HARAMBEE SACCO

Empowerment. Development. Security

2024
CS/1916

Exceeding EXPECTATIONS

ANNUAL REPORT & FINANCIAL STATEMENTS

For the year ended 31 december 2024

The Future is Today, start saving now...

FOR A BETTER TOMORROW

SAVINGS PRODUCTS:

1. Fedha fixed Deposit Account
2. Business Account
3. Toto Junior Account
4. Holiday Savings Account
5. 52 Week Savings Account

Premier Membership
Save over Kes. 700,000 & Join Premier Membership.

Millionaires Club Membership
Save over Kes. 1 Million & join Harambee Millionaires Club.

THE SACCO SOCIETY REGULATORY AUTHORITY
RECEIVED
20 FEB 2025
(SASRA)
P. O. Box 25089-00100, NAIROBI

HARAMBEE
SACCO

Empowerment
Development
Security

HARAMBEE DT SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED CS/NO:1916

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

APPROVED
for publication and presentation
to AGM or ADM subject to observations Issued
20 FEB 2025
SIGN:..............................
THE SACCO SOCIETIES REGULATORY
AUTHORITY

CORPORATE PHILOSOPHY

OUR PURPOSE

To empower members to live with dignity and accomplishment throughout their lives.

Empowerment is about members experiencing more joy of saving, having peace of mind because they are confident to face financial uncertainties; and satisfaction and fulfilment because they are part of a SACCO that cares and provides them with opportunities for advancement and personal growth.

OUR MOTTO

Your future Our Concern

OUR VISION

To be the most trusted SACCO

OUR THEME YEAR - 2025

Exceeding Expectations

OUR VALUES

ACCOUNTABILITY

We hold people accountable for performance

EMPOWERMENT

We give our people the legitimate right to make judgement, form conclusions, reach decisions and then act.

Accountability and Empowerment

SERVICE

We are obsessed with serving our members

EMPATHY

We step into the shoes of our members to, understand their feelings and perspectives, and use that understanding to guide our actions.

Service and Empathy

TABLE OF CONTENTS

SOCIETY INFORMATION

Board of Directors

Mr. Macloud Malonza	National Chairman	(Re-elected w.e.f. 20th February 2023)
Mrs. Millicent Simiyu	National Vice Chairman	(Re-elected w.e.f. 20th February 2023)
Ms. Rollah Gatwiri	National Treasurer	(Re-elected w.e.f. 19th February 2024)
Col Stephen Nganga	National Secretary	(Re-elected w.e.f. 14th February 2022)
Mr. Luke Muhindi	Director	(Elected w.e.f. 19th February 2024)
Mr. Luka Kiprono	Director	(Re-elected w.e.f. 14th February 2022)
Mr. Philip Mitei	Director	(Re-elected w.e.f. 20th February 2023)
Mr. Jacton Winda	Director	(Re-elected w.e.f. 19th February 2024)
Col Benjamin Kiprop	Director	(Re-elected w.e.f. 19th February 2024)
Ms. Rosemary Muriithi	Director	(Re-elected w.e.f. 19th February 2024)
Mr. James Aima	Director	(Re-elected w.e.f. 20th February 2023)

Supervisory Committee

Mr. Joseph Yamo	Chairman	(Re-elected w.e.f. 14th February 2022)
Mr. Charles Osore	Secretary	(Re-elected w.e.f. 20th February 2023)
Mr. Joseph Bwire	Member	(Re-elected w.e.f. 19th February 2024)

Audit and Risk Committee

Mr. Philip Mitei	Chairman	(Re-elected w.e.f. 20th February 2023)
Mr. Luke Muhindi	Director	(Elected w.e.f. 19th February 2024)
Mr. James Aima	Director	(Re-elected w.e.f. 20th February 2023)

Chief Executive Officer

Dr. George Ochiri

Head Office

LR No. 209/9966
Harambee Co-operative Plaza
P.O. Box 47815-00100, Nairobi, Kenya.

Branches

Mombasa Branch
Ground Floor Pandheer Court, Nkrumah Road
Kisumu Branch
Ground Floor Central Square Building, Oginga Odinga Road

Eldoret Branch
Ground Floor Daima Towers, Uganda Road
Nakuru Branch
Ground Floor Polo Centre, Kenyatta Avenue

Independent Auditor

Grant Thornton LLP
Certified Public Accountants (Kenya)
P.O. Box 46986-00100
Nairobi

Legal Advisors

Oraro and Company Advocates
6th Floor, ACK Garden Annex
1st Ngong Avenue
P.O. Box 51236 - 00200, Nairobi

Principal Bankers

Co-operative Bank of Kenya Limited
Ukulima House Branch,
P.O. Box 74956-00200, Nairobi

Kenya Commercial Bank Limited
KICC Branch
P.O. Box 48400-00100, GPO

HARAMBEE SACCO

Empowerment Development Security

P.O Box47815 - 00100 Nairobi
0709 – 943 000/100
Email: info@harambeesacco.com
Website: www.harambeesacco.com

Ref. No. HAR/ADM/2025/01

14th February 2025

TO ALL DELEGATES,
HARAMBEE DT CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED

Dear Sir/Madam,

RE: NOTICE OF THE YEAR 2025 ANNUAL DELEGATES MEETING.

Notice is hereby given that the **54th Annual Delegates Meeting of Harambee DT Co-operative Savings and Credit Society Limited** will be held on **Monday, 3rd March 2025** from **9.30 a.m.** at **Safari Park Hotel, Nairobi for the transaction of the following business.**

1. To read the notice convening the meeting and determine if a quorum is present.
2. To receive the Chairman's Report.
3. To receive the Address by the Guest of Honour.
4. To adopt and confirm Minutes of the 53rd Annual Delegates Meeting held on 19th February 2024 and discuss Matters Arising therefrom.
5. To receive and consider, and, if approved adopt the Audited Consolidated Financial Statements of the Society for the year ended 31st December 2024
6. Approve distribution of Surplus for the year 2024.
7. To receive the Treasurer's Report and to approve the year 2025 Revised Budget and Proposed Budget for year 2026.
8. To receive the Supervisory Committee's Report.
9. To pass Resolutions.
10. To appoint Society's Auditors for the year 2025.
11. Elections.
12. Any Other Business (for which 15 days' notice has been given).

By order of the Board

nganga

COLONEL STEPHEN M. NGANGA
HON. SECRETARY

Page **1** of **2**

c.c. **COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT**
NSSF BUILDING

CHIEF OFFICER - CO-OPERATIVES
NAIROBI COUNTY

DIRECTOR OF CO-OPERATIVES,
NAIROBI COUNTY

SUB-COUNTY CO-OPERATIVE OFFICER – STAREHE
NYAYO HOUSE.

NOTE:

Registration of Delegates shall be done at the venue of the meeting (Safari Park Hotel Nairobi) on the same day starting at 6.30 am. Transport shall be available on the same day (3rd March 2025) at Harambee Co-op Plaza Nairobi from 6.00 a.m.

Mr. Macloud Malonza, MBS, HSC

CHAIRMAN'S STATEMENT

Ladies and Gentlemen, Today's event marks the 54th Harambee SACCO Annual Delegates Meeting. I am humbled but proud of how far we have come as an institution. Indeed, it is Ebenezer.

It gives me great pleasure on behalf of the Board of Directors, to hereby present the annual report and financial statements for the year ending 31st December 2024.

Characterized by global and local economic hardships, Gen-Z disruptive political demonstrations, increased tax obligations and statutory deductions, the year 2024 was tough. Yet despite operating in an increasingly harsh macro-economic environment, coupled with global and regional geopolitical disruptions which raised the cost of doing business and reduced disposable cash across the population, Harambee SACCO remained agile and resilient.

Ladies and gentlemen, our 2024 Annual Consolidated Report and Financial Statements is a grand display of our resilience as people and as an institution. Going by its bottom-line, Harambee SACCO is set on platform of regaining its number one position in Kenya and the region.

The year 2024 saw Kenya's economy grow at its slowest rate in four years averaging at 4.6% in the second quarter of the year, as compared to 5.6% in the previous year. The Central Bank of Kenya in its annual estimates projected that the country would grow to a low of 5.1% in 2024, unlike its previous high of 5.6%.

According to the Central Bank report, the year was not all gloom and doom. By around October the Country's inflation rate had fallen to a 17 years low of 2.7% on food and energy prices thus offering a relief to cash strained households.

Ladies and gentlemen, the Society in 2024 took a bold step and engaged Grant Thornton LLP as our auditors. Grant Thornton LLP is a tier 2 audit firm, they are a notch higher than our previous auditors. They are a thorough and highly engaging audit firm. This was a checkmate move for the Society.

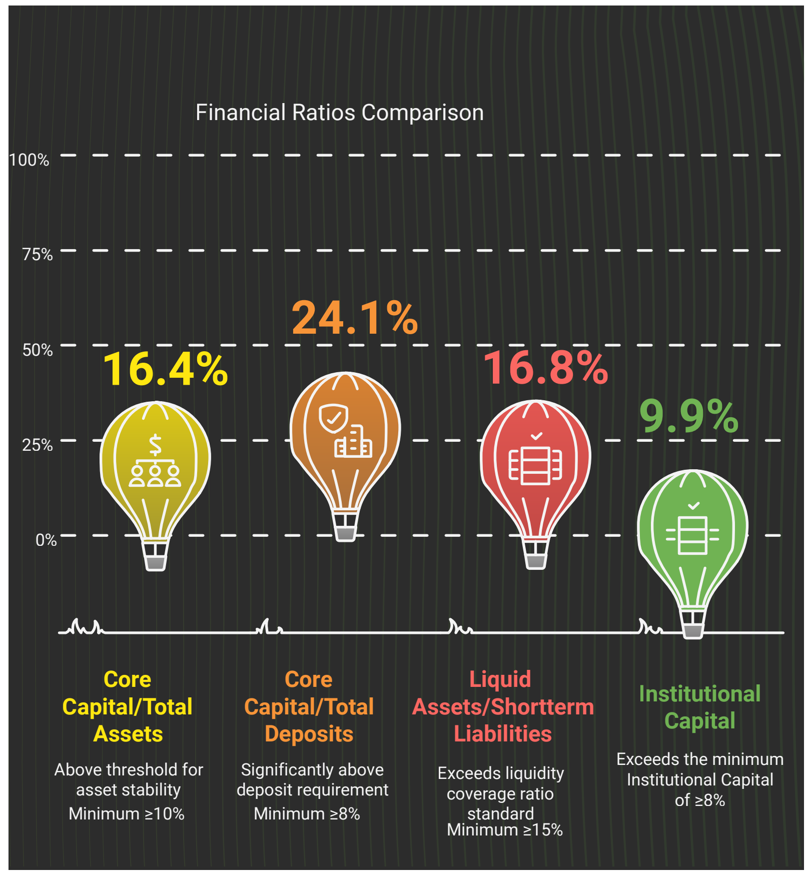
If you may recall my speech, during our last ADM, I had pointed out that the Society had issues in the areas of Institutional Capital/Total Assets where we were performing below the statutory requirement of 8%. We have now improved on this statutory ratio from 7.7% to a high of 9.9%.

Ladies and gentlemen, I stand here proud to announce that many of the ills that kept pulling us back, have now been dealt with. As an institution, we now stand free of the burdening past. Harambee DT SACCO is now compliant with all key statutory ratios.

I can proudly announce we are ready, eager and well equipped to tackle the future. Thanks to supportive membership, a resilient delegate system, a proactive Board and a dedicated management and staff.

With regards to meeting the key statutory requirements, Harambee DT SACCO is a cut above many.

On Core Capital/Total Assets the threshold is equal to or above 10%, we now stand at 16.4%, in the area of Core Capital/Total Deposits, the ratio being equal to or more than 8%, the Society is at 24.1%, way above the statutory standard. The same goes to the ratio of Liquid Assets/Saving Deposits and Short term liabilities which stands at equal to or greater than 15%, we are towering at 16.8%.



In essence, the Society, on the advice of the Auditors, has expedited the provision of all our unrecoverable and unreconcilable assets and now we are free of any encumbrances of the past; the future is now ours to claim. On this front, expect us to be more strategic, vibrant and agile.

Ladies and gentlemen, The 2021 – 2025 Strategic Plan is finally coming to an end. While we have not met some of the targets we had set for ourselves, those ambitious targets set us rolling and we stand here today proud of the far we have come. As we set forth to work on a new strategic plan 2026 – 2030, we shall not lessen any of those ambitious targets, nor seek to put low easily achievable goals, we shall even more stretch ourselves. To get back to our number one position is neither a mean task, nor will our peers be asleep, but I am assured we have all it takes.

Ladies and Gentlemen, in 2024, the Society recorded some major winnings that we would like to celebrate. Key amongst these are:

Dividend and Interest payout: Ladies and gentlemen the society is proposing to pay an all-time high interest on deposits of 9%, against what we paid out in 2023 at 8.5%. We are also proposing to pay another all-time high of 15% on share capital up from 12% in 2023.

Ladies and Gentlemen, this trend is likely not to stop anytime soon. The Board has actually approved a management proposal to award our members an additional 3% reward on any dividend capitalized and a 2% on any interest on deposit ploughed back to their BOSA Deposit Account. I urge our members to take advantage of this initiative and grow their wealth.

As promised last year during our ADM, forward ever, backward never!

Delegate Training: The Society was able to reach all delegates across the country during the delegates education program. The impact of this continued training cannot be gain-said. We plan to continue this trend into the near future. Expect high levels of training this year.

Millionaires Breakfast: This has been one grand opportunity of the SACCO meeting its key high-stake investors. Through these conferences, we have been able to build trust, tap new ideas and impart new product and services knowledge. The impact of these annual gatherings is astronomical. Be assured, the board is willing and glad to continue supporting this venture.

Member education: The Society held several membership education and recruitment sessions in different parts of the country. Simply put, these sessions were a success. We are putting systems in place to jumpstart the comprehensive regional member education sessions across the country.

On Governance, Ladies and Gentlemen, I stand proud of the team you gave me. This is a winning team. Men and women dedicated to taking this society to heights never before seen. Their zeal and approach to matters SACCO and its growth is impressive.

Staff matters: As the cog that runs the engine of the Society, the Board was instrumental in the commissioning and completion of a comprehensive job evaluation exercise in the year and we are working on its full implementation.

The year 2024 was also the year the Board and Management were negotiating with the Union on issues of the Collective Bargaining Agreement (CBA), discussions on the same, are still underway.

The Way Forward:

Ladies and Gentlemen, the way ahead has never been easy but neither has it ever been hard! We are here today because of making bold baby steps. At 54 Harambee DT SACCO is now a mature institution, and it is resilient enough to face the present and prepare for the future with boldness and confidence for we have on our side experience, knowledge and know-how.

As we approach 2025, much is expected of us and much we will achieve. This is nonetheless a team effort. The membership at the base of the pyramid must play their role. They must believe in the SACCO and support all its initiatives. The delegates must play their role without ceasing, giving the Board and Management all the necessary push.

The Board working closely with the Management must meet and exceed the expectations and aspirations of our membership and the Society at large.

Ladies and Gentlemen Our focus for the year 2025, will be anchored on the following key strategic areas:

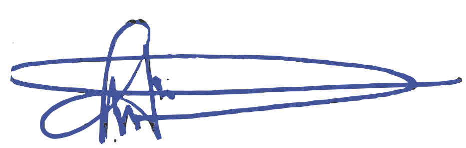
1) Revenue Growth
2) Strategic Plan for the next 5 years
3) Service Delivery
4) ICT Excellence
5) Improved Stakeholder Engagement

Ladies and gentlemen, in the year 2024, our Society saw the exit of Director Charles Nyamira Osore who retired from the Civil Service. Mr. Osore has been a dedicated member of the Society's Supervisory Board for the last 2 decades, a position he has served with diligence and zeal. As he goes out, the Board takes this opportunity to wish him well in his future endeavors.

Fellow Delegates and all members present here today, on behalf of my Board, I most sincerely wish to take this opportunity to thank our Ministry, our regulator SASRA, the Apex bodies, our shareholders, all the delegates and staff of Harambee DT SACCO for their continued support. The future is bright and promising only if we continue working closely together for the better good of our Society.

Thank you.

God bless you and long live Harambee DT SACCO.



Mr. Macloud Malonza, MBS, HSC
NATIONAL CHAIRMAN

A simpler way to save!

Set a 1 year goal - a vacation, wedding, or a new fridge and start saving towards it on a weekly basis.

52 WEEKS SAVINGS CHALLENGE

Features

- Any member with mobile banking is eligible to join the challenge.
- Attractive Interest payable
- No charges.
- Easy and quick opening of account through *357#.
- Easy depositing using Paybill 525200.

Dr. George Ochiri MBS

CEO'S STATEMENT

PREAMBLE

From a clarion call '**towards living with dignity!** In 2023, the theme changed to '**This is the turning point!** in 2024. Indeed, the year 2024 was our turning point. We have finally complied with the **Institutional Capital ratio** that had eluded us all the years. We closed the year with a ratio of **9.9%**, up from **7.7%** the previous year. This is over and above the regulatory requirement of **8%**. We also took a bold step and implemented the strict **IFRS 9** reporting standard. It is also when we undertook a comprehensive **job evaluation** exercise, whose implementation is ongoing. The job evaluation exercise has redefined the tasks and roles that can propel society to faster growth and performance. Another key highlight for the year under review is the partnership with the Ministry of Interior and National Administration that enabled us to recruit newly employed staff in Immigration and Citizen Services, and Department of Internal Security. We also initiated the renovation of the 6th branch in Nanyuki, this shall be completed in the 1st quarter of 2025.

On Members' engagement, we started bi-weekly webinars in which members are informed about topical issues affecting them in the SACCO. So far, members have been informed about SACCO Regulatory framework, Insurance Agency Services, Mortgage Loans Services, Shares drive and Online and other ICT services. We have also enhanced our social media touch points by increasing our presence in various social media platforms.

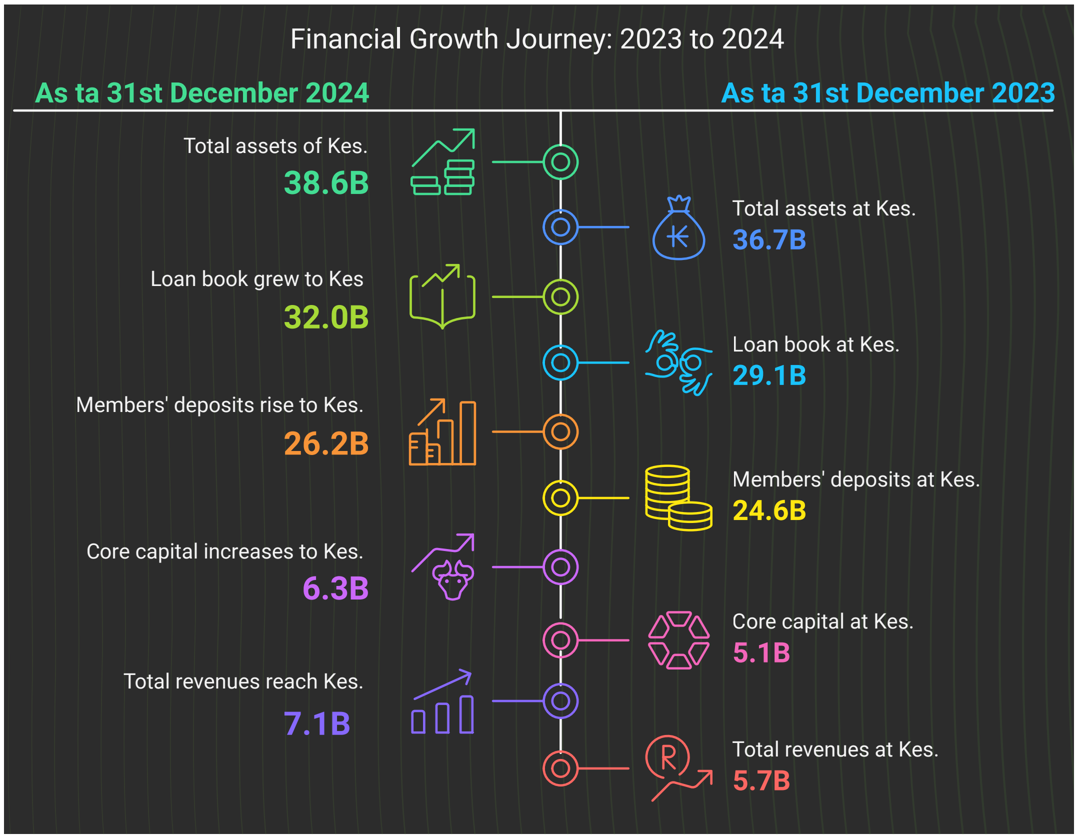
As we turn a new leaf and start a new year, we have set our eyes on a new thematic paradigm. As Ron Kufman rightly observes "meeting expectations is good. Exceeding expectations is better. We at Harambee DT SACCO have pegged our year 2025 on the theme: **EXCEEDING EXPECTATIONS!** and rightly so.

Nanyuki Branch

EXECUTIVE SUMMARY:

Our total assets in 2023 stood at Kes. 36.7B, we have been able to grow the same to Kes. 38.6B by close of business on 31st December 2024. A loan book of 29.1B in 2023, now stands at an all - time high of Kes. 32.0B. In 2023 our members deposits were at Kes. 24.6B, the same now stands at Kes. 26.2B.

The SACCO's core capital in 2023 stood at 5.1B, the same now stands at Kes. 6.3 B. Share Capital was at Kes. 2.3B, it now stands at Kes 2.5B. Our total revenues were trending at Kes. 5.7B, they are now at Kes. 7.1B and finally, our Net surplus was Kes. 1.2B, we closed FY 2024 at Kes. 1.46B.



STATUTORY RATIOS

With regards to meeting our statutory ratios, the figures speak loudly of our bright future. We have met and exceeded the Core Capital to Total Assets ratio. The Society has also met and exceeded the Core Capital to Deposit ratio, the same goes for Institutional capital to total assets among others. All these factors point to an institution on the springboard to greatness.

It is for this reason that we seek to actualize the words of Richard Branson, "The key is to set realistic customer expectations, and then not to just meet them, but to exceed them - preferably in unexpected and helpful ways."

OPPORTUNITIES CARRIED FORWARD TO 2025

While we had our major hits in 2024, we also had our misses. Key to these are the lessons we keep picking up as we move forward. We had planned to open 5 brick and mortar satellite offices across the country, this never happened. We focused on renovating Nanyuki FOSA branch amidst tight cashflow position, occasioned by increased demand for loans. We are moving this target forward and we are optimistic that we shall accomplish the acquisition of two offices in 2025.

We had planned to renovate the FOSA Nairobi Branch and 3rd floor of the SACCO plaza but on this note we hit another miss. This is yet another project that we have no option but to actualize and we have therefore moved it forward.

CONCLUSION

On behalf of the Management, I want to thank the Chairman and his entire Board for their continued support. I want to thank the entire staff for their dedication and support and above all, I want to thank the delegates and all members for keeping their faith. We have come this far, not because of our singular effort but because of the teamwork and the believe that Harambee DT SACCO is a waking giant and soon it will bestride greater heights than ever before.

Our strategic theme for 2025 "**Exceeding Expectations**", is a clarion call to the possibility of the Society shuttering the glass ceiling of expectations and doing greater than ever imagined before in all aspects of our business arena.

Nothing beats a dedicated and focused team. Our Future as Harambee DT SACCO is super bright. Our opportunities have exploded, and nothing can hold back this Society from growing beyond our wildest dream.

Dr. George Ochiri, MBS.
Chief Executive Office

Happiness is in the journey

This account is designed to help you achieve your Holiday dreams.

HOLIDAY SAVINGS ACCOUNT

How to OPEN a Holiday Savings Account

- Dial *357#
- Option 2 - My Account
- Option 8 - Member Accounts
- Option 4 - Holiday Savings Account
- Option 1 - Apply for Holiday Savings Account
- Option 1 - Accept
- Enter savings duration (in months)
- Enter PIN
- Option 1 - Yes to Confirm You will be prompted to input
- Kes. 1000 from Mpesa

How to DEPOSIT

- Dial *357#
- Option 4 - Payments and Deposit
- Option 1 - FOSA Deposit via M-PESA
- Select Account (Holiday Savings Account)
- Enter Amount & confirm Details
- You will be prompted by M-PESA for payment
- Enter M-PESA PIN to complete the transaction

For more info **+254 709 943 000** **+254 709 943 100**

BOARD OF DIRECTORS

Mrs. Millicent Simiyu
Vice Chairperson

Rosemary K. Murithi
Director

Mr. Macloud Malonza
National Chairman

Col Stephen Nganga
National Secretary

Ms.Rollah Gatwiri
National Treasurer

Dr. George Ochiri
C.E.O.

Col Benjamin Kiprop
Director

Mr. Luka Kiprono
Director

Jackton Winda
Director

Mr. Philip Mitei
Director

James Omondi Aima
Director

SUPERVISORY COMMITTEE

Mr. Charles Osore
Secretary

Mr. Joseph Yamo
Chairman

Maj Joseph Bwire
Member

SENIOR MANAGEMENT TEAM

Dr. George Ochiri
Chief Executive Officer

Mr. Daniel Tabut
Chief Information Officer

Mr. David Awuor
Procurement Manager

Ms Elizabeth Obell
Head of People and Culture

Mr. Francis Kitonyi
Head of Audit

Ms. Fridah Njeru
Head of Business Development, Marketing and Research

Mr. Gichuki Kabukuru
Corporate Affairs Manager

Mr. Gideon Ndambuki
Ag. Head of Credit

Ms. Gladys Gichohi
Company Secretary and Legal Officer

Mr John R. Munene
Chief Finance Officer

Mr. Michael Musyoka
Head of Risk and Compliance

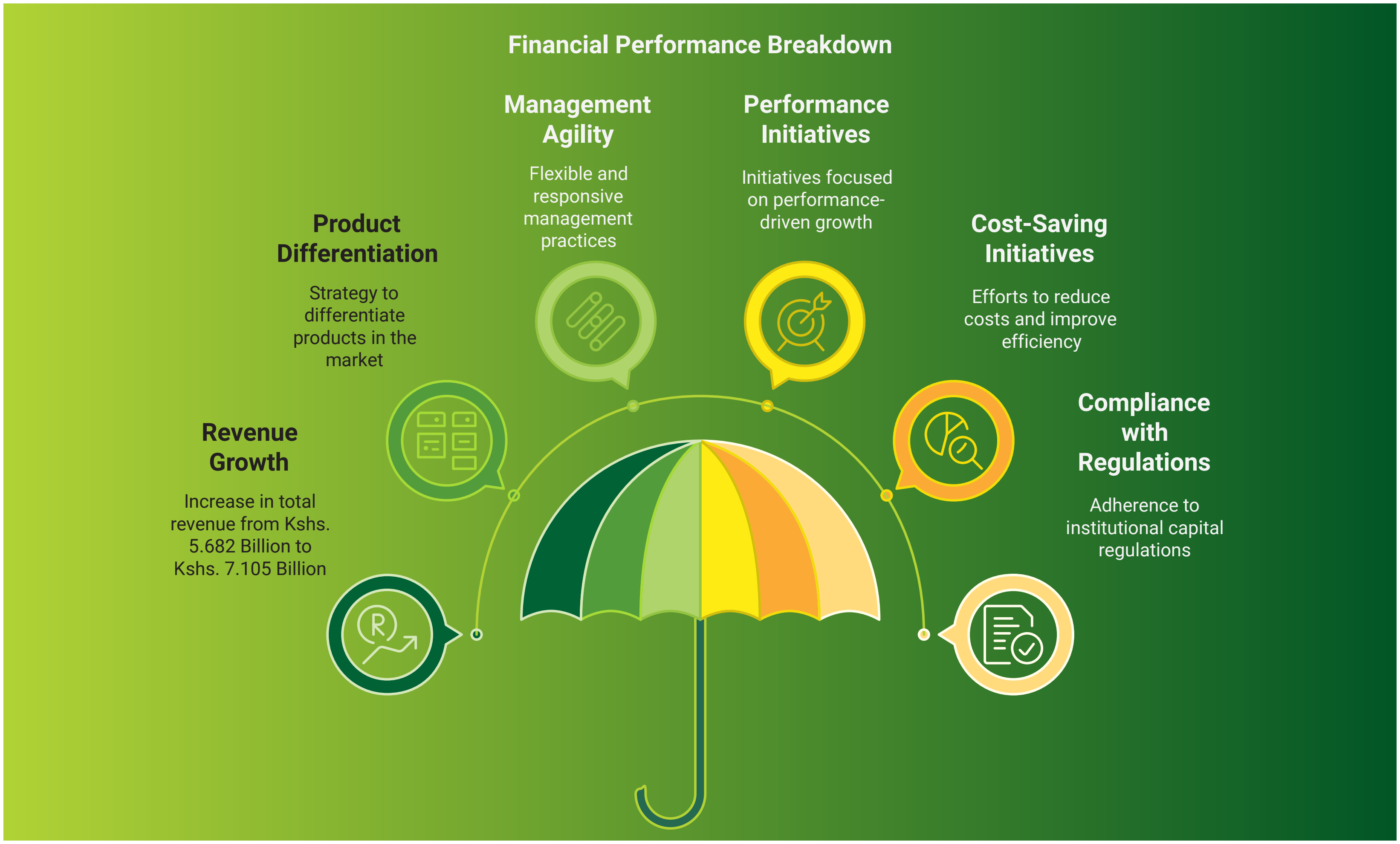
Mr. Renson Mwandoe
Chief Operating Officer

Mr. Victor Joe Ireri
Special Project's Manager

TREASURER'S STATEMENT

Distinguished guests, Chairman and Board of Directors, delegates and members, I am pleased to present to you the Harambee Deposit Taking Savings and Credit Co-operative Society Limited Annual Report for the Financial Year 2024, an eventful year characterized by enhanced compliance, high reporting par, deepening of financial market to enhance efficiency, and strengthening our Balance Sheet.

The financial year began against a backdrop of continued recovery of the global economy from the adverse effects of high inflation, unstable and rising interest rates, persistent geopolitical tensions, and stiff competition in the financial market.



The financial year 2024 has presented us an exemplary performance in history of the Society despite the compliance heightening. The Total Revenue grew to Kes. 7.105 Billion from Kes. 5.682 Billion in year FY 2023, a growth of 25% compared to the previous financial year. Included in the 2024 Revenue is Revaluation surpluses over the years. The good results are attributed to products differentiation, agility in management and performance driven initiatives focusing on loan Book Growth and Cost saving initiatives. Key financial indicators recorded growth and Compliance to Institutional Capital has been attained since the advent of Regulation. The highlights are as below.

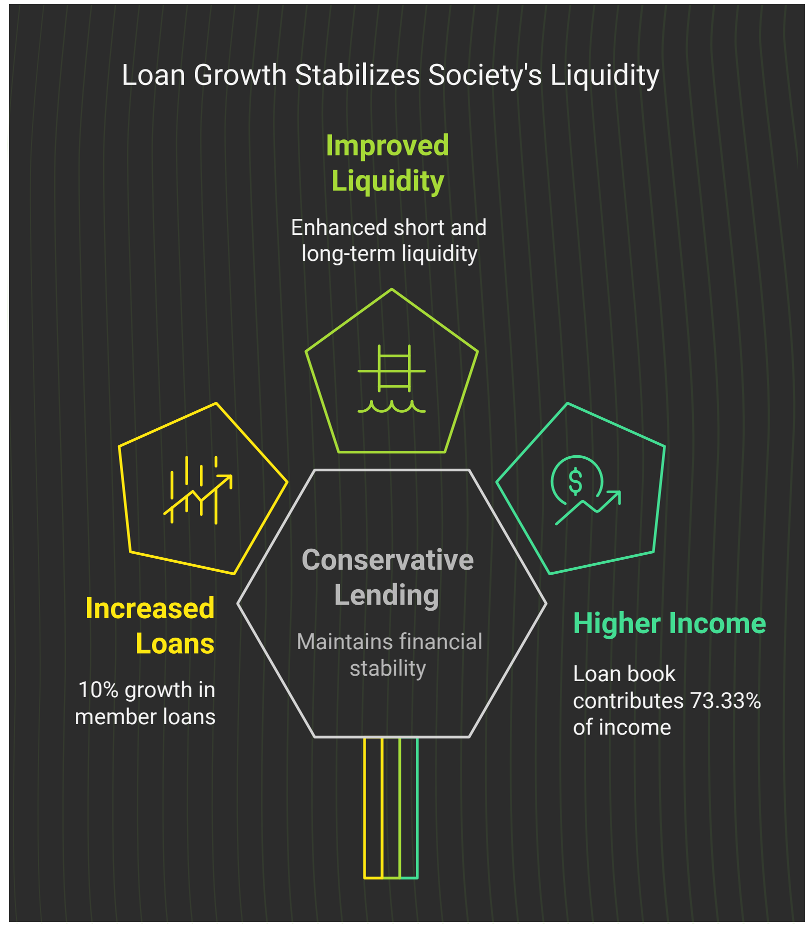
Key Financial Performance Highlights

(a) Growth in Asset Base

Harambee DT SACCO Ltd Total Assets stabilized at Kes. 38.695 after clearing with the Resolution to provide for Assets that had been isolated as unrealizable for Provisioning in the last eight (8) years. Going forward, growth will be exponential and directly proportional to the increase in growth of the Loan Book and Member Deposits. The Loan Book grew by Kes. 1.617 billion in 2024 while the Member Deposits grew by Kes. 2.882 billion. It is important to note that the Society continued to utilize internally generated funds to finance cashflow requirements at the same time retiring external Term Loan. This year the Society will develop the 2026 to 2029 Strategic Plan that is expected to propel Assets Growth to new Heights.

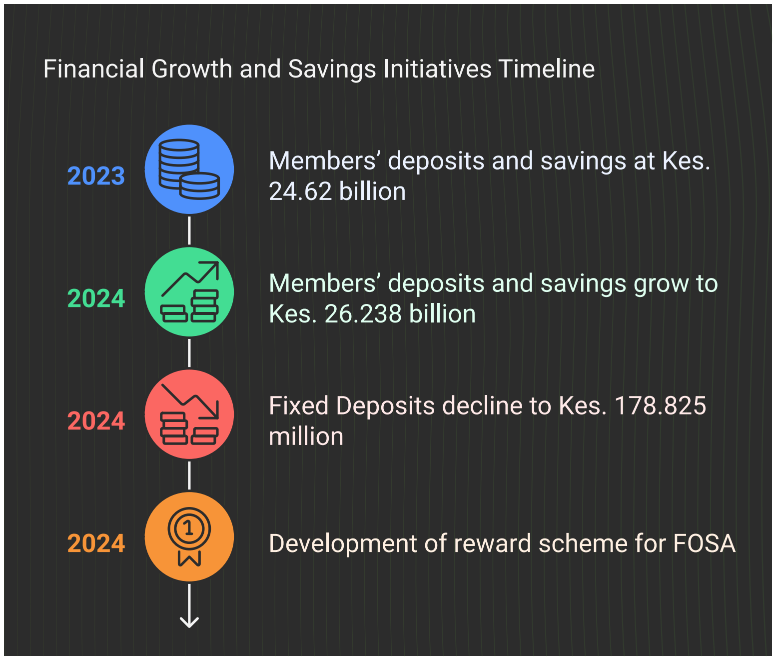
(b) Loans and Advances to Members

The Economy showed signs of recovery from Depression and the Management continued with conservative lending practices adopted earlier. External buyoffs and common share-boost products remained suspended in 2024. This in effect helped stabilize liquidity challenges at the same time retired Term Facility to a tune of Kes. 0.683 billion. The Society's total outstanding loans with members grew by 10 percent from Kes. 29.14 billion to Kes. 32.02 billion. The Society's Loan Book contributed 73.33% of the Income. The ratio of Members' Loans to Total Asset increased from 79.3% in 2023 to 82.7% in 2024. The Society recorded significant growth on Loan Book against an appetite for loans biased on security-based. The disbursement of Loans is continuous as the applications are received. The Board will continue to implement strategies that will enhance growth of internally generated funds hence improve Society's liquidity status both in the short and long term. The management completed the Share prospectus and the share-drive launch was done within the 1st quarter of the 2024. Dismal performance was recorded with respect to cash injections. I call upon the leaders to prevail on Members to embrace and subscribe to more shares and earn a guaranteed 15% return plus residual from FY 2025 going forward. Currently Capitalization option is available on our USSD code.



(c) Members' Deposits and Savings.

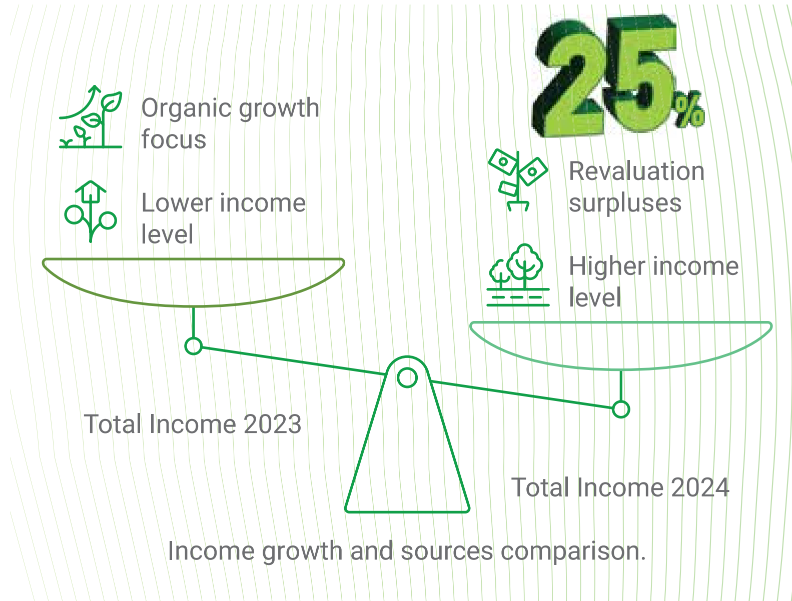
Members' deposits and savings grew from Kes. 24.62 billion reported in year 2023 to Kes. 26.238 billion in 2024 representing a growth Kes.1.617 Billion recording a 6.57% growth. Fixed Deposits and other Savings account Product recorded a decline of Kes. 6 million in 2024 to Kes. 178.825 million from Kes. 184.855 million in 2023. We are still calling upon members to heed to our call of increasing their savings/deposits. We have an array of products such as Business Savings Accounts, Toto Junior Savings Account, 52WeekSavings Challenge, Holiday Savings Account among others. Please, let us embrace a savings culture and the net effect shall be enhanced liquidity and more business. The Society is currently developing a reward scheme for cash held in FOSA for a considerate period time. Meanwhile, members can Patronize the 3% and 2% reward on capitalization to either Dividends and/or Interest on Deposits respectively.



(d) Income Statement Analysis

I. Total Income

The Society maintained an upward trajectory in income generation and 2024 was its best year growing with a high of Kes. 1.423 billion to register a Total Income of Kes. 7.105 billion compared to Kes. 5.682 billion in year 2023, a 25% increase. The Growth is a combination of organic growth of the Society's income and Revaluation surpluses over the years on Investment Property and gains on fair value of financial investments. The Management will continue to keep up the growth momentum as we match towards attaining a total income target of Kes. 7.2 billion in year 2025 without Revaluation Surpluses.

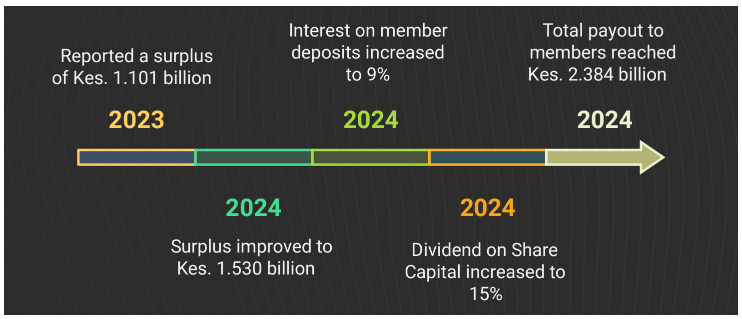


II. Operating Expenses

The Society's total operating expenses increased by a factor of outlier being a one off write-off to 56% from Kes. 1.923 billion in 2023 to Kes. 3.001 billion in 2024. The Society's Asset quality has been attained by the 2024 full provision thus the increase. Interest on members deposits increased by 3% from Kes. 1.946 billion in 2023 to Kes. 2.006 B in 2024 whereas the Dividends increased by 34 % from Kes. 281.88 Million in 2023 to Kes. 378.463 Million in 2024.

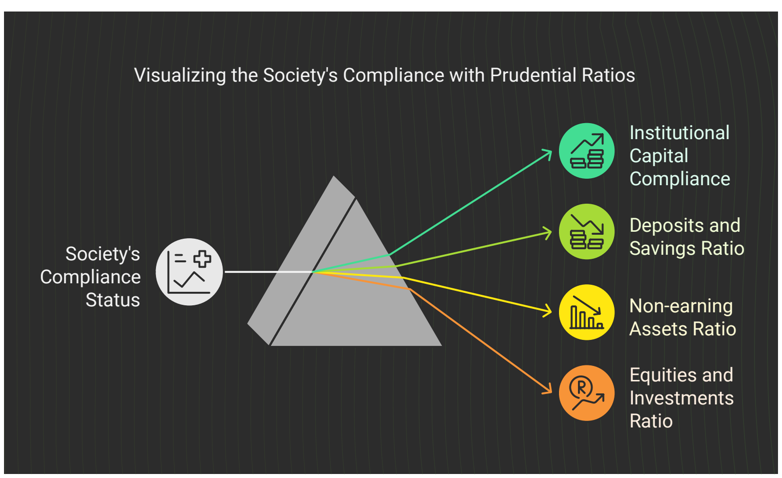
III. Surplus & Distribution

The Society performance improved to record a surplus on Comprehensive income after tax of Kes. 1.530 billion in year 2024 compared of Kes. 1.101 billion reported in year 2023 Restated; figures included Fair value gain/(loss) on equity investment and revaluations. These results were arrived at after netting off interest on members' deposits of Kes. 2.006 billion. The Society proposes to pay Interest on members deposits at a rate 9% for year 2024 compared to 8.5 % in year 2023 and a dividend on Share Capital at 15% compared to 12% in year 2023 an improvement of 34%. Total payout to members being Kes. 2.384 billion compared to Kes 2.227.88 billion in year 2023, representing 25% of the Total Income and growth rate of 25%. I encourage members to invest more in the Share Drive to earn a guaranteed 15% plus residual dividend return apart from the competitive Interest rebates on Member Deposits.



d) Compliance with Prudential Standards

The Society's compliance with minimum prudential ratios is as shown below. The Society has fully complied with the Institutional Capital now at 9.9% in 2024 compared to 7.7% in 2023 against the requirement of at least 8%. The only non-compliant Ratio is Deposits and Savings / Total Assets standing at 67.8 % a factor of 2.2 % shy of the expected range. The other area of non-compliance is Equities and Investments to Total Deposits ratios. We expect to meet the threshold and grow beyond moving forward.



Statutory requirements / Key Ratios	Minimum/ maximum	2024	2023
Capital Adequacy Ratios			
Core Capital / Total Assets	≥10%	16.4%	14.1%
Core Capital / Total Deposits	≥8%	24.1%	21.0%
Institutional Capital / Total Assets	≥8%	9.9%	7.7%
Non-Earning Assets/Total Assets	<10%	8.9%	12.4%
Equities and Investments / Deposits	≤ 5%	6.0%	5.6%
Net Loans / Total Assets	70-80%	82.7%	79.3%
Deposits and Savings / Total Assets	70-80%	67.8%	67.0%
Liquidity Ratios			
Liquid Assets/Savings Deposits and Short Term Liabilities	≥15%	16.8%	27.1%
Liquid Assets/ Total Deposits and Long Term Liabilities		2.7%	5.3%
External Borrowing / Total Assets	<25%	6.1%	8.3%
Operating Efficiency Ratios			
Total Expenses / Average Assets		8.0%	10.5%
Interest on Members' Deposits / Total Revenue		28.2%	34.3%
Interests on fixed deposit		10.0%	10.0%
Rebates/Interests on Members' BOSA Deposits		9.0%	8.5%
Dividends on Members' Share Capital		15.0%	12.0%
Total Delinquency Loans / Gross Loan Portfolio	≤ 5%	2.7%	1.4%

The critical ratio worth noting is the Liquid Assets/Savings Deposits and Short-Term Liabilities measured by Liquid Assets/Savings to Deposits and Short-Term Liabilities. The Society largely used overdraft facility and short-term financing more so during end months due to liquidity strains. We call upon Members to patronize our Savings products and utilize our FOSA facilities.

ROLLAH GATWIRI
NATIONAL TREASURER

ENJOY THE BENEFITS OF

SALARY ACCOUNT & FOSA LOANS

Harambee Salary Processing is designed for members to channel their salaries through Harambee DT SACCO.

Benefits of channeling Salary through FOSA

1. Access to a wider variety of loan products
2. Access to FOSA Advances
   - Salary Advance
   - Salary-In-Advance
   - M-Boosta
   - Jisort Advance
   - Finje Chap Chap
3. Longer repayment periods

In our 2023/2024-year reports, we recommend that ICT Department be added more specialized manpower to boost the performance and secure the operations of the organization. We urge the management to take action since IT is the backbone of any financial organization and efficient and effective transaction enabler.

SUPERVISORY COMMITTEE REPORT

Core Function

In compliance with the provisions of Cooperative Act and Regulations on the Supervisory Committee, we conducted Audit and Inspection and made the following observations discussed/presented under the listed headings: -

1. Mobilization of funds (savings)
2. Disposal of Idle Assets/Land Projects
3. Credit Management(loans)
4. FOSA Operations
5. Loan Book
6. Internal Audit and Risk.
7. Records (Information)
8. Marketing Department
9. Society Legal Matters
10. Human Resources/Staffing
11. Corporate Governance
12. Finance Department

Introduction

In order to realise the envisaged vision of the Society of choice in the movement, the following are the bear minimum to be pursued by members, Board, Management and staff:-

i) Increase in Salary accounts
ii) Improve the share drive
iii) Reduce or eliminate external borrowing
iv) Improve collection of remittances/recoveries
v) Provide target for each product and estimate the revenue expectation
vi) Grow the membership
vii) Grow the loan book

If only these pillars are addressed effectively, then it is only a matter of time and the vision of being the SACCO of choice will be realised.

1. Mobilization of Funds

The Theme of the year 2024 was **"This is the turning point!"** for Harambee DT SACCO to realize this we need to evaluate the implementation of the following key but necessary yardsticks: -

a) The success or otherwise on conduct of share drive.
b) The improvement of the salary accounts from 2020 – 2024

c) Reconciliation of loan book vs remittances received and improvement if any of remittances received at the year end in comparison with the year ending 2023.

d) Intervention employed to check the decline in patronage of products.

e) Improvement or otherwise on return on investment.

f) Mitigation on risk inherent on the SACCO business

g) A guide to understanding audit reports and what they mean for our business. These reports are vital tools for assessing the financial health, operational efficiency and regulatory compliance of a business. Understanding audit report can significantly enhance decision-making and risk management.

h) Finance Bill 2024 – Impact on Kenyan businesses and citizens as it takes effect. It is crucial to understand the specific tax changes that will impact business and individuals.

The Asset base in 2023 was Kes. 36.7B and in 2024 it was Kes. 38.6B an improvement of 5.18%.

The Net loan book in 2023 was Kes. 29.16B compared with 32.02B in 2024 an improvement of 10.03%

a) Share capital went up from Kes. 2.3B to Kes. 2.5B.

In setting of the tone at the top in 2024, the National Chairman alluded to the following objectives: -

(i) Building our working and institutional capital (Financial Independence)

(ii) Growing our membership (indicate increment in members and salary accounts)

(iii) Digitalization

Going forward, it is imperative that these parameters are met.

2. Disposal of Idle Assets/Land Projects

From our previous report of 2023, we had recommended that the Society reduce the value of non-earning assets and make provision for non-realisable assets to improve on financial position statement. We invite the Delegates Annual Meeting to pause and reflect on the lack of decision on the following assets: -

(i) Nyali – A lease agreement has been entered into to renovate these houses. Work is on-going on site. The Board to pay attention to the other land projects as well.

(ii) Limuru Road

(iii) Matundu Lane

(iv) Other land projects

We regret to report that so far, no action has been taken on some projects thereby this issue remains outstanding giving an image of a non-progressive institution. The Society is subjected to unnecessary expenses.

3. Credit Management

The Credit Committee report stated to having steered our business successfully to register the following: -

a) Growth in the loan book (Net) from 29.16B to 32.02B.

This is a good growth above double digit. Implying that there is need for sustainability to ensure growth.

b) Members got their loans as they applied. The SACCO disbursed loans as they came. This performance indicated must be appreciated since it points at operational efficiency.

c) The percentage of non performing loans (NPL) increased from 1.4% to 2.7%. The SACCO needs to enhance loan monitoring and improve on collections in order to enhance the quality of the loanbook.

4. FOSAs

Audits and inspections conducted in all the SACCO FOSA Branches which indicated that by and large the operations were efficient and effective. However, the recording and completeness in two (2) branches were unsatisfactory.

While there is overall improvement of performance in the FOSAs, there is still room to improve on timely reconciliation, updates on treasury records and management of petty cash.

5. Loan Book (Gross)

From the data provided loan from 2020 to 2024. The loan book grew by Kes. 2.9 Billion or 9.9% in 2024 as compared to 2023. An increase from Kes. 29.6 Billion to 32.6 Billion as shown below: -

Year	Total Gross Loan Book (Kes.)	Growth (Kes.)	Growth (%)
2020	21,872,223,127	3,560,574,478	19.44
2021	24,380,868,205	2,508,645,078	11.47
2022	27,668,475,098	3,287,606,893	13.48
2023	29,659,281,608	1,990,806,510	7.2
2024	32,606,265,165	2,946,983,557	9.9

This does not depict consistency; it is an oscillation of the loan book and new strategies should be developed to check this trend and change the trajectory to enhance growth consistency in absolute terms of loan book.

Online Loans disbursed in 2024

The Society disbursed a total of Kes. 12.657 Billion through the online platform compared to Kes. 7.680 Billion through the same in 2023. The online loans represent 89.6% of the total number of loan applications and 49.2% of the total value of loans disbursed. We recommend that, since online disbursement is now the norm, we push all our products through this channel.

FOSA Salary Advances Disbursement Report

The value of advances disbursed was Kes. 2.042 Billion for year 2024. FOSA also handled about 50% of the BOSA credit applications thereby enhancing member contact and consequently impacting positively on the transactional income. However, a strategy should be developed to capture the 50% not captured in FOSA.

6. Internal Audit and Risk

Key Responsibilities

a) Financial Reporting
b) Internal and External Audit
c) Risk Management and Compliance

Key Audit matters

a) Forward looking information and IFRS 9 Implementation
b) Recoverability of Trade receivables
c) Expected credit loss (ECL) methodology

External Audit entailed the following but not limited to various substantive audit procedures review of:-

a) Loan book
b) Re-computation of the loan and interest rates
c) Classification tests
d) Perform data validation

In the review of external audit report, it indicated that the suspense write-offs have a potential of attracting future liabilities. In view of this the management should provide the mitigation in case this contingent/ liability crystalize.

In this regard we are happy to report that all unrealised Asset have been written off.

The Audit Committee should review the following segments with a view of advising the Board on the best cause of action:-

a) Expected cashflow
b) Credit conversion factor (which is 60 days after the credit is provided)
c) Expected pre-payments

In the business world, transparency, accountability and Trust are more crucial than ever. External audits as part of an institution's financial governance structure play a pivotal role in ensuring that these elements are maintained. These audits provide a third-party assessment is a company's/SACCO financial health and operational integrity, which is critical for stakeholders including investors, creditors, employers and regulators.

The role of External Audits in Corporate Governance is critical. Key stakeholders including creditors, regulators, members and staff rely on external audit assurance.

In this respect we must agree that the SACCO made a good decision to move to tier two (2) audit firm and expect that in the next two years will engage one of the big five audit companies.

7. Records

The Committee inspected the Records and Archives Section during the year and are happy to inform you that the transformed Harambee Registry is a place conducive for working. Additionally, the bulk filing units for a total of 7,490 files had been procured and filing of members records is now real-time.

We recommend that this trend be rolled out to all our FOSA Branches including Nairobi. This will ensure all loan forms are captured in EDMS for easy workflow and easy digitalization of records. We propose outsourcing of digitalization services for the second phase for all active records.

We recommend that the Records Section renovation be given first priority including installation of a biometric access to main door and staff workstation hence enhancement of security.

The committee recommends additional staff to enhance efficiency.

8. Marketing

Marketing is a process which identifies the need of customer in a business. It plays a crucial part in business growth. At Harambee DT SACCO, the Board has fully given priority in marketing of Society's products. In recent years the department has moved a notch higher. However, the committee has noted with concern that the expenses in marketing has gone up tremendously as compared to increase in membership and opening of salary accounts.

We recommend that these expenses be checked to ensure that there is value for money.

9. Society's Legal Matters

It is the committee's concern that cases from 2013 are still pending in our 2023/24 financial reports. We did recommend that cases which have been in the SACCO for a long period of time be settled out of court.

We have observed that even unsettled cases, advocates have been paid. We recommend that the Legal Section negotiates with Society's advocates on best way to close these matters. We also recommend that Advocates who have lost cases and have served for a long time be reviewed with a view of having new panel of advocates on board.

10. Human Resource/Staffing

During the year under review, salaries and allowances increased from Kes. 189,599,159 to Kes. 231,107,450. This represents 21.9%. This emanated from implementation of job evaluation completed in 2024.

In our 2023/2024-year reports, we recommend that ICT Department be added more specialized manpower to boost the performance and secure the operations of the organization. We urge the management to take action since IT is the backbone of any financial organization and efficient and effective transaction enabler.

We urge Board and Management to put in place a robust performance management system that will match increase in remunerations with work output.

11. Corporate Governance

There is need for the organization to improve on corporate governance for the committees to make and enhance decision-making process. In the last report we had recommended that the Society carry our corporate governance audit.

In order to maintain the resilient performance and ensure sustainable growth, it is imperative to institute corporate governance audit and adopt the best practice as in the corporate world.

12. Finance Department

It is worth noting the increase in asset base from Kes. 36.7B in 2023 to Kes. 38.6B in 2024 an increase of 5.18% improvement. It is commendable that the SACCO for the first time has been able to comply with significant statistics in capital adequacy and institutional capital ratios. For this performance, we must appreciate the Board, Management and staff

13. Harambee Plaza

From the revaluation of the Plaza, its market value increased by Kes. 220,800,000. However, it is debatable whether: -

a) We are realising return on investment at appropriate level
b) Level of occupancy is below 95%. This should be addressed to enhance the value or improve the owner's worth.

Conclusion

In our opinion, based on our monthly audits carried out in the year 2024, the SACCO's internal control environment was adequate in preventing the occurrence of frauds and errors.

Despite the challenges Harambee DT SACCO faced in the year 2024, a lot of progress has been made towards the achievement of the SACCO's corporate vision, mission, and strategic plan.

This committee is dedicated to serve you and ensure that Harambee DT SACCO remains your financial and development partner of choice. However, the Strategic Plan is expiring in 2025 and hence there is need to craft a new plan to move the Society forward.

We take this opportunity to sincerely thank the Board of Directors, management and staff for the cooperation and support accorded to us in the performance of our functions as a committee.

Thank you for giving us the opportunity to serve you may God bless you and God bless HARAMBEE DT SACCO.

MR. JOSEPH YAMO
CHAIRMAN – SUPERVISORY COMMITTEE

Unaweza ishi kama

Mdosi!

with HARAMBEE MORTGAGE SCHEME

Harambee Home Loan
For outright purchase

Harambee Jenga Loan
For Construction

Shamba Loan
To acquire a piece of land

FINANCE, STAFF AND ADMINISTRATION COMMITTEE REPORT

The Human Capital Management

The value of any business is a function of the financial capital and the intellectual capital managed by its ***people that is the Staff***. As Jim Collins said, "***Great vision without great people is irrelevant.***" At Harambee DT SACCO, the key focus is on the People and Culture to ensure that the SACCO is aligned towards the achievement of her Strategic intent in the most effective and efficient manner through; Talent acquisition, Talent Management & Retention Strategies.

The Society's total staffing level is 137. The distribution of Staff is in the following categories:

S/No	Category	No. of Staff
		2024
1	Permanent & Pensionable	130
2	3-5 Years Contract (in Grades 9 – 6)	7
3	1 year Call Centre	0
4	1 year Contract (Marketing)-BDE & Telesales	0
	TOTAL	137

Distribution by Gender

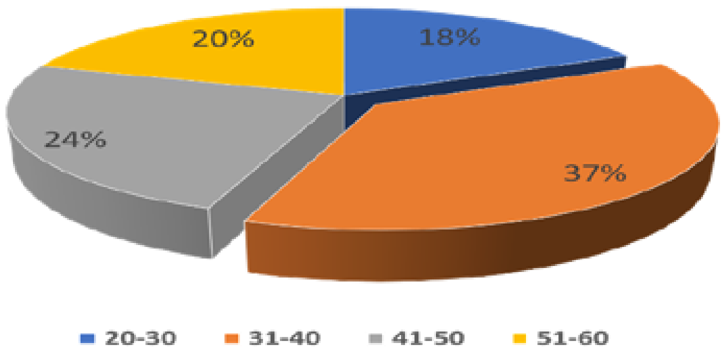
The SACCO is an equal opportunity employer. Over the years, the SACCO maintained a regional balance with near equal representation on gender balance.

By December 2024

GENDER	TOTAL STAFF	PERCENTAGE
MALE	67	49
FEMALE	70	51
TOTAL	**137**	**100%**

Distribution by Age

This analysis provides a clear picture of the current employment demographics. Notable is the presence of youthful employees aged between 20 to 40 years occupying 55% of the workforce.



Staff achievement

The Society registered excellent growth in the year 2024. Key among the growth areas being the Loan Book Portfolio that registered a growth of close to **Kes. 2.9B,** deposits and Savings growth of **Kes. 1.62B & Revenue grew to Kes. 1.33B**. This achievement confirms that staff worked tirelessly with dedication and commitment and recorded tremendous results despite the challenging work environment of year 2024.

Salaries & Wages Administration

a. Job Evaluation (JE)

To determine systematically the relative worth of jobs within the Society and to award commensurate remuneration, the Board approved the engagement of a Consultant to conduct Job Evaluation in 2024. The exercise was concluded and the recommendations adopted and implemented.

b. Collective Bargaining Agreement (2023 - 2026) – Unionized Staff

The Society fully implemented the last cycle of Collective Bargaining Agreement – CBA, (2019 - 2022) for the unionized staff. Job grade 1-4. The new CBA 2023 – 2026 is due for implementation in line with the court determination.

Training and Development

Our key focus is to continuously empower the staff and holistically build their capacity through acquisition of the right skill sets to deliver on the strategic mandate of the SACCO and individual career development.

In the year, 2024 all SACCO staff were trained on Clarity 4D and all staff registered with professional bodies attended the relevant professional trainings. Further, the lower level Staff were trained on FOSA operations and Risk Management.

Work Place Health & Safety

Safety is a key concern to the Society and therefore as per the OSH Act, the Society has in place a functioning OSH Committee whose members are well trained to guide and advise the Society on Safety and health matters within the Society premises. Further, the Society continuously conducts Occupational Safety and Health audits to ascertain the status of Occupational Safety, Health and welfare conditions at Harambee DT SACCO Society Ltd to ensure safe work environment for Staff.

To safeguard the health of the employees the SACCO has an enhanced Staff medical cover that includes the Staff next of Kin. The enhanced cover helps the staff to manage work/life balance, we held several talks on financial literacy, Staff wellness, mental health, staff career & personal growth.

Disciplinary Matters

The Society endeavors to have a disciplined workforce in order to drive its Vision and Corporate Mission. Therefore any form of indiscipline and any breach of the set out Policies, Procedures and Regulations are dealt with decisively but in a fair, transparent manner in consistent with the provisions of the HR disciplinary procedures, the Employment Act and other relevant employment regulations.

Staff Separations / Exits

In the year 2024, we had few numbers of exits from the Society as shown below:

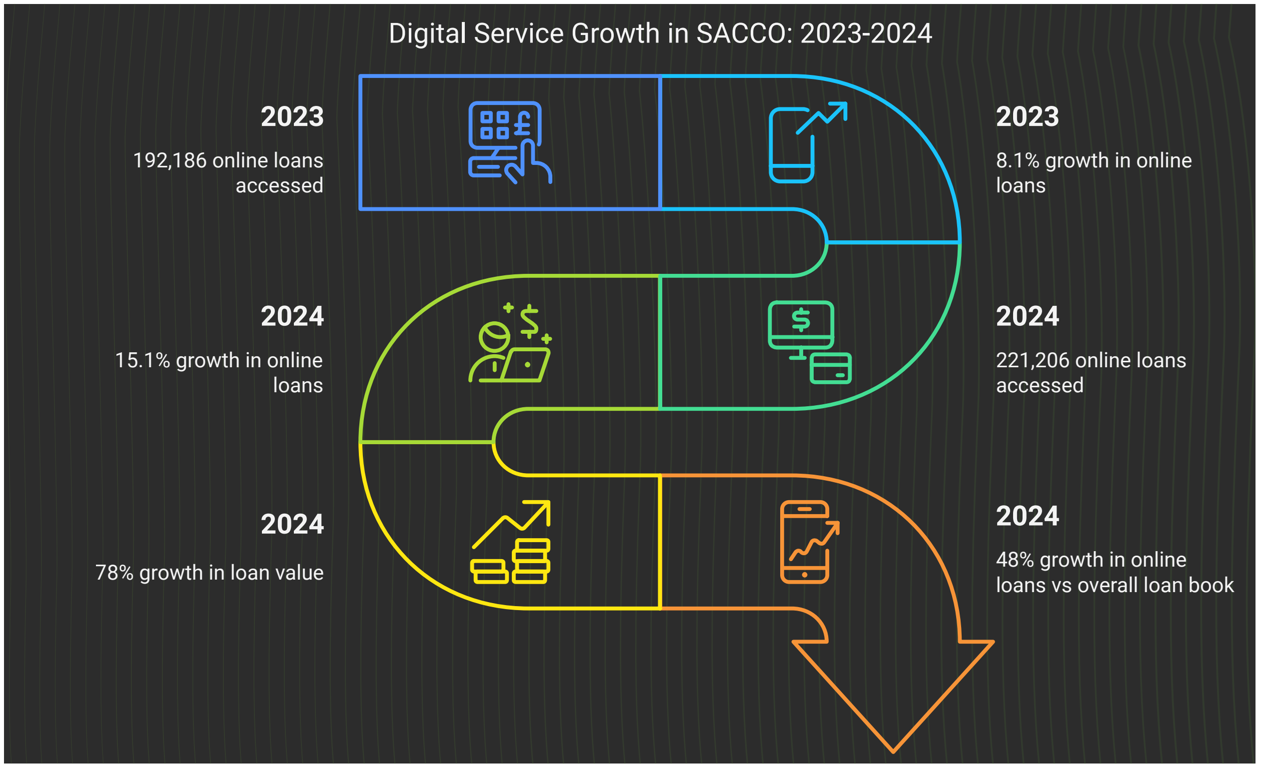
No.	PARTICULARS Reasons for Exits	YEAR 2023	YEAR 2024
1.	Death	0	0
2.	Resignation	2	0
3.	Dismissals	3	4
4.	Mandatory Age Retirement	0	0

The Society remains the employer of choice as indicated by the labour turnover, which was low as stipulated above. The Staff work/life balance and general welfare remains a top priority of the SACCO, as a happy staff is an engaged and loyal employee.

Information Communication and Technology (ICT)

During the year under review, Harambee DT SACCO had improved uptake of digital services by the members. This patronage of digital services is reflected in the number of transactions as well as the improved income generated from these services.

Online loans are becoming popular among the membership and in 2024, our members accessed a total of 221,206 online loans compared to 192,186 in 2023 marking growth of 15.1% compared to 8.1% in 2023. In



terms of value, in 2024, members accessed loans worth 12.6B compared to 7.1B in 2023 hence a growth rate of 78%. Total online loans growth vs overall loan book growth is 48% in 2024 compared to 30% in 2023.

Annual Loan Book vs eLoans performance

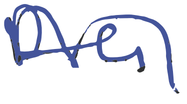
Year	eLoans Amount	eLoans % Growth	Total Disbursed Loan	eLoans % vs Total Loan Book
2023	7,119,641,718	19%	23,600,739,297	30%
2024	12,657,926,948	78%	26,153,819,759	48%

In the year 2024, the SACCO experienced minimal interruptions of services. The SACCO has put in place measures to ensure confidentiality, integrity and availability of systems.

The security of members' funds remains key in design of SACCO products and services. Our product and service design incorporates security by design. To this end, the Society continuously strengthens the security controls around its systems to safeguard members' funds.

Conclusion

We call upon stakeholders to support the SACCO initiatives and programs that will motivate employees, generate Return on Investment (ROI) and increase the bottom line of the Society. Further, we most sincerely appreciate our key stakeholders, delegates, the Board and our members for the continued support and the Harambee DT SACCO staff for the improved performance.



MS. ROLLAH GATWIRI
CHAIRPERSON – FS&A COMMITTEE

Unleash your Potential

BOOSTIKA NA

MAXIMUM OF 3 MILLION ONLINE

BOSA Loans

- Karibu Loan
- Development Loan
- Emergency Loan
- School Fees Loan
- Jisaidie Top-up Loan
- Jisaidie 72 Top-up Loan
- Inuka Loan
- Bima Advance
- Shamba Loan

FOSA Loans

- Shares boost Advance
- Salary Advance
- Salary-In-Advance
- M-Boosta
- Jisort Advance
- Finje Chap Chap

CREDIT COMMITTEE REPORT

This report of the Credit committee covers loan disbursements, loan book balances comparisons for the years 2020 to 2024, uptake of credit products (Online and Manual), FOSA credit performance and loan default management, as detailed below:

The year 2024 was a successful one for the Society and the credit committee worked diligently to;

(a) grow the loan book,

(b) ensure that members get their loans on time and conveniently, and

(c) ensure that the quality of the loan book continues to improve.

The Society's loan book grew from Kes. 29.659 billion in 2023 to Kes. 32.606 billion in 2024, representing a growth of 9.86%. For these commendable achievements, the credit committee wishes to sincerely appreciate all the members for their support and continued patronization of the Society's credit products and services during the year 2024, and the staff for their tremendous contribution towards this commendable growth.

Below is a report on the loans disbursed in 2024.

Department	Number	Amount (Kes.)	Percentage (%)
BOSA	99,025	21,375,049,585.00	83.09
FOSA	147,857	4,351,647,461.00	16.91
Total	**246,882**	**25,726,697,046.00**	**100.00**

FOSA credit products disbursement contributed Kes. 4.3B, which was 16.91% of the total Credit disbursed in the year, mainly due to the growth in salary accounts. The increase in accounts bolstered the FOSA income to hit the three billion mark.

It is imperative therefore that in the year 2025, a special emphasis is placed on increasing the number of salary accounts as this translates to instant transactional income boost. This is the main growth area for the Society under this strained economy.

1. LOAN DISBURSEMENTS

In the year under review, loan disbursements increased by 12.18% from Kes. 22.9 billion in 2023 to 25.7 billion in 2024. Compared to previous periods, the society has sustained a commendable growth in total loans disbursed from Kes. 20.3B in 2020 to close the year 2024 at Kes. 25.7B.

Table 1. Loan disbursements in 2024 compared to previous periods.

Year	Loans Disbursement (Kes.)	Growth (Kes.)	Growth (%)
2020	20,318,290,400.00	-	-
2021	21,935,591,869.00	1,617,301,469.00	7.96
2022	24,577,133,012.00	2,641,541,143.00	12.04
2023	22,933,452,185.00	(1,643,680,827.00)	(6.69)
2024	25,726,697,046.00	2,793,244,861.00	12.18

NB: The decline in loan disbursement recorded in 2023 was impacted by internal controls and restrictions on external loans buy-offs and deposits cash boost facility instituted by the management from April 2023. The management continues to review the controls and restrictions in place and full operations are expected to resume in the second quarter of 2025.

2. LOAN BOOK

In the period under review, the Loan book grew from Kes. 29.659 billion to Kes. 32.606 billion which is 9.86% growth compared to 2023 as shown below.

Table 2. Loan book growth from 2020 to 2024.

Year	Total Gross Loan Book (Kes.)	Growth (Kes.)	Growth (%)
2020	21,872,223,127	3,560,574,478	19.44
2021	24,380,868,205	2,508,645,078	11.47
2022	27,668,475,098	3,287,606,893	13.48
2023	29,659,281,608	1,990,806,510	7.2
2024	32,606,265,165	2,946,983,557	9.9

Table 3. Graphical illustration of Loan book growth from 2020 to 2024:

The Society continues to offer a diversified range of credit products to the members. Loans and advances uptake per product for years 2024 and 2023 is as shown in the table below.

Table 4. Loans disbursed Per product in year 2024 and 2023.

	2024			2023		
TOTAL	Number	Amount (Kes.)	%	Number	Amount (Kes.)	%
Development	8,081	2,703,228,000.00	10.51	8,101	2,859,298,000.00	12.47
Emergency	11,125	630,646,554.00	2.45	12,057	711,149,195.00	3.10
Jisaidie 72	4,896	2,455,475,000.00	9.54	3,291	1,827,957,000.00	7.97
Jisaidie 60	6,032	2,865,404,000.00	11.14	5,336	2,774,791,000.00	12.10
School Fees	3,122	249,803,145.00	0.97	3,388	282,057,924.00	1.23
Salary Advance	15,181	1,948,987,412.00	7.58	15,253	2,042,286,828.00	8.91
M-Boosta	99,562	1,932,920,545.00	7.51	104,277	1,824,480,493.00	7.96
Salary In Advance	20,413	192,475,096.00	0.75	16,496	161,627,197.00	0.70
Finje Chap chap	3,433	72,693,340.00	0.28	3,149	70,606,699.00	0.31
Jisort Advance	2,406	65,257,800.00	0.25	1,651	46,209,750.00	0.20
Dividend Advance	53,033	879,379,886.00	3.42	51,991	713,182,099.00	3.11
Karibu Loan	622	314,427,000.00	1.22	1,678	805,115,000.00	3.51
Inuka 96	6,056	7,345,286,000.00	28.55	5,049	5,672,775,000.00	24.74
Inuka 84	6,057	3,927,400,000.00	15.27	4,327	3,125,916,000.00	13.63
Harambee Home Loan	1	4,000,000.00	0.02	-	-	-
Harambee Jenga Loan	-	-	-	2	16,000,000.00	0.07
Safaricom product loan	-	-	-	-	-	-
M-Boosta Plus	6,862	139,313,268.00	0.54	-	-	-
TOTAL	**246,882**	**25,726,697,046.00**	**100.00**	**236,046**	**22,933,452,185.00**	**100.00**

Disbursement summary

Category		Amount Kes.)	%
Long term (Above 2 years)		19,615,220,000.00	76.24
Short term (2 years & below)		6,111,477,046.00	23.76
Total		**25,726,697,046.00**	**100.00**

3. ONLINE LOANS ISSUED IN YEAR 2024

In the year 2024, The SACCO disbursed loans worth Kes. 12.657 billion though online platforms compared to Kes. 7.680 billion disbursed through the same platform in 2023. This represents 89.60% of the total number of applications and 49.20% of the total value of loans disbursed, as shown in the table below.

Table 5. Online Loans disbursed between 2021 and 2024

Year	Online Loans		Manual Loans		Total Loans Granted		Percentage of online loans	
	Number	Amount (Kes.)	Number	Amount (Kes.)	Number	Amount (Kes.)	Number	Amount
2021	164,946	3,920,202,393	49,979	18,851,904,139	214,925	22,772,106,532	77.00	17.21
2022	188,565	7,965,048,278	28,867	16,612,084,734	217,432	24,577,133,012	86.72	32.41
2023	203,847	7,680,375,684	36,925	15,920,363,613	240,772	23,600,739,297	84.66	32.54
2024	221,206	12,657,926,948	25,676	13,068,770,098	246,882	25,726,697,046	89.60	49.20

4. FOSA ADAVNCES DISBURSEMENT REPORT

The Society disbursed FOSA advances in 2024 amounting Kes. 4.351 billion compared to Kes. 2.042 billion in 2023. FOSA branches continue to handle about 50% of the BOSA credit applications thereby enhancing member contact and consequently imparting positively on the transactional income.

5. LOAN DEFAULT MANAGEMENT

The Society has continued to clean the loan book from historical issues over the years. The number of members affected by these historical issues had significantly dropped by the end of the year 2024.

At the end of 2024, the Society maintained the Portfolio at Risk (PAR) at below 3% closing at 2.7%, which is well below the industry standard of 5%. This PAR is expected to continue improving in 2025 and beyond.

The credit committee members take this opportunity to thank the entire membership and staff for the immense contributions in 2024 that saw the Society maintain its growth trajectory in the loan book and maintain a quality loan book for the society.

MRS. MILLICENT SIMIYU
CHAIRPERSON, CREDIT COMMITTEE

Driving Social Performance through...

Creation of meaningful change and enhancing quality of life, uplifting and empowering both individuals and the broader community.

HARAMBEE DT SACCO CSR

Our commitment is reflected in our diverse range of programs which include;

- Youth & Sports
- Education
- Environment
- Women Empowerment
- Humanitarian Aid

EDUCATION & GOVERNANCE COMMITTEE REPORT

The Education and Governance Committee of the Board of Directors of Harambee DT is pleased to present its report to the Annual Delegates Meeting ("ADM") for the year ended 31st December 2024. This report summarizes the Committee's activities and accomplishments during the past year, focusing on its oversight of educational initiatives and governance practices within the SACCO.

The Committee's primary mandate is to:

i) Ensure SACCO membership growth, excellent customer service and positive brand reputation is observed.
ii) Oversee the development and implementation of educational programs and initiatives aligned with the Organization's strategic goals.
iii) Review and recommend policies related to education, training, and professional development.
iv) Ensure the SACCO maintains high standards of corporate governance, including compliance with relevant regulations and best practices.
v) Review and recommend updates to the SACCO's governing documents, including the constitution, bylaws, and policies.
vi) Promoting ethical conduct and accountability
vii) Monitor the effectiveness of the Board and its committees.

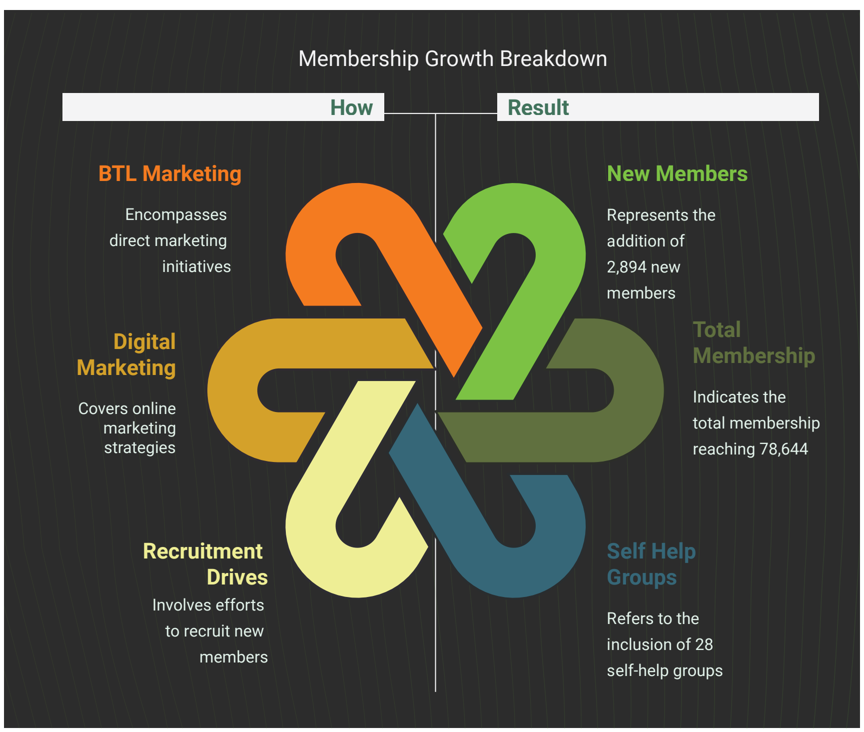
Key Activities and Accomplishments

During the year, the Committee focused on the following key areas:

1. Membership Growth

The Society registered **2,894 new members** bringing the total SACCO membership to **78,644** and **28 Self Help Group (Chamas)**. This was achieved through various strategic initiatives including member recruitment drives, digital marketing and other Below-The-Line (BTL) marketing initiatives.

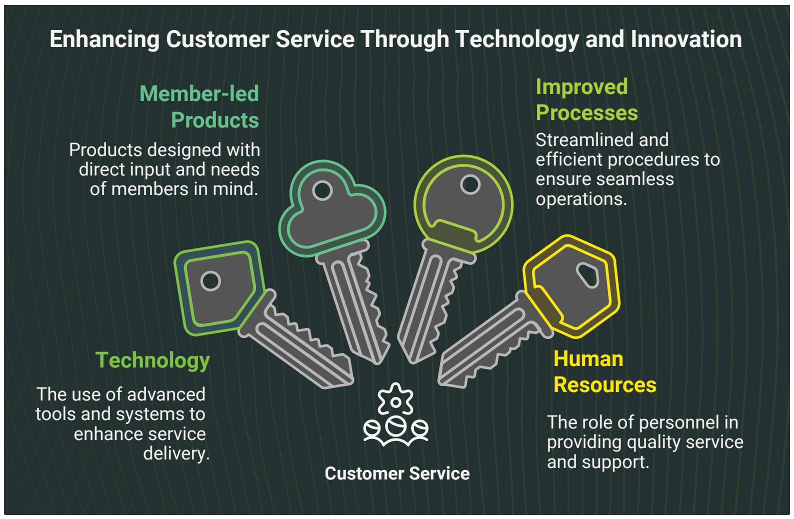
Product Development and enhancements remained a top priority with M-Boosta Plus as one of the products introduced in the reporting period. In the year 2025, we plan to operationalize the newly approved Makao Poa and YOLO loan. Further, we plan to continue with product portfolio review initiative with an aim to enhance our products thereby offering member-led solutions. We also plan to undertake other high-level activities that will increase and retain our membership. These activities include; Millionaires Club Chairman's breakfast, Key stakeholders consultative meetings, digital marketing initiatives and member education.



2. Customer Service

Customer Service remained a top priority for the SACCO as evidenced by the member satisfaction rate of 63% by the end of the year. The drivers of the SACCO's Customer Service in the year 2024 were **technology, member-led products, improved processes** and **Human Resources.**

The Society adopted technologies that enabled members to interact with the SACCO and transact conveniently at their comfort. The Society deployed an M-Survey tool with a view to improve our service delivery through customer feedback. In the year 2025, we plan to take the technology agenda a notch higher by deploying the Customer Relationship Management (CRM) tool.



The Society remained steadfast in its product development agenda, customer service policies and processes development, and optimal staffing in order to deliver superior member experience. This is evidenced by the reduced number of members complaints as well as the Turn-Around-Times (TAT) in service delivery.

3. Digital & Social Media

The Society remained active on various Social Media platforms including: **Facebook, Instagram, Twitter, Youtube, LinkedIn, Tiktok, Whatsapp, Telegram** and **google review**. By the end of the year, we had a following of over **37,000 people**. To increase member interactions through digital the Society held various webinars reaching to thousands of members with various products information. As a result our youtube channel received **20,775 views, 1,903 subscribers** and **6,644 impressions** indicating a positive momentum in our digital outreach. We anticipate further growth as we continue to refine our digital marketing strategy and engage with our community.

4. Stakeholder Engagement

With a bouquet of over **300 key stakeholders**, Harambee DT SACCO continues to play its critical role of engaging all our key stakeholders for the greater good of the membership and in essence the broader operating ecosystem.

From the National Government to the County Governments, the Apex Co-operative bodies, contemporary and smaller co-operatives, and the Media to the individual membership catchment organisations, the Society's strategic stakeholder's engagement drive has always been anchored on three key pillars of **building trust, gaining trust and making better symbiotic decisions**.

The FY 2024, saw the Board and Management go on an overdrive on our approach of engaging stakeholders. Several formal and informal meetings held were designed to build rapport and gain both corporate and individual support from the different key stakeholders for the benefit of the members across the board.

On the home front, the Society capped the year by hosting its internal stakeholders to a colourful and memorable Christmas Cantata that saw each staff gift their colleagues. This was in addition to having regular meetings through out the year.

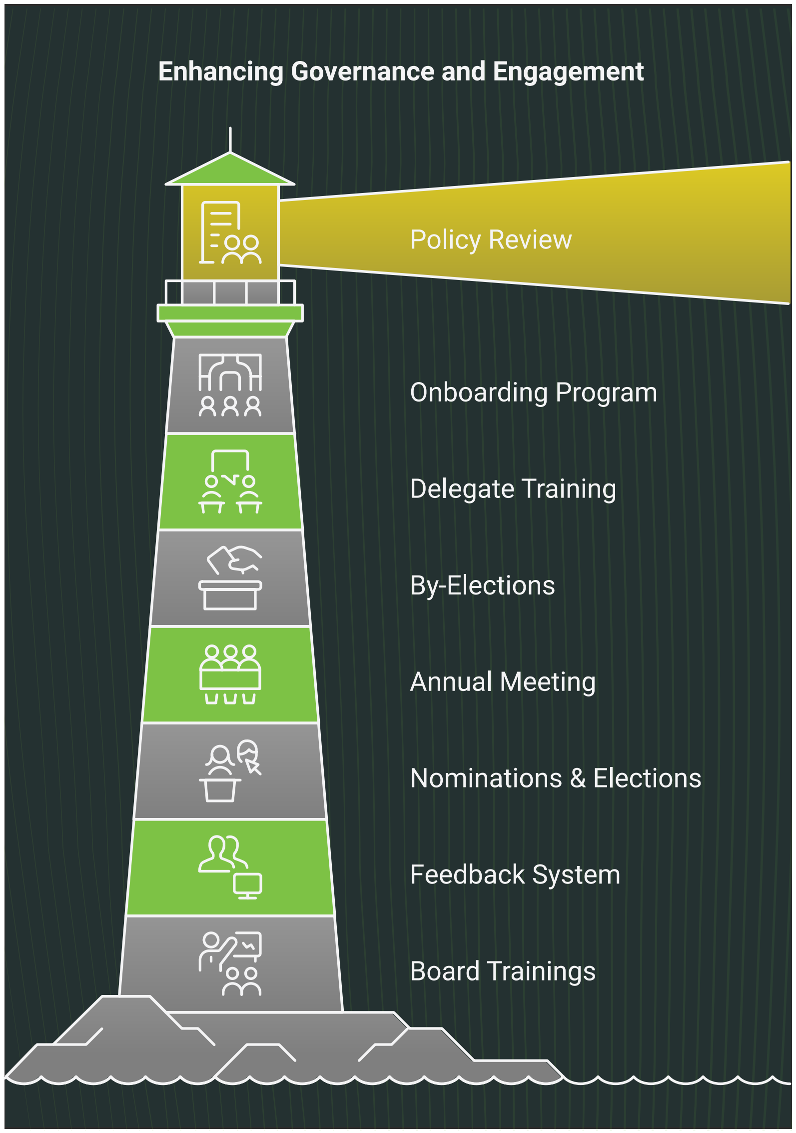
Stephen Covey surmises our philosophy, when he states **"When the trust is high, you get the trust dividend**. Investors invest in brands people trust. Consumers buy more from companies they trust, they spend more with companies they trust, they recommend companies they trust, and they give companies they trust the benefit of the doubt when things go wrong."

5. Corporate Governance

In the year 2024, the Education and Governance Committee actively assisted the board to stay up to date on the best governance practices and guided the board on matters regulatory compliance. In particular, the committee;

i) Conducted a comprehensive review of the SACCO policies and recommended updates to ensure clarity and relevance.
ii) Implemented a new board member onboarding /induction program to enhance understanding of roles and responsibilities.
iii) Conducted an elaborate Delegates training program.
iv) Conducted by-elections for delegates.
v) Successfully organized a successful Annual Delegates meeting 2024.
vi) Facilitated Board member nominations and elections in February 2024.
vii) Enhanced Delegates' feedback system through the delegates portal
viii) Board Trainings. Organized continuous education and training

programs including Regional and International Education visits for Board development.



Other key accomplishments in the year under review include CSR, Educational initiatives through which the Society developed and implemented training Programs to delegates and members addressing identified information and skill gaps and risk management through which the Society Identified and assessed key risks related to education and governance, developed mitigation strategies while observing compliance with relevant regulations and reporting requirements.

The year had its fair share of challenges and opportunities as highlighted below.

Challenges

i) Securing sustainable funding for educational programs in a competitive environment.

ii) Balancing the need for innovation in education with the need to maintain quality and consistency.

Opportunities

i) Leveraging technology to expand access to educational resources.

ii) Strengthening partnerships with other organizations and stakeholders to enhance educational outcomes.

In the year 2025, the Committee will focus on:

i) Developing a long-term strategic plan for educational initiatives.

ii) Implementing a performance evaluation system for the Board and its committees.

iii) Exploring new avenues for funding educational programs.

iv) Conducting Governance & Legal Audits

v) Enhancing Legal governance, risk management, and compliance programs.

vi) Delegates and Board Training

vii) Reviewing of Society Policies

viii) Continue with operationalization of the SASRA Guidance Notes - 2023

ix) Review of Society by- laws to align them with the relevant statutes.

x) Establishment of an Ethics program for the Society under the Ethics Commission for Co-operative Societies (ECCOS)

xi) Overseeing board compliance with Board Charter including board and committee practices, and evaluation for performance improvement.

xii) Continuous monitoring of the board's compliance with legal and ethical requirements, regulations, and laws.

The Committee extends its sincere appreciation to the Board, management, staff, and all stakeholders volunteers for their dedication and support throughout the year. The Education and Governance Committee is committed to ensuring the SACCO continues to provide high-quality educational opportunities while maintaining strong governance practices for the long-term success of the SACCO.

The Committee looks forward to continuing with its work in the year 2025.

COLONEL. STEPHEN M. NGANGA
CHAIR EDUCATION & GOVERNANCE BOARD COMMITTEE

Happiness is in the journey

This account is designed to help you achieve your Holiday dreams.

HOLIDAY SAVINGS ACCOUNT

How to OPEN a Holiday Savings Account

- Dial *357#
- Option 2 - My Account
- Option 8 - Member Accounts
- Option 4 - Holiday Savings Account
- Option 1 - Apply for Holiday Savings Account
- Option 1 - Accept
- Enter savings duration (in months)
- Enter PIN
- Option 1 - Yes to Confirm You will be prompted to input
- Kes. 1000 from Mpesa

How to DEPOSIT

- Dial *357#
- Option 4 - Payments and Deposit
- Option 1 - FOSA Deposit via M-PESA
- Select Account (Holiday Savings Account)
- Enter Amount & confirm Details
- You will be prompted by M-PESA for payment
- Enter M-PESA PIN to complete the transaction

For more info **+254 709 943 000** **+254 709 943 100**

INTERNAL AUDIT AND RISK COMMITTEE REPORT

To Members,

The Audit Committee of Harambee DT Sacco is pleased to present its performance report for the Financial Year ended December 31, 2024. This report highlights the Committee's activities, achievements, and contributions to the Saccos's governance, financial reporting, and risk management processes during the year.

Committee Composition and Meetings

The Audit Committee comprises there (3) directors. The members of the Committee during the year were:

- **Mr. Philiph Mitei**, Chairperson of the Audit Committee
- **Mr. James Aima,** Member
- **Mr. Luke Muhindi**, Member

The Committee met **9** times during the year, with full attendance from all members. The meetings were conducted in accordance with the Audit Committee's charter and focused on key areas of oversight, including financial reporting, internal controls, risk management, and audit activities.

Key Performance Areas

The Committee's performance during the year was evaluated against its terms of reference and key responsibilities. The following areas were prioritized:

Financial Reporting and Integrity	· Reviewed the annual financial statements, ensuring compliance with International Financial Reporting Standards and recommended them for Board Approval. In 2024, the Society complied with all critical prudential ratios. · Monitored first time adoption of IFRS 9 standard by the Society, and their impact on the financial statements.
External Audit	· Oversaw the appointment of external Auditors for the year 2024. · Evaluated the independence, objectivity, and performance of the external auditors, Grant Thornton LLP , Kenya · Reviewed and approved the external audit plan, scope, and fees. · The Internal Audit Function facilitated coordination among Management, the Audit Committee, and the External Auditors throughout the external audit process. This included supporting entry and exit meetings involving the External Auditors, the Audit Committee, and Management · Discussed the audit findings and recommendations with the external auditors and ensured timely resolution of issues by management.
Internal Controls	· Internal Audit reports were reviewed by the ARC Committee and recommendations made to The Board for consideration, approval and implementation.

	Internal Audit Function	· Reviewed and approved the risk-based 2024 annual work plan and approved for implementation. · Reviewed independence and approved annual budget for the Audit Function · Monitored the internal audit function's performance and its coordination with the external auditors. · Ensured that the internal audit function maintained its independence and provided objective assurance to the Committee.
	Risk Management	· Reviewed and Approved the Risk and Compliance plan for the year 2024 · Reviewed and made recommendation on Monthly risk and compliance reports. · Reviewed and made recommendations on quarterly risk registers · Reviewed the status and made recommendations on implementation of audit recommendations.

Risk Management: Our Approach

"We identify risks from a strategic view (top down) and from the operational environment (bottom up) to give better visibility of risk exposure across the SACCO".

As a SACCO, our approach to risk management balances the need to manage risks and identify opportunities to improve performance through careful acceptance of some risks.

Our risk appetite lies at the heart of our approach to risk management and is integral to both business planning and decision making to ensure steps to improve and mitigate identified risks are taken.

The nature of our business is such that there are some significant risks which have been identified and appropriate mitigations implemented. These are outlined in the "Key Risks & Opportunities"

Embedded risk management processes

We take an enterprise-wide approach to risk management and have in place an ERM framework for the identification, analysis, management and reporting of all risks to our strategic objectives. The use of a standard risk assessment matrix and defined risk appetite supports and enables the integration of the strategic and operational risk management approaches. Clear escalation criteria and the introduction of risk champions across the SACCO departments provide the structure to enable visibility and management of risks.

While the ultimate responsibility for risk management rests with the board, it has delegated the more detailed oversight of risk management and internal control principally to the audit and risk committee which reports the findings of its reviews to the board on a quarterly basis.

Principal Risks and Opportunities

The Audit and Risk Committee receives regular reports from the risk & compliance department and reviews progress against agreed action plans to manage identified risks.

Through the ERM framework we analyzed the possible causes of a risk and assessed what impact could be if the risks were to occur. By using standard risk assessment criteria linked to the SACCO performance targets we were able to have a visible link to the achievement of objectives. For each risk identified current controls were evaluated for their effectiveness to manage underlying causes and minimize consequences. We identified risks from a strategic view (top down) and from the operational environment (bottom up) to give better visibility of risk exposure across SACCO.

Monitoring risk exposure and the effectiveness of the controls in place is an ongoing part of risk assessment. The introduction of early warning indicator is one of the current areas of improvement activity within the framework.

The levels of risk are articulated through a series of risk appetite statements, and we monitor ourselves closely against the statements through the risk management framework.

The Board and management understand what the top risks are, what needs to be done to manage them and checks to ensure risks are managed.

The Committee received reports from management which included a review of key risk indicators in the context of our risk appetite and updates on our operational risks.

The key risks faced by the SACCO over the last year are summarized below. We monitor and assess these risks very closely to ensure they are managed appropriately and effectively.

Key Risks/Opportunities & Mitigation Activities

Third Party Risk

- Vetting, risk assessments of third parties' providers
- Service Level agreements and performance evaluation
- Vendor segmentation and continuous vendors activities monitoring
- Controlled system change management
- Third parties' relationship management

Changing Members Preference

- We continually review and adapt our products and services to ensure they meet member needs.
- Data analytics to understand members' behavior and patterns for proactive interventions.
- Market surveys are undertaken to identify market opportunities for products and services improvement.

Third Party Risk

- Ongoing activities to improve our ability to monitor, detect and respond to cyber threats internally and through partnerships with specialist security organizations to further strengthen our information security controls
- Increased employee awareness programs on cybersecurity.
- IT controls /Security reviews to test cybersecurity resilience by Independent third-party system audits to provide assurance that our controls remain effective

Compliance Risks

- The management continually monitors current and emerging legislative and regulatory outlook and any potential changes in regulations to ensure changes which may impact the SACCO are identified and addressed appropriately through regular compliance assurance assessments.
- Regular compliance reviews and audits with appropriate action plans

Funding Risk

- SACCO adopts a prudent liquidity risk management strategy and seeks to maintain sufficient liquid assets. The SACCO continuously monitors forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities
- Short term money market and Fixed deposits are used to manage liquidity whilst maximizing the rate of return on cash resources, giving due consideration to risk.
- Fund mobilization strategies in place including share capital drive

Processes Automation (Opportunity)

- The SACCO has an active program to implement new innovations and process improvement/re-engineering to enhance service delivery and improve efficiency. This provides opportunities for continuous growth and competitiveness in its operations and costs optimization.

Other risk management strategies adopted by the SACCO are outlined in the notes to the financial statements on pages 75 and 84

Emerging Risks

In addition to monitoring the risks currently faced by the SACCO, we identify risks and opportunities on the horizon, i.e. the risks and opportunities that could have a material impact on SACCO in the future, but where the timescale and/or impact due to the nature of the risks remains uncertain.

Monitoring and management of emerging risk is a key part of the SACCO risk management framework since changes in risk and opportunities can lead to change in business strategy or operational way of doing business.

Our priorities for 2025

- Continue to closely monitor the external environment and support the business through managing the risks arising from the macroeconomic environment.
- Effective risk management of our key operational risks including health and safety, compliance cyber security and third parties' risks.
- Further enhance articulation of risk appetite through clear risk tolerance statements for each principal risk.
- Continue alignment and integration of risk management in strategic planning and decision making.
- Environmental, Social and Governance

('ESG') risk programmes to ensure the SACCO business is managed in the most environmentally responsible and sustainable manner.

The Risk and Audit Committee is satisfied with its performance during the year and remains committed to upholding the highest standards of governance, financial reporting, and risk management. The Committee acknowledges the support of the Board, management, internal auditors, and external auditors in fulfilling its responsibilities.

MR. PHILIP MITEI
CHAIRMAN- AUDIT & RISK COMMITTEE

Introducing Makao Poa Loan

Enable members to purchase discounted household products e.g. Electronics, Water tanks, Solar & Biogas installations and other home improvement and lifestyle products that can be acquired through partnerships.

MAKAO
POA LOAN

Makao Poa Loan

- Maximum Limit - Kes. 2M
- Repayment Period - 2 Yrs
- Interest -1% p.a on reducing balance
- Money is paid directly to supplier

FINANCIAL STATEMENTS & NOTES
CS/1916

FOR THE YEAR ENDED
31 DECEMBER 2023

REPORT OF THE BOARD OF DIRECTORS

The directors are pleased to submit their report together with the audited Consolidated and Separate financial statements for the year ended 31 December 2024 which disclose the state of affairs of the group and society.

INCORPORATION

The society is incorporated in Kenya under the Co-operative Societies Act, Cap 490 and is licensed under the Sacco Societies Act No.14 of 2008, and is domiciled in Kenya. The society is regulated by the Sacco Societies Regulatory Authority (SASRA)

The society owns 100% of Harambee Insurance Agency Ltd, a company incorporated and domiciled in Kenya.

CHANGE OF NAME

Effective 19 December 2024, Harambee Savings and Credit Co-operative Society Limited changed its name to "Harambee Deposit Taking Savings and Credit Co-operative Society Limited".

PRINCIPAL ACTIVITIES

The principal activities of the society are receiving shares and deposits and giving out loans to its members.

		Restated*
Group summary results	**2024**	**2023**
	Kes.	**Kes.**
Profit Before Tax	1,474,241,716	1,284,890,393
Tax Expense (Note 31)	(203,743,523)	(114,621,654)
Surplus for the year	**1,270,498,193**	**1,170,268,739**
Other Comprehensive Income	**259,717,971**	**(69,176,338)**
Total Other Comprehensive Income for the year	**1,530,216,164**	**1,101,092,401**
		Restated*
Society summary results	**2024**	**2023**
	Kes.	**Kes.**
Profit Before Tax	1,475,520,537	1,285,893,764
Tax Expense (Note 31)	(203,743,523)	(114,621,654)
Surplus for the year	**1,271,777,014**	**1,171,272,110**
Other Comprehensive Income	259,717,971	(69,176,338)
Total Comprehensive Income for the year	**1,531,494,985**	**1,102,095,772**
Interest on Members Deposits and Savings	2,006,835,746	1,946,889,443
Proposed Dividends	378,463,628	281,879,977
20% Transfer to Statutory Reserves	254,355,403	234,254,422

SHARE CAPITAL

The issued and paid up share capital of the society increased during the year from Kes. 2,349,007,709 to Kes. 2,523,040,069. This represents a 7.41% increase from prior year.

DIVIDEND AND INTEREST

The board of directors have recommended payment of **15.0% (2023: 12.0%)** as dividend on investment shares and rebate interest of **9.0% (2023: 8.5%)** on member deposits.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

DIRECTORS

The directors who held office during the year and to the date of this report are shown on page 5 and page 16.

INDEPENDENT AUDITOR

Grant Thornton LLP, Certified Public Accountants (K), were appointed during the year and have expressed their willingness to continue in office in accordance with Section 44 of the Sacco Societies Act No. 14 of 2008. The Board of directors monitors the effectiveness, objectivity and independence of the auditor.

APPROVAL OF FINANCIAL STATEMENTS

The Consolidated and Separate financial statements were approved at a meeting of the Board of Directors held on 5 February 2025.

BY ORDER OF THE BOARD

Col Stephen Nganga
(NATIONAL SECRETARY)

FINANCIAL AND STATISTICAL INFORMATION OF THE SOCIETY

			Restated
		2024	**2023**
		No.	**No.**
Membership			
Active		74,991	76,991
Dormant		3,653	2,850
		78,644	**79,841**
Number of branches (Including Head Office)		5	5
Number of employees:			
Male		67	69
Female		70	67
Total		**137**	**136**
Financials		**Kes.**	**Kes.**
Total Assets		38,695,796,707	36,746,655,228
Liquid Assets		708,076,031	1,293,783,543
Current Assets		1,169,948,792	2,330,940,005
Loans and advances to members (Net)		32,018,567,828	29,135,849,401
Non Earning Assets		3,427,147,760	4,573,730,428
External Borrowing		2,366,789,844	3,050,000,000
Members' Deposits and Savings		26,238,026,987	24,620,110,023
Withdrawable Savings and Short Term Liabilities		4,227,163,199	4,781,402,100
Equity investments at fair value through other comprehensive income		1,570,540,856	1,381,970,885
Core Capital		6,335,226,860	5,171,297,462
Share Capital		2,523,040,069	2,349,007,709
Institutional Capital		3,812,186,790	2,822,289,753
Long-term Liabilities		71,891,282	22,338,475
Current Liabilities		2,804,208,742	2,941,867,672
Total Revenue		7,105,585,543	5,682,066,132
Total Interest Income		5,210,600,074	4,762,823,307
Total Expenses		3,001,876,482	1,923,250,605
Net Surplus Before Tax		1,475,520,537	1,285,893,764
Statutory requirements / Key Ratios	**Minimum/ maximum ratios**	**2024**	**2023**
Capital Adequacy Ratios			
Core Capital / Total Assets	≥10%	16.4%	14.1%
Core Capital / Total Deposits	≥8%	24.1%	21.0%
Institutional Capital / Total Assets	≥8%	9.9%	7.7%
Non-Earning Assets/Total Assets	<10%	8.9%	12.4%
Equities and Investments / Deposits	≤ 5%	6.0%	5.6%
Net Loans / Total Assets	70-80%	82.7%	79.3%
Deposits and Savings / Total Assets	70-80%	67.8%	67.0%
Liquidity Ratios			
Liquid Assets/Savings Deposits and Short Term Liabilities	≥15%	16.8%	27.1%
Liquid Assets/ Total Deposits and Long Term Liabilities		2.7%	5.3%
External Borrowing / Total Assets	<25%	6.1%	8.3%
Operating Efficiency Ratios			
Total Expenses / Average Assets		8.0%	10.5%
Interest on Members' Deposits / Total Revenue		28.2%	34.3%
Interests on fixed deposit		10.0%	10.0%
Rebates/Interests on Members' BOSA Deposits		9.0%	8.5%
Dividends on Members' Share Capital		15.0%	12.0%
Total Delinquency Loans / Gross Loan Portfolio	≤ 5%	2.7%	1.4%

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Sacco Societies Act No. 14 of 2008 requires the directors to prepare the Consolidated and Separate financial statements for each financial year which give a true and fair view of the state of affairs of the group and society as at the end of the financial year. It also requires the directors to ensure that the group and society keeps proper accounting records that are sufficient to show and explain the transactions of the group and society; that disclose, with reasonable accuracy, the financial position of the group and society and that enable them to prepare financial statements that comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board, the requirements of the Sacco Societies Act No. 14 of 2008 and Co-operative Societies Act No. 12 of 1997. The directors are also responsible for safeguarding the assets of the group and society and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of these Consolidated and Separate financial statements in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Sacco Societies Act No. 14 of 2008 and the Cooperative Societies Act No. 12 of 1997. They also accept responsibility for:

i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

ii. Selecting and applying appropriate accounting policies; and

iii. Making accounting estimates and judgements that are reasonable in the circumstances.

The directors are of the opinion that the Consolidated and Separate financial statements give a true and fair view of the financial position of the group and society as at 31 December 2024 and of the group and society's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Sacco Societies Act No. 14 of 2008, the Co-operative Societies Act No. 12 of 1997 and society's by-laws as applicable.

In preparing these Consolidated and Separate financial statements the directors have assessed the group and society's ability to continue as a going concern. Nothing has come to the attention of the directors to indicate that the group and society will not remain a going concern for at least the next twelve months from the date of this statement.

With respect to each director at the time this report was approved:

(a) there is, so far as the person is aware, no relevant audit information of which the group and society's auditor is unaware; and

(b) the person has taken all the steps that the person ought to have taken as a aware of any relevant audit information and to establish that the group and society's auditor is aware of that director so as to be information.

The directors acknowledge that the independent audit of these Consolidated and Separate financial statements does not relieve them of their responsibilities.

Approved by the Board of directors on 5 February 2025 and signed on its behalf by:

MR. MACLOUD MALONZA	**COL STEPHEN NGANGA**	**MS. ROLLAH GATWIRI**
(CHAIRMAN)	**(NATIONAL SECRETARY)**	**(TREASURER)**

Grant Thornton

grantthornton.co.ke

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

To The Members of Harambee Deposit Taking Savings Credit Co-operative Society Limited and its subsidiary

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying Consolidated and Separate financial statements of Harambee Deposit Taking Savings and Credit Co-operative Society Limited (the "society") and its subsidiary (together, the "group") set out on pages 56 to 99, which comprise the group and society's statements of financial position as at 31 December 2024, and the Consolidated and Separate statements of profit or loss and other comprehensive income, the Consolidated and Separate statements of changes in equity and the Consolidated and Separate statements of cash flows for the year then ended, and the notes to these financial statements, including a summary of material accounting policies.

In our opinion, the accompanying Consolidated and Separate financial statements give a true and fair view of the financial position of the group and society as at 31 December 2024 and of their financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Kenya Sacco Societies Act No. 14 of 2008, the Kenyan Co-operative Societies Act, Cap 490 and the society's by-laws as applicable.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the group and society in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the society for the year ended 31 December 2023, were audited by another auditor who expressed unmodified opinion on 19 January 2024.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment were of the most significance in our audit of the Consolidated and Separate financial statements of the current year. These matters were addressed in the context of our audit of the Consolidated and Separate financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated and Separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated and Separate financial statements.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matter	How the matter was addressed in the audit
Allowance for expected credit losses on financial assets	
As highlighted in note 23, the loans and advances to customers comprise a significant portion of the society's total assets i.e. 82.7% in the current year (2023: 79.3%). These loans and advances and other receivables are recognised as financial assets measured at amortised cost in line with IFRS 9. In addition, the standard requires financial assets measured at amortised cost to be assessed for impairment using the expected credit loss (ECL) approach. The estimation of ECL on loans and advances to members (Note 23) and other financial assets such as bank balances (Note 18), due from related parties (Note 38(c)) and other receivables (Note 20), require management judgement in the assumptions applied in the models used to calculate ECL.	Our audit procedures included the following: We assessed and tested the design and operating effectiveness of the controls over the: - Data used to determine the impairment losses on loans, including transactional data captured at loan origination and ongoing internal credit quality assessments. - Expected credit loss model, including model build and approval, ongoing monitoring/validation, model governance and mathematical accuracy.
The impairment assessment of these financial assets was considered to be a key audit matter because significant judgement was involved in determining the expected credit losses as disclosed in these financial statements.	
Key areas of judgement included:	
- the interpretation of the requirements to determine impairment under application of IFRS 9, which is reflected in the group's and society's expected credit loss model;	- We assessed the modelling techniques/methodology against the requirements of IFRS 9: Financial Instruments, for appropriateness and consistency.
- the identification of exposures with a significant deterioration in credit quality;	- We assessed and tested the material modelling assumptions as well as overlays with a focus on the:
- assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward-looking macroeconomic factors (e.g. inflation rate and lending rate); and, - the need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the expected credit loss model.	i. key modelling assumptions adopted by the group and society; ii. basis for and data used to determine overlays; and iii. Sensitivity of the collective provisions to changes in modelling assumptions. ·In addition, we assessed the adequacy of the disclosures in the financial statements.
As disclosed in Note 16, the group and society have recognized a net impairment charge of Kes. 625,108,903 in the current year (2023: Kes. 245,913,606) through profit or loss.	
Complexities in information technology	
The society is highly dependent on information systems and controls over access rights to such systems as well as completeness of information held in and derived from such system are critical and relevant to financial reporting.	Our audit procedures included the following: · Through support of our IT specialists, review the IT General Controls (ITGCs) and related application controls meant to support the financial statements audit.
In addition, the society faces the elevated risk of cyber security due to the nature of its operations which may lead to financial loss.	· We tested the design and implementation of the society's controls around the information technology environment and operating effectiveness for controls that were critical to databases within the scope of our audit and the financial reporting process.
	· Where our procedures identified deficiencies, we assessed the design and implementation of any controls that mitigated the identified risks and extended the scope of our tests of operating effectiveness of controls and/or substantive audit procedures.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matter	How the matter was addressed in the audit
Valuation of Investment Property	
Included in note 26, the carrying amount of the investment properties amounted to Kes. 3,044,700,000 (2023: Kes. 2,669,154,474). The investment properties are measured at fair value through profit or loss in line with the requirements of IAS 40: Investment Property. The basis adopted in valuation of these investment properties was open market value using the market comparison analysis Given that the fair valuation of investment properties involves significant estimation and assumptions and the importance of disclosures relating to the assumptions used as well as the fair value gain/loss recognised as included in note 26, we considered this as a key audit matter.	Our audit procedures on the assessment of the reasonableness of the accounting estimate included, among others: - We obtained and reviewed the independent valuer's report, the method of valuation adopted in valuation of investment property. - We assessed the objectivity and qualifications of the independent valuer in the context of International Standards on Auditing (ISA) 620. - We also assessed and validated the adequacy of the group and society's disclosures.
Review of opening balances and restatement of comparatives	
As highlighted in note 39, the group and the society have made adjustments to the various account balances per the requirement of IAS 8 (Accounting policies, changes in accounting estimates and errors). This is in line with the requirement of the standard as stated above which requires that misstatements relating to errors are corrected in the period that they relate to.	Our audit approach included: - Review of opening balances as required ISA 510: Initial audit engagements - Opening balances - Obtain reasonable assurance over opening balances and where appropriate obtain reliable audit evidence on their completeness and accuracy - Review of the financial statements asprepared by management to ascertain that the adjustments have been accounted in line with the requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).
Determination of fair value on unquoted equity investments measured through Other Comprehensive Income (OCI), which includes KUSCCO investments	
As highlighted in note 22, the group and society hold material unquoted equity investments amounting Kes. 1,570,540,856 comprising investments in unquoted entities, measured at fair value through other comprehensive income. Determination of fair value of these investments involves significant estimates and assumptions of unobservable inputs such as comparable market multiples and these inputs depend on various sources of external and internal data. As a result of the above, the disclosures relating to the valuation of these complex financial instruments are also significant. Changes in assumptions, inputs and variables as well as reference to external data could result in significant changes in the carrying amount which are recognised as gains/losses through other comprehensive income. We considered this as a key audit matter because of the subjective nature in determining the fair value which involves judgement in selecting the methodology, assumptions, inputs as well as other variables.	We assessed the management's processes and controls for determination of fair values of investments, including the oversight from those charged with governance. This included assessing the design and implementation of controls related to the valuation process. We assessed the appropriateness of the fair value disclosures with reference to the requirements of IFRS 13: Fair Value Measurement by considering the judgement in the key valuation inputs and assumptions.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements but does not include the Consolidated and Separate financial statements and our auditor's report thereon.

Our opinion on the Consolidated and Separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated and Separate financial statements, our responsibility is to read the other information which comprises of corporate information, statistical information and report of the directors, and in doing so, consider whether the other information is materially inconsistent with the Consolidated and Separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors and Those Charged with Governance for the Consolidated and Separate financial statements

The directors are responsible for the preparation of the group and society's financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Kenyan Societies Act No. 14 of 2008 and the Kenyan Co-operative Societies Act, Cap 490 and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, the directors are responsible for assessing the group's and society's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or society or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the group's and society's financial reporting process

Auditor's Responsibilities for the Audit of the Consolidated and Separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may

involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists

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related to events or conditions that may cast significant doubt on the Group's and Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Society to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated and Separate financial statements, including the disclosures, and whether the Consolidated and Separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the group and society to express an opinion on the Consolidated and Separate financial statements. We are responsible for the direction, supervision and performance of the group and the society audit. We remain responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other matters prescribed by the Kenya Sacco Societies Act No. 14 of 2008

As required by the Sacco Societies Act No. 14 of 2008, we report to you based on our audit that:

(i) We have obtained reasonable assurance that the group and society is solvent and have not identified any significant concerns with respect to the financial condition of the group and society;

(ii) We are not aware of any violation of prudential standards or conditions of the license;

(iii) We are not aware of any contravention of the Sacco Societies Act No. 14 of 2008; and

As required by the Co-operative Society's Act, Cap 490, we report to you based our audit that, in our opinion, the group and society's business has been conducted:

(i) in accordance with the provisions of this Act and, the books of accounts kept by the group and society are in agreement therewith and give a true and fair view of the state of the affairs of the society; and

(ii) In accordance with the group and society's objectives and applicable by-laws.

The signing partner responsible for the audit resulting in this independent auditor's report is CPA Dipesh Shah, Practicing Certificate No.1729.

Grant Thornton LLP
Certified Public Accountants

For and on behalf of Grant Thornton LLP

Certified Public Accountants (Kenya)

Nairobi

20 FEBRUARY 2025

H/1851/1224/AUD

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2024	Restated* 2023
		Kes.	Kes.
INCOME			
INTEREST INCOME:			
Interest on loans and advances calculated using the effective interest rate	6(a)	5,174,373,574	4,751,070,683
Other interest income	6(b)	36,226,500	11,752,624
Total interest income		**5,210,600,074**	**4,762,823,307**
Interest expense	7	(2,006,835,746)	(1,946,889,443)
Net interest income		**3,203,764,328**	**2,815,933,864**
NON INTEREST INCOME:			
Dividend income	8	217,176,360	223,993,490
Fees and commissions	9	439,955,710	407,939,232
Other operating income	10	863,367,763	288,103,192
Gain from changes in fair value of investment property	26	375,545,526	-
Total Non Interest Income		**1,896,045,359**	**920,035,914**
TOTAL NET OPERATING INCOME		**5,099,809,687**	**3,735,969,778**
OPERATING EXPENSES:			
Marketing expenses	11	(156,958,505)	(68,534,672)
Staff costs	12	(536,427,139)	(450,205,643)
Administration expenses	13	(1,203,101,309)	(777,363,144)
Governance expenses	14	(399,657,923)	(315,976,208)
Other operating expenses	15	(82,961,414)	(67,053,791)
Movement in expected credit losses	16	(625,108,903)	(245,913,606)
Total Operating Expenses		**(3,004,215,193)**	**(1,925,047,064)**
Finance costs	17	(621,352,778)	(526,032,321)
Operating Profit Before Tax		**1,474,241,716**	**1,284,890,393**
Income tax expense	31	(203,743,523)	(114,621,654)
Profit after tax		**1,270,498,193**	**1,170,268,739**
OTHER COMPREHENSIVE INCOME (OCI)			
Fair value gain/(loss) on equity investments through OCI	22	188,569,971	(69,176,338)
Revaluation surplus on building	27	101,640,000	-
Effect on deferred tax on revaluation surplus	35	(30,492,000)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,530,216,164**	**1,101,092,401**
Dividends			
Proposed dividends		**378,463,628**	**281,879,977**

The notes on pages 64 -99 form an integral part of these financial statements.

* See note 39

SOCIETY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2024	Restated* 2023
		Kes.	Kes.
INCOME			
INTEREST INCOME:			
Interest on loans and advances calculated using the effective interest rate	6(a)	5,174,373,574	4,751,070,683
Other interest income	6(b)	36,226,500	11,752,624
Total interest income		**5,210,600,074**	**4,762,823,307**
Interest expense	7	(2,006,835,746)	(1,946,889,443)
Net interest income		**3,203,764,328**	**2,815,933,864**
NON INTEREST INCOME:			
Dividend income	8	217,176,360	223,993,490
Fees and commissions	9	439,960,340	407,940,087
Other operating income	10	862,303,243	287,309,249
Gain from changes in fair value of investment property	26	375,545,526	-
Total non interest income		**1,894,985,469**	**919,242,826**
TOTAL NET OPERATING INCOME		**5,098,749,797**	**3,735,176,690**
OPERATING EXPENSES:			
Marketing expenses	11	(156,958,505)	(68,534,672)
Staff costs	12	(534,536,179)	(448,663,655)
Administration expenses	13	(1,202,942,495)	(777,201,358)
Governance expenses	14	(399,657,923)	(315,976,208)
Other operating expenses	15	(82,672,477)	(66,961,106)
Movement in expected credit losses	16	(625,108,903)	(245,913,606)
Total Operating Expenses		**(3,001,876,482)**	**(1,923,250,605)**
Finance costs	17	(621,352,778)	(526,032,321)
Operating Profit Before Tax		**1,475,520,537**	**1,285,893,764**
Income tax expense	31	(203,743,523)	(114,621,654)
Profit after tax		**1,271,777,014**	**1,171,272,110**
OTHER COMPREHENSIVE INCOME			
Fair value gain/(loss) on equity investments through OCI	22	188,569,971	(69,176,338)
Revaluation surplus on building	27	101,640,000	-
Effect on deferred tax on revaluation surplus	35	(30,492,000)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,531,494,985**	**1,102,095,772**
Dividends			
Proposed dividends		**378,463,628**	**281,879,977**

The notes on pages 64 -99 form an integral part of these financial statements.

* See note 39

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

			Restated*	Restated*
		2024	2023	1 January 2023
	Notes	Kes.	Kes.	Kes.
ASSETS				
Cash and cash equivalents	18	708,317,725	1,293,785,717	1,137,640,095
Consumables	19	-	10,146,784	297,381
Receivables and prepayments	20	400,312,401	979,556,425	974,787,392
Due from related parties	38(c)	58,365,212	45,442,448	42,423,944
Property inventory	21	78,863,466	531,031,888	531,363,005
Equity Investment at fair value through other comprehensive income (FVOCI)	22	1,570,540,856	1,381,970,885	1,451,047,223
Loans and advances to members	23	32,018,567,828	29,135,849,401	27,313,722,190
Intangible assets	25	50,290,553	59,703,923	45,224,569
Investment property	26	3,044,700,000	2,669,154,474	2,669,154,474
Property and equipment	27	726,928,412	619,614,843	645,527,846
Rights of use assets	34	35,906,800	18,339,809	24,272,033
Total assets		**38,692,793,253**	**36,744,596,597**	**34,835,460,152**
Liabilities				
Members' deposits and savings	28	26,238,254,469	24,620,090,367	23,700,143,170
Interest to members and honoraria	29	2,206,597,548	2,079,728,571	1,822,133,612
Payables and accruals	30	516,067,214	858,249,965	639,660,791
Tax payable	31	81,771,660	4,029,954	24,496,840
Contract liabilities	32	8,718,894	329,825,468	329,825,468
Loans and borrowings	33	2,366,789,844	3,050,000,000	3,525,000,000
Lease liabilities	34	41,399,282	22,338,475	28,497,076
Deferred tax	35	30,492,000	-	-
Total Liabilities		**31,490,090,911**	**30,964,262,800**	**30,069,756,957**
EQUITY				
Share capital	36	2,523,040,069	2,349,007,709	2,170,287,989
Revaluation reserves	37	85,050,789	13,902,789	13,902,789
Fair value reserves	37	785,883,309	597,313,338	666,489,676
Credit risk reserve	37	34,434,852	-	50,096,014
Statutory reserves	37	1,601,820,534	1,347,465,132	1,113,210,710
Retained earnings	37	2,172,472,789	1,472,644,829	751,716,017
Total Equity		**7,202,702,342**	**5,780,333,797**	**4,765,703,195**
Total Equity and Liabilities		**38,692,793,253**	**36,744,596,597**	**34,835,460,152**

APPROVED
to AGM or ADM subject to observations issued
20 FEB 2025
SIGN:..
THE SACCO SOCIETIES REGULATORY AUTHORITY

These Consolidated and Separate Financial Statements were approved and authorized for issue by the Board of Directors on **5 February 2025** and were signed by:

MR. MACLOUD MALONZA
(CHAIRMAN)

COL STEPHEN NGANGA
(NATIONAL SECRETARY)

MS. ROLLAH GATWIRI
(TREASURER)

* See note 39

SOCIETY STATEMENT OF FINANCIAL POSITION

	Notes	2024 Kes.	Restated* 2023 Kes.	Restated* 1 January 2023 Kes.
ASSETS				
Cash and cash equivalents	18	708,076,031	1,293,783,543	1,137,639,874
Consumables	19	-	10,146,784	297,381
Receivables and prepayments	20	400,312,401	979,556,425	974,787,392
Due from related parties	38(c)	61,560,360	47,453,253	43,492,972
Property inventory	21	78,863,466	531,031,888	531,363,005
Equity Investment at fair value through other comprehensive income (FVOCI)	22	1,570,540,856	1,381,970,885	1,451,047,223
Loans and advances to members	23	32,018,567,828	29,135,849,401	27,313,722,190
Investment in subsidiary	24	50,000	50,000	50,000
Intangible assets	25	50,290,553	59,703,923	45,224,569
Investment property	26	3,044,700,000	2,669,154,474	2,669,154,474
Property and equipment	27	726,928,412	619,614,843	645,527,846
Rights of use assets	34	35,906,800	18,339,809	24,272,033
Total Assets		**38,695,796,707**	**36,746,655,228**	**34,836,578,959**
Liabilities				
Members' deposits and savings	28	26,238,026,987	24,620,110,023	23,700,144,171
Interest to members and honoraria	29	2,206,597,548	2,079,728,571	1,822,133,612
Loans and borrowings	33	2,366,789,844	3,050,000,000	3,525,000,000
Payables and accruals	30	515,617,214	857,949,966	639,510,791
Tax payable	31	81,993,980	4,189,135	24,588,223
Contract liabilities	32	8,718,894	329,825,468	329,825,468
Lease liabilities	34	41,399,282	22,338,475	28,497,076
Deferred tax	35	30,492,000	-	-
Total Liabilities		**31,489,635,749**	**30,964,141,638**	**30,069,699,341**
EQUITY				
Share capital	36	2,523,040,069	2,349,007,709	2,170,287,989
Revaluation reserves	37	85,050,789	13,902,789	13,902,789
Fair value reserves	37	785,883,309	597,313,338	666,489,676
Credit risk reserve	37	34,434,852	-	50,096,014
Statutory reserves	37	1,601,820,534	1,347,465,132	1,113,210,710
Retained earnings	37	2,175,931,404	1,474,824,621	752,892,441
Total Equity		**7,206,160,958**	**5,782,513,589**	**4,766,879,619**
Total Equity and Liabilities		**38,695,796,707**	**36,746,655,227**	**34,836,578,959**

APPROVED
for publication and submission to AGM or ADM subject to observations Issued
20 FEB 2025
SIGN:..............................
THE SACCO SOCIETIES REGULATORY AUTHORITY

These Consolidated and Separate Financial Statements were approved and authorized for issue by the Board of Directors on 5 February 2025 and were signed by:

MR. MACLOUD MALONZA
(CHAIRMAN)

COL STEPHEN NGANGA
(NATIONAL SECRETARY)

MS. ROLLAH GATWIRI
(TREASURER)

* See note 39

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital Kes.	Revaluation Reserves Kes.	Fair Value Reserves Kes.	Credit Risk Reserves Kes.	Statutory Reserves Kes.	Retained Earnings Kes.	Total Kes.
1 January 2023 - As previously stated	**2,170,287,989**	**2,564,740,896**	**158,366,719**	**-**	**1,113,210,710**	**902,818,004**	**6,909,424,318**
Prior year adjustments							-
Fair value reserve on equity investments at FVOCI	-	-	(333,339,341)	-	-	-	(333,339,341)
Depreciation on Harambee Plaza PPE - 2022	-	-	-	-	-	(11,220,000)	(11,220,000)
Reversal of regulatory provisions as at 2022	-	-	-	-	-	433,715,725	433,715,725
Write off of unrealizable asset in 2022	-	-	-	-	-	(1,742,336,813)	(1,742,336,813)
Other prior year adjustments	-	-	(52,781)	-	-	52,781	-
2022 IFRS 9 Provisions on loans - (Day 1 adjustment - recognition of IFRS 9)	-	-	-	-	-	(477,811,838)	(477,811,838)
2022 IFRS 9 Provisions on bank balances and other assets - (Day 1 adjustment - recognition of IFRS 9)	-	-	-	-	-	(12,671,460)	(12,671,460)
Reclass of fair value reserve on equity investments at FVOCI from revaluation reserve to fair value reserve	-	158,067,967	(158,015,186)	-	-	(52,781)	-
Reclass of fair value gain on financial asset at FVOCI from retained earnings to fair value reserve	-	-	1,157,896,984	-	-	(1,157,896,984)	-
Reclass of revaluation gains on investment property from revaluation reserves to retained earnings from revaluation reserve	-	(2,708,906,074)	-	-	-	2,708,906,074	-
Credit risk reserve 2022	-	-	-	50,096,014	-	(50,096,014)	-
Recognition of subsidiary accumulated losses	-	-	-	-	-	(57,397)	(57,397)
Reclass of fair value reserves to retained earnings	-	-	(158,366,719)	-	-	158,366,719	-
Restated as at 1 January 2023*	**2,170,287,989**	**13,902,789**	**666,489,676**	**50,096,014**	**1,113,210,710**	**751,716,017**	**4,765,703,195**
Issue of share capital	178,719,720	-	-	-	-	-	178,719,720
Profit for the year	-	-	-	-	-	1,170,268,743	1,170,268,743
Transfer to statutory reserves	-	-	-	-	234,254,422	(234,254,422)	-
Transfer to credit risk reserve	-	-	-	(50,096,014)	-	50,096,014	-
2022 dividends paid	-	-	-	-	-	(217,028,799)	(217,028,799)
Fair value reserve on equity investments through FVOCI	-	-	(69,176,338)	-	-	-	(69,176,338)
Other prior year adjustments	-	-	-	-	-	(48,152,723)	(48,152,723)
Restated as at 31 December 2023*	**2,349,007,709**	**13,902,789**	**597,313,338**	**-**	**1,347,465,132**	**1,472,644,829**	**5,780,333,797**
1 January 2024 - Restated	2,349,007,709	13,902,789	597,313,338	-	1,347,465,132	1,472,644,829	5,780,333,797
Issue of share capital	174,032,360	-	-	-	-	-	174,032,360
Profit for the year	-	-	-	-	-	1,270,498,193	1,270,498,193
2023 dividends paid	-	-	-	-	-	(281,879,979)	(281,879,979)
Transfer to statutory reserves	-	-	-	-	254,355,403	(254,355,403)	-
Transfer to credit risk reserve	-	-	-	34,434,852	-	(34,434,852)	-
Reserve from revaluation of building	-	71,148,000	-	-	-	-	71,148,000
Fair value reserve on equity investments through FVOCI	-	-	188,569,971	-	-	-	188,569,971
Closing balance 31 December 2024	**2,523,040,069**	**85,050,789**	**785,883,309**	**34,434,852**	**1,601,820,535**	**2,172,472,788**	**7,202,702,342**
Note(s)	**36**	**37**	**37**	**37**	**37**	**37**	

* See note 39

SOCIETY STATEMENT OF CHANGES IN EQUITY

	Share Capital Kes.	Revaluation Reserves Kes.	Fair Value Reserves Kes.	Credit Risk Reserves Kes.	Statutory Reserves Kes.	Retained Earnings Kes.	Total Kes.
1 January 2023 - As previously stated	**2,170,287,989**	**2,564,740,896**	**158,366,719**	**-**	**1,113,210,710**	**902,818,004**	**6,909,424,318**
Prior year adjustments							-
Fair value loss on equity investments at FVOCI	-	-	(333,339,341)	-	-	-	(333,339,341)
Depreciation on Harambee Plaza PPE - 2022	-	-	-	-	-	(11,220,000)	(11,220,000)
Reversal of regulatory provisions as at 2022	-	-	-	-	-	433,715,725	433,715,725
Write off of unrealizable asset in 2022	-	-	-	-	-	(1,742,336,813)	(1,742,336,813)
Other prior year adjustments	-	-	(52,781)	-	-	52,781	-
2022 IFRS 9 Provisions on loans - (Day 1 adjustment - recognition of IFRS 9)	-	-	-	-	-	(477,811,838)	(477,811,838)
2022 IFRS 9 Provisions on bank and other assets - (Day 1 adjustment - recognition of IFRS 9)	-	-	-	-	-	(12,671,460)	(12,671,460)
Reclass of fair value loss on financial asset at FVOCI from revaluation reserve to fair value reserve	-	158,067,967	(158,015,186)	-	-	(52,781)	-
Reclass of fair value gain on financial asset at FVOCI from retained earnings to fair value reserve	-	-	1,157,896,984	-	-	(1,157,896,984)	-
Reclass of revaluation gains on investment property from revaluation reserves to retained earnings from revaluation reserve	-	(2,708,906,074)	-	-	-	2,708,906,074	-
Credit risk reserve 2022	-	-	-	50,096,014	-	(50,096,014)	-
Reclass of fair value reserves to retained earnings	-	-	(158,366,719)	-	-	158,366,719	-
Recognition of subsidiary accumulated losses						1,119,028	1,119,028
Restated as at 1 January 2023	**2,170,287,989**	**13,902,789**	**666,489,676**	**50,096,014**	**1,113,210,710**	**752,892,441**	**4,766,879,619**
Issue of share capital	178,719,720	-	-	-	-	-	178,719,720
Profit for the year	-	-	-	-	-	1,171,272,111	1,171,272,111
Transfer to statutory reserves	-	-	-	-	234,254,422	(234,254,422)	-
Transfer to credit risk reserve	-	-	-	(50,096,014)	-	50,096,014	-
2022 dividends paid	-	-	-	-	-	(217,028,799)	(217,028,799)
Fair value reserve	-	-	(69,176,338)	-	-	-	(69,176,338)
Other prior year adjustments	-	-	-	-	-	(48,152,723)	(48,152,723)
Restated as at 31 December 2023	**2,349,007,709**	**13,902,789**	**597,313,338**	**-**	**1,347,465,132**	**1,474,824,621**	**5,782,513,589**
1 January 2024 - Restated	2,349,007,709	13,902,789	597,313,338	-	1,347,465,132	1,474,824,621	5,782,513,589
Issue of share capital	174,032,360	-	-	-	-	-	174,032,360
Profit for the year	-	-	-	-	-	1,271,777,015	1,271,777,015
2023 dividends paid	-	-	-	-	-	(281,879,977)	(281,879,977)
Transfer to statutory reserves	-	-	-	-	254,355,403	(254,355,403)	-
Transfer to credit risk reserve	-	-	-	34,434,852	-	(34,434,852)	-
Reserve from revaluation of building	-	71,148,000	-	-	-	-	71,148,000
Fair value reserve on equity investments through FVOCI	-	-	188,569,971	-	-	-	188,569,971
						-	
Closing balance 31 December 2024	**2,523,040,069**	**85,050,789**	**785,883,309**	**34,434,852**	**1,601,820,535**	**2,175,931,404**	**7,206,160,958**
Note(s)	**36**	**37**	**37**	**37**	**37**	**37**	

* See note 39

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2024 Kes.	Restated* 2023 Kes.
Profit before tax		**1,474,241,716**	**1,284,890,393**
Adjustments for non - cash items:			
Interest income on placements	6(b)	(36,226,500)	(11,752,624)
Interest expense on member savings and deposits	7	2,006,835,746	1,946,889,443
Write back of Harambee Plaza deposits	10	(322,315,843)	-
Depreciation on property and equipment	13	67,666,138	76,263,781
Net impairment charge on financial assets	16	625,108,903	245,913,606
Interest on lease liability	17	3,894,861	3,847,113
Fair value gain on investment property	22	(375,545,526)	-
Impact on lease termination	34	(8,845,993)	-
Changes in operating assets and liabilities			
Consumables	19	10,146,784	(10,444,166)
Receivables and prepayments	20	579,244,024	(4,769,033)
Property inventory	21	452,168,422	331,117
Loans and advances to members	23	(2,882,718,428)	(1,822,127,211)
Members' deposits	28	1,618,164,102	919,947,197
Interest due to members	29	126,868,977	18,066,160
Payables and accruals	30	(342,182,751)	218,589,175
Contract liabilities	32	(321,106,574)	-
Due from related parties	38(c)	(13,366,196)	2,433,520
Cash flow from operating activities		**2,662,031,863**	**2,868,078,470**
Income tax paid	31	(126,160,998)	(135,179,923)
Net cash from operating activities		**2,535,870,865**	**2,732,898,547**
Cash flow from investing activities			
Dividends received	8	217,176,360	223,993,490
Purchase of investments in equities	22	-	(100,000)
Purchase of intangible assets	25	(12,139,723)	(39,479,906)
Purchase of property & equipment	27	(44,006,695)	(19,418,002)
Right of use assets	34	(16,500,916)	-
Lease liabilities	34	19,060,807	(6,158,601)
Net cash flows from investing activities		**163,589,833**	**158,836,981**
Cash flows from financing activities			
Dividend paid to members	29	(281,879,977)	(239,516,516)
Interest paid to members	29	(1,876,413,000)	(1,677,607,902)
Interest paid on borrowings	33	(617,457,917)	(522,185,208)
Movement in loans and borrowings	33	(683,210,157)	(475,000,000)
Members share capital contributions	36	174,032,361	178,719,720
Net cash used in financing activities		**(3,284,928,690)**	**(2,735,589,906)**
Net (decrease)/increase in cash and cash equivalents		(585,467,992)	156,145,622
Cash and cash equivalents at the beginning of the year	18	1,293,785,717	1,137,640,095
Cash and cash equivalents at the end of the year	**18**	**708,317,725**	**1,293,785,717**

SOCIETY STATEMENT OF CASH FLOWS

	Notes	2024	Restated* 2023
		Kes.	Kes.
Profit before tax		**1,475,520,537**	**1,285,893,764**
Adjustments for non - cash items:			
Interest income on placements	6(b)	(36,226,500)	(11,752,624)
Interest expense on member savings and deposits	7	2,006,835,746	1,946,889,443
Write back of Harambee Plaza deposits	10	(322,315,843)	-
Depreciation on property and equipment	13	67,666,138	76,263,781
Net impairment charge on financial assets	16	625,108,903	245,913,606
Interest on lease liability	17	3,894,861	3,847,113
Fair value gain on investment property	22	(375,545,526)	-
Impact on lease termination	34	(8,845,993)	-
Changes in operating assets and liabilities			
Consumables	19	10,146,784	(10,444,166)
Receivables and prepayments	20	579,244,024	(4,769,033)
Property inventory	21	452,168,422	331,117
Loans and advances to members	23	(2,882,718,428)	(1,822,127,211)
Members' deposits	28	1,617,916,965	919,965,852
Interest due to members	29	126,868,977	18,066,160
Payables and accruals	30	(343,676,274)	223,799,815
Contract liabilities	32	(321,106,574)	-
Due from related parties	38(c)	(13,366,196)	(3,960,281)
Cash flow from operating activities		**2,661,570,021**	**2,867,917,335**
Income tax paid	31	(125,938,678)	(135,020,742)
Net cash from operating activities		**2,535,631,343**	**2,732,896,593**
Cash flow from investing activities			
Dividends received	8	217,176,360	223,993,490
Purchase of investments in equities	22	-	(100,000)
Purchase of intangible assets	25	(12,139,723)	(39,479,906)
Purchase of property & equipment	27	(44,006,695)	(19,418,002)
Right of use assets	34	(16,500,916)	-
Lease liabilities	34	19,060,807	(6,158,601)
Net cash flows from investing activities		**163,589,833**	**158,836,981**
Cash flows from financing activities			
Dividend paid to members	29	(281,879,977)	(239,516,516)
Interest paid to members	29	(1,876,413,000)	(1,677,607,902)
Interest paid on borrowings	33	(617,457,917)	(522,185,208)
Movement in loans and borrowings	33	(683,210,157)	(475,000,000)
Members share capital contributions	36	174,032,361	178,719,720
Net cash used in financing activities		**(3,284,928,689)**	**(2,735,589,905)**
Net (decrease)/increase in cash and cash equivalents		(585,707,512)	156,143,669
Cash and cash equivalents at the beginning of the year	18	1,293,783,543	1,137,639,874
Cash and cash equivalents at the end of the year	**18**	**708,076,031**	**1,293,783,543**

MATERIAL ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

MATERIAL ACCOUNTING POLICIES

1a REPORTING ENTITY

Harambee Deposit Taking Savings and Credit Co-operative Society Limited (CS/1916) is registered in Kenya with its principal place of business and registered office at Harambee Co-operative Plaza, Nairobi, Kenya. The society is incorporated in Kenya under the Co-operative Societies Act, Cap 490 and is licensed under the Sacco Societies Act No.14 of 2008, and is domiciled in Kenya. The society is regulated by the Sacco Societies Regulatory Authority (SASRA).

The society owns 100% of Harambee Insurance Agency Ltd, a company incorporated and domiciled in Kenya.

b) Basis of preparation

i) Statement of Compliance

The financial statements have been prepared under the historical cost basis, except where otherwise stated in the accounting policies below and are in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the society takes into account the characteristics of the asset or liability if market participants would take those characteristics into when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as investment properties, equity investments and investment property which have been measured at fair value or net realisable value.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

These financial statements also comply with the requirements of the Sacco Societies Act No. 14 of 2008.The statement of profit or loss and other comprehensive income represents the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

ii) Going concern

The financial performance of the group and society is set out in the report of the directors and in the statement of profit or loss and other comprehensive income. The financial position of the group and society is set out in the statement of financial position. Disclosures in respect of risk and capital management are set out in notes 3 and 4, respectively.

Based on the financial performance and position of the group and society and its risk management policies, the directors are of the opinion that the group and society is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

iii) Use of Judgements and Estimates

The preparation of financial statements in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from the estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Notes 16,20,21 and 23.

iv) Functional and presentation currency

The Consolidated and Separate financial statements are presented in Kenya shillings, which is also the group and society's functional currency. Except as otherwise indicated, financial information presented in Kenya shillings (Kes.) has been rounded to the nearest thousand shillings.

2 MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these Consolidated and Separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated:

(a)Basis of consolidation

(i) Subsidiary

The Consolidated financial statements comprise the financial statements of the society and its subsidiary as at 31 December 2024. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the

Specifically, the group controls a subsidiary if, and only if, the group has:

- i Power over the subsidiary (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- ii Exposure, or rights, to variable returns from its involvement with the investee
- iii The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- i The contractual arrangement(s) with the other vote holders of the investee
- ii Rights arising from other contractual arrangements
- iii The group's voting rights and potential voting rights.

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated financial statements from the date the group gains control until the date the group ceases to control the subsidiary.

At society level, the investment in subsidiary is presented as an asset assessed in the statement of financial position and measured at cost less any subsequent impairment

Profit or loss and each component of OCI are attributed to the owners of the group and to the non- controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the group loses control over a subsidiary, it derecognises the assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(ii) Changes in ownership interests in the subsidiary without change of control.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.Gains or losses on disposals to non-controlling interests are also recorded in equity.

(b) Recognition of revenue

(i) Interest

In current year interest income and expense for all interest bearing instruments and recognized in profit or loss as it accrues considering the effective interest rate of the asset or an applicable floating rate.

The effective interest rate is the rate that exactly discounts the estimated future cash flow through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability. Interest income and expense includes the amortization of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Interest income and expense are recognized in profit or loss using effective interest method .The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset; or the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit impaired assets, the Sacco estimates future cash flows considering all contractual terms of the financial instrument but not expected credit losses. For credit impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset of financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability.

However for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of the interest income reverts to the gross basis

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the assets improves.

(ii) Revenue from contracts with customers

The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

This core principle is delivered in a five-step model framework:

- i Identify the contract(s) with a customer
- ii Identify the performance obligations in the contract
- iii Determine the transaction price
- iv Allocate the transaction price to the performance obligations in the contract
- v Recognise revenue when (or as) the entity satisfies a performance obligation.

The incomes that are recognised in line with IFRS 15 include: Loans processing fees, Commissions, Dividend processing fees, Entrance fees, Activation fees and Standing Order processing charges.

Fees and commission income is recognized on an accrual basis when the service is provided.

This income comprises of appraisal and facility fees charged on advances, commissions charged on use of channels and ledger fees levied on current and savings accounts.

Fees and commission on a financial asset of financial liability are included in the effective interest rate. Loan fees that are recognized using the effective interest method are included with loan balances in the Consolidated statement of financial position.

Other fee and commission income -including account servicing fees, loan discharge and administration fees are recognized as the related services are performed.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

(iii) Gain or loss on investment property

Gain or loss on revaluation of investment property is presented as part of net revenue of the group. The gain is recognised based on the increase or loss in the case of a decrease in market value of the investment property as determined by the Board of Directors through a third party valuation expert at each reporting date. Market value is defined by the International Valuation Standard Committee as the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

(iv) Dividend Income

Dividend income is recognized when the right to receive income is established. Usually, this is the ex- dividend date for quoted equity securities. Dividends are presented in net income from other financial instruments at a Fair Value Through Profit and Loss (FVTPL) or other revenue based on the underlying classification of the equity investment.

Dividends on equity instruments designated as at Fair Value Through Other Comprehensive Income(FVOCI) that clearly represent a recovery of part of the cost of the investment in Other Comprehensive Income(OCI).

(v) Sale of property inventory

Property inventory is regarded as sold when the significant risks and returns have been transferred to the member, which is normally on unconditional exchange of contracts Property inventory is then measured at the lower of cost or net realisable value.Net realisable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money, if material, less costs to completion and the estimated costs of sale.

(c) Property inventory

The group transfers land from investment property to property inventory when, and only when, there is a change in use evidenced by commencement of development of the relevant precinct with a view to sale.The fair value of the investment property becomes the deemed cost of property inventory. Property inventory is then measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money, if material, less costs to completion and the estimated costs of sale. The cost of property inventory recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

(d) Property and Equipment

i Recognition and Measurement

Items of Property and Equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

ii Depreciation

All property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the reducing balancing method to write down the cost of each asset to its residual value over its estimated useful life except for buildings which is calculated on a straight line.

Computers hardware	30.0%
Office Equipment	12.5%
Furniture & Fittings	12.5%
Motor vehicles	25.0%
Buildings	2.5%

Leasehold land and buildings are subsequently carried at revalued amounts, based on annual/triennial valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses.

Depreciation methods, useful lives and residual values are reassesses and adjusted, if appropriate, at each reporting date.

iii Subsequent Costs

The cost of replacing a component of property or equipment is recognized in the carrying amount of the

The costs of the day to day servicing of property and equipment are recognized in profit or loss as incurred.

iv. Disposal of Property and Equipment

Gains and losses on disposal of Property and equipment are determined by reference to their carrying

(e) Intangible Assets (Software)

Computer software licenses are stated at cost less accumulated amortization and accumulated impairment losses.

The cost incurred to acquire and bring to use specific computer software licenses are capitalized costs are amortized on a reducing balance basis over the expected useful lives, using an annual rate 30% and are recognized in profit or loss. Costs associated with maintaining software are recognized as an expense as incurred.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure when incurred.

Amortization methods useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Accounting for leases

The society assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The society as lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the society recognizes a right- of-use asset and a lease liability. The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the society is reasonably certain to exercise that option.

The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the society's incremental borrowing rate is used.

For leases that contain non-lease components, the society allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortized cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

All other right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not estimated, useful life would not exceed the lease term expected to pass to the society at the end of the lease term, the estimated useful life would not exceed the lease term.

Increases in the carrying amount arising on revaluation are recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognized in other comprehensive income. All other decreases are charged to profit or loss. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation reserve to the retained earnings.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognized in profit or loss on a straight-line basis over the lease period.

The society as lessor

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments received under operating leases are recognized as income in profit or loss on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the society's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the society's net investment outstanding in respect of the leases.

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position.

Management has made various judgements and estimates under IFRS 16 as detailed below:

- **Incremental borrowing rate:** To determine the incremental borrowing rate, the society:
  - where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
  - uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third party financing; and
  - makes adjustments specific to the lease, e.g. term, country, Currency and security.
- **Lease term/period:** In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Extension options (or periods after termination options) are terminated).

(g) Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

(h) Provision for liabilities and other charges

Provisions are recognized when the society has a present obligation as a result of a past event, it is probable that the society will be required to settle the obligation, and a reliable estimate of the amount of the obligation made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, net of bank overdrafts.

(j) Employee benefits

(i) Defined contribution plan

The majority of the group's employees are eligible for retirement benefits under a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a Separate entity and has no legal or constructive obligation to pay further amounts. Contributions to the defined contribution plan are recognised in profit or loss as incurred. Any difference between the amount recognised in profit or loss and the contributions payable is recognised in the statement of financial position under other receivables or other payables. The group also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute.

(ii) Termination benefits

Termination benefits are recognised as an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iii) Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(k) Fair value measurement

The group measures financial instruments such as equity investments at fair value through OCI, and non- financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i In the principal market for the asset or liability, or
- ii In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i **Level 1** - Quoted prices in active markets for identical assets or liabilities. This level includes equity
- ii **Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices or indirectly as derived from prices.
- iii **Level 3** - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The group considers relevant and observable market prices in its valuations where possible.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the finance and investment manager after discussion with and approval by the group's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained in note 3 (e).

(l) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. The group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- (i) Financial assets at amortised cost (debt instruments)

(ii) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

(iii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity investments

(iv) Financial assets at fair value through profit or loss

(i) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the group. The group measures financial assets at amortised cost if both of the following conditions are met:

i The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;and

ii The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The group's financial assets at amortised cost include loans to customers and members, cash and cash equivalents, other assets, amounts due from related parties and placements with financial institutions.

(ii) Financial assets at fair value through OCI (debt instruments)

The group measures debt instruments at fair value through OCI if both of the following conditions are met:

i The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and

ii The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The group's does not have any financial assets classified as debt instruments at fair value through OCI.

(iii) Financial assets designated at fair value through OCI (equity investments)

Upon initial recognition, the group can elect to classify irrevocably its equity investments as equity investments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity investments designated at fair value through OCI are not subject to impairment assessment.

The group elected to classify irrevocably its quoted and unquoted equity investments under this category.

(iv) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including Separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the group's statement of financial position) when:

i The rights to receive cash flows from the asset have expired

Or

ii The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

Impairment of financial assets

The group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from

the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The group's financial liabilities include members' deposits, withdrawable members' deposits, other payables, borrowings, interest payable and due to related party.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- i Financial liabilities at fair value through profit or loss
- ii Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

The group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings and includes customers and members' deposits, other liabilities, and loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(m) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the other comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income or equity.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, the carry forward of unused tax credits and tax credits and unused tax losses can be utilised.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using fair value model, the carrying amounts of such properties are presumed to be recoverable entirely through sale unless presumption is rebutted. The presumption is rebutted when the investment property is depreciable and held within a business model whose objective is to consume substantially all its economic benefits embodied in it over time rather than through sale.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

The society offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

(n) Reserves

Statutory reserve

Transfers are made to the statutory reserve fund at a rate of 20% of net operating surplus after tax incompliance with the provision of section 47 (1& 2) of the Co-operative Societies Act, Cap 490. This reserve is not distributable.

Credit risk reserve

Where impairment losses required by legislation or regulation exceed those calculated under IFRS Accounting Standards as issued by the International Accounting Standards Board, the excess is recognised as a regulatory credit risk and accounted for as an appropriation of retained profits. This reserve is not distributable.

Fair value reserve

The fair value reserve arises on equity investments that are measured at fair value through other comprehensive income. The changes in fair value are recognised in other comprehensive income and are never recycled to profit or loss, even if the asset is sold or impaired.

- The fair value gains arising from financial assets measured through OCI are not distributable.

Appropriation account

This comprises retained earnings and is distributable.

Dividends account

Dividend is recognised as a liability by transferring funds from retained earnings to dividend account upon approval by shareholders in the annual general meeting. Proposed dividends are disclosed as a Separate component of equity. This reserve is distributable.

(o) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

2.1 New Standards and Interpretations

2.1.1 Standards and interpretations effective and adopted in the current year

In the current year, the group and society has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

a) Supplier finance arrangements - amendments to IAS 7 and IFRS 7

The amendment applies to circumstances where supplier finance arrangements exist. These are arrangements whereby finance providers pay the suppliers of the entity, thus providing the entity with extended payment terms or the suppliers with early payment terms. The entity then pays the finance providers based on their specific terms and conditions.

The amendment requires the disclosure of information about supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows as well as on the entity's exposure to liquidity risk.

The effective date of the amendment is for years beginning on or after 1 January, 2024.

The group and society has adopted the amendment for the first time in the 2024 annual report and financial statements. The impact of the amendment is not material.

b) Non-current liabilities with covenants - amendments to IAS 1

The amendment applies to the classification of liabilities with loan covenants as current or non-current. If an entity has the right to defer settlement of a liability for at least twelve months after the reporting period, but subject to conditions, then the timing of the required conditions impacts whether the entity has a right to defer settlement. If the conditions must be complied with at or before the reporting date, then they affect whether the rights to defer settlement exists at reporting date. However, if the entity is only required to comply with the conditions after the reporting period, then the conditions do not affect whether the right to defer settlement exists at reporting date. If an entity classifies a liability as non- current when the conditions are only required to be met after the reporting period, then additional disclosures are required to enable the users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period.

The effective date of the amendment is for years beginning on or after 1 January, 2024.

The group and society has adopted the amendment for the first time in the 2024 annual report and financial statements. The impact of the amendment is not material.

c) Lease liability in a sale and leaseback

The amendment requires that a seller-lessee in a sale and leaseback transaction, shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The effective date of the amendment is for years beginning on or after 1 January, 2024.

The company has adopted the amendment for the first time in the 2024 annual report and financial statements. The impact of the amendment is not material.

2.1.2 Standards and interpretations not yet effective

The group and society has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 January, 2025 or later periods:

a) Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the group's and society annual report and financial statements.

b) Lack of exchangeability - amendments to IAS 21

The amendments apply to currencies which are not exchangeable. The definition of exchangeable is provided as being when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The amendments require an entity to estimate the spot exchange rate at measurement date when a currency is not exchangeable into another currency. Additional disclosures are also required to enable users of financial statements to understand the impact of the non-exchangeability on financial performance, financial position and cash flow.

The effective date of the amendment is for years beginning on or after 1 January, 2025

It is unlikely that the amendment will have a material impact on the group's and society annual report and financial statements.

3. Financial Risk Management

The society's activities expose it to a variety of financial risks: market risk (including foreign interest rate risk and price risk), credit risk and liquidity risk.

The society's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the society's financial performance.

Risk management is carried out by the risk sub-committees under policies approved by the directors. The risk sub-committee identifies, evaluates and manage financial risks in close co-operation with various departmental heads. The directors provides written principles for overall risk management, as well as written policies covering specific areas, such as liquidity risk, interest rate risk, credit risk, and investment of excess liquidity.

The sub-committee reports to the directors on all aspects of risks including nature of risks, measures instituted to mitigate risk exposures etc.

(a) Market risk

- Interest rate risk

The society's exposure to interest rate risk arises from borrowings and financial assets. Loan and advances and members deposits are fixed interest securities and therefore not susceptible to market interest rate changes.

Financial assets and liabilities advanced and obtained at different rates expose the society to interest rate risk. Financial assets and liabilities obtained at fixed rates expose the society to fair value interest rate risk, except where the instruments are carried at amortised cost. The society maintains adequate ratios of borrowings when compared to total borrowings in fixed interest rates.

The table below summarises the effect on profit had interest and equity rates been 1 percentage point higher, with all other variables held constant. If the interest rates were lower by 1 percentage point, the effect would have been the opposite.

	2024	2023
	Kes.	Kes.
Effect on profit increase	14,163,080	13,561,117

- Price risk

The society is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The society does not actively trade these investments.

The society's investments in equity of other entities are publicly traded and included in the Nairobi Securities Exchange (NSE).

The table below summarises the impact of increases of the NSE on the society's post-tax profit for the year. The analysis is based on the assumption that the equity indexes had increased by 5% with all other variables held constant and all the society's equity instruments moved according to the historical correlation with the index.

	Impact on other comprehensive income	
Index	2024	2023
	Kes.	Kes.
NSE	933,069	(197,905)

(b) Currency risk

The Company did not hold any financial instruments subject to currency risk as at 31 December 2024 (2023: nil).

(c) Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligation resulting in financial loss to the society. The society's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers and other financial institutions (including related commitments to lend such as loans or credit card facilities) and investment in debt securities. The society considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

- Credit risk management

The society's credit committee is responsible for managing the society's credit risk by;

- Ensuring that the society has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the society's stated policies and procedures, IFRSs and relevant supervisory guidance.
- Identifying, assessing and measuring credit risk across the society, from an individual instrument to a portfolio level.
- Creating credit policies to protect the society against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposure against internal risk limit.

- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.
- Developing and maintaining the society's risk grading to categories exposure according to the degree of risk of default. Risk grades are subject to regular reviews. Developing and maintaining the society's risk processes for measuring Expected Credit Loss including monitoring of credit risk, incorporating forward looking information and the method used to measure ECL
- Ensuring the society has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk to account for ECL.Providing advice, guidance and special skills business units to promote best practice in the management of credit risk.

The internal audit function performs regular audit to make sure that the established controls and procedures are adequately designed and implemented.

The society monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been an increase in significant risk the society will measure the loss allowance based on the lifetime rather that 12 -months ECL.

Internal credit risk rating

The society takes on exposure to credit risk which is the risk of financial loss to the society if a member or counterparty to a financial instrument fails to meet its contractual obligations.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral against loans and advances in the form of registered securities over assets and guarantees from members. Credit risk inthe society, is also managed through a framework of policies and procedures. Origination and approval roles are segregated.

To aid credit managers in portfolio management, regular internal risk management reports contain information on key environmental and economic trends across major portfolios, portfolio delinquency and loan impairment performance as well as information on migration across credit grades and other trends. Expected loss is the long-run average credit loss across a range of typical economic conditions. It is used in the delegation of credit approval authority and must be calculated for every transaction to determine the appropriate level of approval. To assist risk officers in monitoring the portfolio, various internal risk management reports are available on a regular basis, providing individual counterparty, counterparty society and portfolio exposure information, the status of accounts showing signs of weakness or financial deterioration and updates on credit markets.

The society's grading systems is based on the basic principles issued by the regulatory authority SASRA on the basis that the periods are largely consistent with the IFRS presumptions on stages of credit products. In addition to nominal aggregate exposure, expected loss is used in the assessment of individual exposures and for portfolio analysis.

The credit grades within society are based on a probability of default. The society structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to the nature and type of loans. The society grades its loans into five categories on the basis of the following criteria:

(1) **Performing loans**, being loans which are well documented and performing according to contractual terms. Such loans are considered under stage 1 - no significant increase in credit risk for purposes of the ECL calculation;

(2) **Watch loans,** being loans whose principal or interest have remained un-paid for one day to thirty days or where one instalment is outstanding for less than 30 days. Such loans are also classified as stage 1 for purposes of the ECL calculation;

(3) **Substandard loans,** being loans not adequately protected by the current repayment capacity and the principal or interest have remained un-paid between thirty-one to one eighty days or where two to six instalments have remained outstanding. Under this category, loans past due between 31 - 90 days (or 2-3 pending instalments) are classified under stage 2 - significant increase in credit risk for purposes of the ECL calculation. Loans aged beyond 90 days are classified as stage 3 - credit impaired;

(4) **Doubtful loans,** being loans not adequately protected by the current repayment capacity and the principal or interest have remained un-paid between one hundred and eighty one to three hundred and sixty days or where seven to twelve instalments have remained outstanding. Such loans are classified as stage 3 for purposes of the ECL calculation; and

(5) **Loss loans,** being loans which are considered uncollectible or of such little value that their continued recognition as receivable assets is not warranted, not adequately protected and have remained un-paid for more than three hundred and sixty days or where more than twelve instalments have remained outstanding. Such loans are also classified as stage 3 for purposes of the ECL calculation.

The society analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account inthis process include macro-economic data such as GDP growth, un employment, benchmark interest rates and house prices. The society generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios.The society then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

Loan commitments are assessed along with the category of loan the society is committed to provide, i.e. commitments to provide mortgages are assessed using similar criteria to mortgage loans, while commitments to provide a corporate loan are assessed using similar criteria to corporate loans.

The society presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the society has reasonable and supportable information that demonstrates otherwise.

The society has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due. The society performs periodic back- testing of its ratings to consider whether the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

Incorporation of forward-looking information

The society uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The society uses external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The society applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the society for strategic planning and budgeting. The society has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The society has not made changes in the estimation techniques or significant assumptions madeduring the reporting period.

The principal macroeconomic indicators included in the economic scenarios used at 31 December 2024 for Kenya are as follows:

- Unemployment rates
- Interest rates
- Inflation
- Foreign exchange rate

Predicted relationships between the key indicators and default and loss rates on various portfolios off inancial assets have been developed based on analysing historical data over the past 3 years. The society has determined that over this historical period, there has been minimal correlation between the macroeconomic factors and the experienced credit losses. Therefore, these factors do not have a material impact on the ECL. However management have also considered the impact of the ongoing upcoming Kenyan general elections on expected credit losses. Management have considered the past experience on the result of such political events on defaults and have applied judgement in determining the level to which this will continue to increase the probabilities of default and have factored in, as an overlay to the expected credit loss model.

Measurement of ECL

The key inputs used for measuring ECL are:

i probability of default (PD)
ii loss given default (LGD) and
iii exposure at default (EAD).

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information where it may have a material impact on the ECL.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counter parties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross-collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exitfrom non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and the calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The society's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The society uses EAD models that reflect the characteristics of the portfolios.

The society measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice. However, for financial instruments such as revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the society's contractual ability to demand repayment and cancel the undrawn commitment does not limit the society's exposure to credit losses to the contractual notice period. For such financial instruments, the society measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed termor repayment structure and have a short contractual cancellation period. However, the society does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are cancelled only when the society becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the society expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

The ECL calculation for accounting purposes is different from the provisions calculation for regulatory purposes. The society has ensured that the appropriate methodology is used when calculating ECL for both accounting and regulatory purposes. The main differences between the methodologies used to measure ECL in accordance with IFRS 9 versus the ones applied for regulatory purposes are as disclosed in Note 8 to the financial statements. Any excess in regulatory provisions over IFRS 9 ECL is accounted for as an appropriation from retained earnings into a credit risk reserve.

Groupings based on shared risks characteristics

When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, such as:

- instrument type;
- credit risk grade;
- collateral type;
- remaining term to maturity;
- industry/economic sector; and
- geographic location of the borrower.

The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

Credit quality

The credit quality of the portfolio of loans and advances (excluding commitments and guarantees) that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Sacco as required by IFRS 9 as follows:

3. Financial risk management (continued)

(c) Credit risk (continued)

Credit quality (continued)

The credit quality of the portfolio of loans and advances (excluding commitments and guarantees) that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Sacco as required by IFRS 9 as follows:

Year ended 31 December 2024	BOSA Loans	FOSA Loans	Total
	Kes.	Kes.	Kes.
Gross loans and advances to customers	31,997,636,429	608,628,736	32,606,265,165
Expected credit loss provision			
0 - 30 Days (Performing and watch stage 1)	(530,271,932)	(19,731,505)	(550,003,437)
31 - 180 Days (Watch, Substandard, stage 2)	(26,039,493)	(2,184,340)	(28,223,833)
181- 360 Days (Doubtful and Loss, stage 3)	(4,121,050)	(5,349,017)	(9,470,067)
Net carrying value	**31,437,203,954**	**581,363,874**	**32,018,567,828**
Year ended 31 December 2023	**BOSA Loans**	**FOSA Loans**	**Total**
	Kes.	**Kes.**	**Kes.**
Loans and advances to customers	28,946,983,567	712,298,041	29,659,281,608
Expected credit loss provision			
0 Days (Performing and watch stage 1)	(460,345,325)	(21,916,570)	(482,261,895)
31 - 180 Days (Watch, Substandard, stage 2)	(28,948,994)	(2,211,602)	(31,160,596)
181- 360 Days (Doubtful and Loss, stage 3)	(4,919,305)	(5,090,411)	(10,009,716)
Net carrying value	**28,452,769,943**	**683,079,458**	**29,135,849,401**

Analysis of the society's credit risk exposure per class of financial asset, internal rating and "stage" without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

Year ended 31 December 2024	Stage 1	Stage 2	Stage 3	
	12 Months	Lifetime	Lifetime	
	ECL	ECL	ECL	Total
	Kes.	Kes.	Kes.	Kes.
BOSA loans	(530,271,932)	(26,039,493)	(4,121,050)	(560,432,475)
FOSA loans	(19,731,505)	(2,184,340)	(5,349,017)	(27,264,862)
Total expected credit loss	**(550,003,437)**	**(28,223,833)**	**(9,470,067)**	**(587,697,337)**
	Stage 1	**Stage 2**	**Stage 3**	
Year ended 31 December 2023	**12 Months**	**Lifetime**	**Lifetime**	
	ECL	**ECL**	**ECL**	**Total**
	Kes.	**Kes.**	**Kes.**	**Kes.**
BOSA loans	(460,345,325)	(28,948,994)	(4,919,305)	(494,213,624)
FOSA loans	(21,916,570)	(2,211,602)	(5,090,411)	(29,218,583)
Expected credit loss provision				
Total expected credit loss	**(482,261,895)**	**(31,160,596)**	**(10,009,716)**	**(523,432,207)**
Movement in expected credit loss (Note 16 (a))	**(67,741,542)**	**2,936,763**	**539,649**	**(64,265,130)**

3. Financial risk management (continued)

Collateral held as security - Society

The society holds collateral against all loans and advances to members in form of cash deposit, residential property and other members guarantees. The society has developed specific policies and guidelines for the acceptance of different classes of collateral.

Estimates of the collateral's fair values are based on the value of collateral independently and professionally assessed at the time of borrowing, and re-valued with a frequency commensurate with nature and type of the collateral and credit advanced. Collateral structures and covenants are subjected to regular review to ensure they continue to fulfil the intended purpose. Collateral is generally not held in respect of deposits and balances due from banking institutions, items in the course of

Type of collateral or credit enhancement

		Fair value of collateral and credit enhancements held				
31 December 2024	**Maximum exposure to credit risk**	**Cash**	**Property**	**Total collateral**	**Net exposure**	**Associated ECLs**
Financial assets						
Cash and balances	809,461,902	-	-	-	809,461,902	101,385,871
Loans and advances to customers	32,606,265,165	23,982,894,247	54,164,550	24,037,058,797	8,569,206,368	587,697,337
Balances due from related parties	62,906,514	-	-	-	62,906,514	1,346,154
Receivables and prepayments	941,870,453				941,870,453	541,558,053
Total financial assets at amortized cost	**34,420,504,034**	**23,982,894,247**	**54,164,550**	**24,037,058,797**	**10,383,445,237**	**1,231,987,415**

Type of collateral or credit enhancement

		Fair value of collateral and credit enhancements held				
31 December 2023	**Maximum exposure to credit risk**	**Cash**	**Property**	**Total collateral**	**Net exposure**	**Associated ECLs**
Financial assets						
Cash and balances	1,310,936,374	-	-	-	1,310,936,374	17,152,831
Loans and advances to customers	29,659,281,608	21,945,639,462	31,719,033	21,977,358,495	7,681,923,113	523,432,206
Balances due from related parties	48,799,407	-	-	-	48,799,407	1,346,154
Receivables and prepayments	1,044,503,744	-	-	-	1,044,503,744	64,947,319
Total financial assets at amortized cost	**32,063,521,133**	**21,945,639,462**	**31,719,033**	**21,977,358,495**	**10,086,162,638**	**606,878,510**

Collateral held as security

The society holds collateral against all loans and advances to members in the form of cash, residential property and other members guarantees. The society has developed specific policies and guidelines for the acceptance of different classes of collateral.

Estimates of the collateral's fair values are based on the value of collateral independently and professionally assessed at the time of borrowing, and re-valued with a frequency commensurate with nature and type of the collateral and credit advanced. Collateral structures and covenants are subjected to regular review to ensure they continue to fulfil the intended purpose. Collateral is generally not held in respect of deposits and balances due from banking institutions, items in the course of collection.

(d) Liquidity risk

Liquidity risk is the risk that the society will encounter difficulty in meeting obligations associated with financial liabilities. Cash flow forecasting is performed by the finance department monthly by monitoring the society's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the society does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the society's management maintains flexibility in funding by maintaining availability under committed credit lines.

The table below sets out the maturity profile of the society's financial liabilities

Year ended 31 December 2024	Current to 1 year	1 to 5 years	Later than 5 years	Total
	Kes.	Kes.	Kes.	Kes.
Financial assets				
Cash and cash equivalents (Note 18)	708,076,031	-	-	708,076,031
Loans and advances to members (Note 23)	2,356,184,913	19,591,161,335	10,658,918,916	32,606,265,165
Receivables and prepayments (Note 20)	400,312,401	-	-	400,312,401
	3,464,573,345	**19,591,161,335**	**10,658,918,916**	**33,714,653,597**
Financial liabilities				
Member savings and deposits (Note 28)	1,896,005,048	15,764,866,575	8,577,155,364	26,238,026,987
Interest to members and honoraria (Note 29)	2,168,085,216	-	-	2,168,085,216
Loans and borrowings (Note 33)	1,060,616,498	1,306,173,345	-	2,366,789,843
Lease liabilities (Note 34)	6,884,379	34,514,902	-	41,399,281
	5,131,591,141	**17,105,554,822**	**8,577,155,364**	**30,814,301,327**
Net liquidity gap	**(1,667,017,796)**	**2,485,606,513**	**2,081,763,552**	**2,900,352,269**

Year ended 31 December 2024	Current to 1 year	1 to 5 years	Later than 5 years	Total
	Kes.	Kes.	Kes.	Kes.
Financial assets				
- Cash and cash equivalents (Note 18)	1,293,783,543	-	-	1,293,783,543
- Loans and advances to members (Note 23)	2,142,157,812	20,204,858,195	7,312,265,601	29,659,281,608
- Receivables and prepayments (Note 20)	979,556,425	-	-	979,556,425
	4,415,497,780	**20,204,858,195**	**7,312,265,601**	**31,932,621,576**
Financial liabilities				
- Member savings and deposits (Note 28)	1,778,200,892	16,772,012,159	6,069,896,972	24,620,110,023
- Interest to members and honoraria (Note 29)	2,052,516,239	-	-	2,052,516,239
- Loans and borrowings (Note 33)	1,199,616,438	1,850,383,562	-	3,050,000,000
- Lease liabilities (Note 34)	6,158,601	16,179,874	-	22,338,475
	5,036,492,170	**18,638,575,595**	**6,069,896,972**	**29,744,964,737**
Net liquidity gap	**(620,994,391)**	**1,566,282,600**	**1,242,368,629**	**2,187,656,839**

(e) Financial assets and their fair values

(i) Accounting classifications and fair values

This hierarchy requires the use of observable market data when available. The group considers relevant and observable market prices in its valuations where possible.

At 31 December 2024

			Carrying amount				Fair value hierarchy
Society	Financial assets at fair value through OCI	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total	Level 1	Level 2	Total
Financial assets							
Equity investments at fair value through OCI	1,570,540,856	-	-	1,570,540,856	58,388,137	1,512,152,719	1,570,540,856
Total financial assets	**1,570,540,856**	**-**	**-**	**1,570,540,856**	**58,388,137**	**1,512,152,719**	**1,570,540,856**

(e) Financial assets and their fair values

As at 31 December 2023

		Carrying amount			Fair value hierarchy		
Society	Financial assets at fair value through OCI	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total	Level 1	Level 2	Total
Financial assets							
Equity investments at fair value through OCI	1,381,970,885	-	-	1,381,970,885	39,726,759	1,342,244,127	1,381,970,885
Total financial assets	**1,381,970,885**	**-**	**-**	**1,381,970,885**	**39,726,759**	**1,342,244,127**	**1,381,970,885**

(ii) Measurement of fair values

Valuation methods used in determining the fair value of assets and liabilities

Instrument	Applicable Level	Valuation methods	Inputs
Equity investments at fair value through OCI	2	Net Asset Value	Current unit price of underlying unitised assets and interest rates

4. Capital Management

Externally imposed capital requirements

The Sacco Societies Act No. 14 of 2008 has established certain guidelines for the management of capital and working capital for deposit taking Saccos.

- institutional capital of not less than eight percent of total assets; and
- core capital of not less than ten million shillings;
- core capital of not less than ten percent of total assets.
- core capital of not less than eight percent of total deposits.
- maintain fifteen percent of its savings deposits and short term liabilities in liquid assets.

The ratios at 31 December 2024 and 2023 were as follows:

a) Institutional capital of not less than eight percent (8%) of total assets	**2024**	**2023**
	Kes.	**Kes.**
Institutional capital	3,812,186,790	2,822,289,753
Institution capital in compliance with Sacco Society regulations	3,812,186,790	2,822,289,753
Total assets as per financial statements	38,695,796,707	36,746,655,228
Total assets	38,695,796,707	36,746,655,228
	2024	**2023**
Institutional capital to total Assets ratio	9.85%	7.68%
	2024	**2023**
b) Core capital of not less that Kes. 10 million	**Kes.**	**Kes.**
	6,335,226,860	5,171,297,462
c) Core capital of not less than 10% of total assets;		
Core capital as per financial statements	6,335,226,860	5,171,297,462
Core capital	6,335,226,860	5,171,297,462
Total assets	38,695,796,707	36,746,655,228
	2024	**2023**
Core capital to total Assets ratio	16.4%	14.1%

d) Core capital of not less than eight percent (8%) of total deposits.		
	2024	2023
Core capital to total deposits ratio	24%	21%
e) Maintain fifteen percent (15%) of its savings deposits and short term liabilities in liquid assets		
As per statement of financial position	17%	27%
The society has complied with all externally imposed capital requirements throughout the period. There have been no material changes in the society's management of capital during the period.		

5. Critical Accounting Judgements and Key Sources Of Estimation Uncertainty

The key sources of estimation uncertainty in applying the group and society's accounting policies are dealt with below:

a) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g., the likelihood of customers defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

(i) Determining criteria for significant increase in credit risk;

(ii) Choosing appropriate models and assumptions for the measurement of ECL;

(iii) Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and

(iv) Establishing groups of similar financial assets for the purposes of measuring ECL.

Further details of the ECL is highlighted on notes **16,20,21 and 23**.

b) Depreciation on property and equipment

Critical estimates are made by the Directors in determining depreciation rates for property and equipment. Further details of depreciation on property and equipment **is on note 27**.

c) Amortization of intangible assets

Critical estimates are made by the Directors in determining the useful lives of intangible assets (note 25).

d) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the group has access at that date. The fair value of a liability reflects its non-performance risk. When available, the group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. Judgments and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

e) Leases - Estimating the incremental borrowing rate

The group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

f) Taxes

The group is subject to income taxes in Kenya. Significant judgment is required in determining the group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax in the period in which such determination is made.

g) Estimation of net realisable value for property inventory

Net realizable value for completed property inventory is assessed by reference to market conditions and prices existing at the reporting date. Net realizable value in respect of property inventory is assessed with reference to market prices at the reporting date, less estimated costs to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money, if material.

		Group & Society	
			Restated*
		2024	2023
		Kes.	Kes.
6 (a)	**Interest on loans and advances calculated using the effective interest rate**		
	BOSA Loans and Advances to Members	5,005,008,867	4,607,071,796
	FOSA Loans and Advances to Members	169,364,707	143,998,887
	Total	**5,174,373,574**	**4,751,070,683**
6 (b)	**Other Interest Income calculated using effective interest rate method**		
	Interest Income from deposits with financial institutions	27,402,887	3,550,007
	Interest on money market funds	8,823,613	8,202,617
	Total	**36,226,500**	**11,752,624**
7	**Interest expense**		
	Interest expense on members deposits	1,991,981,977	1,930,490,578
	Interest In Fixed Deposit / Call Accounts	13,390,277	15,828,029
	#52Week Savings Challenge Interest	780,406	570,836
	Interest on Toto Junior Savings account	645,549	-
	Holiday Savings Account Interest	37,537	-
	Total	**2,006,835,746**	**1,946,889,443**
8	**Dividend Income**		
	Dividend from quoted and unquoted shares	217,176,360	218,878,494
	Dividends from KUSCCO shares	-	5,114,996
	Total	**217,176,360**	**223,993,490**

		Group	Society	Group	Society
		2024	2024	2023	2023
		Kes.	Kes.	Kes.	Kes.
9	**Fees and Commissions Charged to members**				
	Bosa loans processing fees	199,362,225	199,362,225	178,987,505	178,987,505
	Mpesa withdrawal charges	84,806,434	84,806,434	80,044,278	80,044,278
	Salaries processing fees	41,714,400	41,714,400	36,748,500	36,748,500
	Members' dividend processing fee	32,373,339	32,373,339	28,419,108	28,419,108
	Standing order processing charges	22,885,000	22,885,000	15,118,400	15,118,400
	Deposits withdrawal processing commissions	17,337,928	17,337,928	13,520,055	13,520,055
	Member's dormant accounts activation fees	14,580,400	14,580,400	17,591,000	17,591,000
	FOSA commissions received and other charges to members	11,585,204	11,585,204	12,960,815	12,960,815
	FOSA cash withdrawal charges	7,042,400	7,042,400	8,109,000	8,109,000
	BOSA members withdrawal fees	4,285,500	4,285,500	9,455,594	9,455,594
	Bankers cheques fees	1,463,170	1,467,800	2,499,745	2,500,600
	Entrance fees-new members	1,206,440	1,206,440	3,465,232	3,465,232
	Property transfer fees	953,380	953,380	355,000	355,000
	Member statements charges	359,890	359,890	665,000	665,000
	Total	**439,955,710**	**439,960,340**	**407,939,232**	**407,940,087**

		Group	Society	Group	Society
		2024	2024	2023	2023
		Kes.	Kes.	Kes.	Kes.
10	**Other operating income**				
	Sale of greenfield project**	322,315,843	322,315,843	-	-
	Sink fund subscriptions	209,356,051	209,356,051	212,345,282	212,345,282
	Write back of Harambee plaza deposits*	163,825,386	163,825,386	-	-
	Write back of provisions on unrealizable asset	93,023,286	93,023,286	-	-
	Rental income	58,200,917	58,200,917	56,752,267	56,752,267
	Sink fund claim recovered	15,440,000	15,440,000	16,121,000	16,121,000
	Insurance agency income	1,064,520	-	793,943	-
	Premier club	121,760	121,760	2,040,700	2,040,700
	Tender income	20,000	20,000	50,000	50,000
	Net operating income	**863,367,763**	**862,303,243**	**288,103,192**	**287,309,249**

*The Harambee Plaza Deposits were funds that had been contributed by members in the years prior to 2007. These funds were meant to form part of the members' ownership of the Harambee Plaza. Subsequently through an Annual Delegates Meeting (ADM) resolution, it was resolved that full ownership of the Plaza was to remain with the society and the members' contributions were to be refunded. The outstanding balance as at 31 December 2024 has been recognised through profit or loss since it was determined that there are no expected claims from members.

**The society purchased, subdivided and sold to members the Greenfield project in the prior years. However, the income relating to the sale of the project and the corresponding costs was not recognised in the profit and loss due to the delays in processing of sectional titles for the land. The sale has been recognised in the current year.

		Group 2024 Kes.	Society 2024 Kes.	Group 2023 Kes.	Society 2023 Kes.
11	**Marketing expenses**				
	Advertising and public relations expenses	143,723,592	143,723,592	56,155,369	56,155,369
	Member recruitment costs	6,085,913	6,085,913	7,355,848	7,355,848
	Products development & promotion expenses	4,649,000	4,649,000	4,125,000	4,125,000
	Customer care expenses	1,897,000	1,897,000	853,455	853,455
	Share capital funds mobilization campaign drive	603,000	603,000	-	-
	Corporate social responsibility	-	-	45,000	45,000
	Total	**156,958,505**	**156,958,505**	**68,534,672**	**68,534,672**
12	**Staff costs**				
	Salaries and wages	231,107,450	229,373,450	189,599,154	188,201,982
	Staff housing & commuter allowances	87,715,834	87,715,834	82,369,939	82,369,939
	Staff group medical insurance cover	44,795,469	44,795,469	38,085,877	38,085,877
	Staff training expenses	41,265,726	41,265,726	25,970,402	25,970,402
	Pension fund employer contribution	26,076,093	25,919,133	24,865,479	24,720,663
	Staff extraneous allowances	18,950,500	18,950,500	10,957,500	10,957,500
	Staff leave allowances	1,250,000	1,250,000	10,452,705	10,452,705
	Gratuity	10,481,498	10,481,498	9,681,877	9,681,877
	Staff group life insurance cover	8,535,355	8,535,355	8,541,260	8,541,260
	Staff annual party expenses	4,752,000	4,752,000	5,000,000	5,000,000
	Staff welfare	9,000,493	9,000,493	5,780,228	5,780,228
	Staff travel expenses	3,300,224	3,300,224	3,597,841	3,597,841
	Staff personal accident insurance cover	1,404,254	1,404,254	2,147,921	2,147,921
	Affordable housing levy- employer contribution	4,261,668	4,261,668	2,124,229	2,124,229
	NSSF employers' contribution	3,518,250	3,518,250	1,823,095	1,823,095
	Staff overtime	2,701,706	2,701,706	1,815,514	1,815,514
	Workman's compensation insurance cover	2,432,869	2,432,869	1,603,228	1,603,228
	Staff utility allowance	1,242,000	1,242,000	1,203,000	1,203,000
	Staff recruitment expenses	752,840	752,840	1,065,200	1,065,200
	Staff transfer expenses	344,826	344,826	752,898	752,898
	Staff benevolence and funeral expenses	196,000	196,000	691,500	691,500
	Casual wages	860,326	860,326	76,796	76,796
	Staff bonus	30,000,000	30,000,000	22,000,000	22,000,000
	Provision for outstanding leave days	1,481,758	1,481,758	-	-
	Total	**536,427,139**	**534,536,179**	**450,205,643**	**448,663,655**
	No. of fulltime staff				
	The number of full time staff as at 31 Dec 2024	**137**	**137**	**136**	**135**

		Group	Society	Group	Society
		2024	2024	2023	2023
		Kes.	Kes.	Kes.	Kes.
13	**Administrative Expenses**				
	Disposal of property inventory (Green fields)**	452,168,422	452,168,422	-	-
	Insurance premium	420,000,000	420,000,000	432,538,893	432,538,893
	Consultancy fees	53,873,870	53,873,870	99,833,662	99,833,662
	Computer and software expenses	41,682,415	41,682,415	41,777,749	41,777,749
	Consumables	23,990,892	23,990,892	12,293,205	12,293,205
	Check-off processing charges	24,746,217	24,746,217	27,336,075	27,336,075
	Telephone, postage and cables expenses	11,930,666	11,930,666	14,075,943	14,075,943
	Permits and licences expenses	11,118,150	11,117,150	11,409,795	11,408,795
	Legal costs	5,091,372	5,091,372	6,790,986	6,790,986
	Bank charges	5,440,211	5,432,397	5,737,420	5,726,634
	Auditor's remuneration	4,950,000	4,800,000	3,572,339	3,422,339
	Records management expenses	3,306,830	3,306,830	4,196,479	4,196,479
	Bad debts written-off	541,964	541,964	3,724,015	3,724,015
	Subscriptions	9,368,417	9,368,417	3,180,799	3,180,799
	Donations	2,070,000	2,070,000	800,300	800,300
	Corporate and communication expenses	18,485,000	18,485,000	10,611,966	10,611,966
	Printing and stationery expenses	2,275,276	2,275,276	1,171,798	1,171,798
	Paybill transaction charges	3,105,169	3,105,169	3,765,863	3,765,863
	Ushirika day expenses	258,000	258,000	3,580,000	3,580,000
	Bulk SMS charges	17,048,901	17,048,901	6,664,576	6,664,576
	Compliance audits & other statutory supervision expenses	10,072,698	10,072,698	5,809,000	5,809,000
	Internal audit & Risk management expenses	3,867,650	3,867,650	2,228,500	2,228,500
	Fosa pre- establishment expenses	793,450	793,450	-	-
	ATM card expenses	9,249,600	9,249,600	-	-
	Amortisation of intangible expense	21,553,094	21,553,094	25,000,551	25,000,551
	Depreciation charge	38,333,126	38,333,126	45,331,005	45,331,005
	Amortization Expenses on Right Use Asset	7,779,918	7,779,918	5,932,225	5,932,225
	Total	**1,203,101,309**	**1,202,942,495**	**777,363,144**	**777,201,358**
14	**Governance Expenses (Member related costs)**				
	Members' education expenses	197,777,598	197,777,598	115,424,700	115,424,700
	Pre AGM delegates education	23,997,578	23,997,578	17,522,622	17,522,622
	Delegates branch expenses	63,631,763	63,631,763	65,503,380	65,503,380
	Annual delegate meeting (ADM) expenses	30,360,303	30,360,303	28,779,275	28,779,275
	Board of directors sitting allowances	19,300,000	19,300,000	23,376,710	23,376,710
	Strategic plan and policies reviews costs	5,700,600	5,700,600	9,646,000	9,646,000
	Delegate training expenses	47,896,841	47,896,841	47,991,576	47,991,576
	Delegate group personal accident cover	1,685,049	1,685,049	2,003,426	2,003,426
	Directors / delegates affordable housing levy	808,191	808,191	528,519	528,519
	Board honoraria	8,500,000	8,500,000	5,200,000	5,200,000
	Total	**399,657,923**	**399,657,923**	**315,976,208**	**315,976,208**
15	**Other Operating Expenses**				
	Repairs and maintenance costs	15,375,698	15,375,698	18,105,879	18,105,879
	Security expenses	20,229,717	20,229,717	19,795,345	19,795,345
	Water and electricity bills	13,653,593	13,653,593	13,870,352	13,870,352
	Cleaning and Hygiene-Plaza	3,683,854	3,683,854	3,803,399	3,803,399
	Assets insurance covers	9,315,226	9,026,289	8,909,549	8,816,864
	Fines and penalties	4,459,576	4,459,576	-	-
	Land rates and rent	13,444,893	13,444,893	516,396	516,396
	General expenses	746,527	746,527	22,240	22,240
	Motor vehicle running expenses	2,052,331	2,052,331	2,030,630	2,030,630
	Total	**82,961,414**	**82,672,477**	**67,053,791**	**66,961,106**

		Group	Society	Group	Society
		2024	2024	2023	2023
		Kes.	Kes.	Kes.	Kes.
16	**Expected credit loss/write back**				
	Expected Credit Loss impairment charge - Loan and advances to members (Note 23)	64,265,130	64,265,130	45,620,369	45,620,369
	Cash and cash equivalents (Note 18)	84,233,040	84,233,040	6,121,999	6,121,999
	Prov.for Bad Doubtful Debts- Receivable & Others (Note 20)	476,610,733	476,610,733	194,171,239	194,171,239
	Total	**625,108,903**	**625,108,903**	**245,913,606**	**245,913,606**
17	**Finance costs**				
	Interest on external borrowing - bank loans	512,488,533	512,488,533	445,422,591	445,422,591
	Interest on bank overdraft	104,969,384	104,969,384	76,762,617	76,762,617
	Interest on lease liability	3,894,861	3,894,861	3,847,113	3,847,113
	Total	**621,352,778**	**621,352,778**	**526,032,321**	**526,032,321**
18	**Cash and cash equivalents**				
	Cash in hand				
	Treasury Cash - Harambee FOSA	20,386,303	20,386,303	37,748,817	37,748,817
	Cash in Hand BOSA	1,578,307	1,578,307	1,597,702	1,597,702
	Cash in Hand Harambee FOSA	4,968,459	4,968,459	4,968,650	4,968,650
	Cash at Bank				
	Harambee Insurance Agency -bank	241,694	-	2,174	-
	Safaricom Mpesa Working & Utility Account- 525201	122,851,332	122,851,332	191,487,086	191,487,086
	Safaricom Mpesa Paybill Account-525200	11,112,790	11,112,790	11,315,471	11,315,471
	Safaricom MPESA Utility Account-B2B	139,005	139,005	5,228,104	5,228,104
	Mpesa Cashfloat	4,851,022	4,851,022	4,707,958	4,707,958
	Co-operative Bank -Call Account	9,801,244	9,801,244	70,757,981	70,757,981
	Cooperative Bank Savings Account	7,016,802	7,016,802	6,297,687	6,297,687
	Co-operative Banks -Current Accounts	526,484,778	526,484,778	667,448,551	667,448,551
	CIC group Money Market Fund	4,914,109	4,914,109	216,090,496	216,090,496
	NCBA Bank Fixed Deposits - Mortgage	53,332,854	53,332,854	51,262,974	51,262,974
	KUSCCO- Deposits Savings	42,024,896	42,024,896	42,024,896	42,024,896
	Gross cash balances	**809,703,595**	**809,461,902**	**1,310,938,548**	**1,310,936,374**
	Less: Expected credit loss allowance	(101,385,871)	(101,385,871)	(17,152,831)	(17,152,831)
	Total	**708,317,725**	**708,076,031**	**1,293,785,717**	**1,293,783,543**

		Group and Society	
		2024	2023
		Kes.	Kes.
19	**Inventories**		
	Consumables	-	10,146,784
	Total	**-**	**10,146,784**
20	**Receivables and prepayments**		
	Remittances due	770,163,667	901,994,125
	Sink claims receivable	32,720,100	3,236,728
	Rent receivables	55,192,487	44,515,361
	Other receivables	83,794,199	94,757,531
		941,870,453	**1,044,503,744**
	Less:		
	Expected credit loss allowance	(541,558,053)	(64,947,319)
	Total	**400,312,401**	**979,556,425**

		Group and Society	
		2024	2023
		Kes.	Kes.
21	**Property inventory**		
	Greenfields	-	452,168,422
	Nanyuki	12,018,900	12,018,900
	Muranga	68,000,000	68,000,000
	Voi	3,219,105	3,219,105
	Mombasa	953,026	953,026
	Busia	783,568	783,568
	Impairment loss	(6,111,133)	(6,111,133)
	Total	**78,863,466**	**531,031,888**

The group has invested in various land property inventory located in Nanyuki, Muranga, Voi, Mombasa and Busia.The society purchased, subdivided and sold to members the Greenfield project in the prior years. However, the income relating to the sale of the project and the corresponding costs was not recognised in the profit and loss due to the delays in processing of sectional titles for the land. The sale and cost of sales has been recognised in the current year.

22 Equity investments at fair value through Other Comprehensive Income (FVOCI)

		Group and Society	
		2024	2023
a	**Quoted investments**	Kes.	Kes.
	Kenya Electricity Generating Company PLC (KENGEN)	208,830	115,315
	Co-operative Bank of Kenya	58,179,307	39,611,443
		58,388,137	**39,726,759**
b	**Unquoted investments**		
	Kenya Mortgage Refinancing company (KMRC)	25,000,000	25,000,000
	Co-operative Insurance Society Limited (CIS)	197,181,058	197,181,058
	Kenya Union of Savings and Credit Cooperatives (KUSCCO)	1	141,689,619
	Co-op Holdings Co-operative Society	1,289,871,660	978,273,450
	Sacco Central Limited	100,000	100,000
		1,512,152,719	**1,342,244,127**
	Total equity investments at FVOCI	**1,570,540,856**	**1,381,970,885**

The group has invested in quoted and unquoted shares as indicated above.

The shares held in Co-op Holding Co-operative Society Limited were acquired before the initial public offer (IPO) in 2009 and are not listed at the Nairobi Securities Exchange Limited (NSE). These shares are not available to the public market, they can only be sold to other members of the Co-operative entity at a specified agreed value. Thus the agreed price represents the exit price for these shares. They are to be valued at the higher of 60% of the average of the month's quoted Co-operative Bank of Kenya Limited shares at the Nairobi Securities Exchange Limited or Kes. 13.70 per shareholders agreement. In the current year the shares have been valued at Kes. 16.46 which approximates the fair value.

The fair value of the investment in KUSCCO was assumed to be Kes. 1, since with the current outlook there are no cash flows (including dividends) that are expected to be received by the entity owing to the insolvency status of the Union. However, this status will continuously be assessed and appropriate adjustments to be made in case the current outlook improves.

The breakdown of the amount and price per share are shown below;

		2024	2023
Security	No. of Shares	Value per share	Value per share
Co-op Holdings	144,929,400	8.90	6.75
CIS	56,337,445	3.50	3.50
Cooperative Bank	3,536,736	16.45	11.20
KUSCCO	1,416,896	100.00	100.00
KENGEN	57,371	3.64	2.01

22 Equity investments at fair value through Other Comprehensive Income (FVOCI) (continued)

Reconciliation of Equity investments

2024 - Group and Society	As at 1 January	Additions	Fair value gain/(loss)	Total
KENGEN	115,315	-	93,515	208,830
Co-operative Bank of Kenya	39,611,443	-	18,567,864	58,179,307
Co-operative Insurance society	197,181,058	-	-	197,181,058
Kenya Mortgage Refinance Company	25,000,000	-	-	25,000,000
KUSCCO	141,689,619	-	(141,689,618)	1
Co-op Holdings Co-operative Society Limited	978,273,450	-	311,598,210	1,289,871,660
Total	**1,381,870,885**	**-**	**188,569,971**	**1,570,440,856**

2023 - Group and Society	As at 1 January	Additions	Fair value (loss)	Total
KENGEN	183,013	-	(67,698)	115,315
Co-operative Bank of Kenya	43,501,853	-	(3,890,410)	39,611,443
Co-operative Insurance society	197,181,058	-	-	197,181,058
Kenya Mortgage Refinance Company	25,000,000	-	-	25,000,000
KUSCCO	141,689,619	-	-	141,689,619
Co-op Holdings Co-operative Society Limited	1,043,491,680	-	(65,218,230)	978,273,450
Sacco Central	-	100,000	-	100,000
Total	**1,451,047,223**	**100,000**	**(69,176,338)**	**1,381,970,885**

23 Loans and advances to members

	Group and Society	
	2024	**2023**
	Kes.	**Kes.**
A BOSA Loans		
Jisaidie Loans Top-up Loan	5,114,198,200	5,790,114,906
Development Loan	3,650,362,158	3,893,262,127
Jisaidie 72 Loan	3,305,459,564	3,127,852,730
Inuka 96 Loan	11,009,971,507	8,450,830,553
Inuka 72 Loan	6,289,878,608	5,004,401,908
Dividend in Advance loan	818,345,027	682,688,786
Emergency Loan	233,876,206	253,578,356
Defaulter Loan	426,449,095	468,153,852
School Fee Loan	97,445,423	107,282,807
M-Boosta Loan	198,823,789	10,284,231
Mkombozi Loan	9,595,841	149,791,368
Karibu Loan	639,528,533	887,795,763
Mortgage Loan-Construction	27,307,876	24,926,633
Mortgage Loan-Purchase	10,331,247	6,613,415
MOU Loan	1,147,688	1,399,182
M-Boosta ++Loan	40,723,172	-
Loan Clearance Facility	515,160	-
Total	**31,873,959,093**	**28,858,976,617**
Interest Receivable all BOSA Loans	123,677,336	88,006,950
Total BOSA Loans	**31,997,636,429**	**28,946,983,567**
B FOSA Loans		
Salary Advance Loan	510,841,692	617,755,860
Personal Loan	61,302,282	60,854,288
Finje Chap Chap Loan	7,530,966	7,483,250
Jisort Advance Loan	10,852,585	7,905,053
Salary in Advance Loan	9,633,833	9,554,842
Total	**600,161,356**	**703,553,293**
Interest Receivable all FOSA Loans	8,467,379	8,744,747
Total FOSA Loans	**608,628,736**	**712,298,041**
Total Gross Loan (BOSA+FOSA) at Year End	**32,606,265,165**	**29,659,281,608**

23 Loans and advances to members (continued)

	Group & Society	
	2024	2023
	Kes.	Kes.
Movement of expected credit loss allowance		
At start of the year	(523,432,207)	(477,811,838)
Charge for the year	(64,265,130)	(45,620,369)
At end of the year	**(587,697,337)**	**(523,432,207)**
Net loans and advances	**32,018,567,828**	**29,135,849,401**

The table below analyses how the loans and advances classification as per SASRA classification compared to the IFRS 9 classifications

	Gross loans and advances to members	IFRS 9 provisions	Net loans and advances to members	SASRA provisions
	2024	2024	2024	2024
Stage 1	31,156,172,731	(550,003,437)	30,606,169,294	(311,561,727)
Stage 2	562,556,137	(28,223,833)	534,332,304	(28,127,807)
Stage 3	887,536,297	(9,470,067)	878,066,230	(282,442,655)
Total	**32,606,265,165**	**(587,697,337)**	**32,018,567,828**	**(622,132,189)**

	Gross loans and advances to members	IFRS 9 provisions	Net loans and advances to members	SASRA provisions
	2023	2023	2023	2023
Stage 1	28,793,061,736	(482,261,895)	28,310,799,841	(287,930,619)
Stage 2	714,199,415	(31,160,596)	683,038,819	(22,689,415)
Stage 3	152,020,456	(10,009,716)	142,010,740	(190,480,878)
Total	**29,659,281,608**	**(523,432,207)**	**29,135,849,401**	**(501,100,912)**
Credit risk reserve			**(34,434,852)**	-

Loans and advance reconciliation

2024	BOSA Loans	FOSA Loans	Total
	Kes.	Kes.	Kes.
At the start of the year	28,946,983,567	712,298,041	29,659,281,608
Disbursed during the year	23,455,008,998	2,279,413,648	25,734,422,646
Repayments made during the year	(20,404,356,136)	(2,383,082,953)	(22,787,439,089)
Expected credit loss allowance	(560,432,475)	(27,264,862)	(587,697,337)
Balance at the end of the year	**31,437,203,954**	**581,363,874**	**32,018,567,828**

2023	BOSA Loans	FOSA Loans	Total
	Kes.	Kes.	Kes.
At the start of the year	26,569,633,818	665,125,568	27,234,759,386
Disbursed during the year	17,133,037,247	738,278,859	17,871,316,107
Repayments made during the year	(14,755,687,498)	(691,106,387)	(15,446,793,885)
Expected credit loss allowance	(494,213,624)	(29,218,583)	(523,432,207)
Balance at the end of the year	**28,452,769,943**	**683,079,458**	**29,135,849,401**

The effective interest rate on loans in 2024 is 16% (2023: 16%)

24 Investment in subsidiary

	% Holding	Society 2024	2023
		Kes.	Kes.
Harambee Insurance Agency Limited	100%	50,000	50,000

The subsidiary is incorporated in Kenya and shares the same year end of with the society.

25 Intangible assets

	Group and Society	
	2024	2023
	Kes.	Kes.
Cost		
As at 1st January	217,372,455	177,892,549
Additions	12,139,723	39,479,906
As at 31 December	**229,512,178**	**217,372,455**
Accumulated amortization		
As at 1st January	157,668,532	132,667,980
Charge for the year	21,553,093	25,000,551
As at 31 December	**179,221,625**	**157,668,532**
Carrying amount As at 31 December	**50,290,553**	**59,703,923**

26 Investment property

	Group and Society	
	2024	2023
	Kes.	Kes.
Harambee Plaza	1,472,000,000	1,251,200,000
Kisumu Land	100,000,000	57,954,474
Siaya Land	40,000,000	40,000,000
Nyali Houses	240,700,000	200,000,000
Matundu Lane Houses	190,000,000	175,000,000
Limuru Road Houses	1,002,000,000	945,000,000
Total	**3,044,700,000**	**2,669,154,474**

Reconciliation of investment property

2024 - Group and Society	As at 1 January	Fair value gains	As at 31 December
Harambee Plaza	1,251,200,000	220,800,000	1,472,000,000
Kisumu Land	57,954,474	42,045,526	100,000,000
Siaya Land	40,000,000	-	40,000,000
Nyali Houses	200,000,000	40,700,000	240,700,000
Matundu Lane Houses	175,000,000	15,000,000	190,000,000
Limuru Road Houses	945,000,000	57,000,000	1,002,000,000
Total	**2,669,154,474**	**375,545,526**	**3,044,700,000**

2023 - Group and Society	As at 1 January	Fair value gain/ (loss)	As at 31 December
Harambee Plaza	1,251,200,000	-	1,251,200,000
Kisumu Land	57,954,474	-	57,954,474
Siaya Land	40,000,000	-	40,000,000
Nyali Houses	200,000,000	-	200,000,000
Matundu Lane Houses	175,000,000	-	175,000,000
Limuru Road Houses	945,000,000	-	945,000,000
Total	**2,669,154,474**	**-**	**2,669,154,474**

The group has investment in various investment properties i.e Harambee Plaza, Kisumu, Siaya and Nyali houses.

The properties were valued by Dansal & Associates Ltd during the year on the basis of market value. The gain arising from the change in the fair value of the properties was recognised in the Income Statement for the period (IAS 40 clause 35).

Rental income generated from the above investment properties is as below;

	Group and Society	
	2024	2023
	Kes.	Kes.
Rental income (Note 10)	58,200,917	56,752,267
Direct rental expenses	(25,765,628)	(50,158,227)
Net rental income	**32,435,289**	**6,594,040**

27 Property and equipment - Group and Society

	Building	Equipment	Fixtures and Fittings	Furniture	Computers	Motor Vehicles	Motor Cycles	Total
	Kes.	Kes.	Kes.	Kes.	Kes.	Kes.	Kes.	Kes.
2024	**2.5%**	**12.5%**	**12.5%**	**12.5%**	**30.0%**	**25.0%**	**25.0%**	
COST								
As at January 2024	448,800,000	272,619,809	178,598,639	26,349,259	276,105,097	6,831,752	128,828	1,209,433,384
Additions	-	7,531,514	8,083,903	1,706,332	26,684,945	-	-	44,006,695
Reversal of accumulated depreciation on revaluation	(22,440,000)	-	-	-	-	-	-	(22,440,000)
Revaluation	101,640,000	-	-	-	-	-	-	101,640,000
As at December 2024	**528,000,000**	**280,151,322**	**186,682,542**	**28,055,591**	**302,790,042**	**6,831,752**	**128,828**	**1,332,640,078**
ACCUMULATED DEPRECIATION								
As at January 2024	22,440,000	178,096,698	111,949,008	17,923,322	255,134,129	4,158,042	117,340	589,818,539
Charge for the year	13,200,000	12,756,828	9,341,692	1,266,534	14,296,774	668,428	2,872	51,533,127
Reversal of accumulated depreciation on revaluation	(35,640,000)	-	-	-	-	-	-	(35,640,000)
As at December 2024	**-**	**190,853,526**	**121,290,700**	**19,189,856**	**269,430,903**	**4,826,469**	**120,212**	**605,711,666**
CARRYING AMOUNT								
As at December 2024	**528,000,000**	**89,297,796**	**65,391,843**	**8,865,735**	**33,359,139**	**2,005,283**	**8,616**	**726,928,412**
2023								
COST								
As at January 2023	448,800,000	262,877,484	178,596,639	26,349,259	266,431,419	6,831,752	128,828	1,190,015,380
Additions	-	9,742,325	2,000	-	9,673,677	-	-	19,418,002
As at December 2023	**448,800,000**	**272,619,809**	**178,598,639**	**26,349,259**	**276,105,097**	**6,831,752**	**128,828**	**1,209,433,383**
ACCUMULATED DEPRECIATION								
As at January 2023	11,220,000	164,593,397	102,427,632	16,719,617	246,146,571	3,266,805	113,510	544,487,533
Charge for the year	11,220,000	13,503,301	9,521,376	1,203,705	8,987,558	891,237	3,829	45,331,006
As at December 2023	**22,440,000**	**178,096,698**	**111,949,008**	**17,923,322**	**255,134,129**	**4,158,042**	**117,340**	**589,818,539**
CARRYING AMOUNT								
As at December 2023	**426,360,000**	**94,523,110**	**66,649,631**	**8,425,937**	**20,970,968**	**2,673,710**	**11,488**	**619,614,843**

The above building relates to the owner occupied space within Harambee Plaza (48%).
The buildings were revalued by Dansal & Associates Limited during the year.

		Group 2024	Society 2024	Group 2023	Society 2023
		Kes.	Kes.	Kes.	Kes.
28	**Members deposits and Savings**				
	Member BOSA Deposits (MPA)	24,823,791,425	24,823,791,425	23,110,401,063	23,110,401,063
	Member Savings Acc FOSA	1,235,636,056	1,235,408,574	1,160,922,187	1,160,941,842
	Harambee Plaza Shares	-	-	163,911,324	163,911,324
	Fixed and call deposit accounts	135,760,230	135,760,230	159,370,683	159,370,683
	Harambee Investment Savings Account	25,566,249	25,566,249	13,574,800	13,574,800
	Business Savings Accounts	8,318,570	8,318,570	2,398,262	2,398,262
	Giant Junior Savings Account	8,120,572	8,120,572	6,318,468	6,318,468
	Corporate Savings Acc FOSA	278,972	278,972	306,909	306,909
	52WeekSavingsChallenge	65,226	65,226	2,678,871	2,678,871
	Holiday Savings Account	716,871	716,871	207,800	207,800
	Foreign Currency Account	300	300	-	-
	Total	**26,238,254,469**	**26,238,026,987**	**24,620,090,367**	**24,620,110,023**

Reconciliation of deposits movement during the year 2024

	Withdrawable FOSA Savings	Short term Deposits	Non withdrawable Deposits (BOSA)	Total Deposits
As at 01 January	1,160,941,842	348,767,117	23,110,401,063	**24,620,110,023**
Deposits during the year	45,823,383,713	20,248,685,345	3,900,507,756	**69,972,576,814**
Withdrawal/refunds during the year	(45,748,689,500)	(20,418,625,473)	(2,187,117,395)	**(68,354,432,368)**
As at 31 December	**1,235,636,056**	**178,826,989**	**24,823,791,425**	**26,238,254,469**

Reconciliation of deposits movement during the year 2023

	Withdrawable Deposits	Short term Deposits	Non withdrawable Deposits	Total Deposits
As at 01 January	1,226,935,649	352,472,381	22,120,736,141	23,700,144,171
Deposits during the year	33,908,214,692	308,228,117	3,832,913,459	38,049,356,268
Withdrawal/refunds during the year	(33,974,208,499)	(311,933,381)	(2,843,248,537)	(37,129,390,416)
As at 31 December	**1,160,941,842**	**348,767,117**	**23,110,401,063**	**24,620,110,023**

There are no members holding more than 25% of total members deposits.

		Group & Society 2024 Kes.	Group & Society 2023 Kes.
29 a	**Interest on Members' deposits**		
	As at 1 January	2,052,516,239	1,799,633,563
	Proposed interest on members deposits	1,991,981,977	1,946,889,443
	Payments during the year	(1,876,413,000)	(1,677,607,902)
		2,168,085,216	**2,052,516,239**
b	**Honoraria & staff bonus**		
	As at 1 January	27,212,332	22,512,381
	Board Honoraria & Staff Bonus-paid	(27,200,000)	(22,500,049)
	Proposed board Honoraria & staff bonus	38,500,000	27,200,000
		38,512,332	**27,212,332**
	Interest to members and honoraria	**2,206,597,548**	**2,079,728,571**
c	**Dividends paid and proposed**		
	As at 1 January	281,892,309	239,528,848
	Payments during the year	(281,879,977)	(239,516,516)
	Proposed dividends to members	378,463,628	281,879,977
		378,475,960	**281,892,309**
	Total	**2,585,073,508**	**2,361,620,880**

The directors recommended a provision of 9.0% (2023:8.5%) interest on members deposits and a provision of 15% (2023:12%) dividends on share capital.

		Group 2024 Kes.	Society 2024 Kes.	Group 2023 Kes.	Society 2023 Kes.
30	**Payables and accruals**				
	Other payables & accruals	440,451,981	440,001,981	778,297,283	777,997,283
	Provision for Staff Gratuity	15,451,228	15,451,228	21,265,437	21,265,437
	Advance receipts	33,555,528	33,555,528	33,555,528	33,555,528
	Funds in transit	22,511,790	22,511,790	22,516,790	22,516,790
	Provisions for outstanding leave days	4,096,686	4,096,686	2,614,927	2,614,927
	Total	**516,067,214**	**515,617,214**	**858,249,965**	**857,949,965**

In the opinion of the directors, the carrying amounts of other payables approximate their fair value.

The maturity analysis of the society's other payables is as follows:

Other payables and accruals above relate to payments received by the society from various government institutions.

		Group 2024 Kes.	Society 2024 Kes.	Group 2023 Kes.	Society 2023 Kes.
31	**Taxation**				
	As at 01 January	4,189,135	4,189,135	24,588,223	24,588,223
	Charge for the year	203,743,523	203,743,523	114,621,654	114,621,654
	Payment made during the year	(126,160,998)	(125,938,678)	(135,179,923)	(135,020,742)
	As at 31 December	**81,771,660**	**81,993,980**	**4,029,954**	**4,189,135**

		Group and Society 2024 Kes.	Group and Society 2023 Kes.
32	**Contract liabilities**		
	Greenfields	-	321,635,603
	Nanyuki	1,839,029	-
	Kisumu	1,147,733	2,457,733
	Voi Plots	2,526,737	2,526,737
	Mombasa plots	1,909,756	1,909,756
	Busia plots	773,568	773,568
	Uasin gishu	271,000	271,000
	Athi River Plots	232,071	232,071
	Muranga project	14,000	14,000
	Siaya	5,000	5,000
	Total	**8,718,894**	**329,825,468**

These contract liabilities relate to members' deposits for property inventory.

		2024 Kes.	2023 Kes.
33	**Borrowings**		
	Term Loan - CoopBank	2,014,891,213	3,050,000,000
	Revolving term loan	351,898,630	-
	Total	**2,366,789,844**	**3,050,000,000**

2024

Loans movement	Opening balance	Proceeds	Repayment	Interest for the year	Closing balance
Term Loan Credit line	425,000,000	-	(407,946,938)	48,155,960	65,209,022
Term Loan	2,625,000,000	-	(1,105,244,064)	429,926,256	1,949,682,192
Revolving Term Loan	-	1,750,000,000	(1,416,227,368)	18,125,998	351,898,630
Total	**3,050,000,000**	**1,750,000,000**	**(2,929,418,370)**	**496,208,214**	**2,366,789,844**

2023

Loans movement	Opening balance	Proceeds	Repayment	Interest for the year	Closing Balance
Term Loan Credit line	-	1,200,000,000	(817,608,676)	42,608,676	425,000,000
Term Loan	3,325,000,000	-	(1,065,833,105)	365,833,105	2,625,000,000
Revolving Term Loan	-	100,000,000	(100,000,000)	-	-
Total	**3,325,000,000**	**1,300,000,000**	**(1,983,441,781)**	**408,441,780**	**3,050,000,000**

	2024 Kes.	2023 Kes.
Current portion	1,060,616,498	1,199,616,438
Non-current portion	1,306,173,345	1,850,383,562
Total	**2,366,789,844**	**3,050,000,000**

Terms and conditions of the borrowings with the lender Co-operative Bank of Kenya are as follows;

Term Loan Credit line

The society has an approved line of credit of ksh 600,000,000 with lender Co-operative Bank. The society has borrowed upto the extent of ksh 500,000,000. The term of the loans of the loan is 5 years (60 months) from the loan agreement date (9th March 2023). The loan attract interest at a rate of 18% P.a on a reducing balance basis. The purpose of the loan was to finance the working capital requirements of the society. The Loan is secured by the monthly BOSA Check off and the lender has a legal charge L.R No 209/9966 Harambee CO-OP Plaza and existing debenture on all assets.

Term Loan

The society has an approved line of credit of ksh 4,000,000,000 with lender Co-operative Bank. The society has borrowed upto the extent of ksh 3,500,000,000. The term of the loans of the loan is 5 years (60 months) from the loan agreement date (18th August 2022). The loan attract interest at a rate of 18% P.a on a reducing balance basis. The Loan is secured by the monthly BOSA Check off and the lender has a legal charge L.R No 209/9966 Harambee CO-OP Plaza and existing debenture on all assets.

Revolving Term Loan

The society has an approved line of credit of ksh 350,000,000 with lender Co-operative Bank. The society has borrowed upto the extent of ksh 3,500,000,000. The tenure of the loan is 12 months with a maximum of 30days per draw down. The loan attract interest at a rate of 18% p.a. The purpose of the loan was to finance the working capital requirements of the society. The Loan is secured by the monthly BOSA Check off and the lender has a legal charge L.R No 209/9966 Harambee CO-OP Plaza and existing debenture on all assets.

There was no instance of non compliance to the debt covenants that were noted.

34 Leases	Group & Society	
	2024	2023
Rights of use assets (IFRS16)	Kes.	Kes.
Cost:		
At start of the year	50,909,445	50,909,445
Additions	16,500,916	-
	67,410,361	**50,909,445**
Accumulated depreciation:		
At start of the year	32,569,636	26,637,411
Charge for the year	7,779,918	5,932,225
Eliminated upon lease end	(8,845,993)	-
At end of the year	**31,503,561**	**32,569,636**
Carrying Amount	**35,906,800**	**18,339,809**
Lease liabilities (IFRS 16)		
At start of the year	22,338,475	28,497,076
Additions	27,346,556	
Repayment	(8,285,750)	(6,158,601)
	41,399,281	**22,338,475**
Non-Current	34,514,902	16,179,874
Current	6,884,379	6,158,601
	41,399,281	**22,338,475**
Total Cash Outflow for leases in the year		
Payment of principle portion of the lease liability	8,285,750	10,005,714
Interest paid on lease liabilities	3,894,861	3,847,113
Total	**12,180,611**	**13,852,826**

	Group & Society	
	2024	2023
	Kes.	Kes.
35 Deferred tax		
As at 01 January	-	-
Charge/(credit) to profit or loss	-	-
Charge/(credit) to other comprehensive income	(30,492,000)	-
As at 31 December	**(30,492,000)**	**-**
Charge/(credit) to other comprehensive income relates to:		
Items that will not be reclassified subsequently to profit or loss:		
Gains/(losses) on property and equipment revaluation	(30,492,000)	-
Changes in fair value of equity instruments designated as at FVTOCI	-	-
Total	**(30,492,000)**	**-**

	Group	Society	Group	Society
	2024	2024	2023	2023
Group and Society	Kes.	Kes.	Kes.	Kes.
36 Share Capital				
Full paid shares				
As at 01 January	2,349,007,709	2,349,007,709	2,170,287,989	2,170,287,989
Issued Share Capital	174,032,361	174,032,361	178,719,720	178,719,720
As at 31 December	**2,523,040,069**	**2,523,040,069**	**2,349,007,709**	**2,349,007,709**
37 Reserves				
Assets revaluation reserve	85,050,789	85,050,789	13,902,789	13,902,789
Fair Value reserves	785,883,309	785,883,309	597,313,338	597,313,338
Credit Risk Reserve	34,434,852	34,434,852	-	-
Statutory reserves	1,601,820,535	1,601,820,535	1,347,465,132	1,347,465,132
Retained Earnings	2,172,472,789	2,175,931,404	1,472,644,829	1,474,824,621
Total	**4,679,662,274**	**4,683,120,889**	**3,431,326,089**	**3,433,505,880**

38 Related parties balances and transactions

Harambee Deposit Taking Savings and Credit Co-operative Society Limited (the society) indirectly owns Co-operative Bank(the Bank) of Kenya through its shareholding in Co-op Holdings Limited. In addition, it owns the Bank directly through the shares it has.

The society also indirectly owns Co-operative Insurance of Kenya (CIC) through its shareholding in Co- operative Insurance Services(CIS).

The society has common directorship with Harambee Investment Co-operative Society Limited

The society has 100% shareholding in Harambee Insurance Agency Limited, herein described as Investment in Subsidiary

The following transactions were carried out with related parties:

		Group & Society	
		2024	2023
a	**Insider deposits**	Kes.	Kes.
	Total deposits and savings outstanding at year end		
	Due to Supervisory Committee	7,630,269	6,968,770
	Due to directors	52,999,020	30,856,094
	Due to key management	37,343,086	45,694,891
	Due to other employees	102,889,420	87,856,113
	At end of year	**200,861,795**	**171,375,868**
b	**Insider loans and Advances**		
	At start of year	481,464,757	400,356,448
	Advances	465,264,908	524,051,886
	Interest charged	70,468,375	69,511,856
	Repayment	(470,365,917)	(512,455,433)
	At end of year	**546,832,123**	**481,464,757**
	Analysis of Insider loans and Advances:		
	Directors	116,712,895	67,924,905
	Supervisory	9,905,754	12,525,311
	Key Management staff	118,391,510	94,496,334
	Other Employees	301,821,964	306,518,206
		546,832,123	**481,464,757**

Loans and advances to Directors and staff (related parties) are subject to interest rates that are applicable to all members, have due dates at the end of every month and are fully secured.

c	**Due from related parties**		
		Group	
	Harambee Investment Co-operative Society	59,711,366	46,788,602
	Less: Expected credit loss allowance	(1,346,154)	(1,346,154)
		58,365,212	**45,442,448**
		Society	
	Harambee Investment Co-operative Society	59,711,366	46,788,602
	Harambee Insurance Agency Limited	3,195,148	2,010,805
	Less: Expected credit loss allowance	(1,346,154)	(1,346,154)
		61,560,360	**47,453,253**
d	**Loans and Borrowings**		
	Co-operative Bank of Kenya	**2,366,789,844**	**3,050,000,000**

38 Related parties balances and transactions (continued)

		Group & Society	
		2024 Kes.	2023 Kes.
e	**Cash and bank balances**		
	Co-operative Bank of Kenya	543,302,824	744,504,219
	CIC Money Market	4,914,109	4,914,109
	Total	**548,216,933**	**749,418,328**
f	**Equity investments**		
	Co-operative Bank	58,179,307	39,611,443
	Co-operative Insurance society Limited	197,181,058	197,181,058
	Co-op Holdings Limited	1,289,871,660	978,273,450
	Total	**1,545,232,025**	**1,215,065,951**

39 Restatement of Comparatives

During the year, management identified the following errors in the audited financial statements for the years ended 31 December 2022 and 31 December 2023. These errors have been corrected, and necessary adjustments have been made in the current financial statements to accurately reflect the correct balances as of those dates. These adjustments have been made in accordance with the requirements of IAS 8 (Accounting Policies, Change in Accounting Estimates and Errors), through the restatement of prior year financial statements.

Bases for Restating Comparatives:

a) As at 31 December 2022, the society was carrying an asset under receivables and prepayments which was identified as unrealizable asset amounting to Kes. 1,742,336,813. However, directors and management have assessed this receivable as unrecoverable.

b) The Society had not consolidated its fully owned subsidiary, Harambee Insurance Agency, in the years ended 31 December 2022 and 31 December 2023. This subsidiary was incorporated on 21

January 2021.

c) The Society had not accounted for fair value adjustments on financial assets measured through other comprehensive income.

d) The Society had accounted for gains arising from the fair value adjustments of investment property through the revaluation reserve, rather than recognizing these movements through profit or loss as required by IAS 40.

e) Although IFRS 9 The Society had not adopted IFRS 9: Financial Instruments became effective 1 January 2018, the society had not fully implemented including assessing impairment for financial assets

f) The Society had not separated Harambee Plaza building into two components: the portion used as property and equipment (owner-occupied space) and the portion held as investment property (rented space). The entire building had been reported as investment property.

g) Errors identified in the accounting and classification for reserves and retained earnings.

The following restatement adjustments have been made in the books of accounts and the financial statements to correct these misstatements which were as a result of errors:

a) Effect on the Society's Statement of Financial Position as at 31 December 2023

	2023 as previously stated	Adjustment	2023 Restated*
	Kes.	Kes.	Kes.
Cash and cash equivalents	1,310,936,374	(17,152,831)	1,293,783,543
Receivable and prepayments	2,362,583,188	(1,383,026,763)	979,556,425
Loans and advances to members	29,131,851,447	3,997,954	29,135,849,401
Equity Investment at fair value through other comprehensive income (FVOCI)	1,834,486,564	(452,515,679)	1,381,970,885
Investment property	3,020,000,000	(350,845,526)	2,669,154,474
Property inventory	628,986,362	(97,954,474)	531,031,888
Property and equipments	193,254,842	426,360,001	619,614,843
Due from related parties	-	47,453,253	47,453,253
Investment in subsidiary	-	50,000	50,000
Net effect on assets		**(1,823,634,065)**	
Interest to members and honoraria	2,361,608,548	(281,879,977)	2,079,728,571
Payables and accruals	863,784,329	(5,834,362)	857,949,966
Net effect on liabilities		**(287,714,339)**	
Statutory reserves	158,366,719	73,343,945	1,347,465,132
Revaluation reserves	972,196,805	(2,550,838,107)	13,902,789
Fair value reserves	-	438,946,619	597,313,338
Retained earnings	-	502,627,815	1,474,824,621
Credit risk reserve	-	-	-
Net effect on equity		**(1,535,919,727)**	

b) Effect on the Society's Statement of Financial Position as at 31 December 2022

	2022 as previously stated	Adjustment	1.1.2023 Restated*
	Kes.	Kes.	Kes.
Cash and cash equivalents	1,148,670,706	(11,030,832)	1,137,639,874
Receivable and prepayments	2,867,027,851	(1,892,240,458)	974,787,392
Loans and advances to members	27,234,759,386	78,962,804	27,313,722,190
Equity Investment at fair value through other comprehensive income (FVOCI)	1,834,386,564	(383,339,341)	1,451,047,223
Investment property	3,020,000,000	(350,845,526)	2,669,154,474
Property inventory	629,317,479	(97,954,474)	531,363,005
Property and equipments	207,947,846	437,580,000	645,527,846
Due from related parties	-	43,492,972	43,492,972
Investment in subsidiary	-	50,000	50,000
Net effect on assets		**(2,175,324,856)**	
Interest to members and honoraria	2,039,162,411	(217,028,799)	1,822,133,612
Payables and accruals	672,290,948	(32,780,158)	639,510,791
Net effect on liabilities		**(249,808,957)**	
Statutory reserves	1,113,210,710	-	1,113,210,710
Revaluation reserves	2,564,740,896	(2,550,838,107)	13,902,789
Fair value reserves	158,366,719	508,122,957	666,489,676
Retained earnings	685,789,205	67,103,236	752,892,441
Credit risk reserve	-	50,096,014	50,096,014
Net effect on equity		**(1,925,515,900)**	

c) Effect on the Society's Statement of Profit or Loss and Other Comprehensive Income as at 31 December 2023

	2023 as previously stated	Adjustment	2023 Restated*
	Kes.	Kes.	Kes.
Interest expense	(1,930,490,578)	(16,398,865)	(1,946,889,443)
Other operating income	62,483,048	224,826,201	287,309,249
Finance costs	(1,195,581,610)	669,549,290	(526,032,321)
Staff costs	(428,205,643)	(20,458,012)	(448,663,655)
Administration expenses	(470,243,795)	(306,957,563)	(777,201,358)
Governance expenses	(313,004,708)	(2,971,500)	(315,976,208)
Depreciation & amortization expense	(65,043,781)	65,043,781	-
Movement in expected credit loss allowances	-	(245,913,606)	(245,913,606)
Loss on revaluation of financial assets	-	(69,176,338)	(69,176,338)
Net effect on profit or loss and other comprehensive income		**297,543,388**	

40 Commitments and contingencies

There are a number of cases against the Sacco pending before the courts for which rulings were yet to be made. The directors based on advise from the legal advisers do not expect any major claims to arise from these cases. Therefore no provision has been made in these financial statements.

41 Events after the reporting period

There were no events after reporting date that require adjustment(s) and/or disclosure(s) in these Consolidated and Separate financial statements.

DO YOU HAVE A BUSINESS OR RENTAL INCOME?

Harambee DT SACCO introduces you to Harambee Business Account where you can bank (Receive and make payments)

TO REGISTER:

DIAL *357# **OR**

Select 2 - My Account,
Select 8 - Member Accounts
Select 1 - Business Account & follow instructions

- Fill Account Application Form
- Provide Copy of National ID
- Provide Passport Size photo
- Business registration certificate

BENEFITS

- Bankers cheque available
- Personal cheques available
- Access to business loan or overdraft facility
- Unlimited withdrawals
- Free quarterly statements
- Account earns interest annually

NOTES

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Harambee Sacco

HARAMBEE DT SACCO SOCIETY LTD.
Harambee Co-operative Plaza, Ground , 1st, 2nd, 3rd and 4th Floor.
Haile Selassie Avenue/ Uhuru Highway Round-about, P.O Box
47815-00100 (GPO), Nairobi – Kenya.