODEL Savings and Credit Cooperative universal with a ubiquitous branch network and modern, high-capacity technology driven Cooperative channels in order to maximize our client's value.

Our membership is steadily increasing from 42,017 members in 2009, 50,924 members in 2010 and to 59,598 members in 2011 with also an increase in the permanent savings from Rwf 1,770,741,675 in 2009, Rwf 2,539,915,674 in 2010 to Rwf 4,081,577,363 in 2011. 35,781 teachers have paid through UMWALIMU SACCO, others still have other commitment in different financial Institutions.

In 2011, we managed to grant to our members loan totaling Rwf 18,778,132,853 and the year ends with outstanding amount worth Rwf 9,355,839,182. This demonstrates that even during the hard times, the cooperative continued to lend money to support our members make investments and uplift their income generating activities. It shows UMWALIMU SACCO's commitment to national development. Besides, our branches and Mobile counters have been expended and a lot of effort was directed at modernizing our operations on focusing of quality service delivery. Products innovation continued as well. The quality of our loan book continued to improve as reflected in the reduction of provisions for bad loans.

The Cooperative will continue to grow its branch network and 10 more branches are expected to be opened in 2012.

The Cooperative will also continue strive to deliver superior customer service and will invest heavily in training and development of the Board of Directors, Members delegates and staff in order to increase skills and capacity to attain the Cooperative's goal, objectives and meet customers' needs.

III.1.2 Our Inspiration

The Board and the Management of UMWALIMU SACCO are committed to upholding high standards of corporate Governance in compliance with the National Bank of Rwanda's regulations on corporate Governance as well as Rwanda's Cooperative law.

The focal point for the Cooperative remains the mandate to empower its members towards uplifting of their social-economic welfare and to contribute to socio-economic development of the community in which they live. While establishing meaningful relationships with its clients and providing excellent customer service. This strategic focus has been reinforced by the progress made in our service delivery during the year where the Cooperative managed to operate 10 mobile counters thus curbing down the problem of proximity.

III.1.3 Our product and service innovation

During the year, we focused on increasing our products and service offering in order to meet the changing needs of our customers. The year 2011 was of phenomenal importance to our business as we managed to change our existing software to a new core banking system which suits the nature of transactions. In spite of initial problems at implementation, the system has finally stabilized giving our branch network the capacity to deliver customer service much more efficiently and on a real-time online basis. We have significantly invested in data management and technology optimization devices to ensure we take full advantage of the system's capacity. We hope that this new system will to produce benefits and we are yet to roll out new products and services.

III.1.4 Investment in technology driven alternative delivery channels.

We expect also to use Information Technology so that teachers can easily access their accounts information without making long distances. Using mobile counters was also technological developments to meet and satisfy our customer expectations.

III.1.5 Achievements

Going forward, we want to focus on consolidating our business and accelerate expansion across the country. Over the last four years, the cooperative is proud to have registered remarkable achievements and milestones especially being able to serve its members beyond their expectations in the following dimensions:

The cooperative's demonstrated capacity of timely and quick payment of the teacher's salaries and loan services.

- So far **59,598** active members have been mobilized as members
- Since August 2010 the cooperative has been able to raise its loan ceiling from Rwf 3,000,000 payable in 2 years to Rwf 15,000,000 payable in 5 years, with a competitively low interest rate of 14% per annum compared to other financial institutions.
- Increased member's permanent savings of Rwf **4,081,577,363** as at December 31, 2011, remunerated by 4% per annum.

- Establishment of a funeral mutual fund whereby each member voluntarily makes a monthly contribution of Rwf 300 and in case of death gains a benefit support of Rwf 300,000, when the deceased is a spouse and Rwf 200,000 if the deceased is a child. This fund is already operational since September 2010 and 214 members have benefited from it. The beneficiary only just presents to the nearest UMWALIMU SACCO branch office a death certificate of the deceased and a Headmaster's approval in case the deceased was teacher and an approval from the Executive Secretary on the cell level if the deceased was a headmaster.
- Over 30,000 out of 35781 teachers paid through UMWALIMU SACCO and have received loans from their cooperative, including overdrafts that are given to teachers immediately at all UMWALIMU SACCO branch offices during every working day of the month.
- The financial position of the cooperative is moving towards self sustainability as we managed to realize a profit of Rwf **700,033,594** after covering operational expenses
- Introduction of member's pass books where by they can easily monitor the evolution of their permanent savings.
- Establishment of mobile counters specifically in those districts where UMWALIMU SACCO has no branch offices thus, curbing down the proximity problem.
- As highlighted in the cooperative's financial performance, I have the pleasure to inform our shareholders and the public in the year 2011, we managed to make profits of Rwf **700,033,594** after all other operating expenses whereas in the year 2010, the net profit was Rwf **64,987,021**.

Financial Performance



Summary of financial position

Description	2009	2010	2011 (Dec. 31st)	Comments
Member	42,017	50,924	59,598	<ul style="list-style-type: none"> Only 35781 members are paid through UMWALIMU SACCO because others still have other commitments in financial Institutions, UMWALIMU SACCO Still lacks enough liquidity to buy their loans. The problem of proximity will be solved soon this year with the use of Mobile money from October 2011
Permanent savings	1,770,741,675	2,539,915,674	4,081,577,363	
Free savings	326,178,809	1,272,797,946	2,355,357,925	
Number and amount of loans				
Number of loans/A griculture	328	925	1,045	
Amount	118,177,220	375,750,064	486,865,107 (2.5%)	
Number of loans/livestock	620	1,787	2,085	
Amount	245,951,314	783,214,006	942,424,417 (5%)	
Number of loans/construction	2,396	7,718	10,872	
Amount	874,549,724	3,700,792,281	6,574,478,250 (35.01%)	
Number of loans/School fees	513	3,974	5,977	
Amount	163,453,141	958,770,083	1,646,963,094 (8.7%)	
Other loans (small business)	1,170	16,607	43,581	
Amount	701,110,444	4,412,626,920	9,127,401,985 (48.6%)	

Description	2009	2010	2011 (Dec.31st)	Comments
Total number of loan for long and medium term	4,727	31,011	63,560	
Total amount of loans disbursed	2,143,241,843	10,231,153,354	18,778,132,853	
Loan Portfolio/Total outstanding loan	2,089,356,524	6,110,090,473	9,355,839,182	
Profit	-45 3,654,029	64,987,021 (as net profit)	700,033,594	
Permanent Staff	79	92	109	
Temporary staff (Cashiers)		36	65	
Security staff (Local defense force)	31	31	31 + 4 police men	
Branch	16	16	20	9 Mobile counters have already opened
Government Grant	2,315,971,170	3,267,173,640	3,767,174,640	
Funeral solidarity fund	-	78,041,200	206,539,230	- In 2010, beneficiaries were 42 with amount of Rwf 10,400,000 - In 2011, beneficiaries were 214 with amount of Rwf 53,200,000
Credit solidarity fund	-	41,501,960	237,195,150	- 2010, beneficiaries were 5 with amount of Rwf 12,745,341 - 2011, beneficiaries are 4 with amount of Rwf 1,945,649

III.1.7 Customer Service

The Cooperative is proud to have registered a remarkable milestone especially in regard to improving the Rwanda teacher's economic welfare. We have demonstrated the highest capacity of efficiency in being the leading financial house to pay the teacher's salaries in time and quick manner throughout the country. As Cooperative, UMWALIMUS SACCO will continue to strive to deliver superior customer service and will invest heavily in training and development of our staff and processes to ensure that we are cost effective.

III.1.8 Human Capacity Development initiatives

UMWALIMU SACCO employees are our greatest asset and the biggest drivers of the Cooperative's sustained performance. At the end of 2011, the staff was 209 include permanent and temporally staff and we shall continue to increase employees as the cooperative will continue to expand its operations in the whole country. As I stated in the introduction the result of year was 700,033,594 due to the staff commitment of creating a working environment that develops and equips all staff with the skills and capabilities to serve our customer effectively. The cooperative continues to invest in staff training for enhancing their skills, especially the training in customer service delivery, public speaking and effective communication.

III.1.9 Risk Management and Compliance

During the year under review, the Cooperative had an improvement in asset quality. Nonperforming loans as a percentage of gross loans stood 5.7 % this was due to improved credit risk Management as a result of the cooperative revised credit policy. In addition to that the credit reference bureau is increasingly becoming vital tool in helping us to evaluate credit risk. This important tool, we expect that it will become a more effective tool in assisting Microfinance, SACCOs, Banks ...

Our Financial Services offers a set of integrated business and technology services to control manage and predict risk. Clients can select from a comprehensive end-to-end solution or individual components. Our Risk Management services cover four areas to uniquely address critical risk factors that impact stock-price valuations and business performance such us Regulatory Compliance, Data Management, Data Quality and Governance, Analytic Services and Enterprise Risk Management.

A part of our strategy plan, the Cooperative continues to invest in activities that increase education and awareness in risk management and compliance among our staff in order to enhance the risk management culture to the level of national and regional as well. We are creating a culture of risk management in our strategic approach to business.

III.1.10 Future aspirations

“Bring financial services closer to teachers” this commitment coupled with our vision of being a model SACCO in the country, offering high quality, and affordable financial services to its members; we want to focus on improving the quality of our service across all channels with critical attention on customer satisfaction.

The future of our business shall remain anchored on how well we are able to attract and retain quality customers, efficiently process increased transactions and nurture enduring relationships with

our members by creating a spirit of ownership of their Cooperative. We have set stretched performance targets for 2012 to grow our business in line with our vision. To achieve these targets we must be efficient in our operations and invest in initiatives that deliver value to our bottom-line, and grow market share. We shall also invest in product and process reengineering to ensure the Cooperative has efficient processes while also offering attractive products and services in the market.

Conclusion and acknowledgement

As we look back to these and many other achievements, we wish to express our sincere gratitude to the Government of Rwanda and our partners. We aim to continue to deliver shareholders value for our new and existing members and grow our profits and assets base. We anticipate that the market place will become increasingly competitive in the coming years. We remain committed to being a leading Savings and Credit Cooperative in Rwanda and even in the region and our future plans are designed for us to continually focus on improving Rwanda Teachers 'welfare.

Special thanks also to our loyal customers who continued to entrust us with their business during the year. We recognize that you are the reason that we are in business.

I would like to thank the Board of Directors for their guidance and direction and for working very closely with Management in order to realize and grow our business. The energy and vigor with which they carry out their duties has greatly assisted in growing the Cooperative over the years.

Finally, I am also grateful to all staff, without them this impressive performance and assets grow would not have been possible. Their hard work, dedication and loyalty are invaluable towards the Cooperative mission.

Thank you.

MUSERUKA Joseph
Managing Director

VI. CORPORATE GOVERNANCE

4.1 General Delegates Assembly/UMWALIMU SACCO Supreme organ



Member delegates attending the General Delegates Assembly

The General Delegates Assembly is the highest organ of the organization and it owns and oversees the growth and development of UMWALIMU SACCO. The organ sets the organizations' direction and leads its strategic planning. The primary role of the General Delegates Assembly is to elect the Board of Directors and holding the Board accountability and responsible for efficient and effective governance. The responsibility of the General Delegates Assembly is exercised through the annual and Extraordinary General Meetings.

4.2 Board of Directors

As the Board of Directors' primary responsibility is to give general policy guidelines, the Board is committed to good corporate governance, ethical behaviors and values necessary to maintain the highest standards of accountability, transparency and integrity while remaining responsive to our stakeholders and the community. The Board also ensures the Management conducts its business and operations with integrity and in accordance with best corporate governance practices based on transparency, accountability and responsibility. The Board meets on quarterly basis or more frequently as deemed necessary.

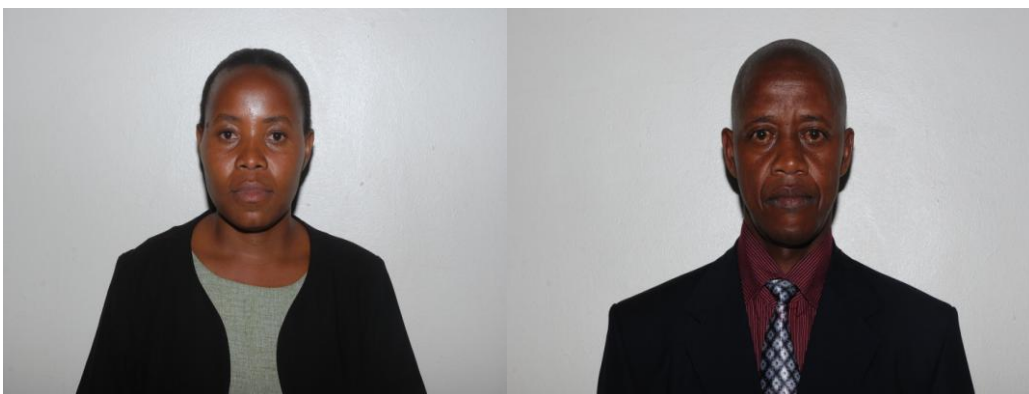
Names and Photos of the Board of Directors and their dates of appointment



Chairman of the Board of Directors: NZAGAHIMANA Jean Marie Vianney



***1st and 2nd Chairpersons of the Board of Directors:
SEBAGANWA Damien and MUKANDAMAGE Annonciata***



***Secretary of the Board of Directors:
NYIRABAVUGIRIJE Anne Marie***

Treasurer: MUGISHA Christophe



Member: RUGARAGARA Joseph



Member: NYARWAYA Urwinziza Pascal

The Board has also appointed 3 sub-committees to assist in achieving its mandate.

The Board has 3 sub-committees, each with terms of reference, to support the Board in performing its functions:

- 1. Credit and Finance committee:*** The Committee comprises of three Board Members namely Nyarwaya Pascal, Rugaragara Joseph and Anne Marie Nyirabavugirije who meet quarterly or more frequently as its business demands. It oversees the Cooperative loan portfolio credit risk management. The Committee also oversees the Cooperative's lending policies and procedures to ensure that there is adequate risk management in addition to monitoring the loan portfolio to maintain high assets quality.
- 2. Legal and Human Resources committee:*** The Committee comprises of 2 Board Members namely Mugisha Christophe and Annonciata Mukandamage. This Committee ensures that the Cooperative's human resources are able to support the development and implantation of the Cooperative's strategy. This entails reviewing the Human Resources policies and procedures, organizational structure, senior Management composition as well as remuneration.
- 3. Education and Training Committee:*** This Committee composes with J MV Nzagahimana and Damien Sebanwa. It ensures mainly with the Board Members', Members' Delegates as well as the staff' training both internally and abroad.

The Board members and their date of appointment

NAMES	POSITION	DATE
Mr. J.M.V NZAGAHIMANA	Chairperson	Appointed on 19/11/2009
Mr. Damien M. SEBAGANWA	1 st Deputy Chairperson	Re-appointed 29/03/2009 and resigned on 29/10/2011
Mrs. Annonciata MUKANDAMAGE	2 nd Deputy Chairperson	Appointed 29/03/2009
Mrs. Anne Marie NYIRABAVUGIRIJE	Secretary	Re-appointed 29/03/2009
Mr. Christophe MUGISHA	Treasurer	Re-appointed 29/03/2009
Mr. Pascal NYARWAYA URWINZIZA	Member	Re-appointed 29/03/2009
Mr. Joseph K. RUGARAGARA	Member	Re-appointed 29/03/2009

4.3 Supervisory Committee

The Supervisory Committee is responsible for the reviewing of the adequacy of the risk management framework in relation to the risks faced by UMWALIMU SACCO. The supervisory committee supervises the functioning of internal auditors and counterchecks whether the guidelines set up by the Board and General Assembly are properly implemented. The Committee ensures the Cooperative financial reporting policies and disclosures to ensure that they are produced in accordance with International Financial reporting standards and meet the all t necessary regulatory requirements.

They supervise the management of the cooperative once in three months and so far they have honored their obligations and their advice and recommendations have added some value into the internal control mechanism.

Members of the Supervisory Committee and their photos

The Supervisory Committee members and their appointment

NAMES	POSITION	DATE
Mr. RUGEMINTWAZA Jean Nepomuscène	Chairperson	Appointed on 03/04/2011
Mrs. NYIRAGUHIRWA Béatrice	Secretary	Appointed on 03/04/2011
Mr. SEMUTUNZI Daniel	Member	Appointed on 03/04/2011

PHOTOS

4.4 Management

The Permanent Professional Management team is headed by Managing Director, supported by 5 departments with clearly defined responsibilities. Those departments are:

1. Operations Department: mainly charged with mobilization of members' savings and facilitation of members in cooperative process
2. Credit Department: charged with administration and loan recovery process including risk control exposure.
3. Finance and administration Department: This Department is charged with financial management and management of Human Resource.
4. IT Department : mainly charged with System Administration, Maintenance, troubleshooting and Infrastructure
5. Internal audit Department: Internal Audit Department is led by a Chief Internal Auditor who supervises all activities regarding audit exercise. Some of the audit duties are on daily basis, however in general the reporting function is done on quarterly basis, coupled with special assignments taken up when the need arises.

V. MEMBESHIP AND SAVINGS

UMWALIMU SACCO Membership is steadily increasing from 50,924 in 2010 to **59,598 in 2011** members with also an increase in the permanent savings from Rwf 2,539,915,674 in 2010 to Rwf 4,081,577,363 in 2011

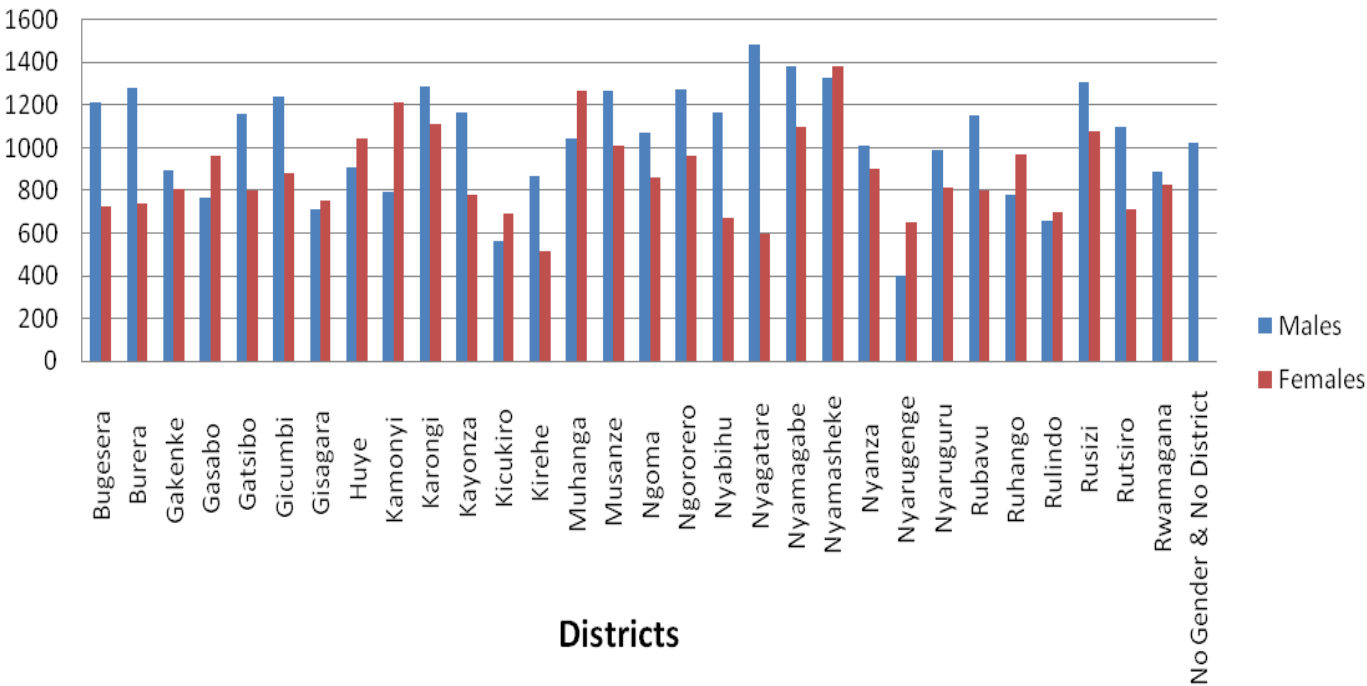
VI. MEMBESHIP, SAVINGS AND LOAN

UMWALIMU SACCO Membership is steadily increasing from 50,924 in 2010 to **59,598 in 2011** members with also an increase in the permanent savings from Rwf 2,539,915,674 in 2010 to Rwf 4,081,577,363 in 2011

6.1 MEMBERSHIP BY DISTRICT

District	Males	Females	Total
Bugesera	1212	727	1939
Burera	1280	737	2017
Gakenke	898	808	1706
Gasabo	769	961	1730
Gatsibo	1160	798	1958
Gicumbi	1243	879	2122
Gisagara	710	752	1462
Huye	911	1047	1958
Kamonyi	791	1212	2003
Karongi	1291	1115	2406
Kayonza	1169	778	1947
Kicukiro	566	692	1258
Kirehe	867	518	1385
Muhanga	1044	1271	2315
Musanze	1266	1009	2275
Ngoma	1072	860	1932
Ngororero	1273	964	2237
Nyabihu	1164	674	1838
Nyagatare	1488	596	2084
Nyamagabe	1386	1096	2482
Nyamasheke	1329	1386	2715
Nyanza	1009	904	1913
Nyarugenge	401	653	1054
Nyaruguru	989	816	1805
Rubavu	1154	797	1951
Ruhango	779	968	1747
Rulindo	659	698	1357
Rusizi	1307	1081	2388
Rutsiro	1101	711	1812
Rwamagana	890	828	1718
No Gender & No District	1024		1024

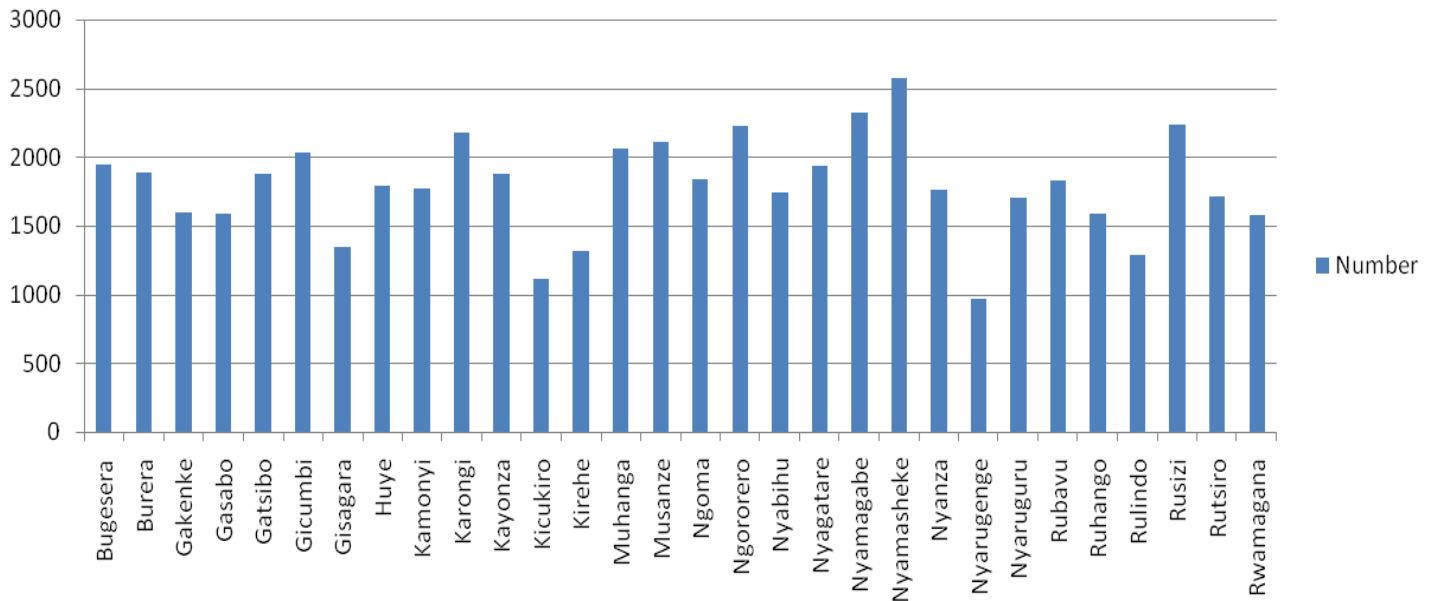
Membership per District and per Gender



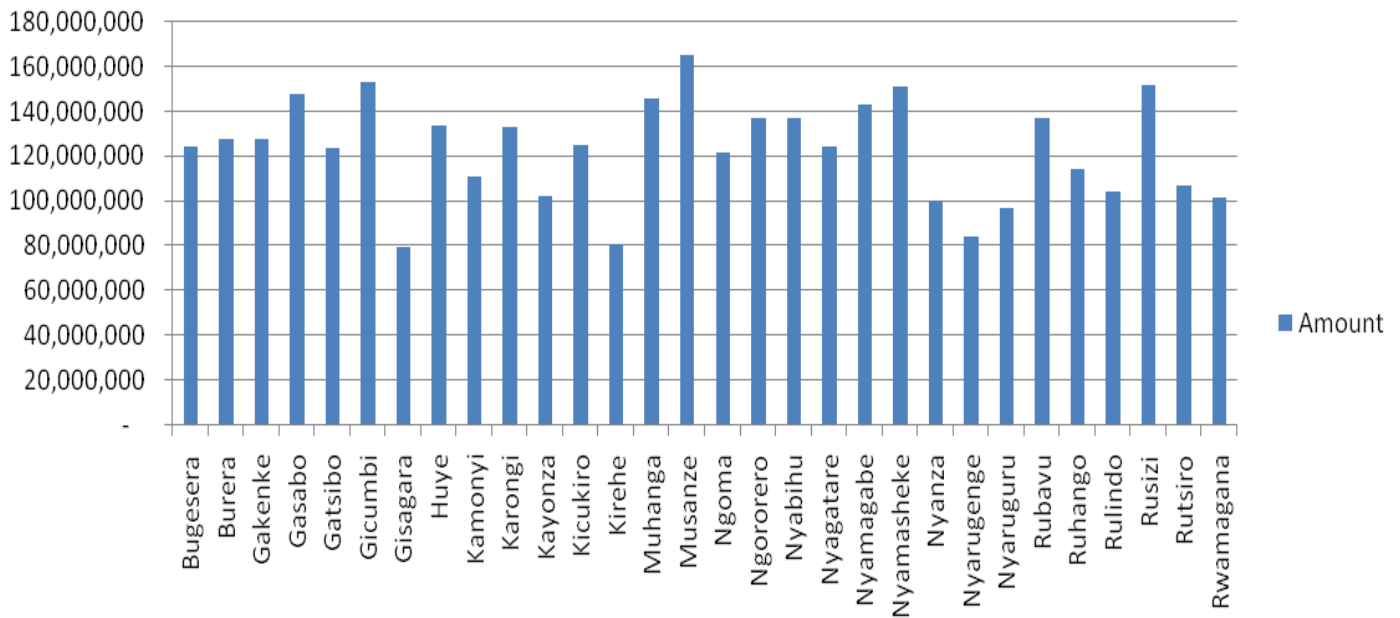
6.2 MEMBERS' SAVINGS BY DISTRICT

No	District	Number	Amount
1	Bugesera	1944	124,460,850
2	Burera	1888	127,728,695
3	Gakenke	1592	128,091,012
4	Gasabo	1583	148,125,518
5	Gatsibo	1874	123,706,301
6	Gicumbi	2037	153,540,101
7	Gisagara	1350	79,403,661
8	Huye	1795	133,857,829
9	Kamonyi	1771	110,977,579
10	Karongi	2177	133,264,579
11	Kayonza	1878	102,617,579
12	Kicukiro	1110	125,237,812
13	Kirehe	1318	80,892,085
14	Muhanga	2060	146,188,198
15	Musanze	2113	165,450,702
16	Ngoma	1842	121,769,900
17	Ngororero	2223	1370009155
18	Nyabihu	1745	137,135,755
19	Nyagatare	1931	124,524,279
20	Nyamagabe	2321	143,233,078
21	Nyamasheke	2578	151,036,964
22	Nyanza	1764	100,664,837
23	Nyarugenge	966	84,507,748
24	Nyaruguru	1705	97,140,695
25	Rubavu	1826	137,396,498
26	Ruhango	1587	114,222,725
27	Rulindo	1290	104,194,491
28	Rusizi	2240	151,876,526
29	Rutsiro	1713	107,056,087
30	Rwamagana	1575	101,823,024

Members' savings by District



MEMBERS' SAVINGS BY DISTRICT

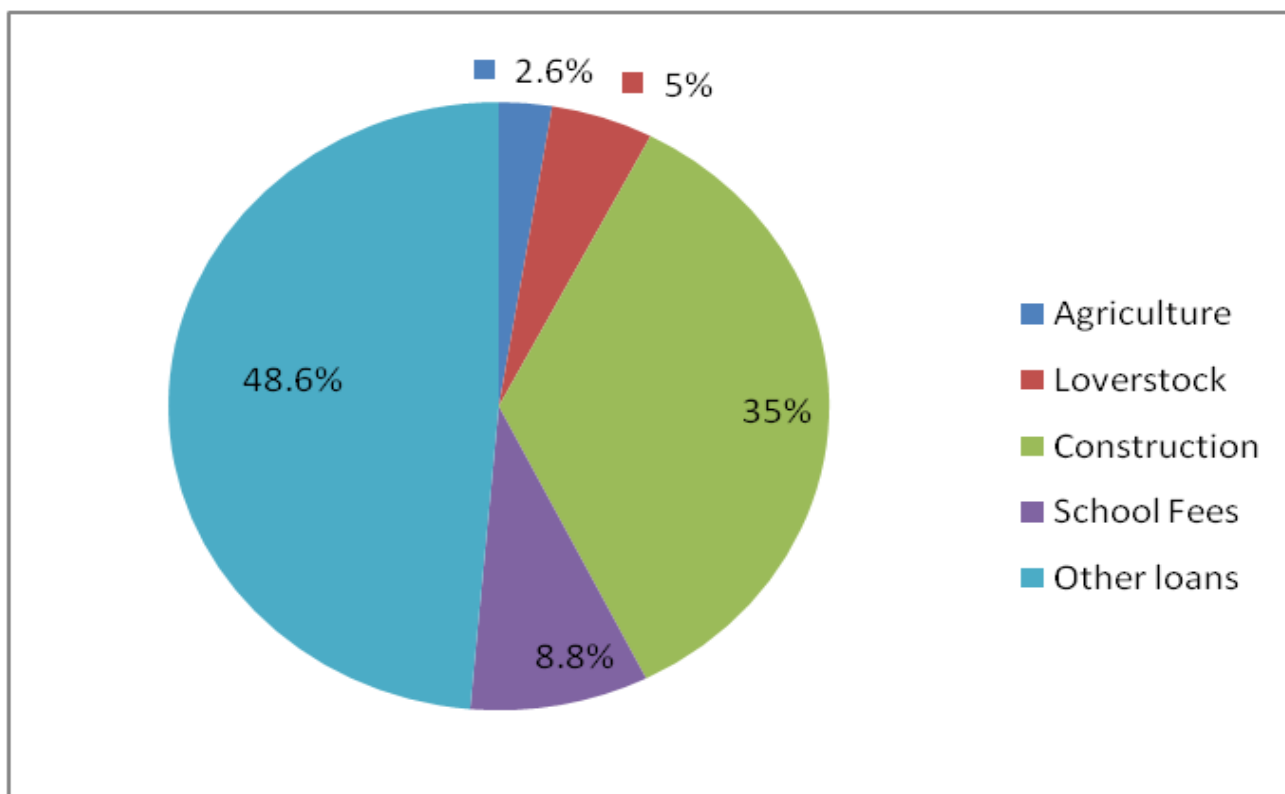


6.3 LOANS

Loan amount given to teachers by sector of activity and the corresponding number of clients

LOAN GRANTED BY ACTIVITY SECTOR

SECTOR	CLIENTS	AMOUNT	%
AGRICULTURE	1,045	486,865,107	2.6
LIVESTOCK	2,085	942,424,417	5.0
CONSTRUCTION	10,872	6,574,478,250	35.0
SCHOOL FEES	5,977	1,646,963,094	8.8
OTHER LOANS	43,581	9,127,401,985	48.6
TOTAL	63,560	18,778,132,853	



UMWALIMU SACCO Loan given to invest in different income generating activities



FINANCIAL STATEMENTS

UMWALIMU SAVING AND CREDIT COOPERATIVE FINANCIAL STATEMENTS REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

Umwalimu Saving and Credit Cooperative's business activities surrounds the provision of microfinance, savings and credit services to clients.

RESULTS

The financial results of Umwalimu Saving and Credit Cooperative are set out on page 7 of these financial statements.

TAXATION

In accordance with the laws governing Micro Finance Institutions in Rwanda, Umwalimu Saving and Credit Microfinance SA was exempted from taxes for a period of 5 years.

DIVIDENDS

The Directors do not recommend the payment of a dividend.

DIRECTORS

The current members of the board are shown on page 2.

AUDITORS

Garry Whiteknight Certified Public Accountant, who were appointed during the year, have expressed their willingness to continue in office in accordance with the provisions of the laws of Rwanda.

BY ORDER OF THE BOARD


Chairman of the Board

Kigali

2012



UMWALIMU SAVING AND CREDIT COOPERATIVE

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the microfinance as at the end of the financial year and of the operating results of the microfinance for that year. The directors are also required to ensure the microfinance keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the microfinance. They are also responsible for safeguarding the assets of the microfinance.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the laws of Rwanda. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the microfinance will not remain a going concern for at least the next twelve months from the date of this statement.


Director

2012




Director

2012

CERTIFIED



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**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF UMWALIMU SAVING AND CREDIT COOPERATIVE (Continued)**

Qualifications

Umwalimu SACCO received a subsidy from the Government of Rwanda in form of non rentable office premises for the head office and all branches. In the financial statements for the year ended 31 December 2011, the SACCO has not assessed the fair value of the non-monetary grant for inclusion among grants received at that fair value.

The SACCO's members capital contributions includes an amount totalling Frw 518,033,068 for which we could not obtain assurance over its completeness due to limitation of scope imposed on us by the company. Owing to the nature of the records at Umwalimu SACCO, there were no alternative procedures that we could perform to ascertain the completeness of Members Capital Contributions.

Opinion

In our opinion, except for the matters referred to in the paragraphs above, the accompanying financial statements present fairly in all material respects the state of affairs of Umwalimu SACCO as at 31 December 2011 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Laws of Rwanda.

Without qualifying our opinion, we wish to bring to your attention the matters in note 19 to these financial statements.

Report on Other Legal Requirements

As required by the Rwandan law, we report to you based on our audit, that:

- i) except for the matters referred to in the paragraphs above, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) in our opinion, except for the matters referred to in the paragraphs above, proper books of account have been kept by the microfinance, so far as appears from our examination of those books; and
- iii) the Umwalimu SACCO statement of financial position and statement of comprehensive income are in agreement with the books of account.
- iv) we have no relationship, interest and debts in Umwalimu SACCO.

For Garry Whiteknight
Certified Public Accountant (Rwanda)


Norbert Kagabo
Partner

Signed at Kigali

On this day, 2 of APRIL 2012

CERTIFIED TRUE COPY



UMWALIMU SAVING AND CREDIT COOPERATIVE

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 Frw	2010 Frw
FINANCIAL INCOME	3	2,080,571,201	1,032,977,564
FINANCIAL EXPENSES	4	(23,288,176)	(77,115,904)
NET FINANCIAL INCOME		2,057,283,025	955,861,660
Recoveries on loans (Note 15)		239,368,385	107,865,152
Provision for loan losses (Note 14)		(369,683,702)	(201,184,150)
Loans written off during the year		(133,928,252)	(50,690,911)
NET OPERATING INCOME		1,793,039,456	811,851,751
OPERATING EXPENSE		(1,109,185,732)	(806,539,762)
NET INCOME FROM OPERATIONS	6	683,853,724	5,311,989
GRANTS AND DONATIONS INCOME		15,711,093	100,412,980
NON OPERATING REVENUES	5	1,398,686	69,330,152
NON OPERATING EXPENSES		(929,909)	(8,701,755)
NET INCOME BEFORE TAX		700,033,594	166,353,366
TAX CHARGE (EXEMPTED)		-	-
NET INCOME AFTER TAX		700,033,594	166,353,366



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UMWALIMU SAVING AND CREDIT COOPERATIVE

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2011

	Note	2011 Frw	2010 Frw
ASSETS			
Cash and balances with Bank Nationale du Rwanda	8	84,414,452	5,789,176
Deposits and Amounts due from financial institutions	9	2,396,249,330	967,011,225
Net loans and advances to customers	10	9,220,526,441	5,953,877,810
Property and equipment	16(a)	357,774,193	249,267,480
Pre-establishment costs	16(b)	4,704,914	5,645,897
Stock		16,100,664	18,255,314
Other assets	17	43,942,081	110,831,285
Total assets		12,123,712,075	7,310,678,187
LIABILITIES, EQUITY AND RESERVES			
Liabilities			
Customer deposits	19	5,772,243,669	4,115,982,469
Accounts payables and other liabilities	21	804,120,494	238,431,260
Current bank loans	18 (c)	100,000,000	-
		6,676,364,163	4,354,413,729
Equity and reserves			
Share capital	11	518,033,068	395,624,447
Government grants	13	2,725,777,615	2,225,777,615
Legal reserves		206,979,198	66,972,479
Reserves		807,969,300	267,889,917
		4,258,759,181	2,956,264,458
Long term liabilities			
Long term loan	18 (b)	800,000,000	-
Other long term liabilities	20	388,588,731	-
		1,188,588,731	-
Total equity and liabilities		12,123,712,075	7,310,678,187

The financial statements on pages 7 to 20 were approved by the board of directors on
and signed on its behalf by:

2012

)
) Directors
)
)
[Signature]
[Signature]



UMWALIMU SAVING AND CREDIT COOPERATIVE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 Frw	2010 Frw
OPERATING ACTIVITIES		
Operating profit	700,033,594	166,353,366
Adjustments for:		
Depreciation and amortisation	103,202,679	101,354,243
Effects of prior year adjustment	(28,291,971)	
Profit before working capital changes	774,944,302	267,707,609
Changes in net advances to customers	(3,266,648,631)	(4,085,325,592)
Changes in other accounts receivable	66,889,204	500,192,327
Changes in customer deposits	1,656,261,200	2,150,113,258
Changes in inventories	2,154,650	(18,255,314)
Changes in trade payable and other liabilities	565,689,234	30,734,691
Cash used from operations	(200,710,041)	(1,154,833,021)
Taxes paid	-	22,075,729
Non cash adjustments	-	1,179,456,993
Interests on customer deposits	-	70,590,006
loan loss recovered	-	10,000
Net cash (used in)/generated from operating activities	(200,710,041)	117,299,707
INVESTING ACTIVITIES		
Purchase of equipment	(202,423,930)	(68,947,899)
Net cash used in investing activities	(202,423,930)	(68,947,899)
FINANCING ACTIVITIES		
Proceeds from grants and donations	500,000,000	877,789,490
Loans issued	900,000,000	-
Other longterm liabilities	388,588,731	-
Issuance of share capital	122,408,621	46,542,973
Net generated from financing activities	1,910,997,352	924,332,463
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,507,863,381	972,684,271
Cash and cash equivalents at 1 January	972,800,401	116,130
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	2,480,663,782	972,800,401
Represented by:		
Cash and balances with Bank Nationale du Rwanda	84,414,452	5,789,176
Deposits and Amounts due from financial institutions	2,396,249,330	967,011,225
	2,480,663,782	972,800,401



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