



ANNUAL REPORT AND FINANCIAL STATEMENT

31 DECEMBER 2023

**EMPOWERING LIVES
SINCE 1974**





EMPOWERING LIVES SINCE 1974

**Five decades of dedicated service and
experience within the SACCO sector**

Our longstanding presence and proven track record underscore our deep understanding of the intricacies of the SACCO industry, positioning us as a trusted partner and leader in providing innovative financial solutions and fostering sustainable growth within our community.



Read more at www.stima-sacco.com



EMPOWERING LIVES SINCE 1974

**Our journey to leadership has been marked
by a relentless pursuit of excellence**

Stima Sacco's ascension to leadership within the Sacco sector has been characterized by an unwavering commitment to excellence, exemplifying a relentless pursuit of innovation, integrity, and service to its members.



Read more at www.stima-sacco.com



EMPOWERING LIVES SINCE 1974

Five decades of supporting the education of members' children

Stima Sacco's unwavering commitment to supporting the education of members' children stands as a testament to its enduring dedication to empowering future generations through education



Read more at www.stima-sacco.com

CONTENTS

Table of contents	Page No
Group and Sacco information	6-23
Notice of the Annual General Meeting	26-27
Minutes of the 49th Annual General Meeting	28-39
Statement by the National Chairman	42-50
CEO's Statement	52-60
Statement on Corporate Governance	62-71
Corporate Citizenship Statement	72-76
ESG Statement	77-78
Report of the Directors	79
Statistical Information	82-85
Statement of Directors' Responsibilities	87
Independent Auditor's Report	88-93
Financial Statements:	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	96
Sacco Statement of Profit or Loss and Other Comprehensive Income	97
Consolidated Statement of Financial Position	98
Sacco Statement of Financial Position	99
Consolidated Statement of Changes in Equity	100
Sacco Statement of Changes in Equity	101
Consolidated Statement of Cash Flows	102
Sacco Statement of Cash Flows	103
Notes	106-173

GROUP AND SACCO INFORMATION

BOARD MEMBERS	Eng. Albert Mugo Eng. Rosemary Oduor CPA. Mary Maalu Mr. Osman Khatolwa Eng. Geoffrey Muli Eng. Jared Othieno CPS. Imelda Bore CPA. Lwanga Viketi Ms. Cecilia Kalungu Mr. David Monandi Dr.FCPA. John Mudany Dr. Gamaliel Hassan	National Chairman National Vice Chair National Treasurer Honorary Secretary Member Joined 03.03.2023. Member Member Member Joined 03.03.2023. Member Joined 03.03.2023. Exited on 03.03.2023. Exited on 03.03.2023 CEO
SUPERVISORY COMMITTEE	Mr. Stephen Vikiru Eng. Joseph Masibo Eng. Solomon Kariuki	Chairman Member Secretary
REGISTERED OFFICE	Stima DT Sacco Society Limited Stima Sacco Plaza PO Box 75629 - 00200 Nairobi	
PRINCIPAL BANKER	Cooperative Bank of Kenya Limited Co-operative House Haile Selassie Avenue PO Box 48231 - 00100 Nairobi	
LEGAL ADVISOR	Robson Harris & Co. Advocates Transnational Plaza, 6th Floor, City Hall Way P.O. Box 67845 - 00200 Nairobi	
AUDITOR	PricewaterhouseCoopers LLP PwC Tower Waiyaki Way/Chiromo Road, Westlands P.O. Box 43963 - 00100 Nairobi, Kenya	
KEY CONTACT	Dr. Gamaliel Hassan Chief Executive Officer Stima DT Sacco Society Limited PO Box 75629 - 00200, Nairobi Telephone: + 254 703 024 332	

EMPOWERING LIVES SINCE 1974



ABOUT US

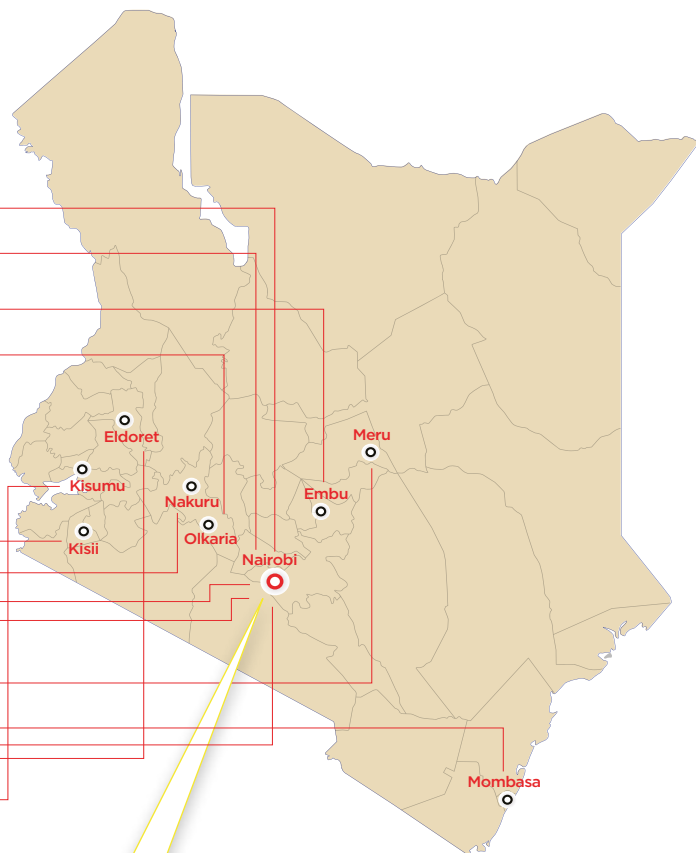
Stima DT Savings and Credit Cooperative Society Limited (Stima Sacco) is a leading country-wide, fast growing, and licensed DTS (Deposit Taking Sacco). It was established in 1974 to serve employees of the then East African Power & Lighting Company.

The objective was and has been to provide members with a safe haven for savings, make available cheap credit and return impressive dividends. Currently, the Sacco draws members from all sectors of the Kenyan economy, and is open to all Kenyans globally, as well as non-Kenyans residing in the country .

It has grown to become a leading financial partner in the country with an asset base of Kshs. 59.15 billion, a loan book of Kshs. 45.2 billion, and membership of over 200,145.

Distribution of Branches

Name	Location
Head Office	Stima Sacco Plaza, Mushembi Road, Nairobi
CBD E-House Branch	Electricity House, Harambee Avenue, Nairobi
Embu Branch	Pearl Center, Embu Town
Olkaria Branch	Geothermal Complex, Olkaria
Mombasa Branch	Electricity House, Nkrumah Road, Mombasa
Kisii Branch	Waumini Plaza, Kisii
Kawi Branch	Kawi Complex, Off Mombasa Road, Nairobi
Nakuru Branch	Meems Building, Kenyatta Avenue, Nakuru
Parklands Branch	Mushembi Road, Parklands, Nairobi
Meru Branch	Greenwood Mall, Meru
CBD Kimathi Branch	Victor House, Kimathi Street, Nairobi
Eldoret Branch	Zion Mall, Malaba Road, Eldoret
Kisumu Branch	Westend Mall, Achieng Oneko Road, Kisumu



- ✓ Head Office
- ✓ CBD Branch
- ✓ Kawi Branch
- ✓ Parklands Branch

<p>Digital Channels</p>	<p>INTERNET BANKING</p> <p>Digital Channels</p>	 <p>Stima Mlangoni</p>	 <p>M-STIMA DIAL *492#</p> <p>M-Stima</p>
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OUR BRANCH NETWORK FOOTPRINT



HEAD OFFICE

Located at Stima Sacco Plaza
Mushembii Road,
Parklands in Nairobi, Kenya.
P.O. Box 75629-00200, Nairobi.
Tel: 0703024000
Email: info@stima-sacco.com

PARKLANDS BRANCH

Located at Stima Investment Plaza,
Mushembii Road,
Parklands in Nairobi, Kenya.
P.O. Box 75629-00200, Nairobi.
Tel: 0703024000
Email: nairobibranch@stima-sacco.com

MOMBASA BRANCH

Located at Electricity House,
Ground Floor, Nkrumah Road.
P.O. Box 2593-80100, Mombasa.
Tel: 0703024401/2/3/4/5
Email: msafosa@stima-sacco.com

KISUMU BRANCH

Located at Westend Mall,
Achieng Oneko Road.
P.O. Box 7534-40100, Kisumu.
Tel: 0703024507/513
Email: kisumubbranch@stima-sacco.com

NAKURU BRANCH

Located at Meems Building,
Kenyatta Avenue Nakuru.
P.O. Box 4083-20100, Nakuru.
Tel: 0703024601/2/3
Email: nkrbranch@stima-sacco.com

OLKARIA BRANCH

Located at Geothermal Complex,
Olkaria.
P.O. Box 1203-20117, Naivasha.
Tel: 0703024701/2/3
Email: olkariabbranch@stima-sacco.com

KAWI BRANCH - NAIROBI

Located at Kawi Complex,
South C Bellevue.
Off Mombasa Road
P.O. Box 75629-00200, Nairobi
Tel: 0703 024 852/3
Email: kawibranch@stima-sacco.com

EMBU BRANCH

Located at Pearl Center, Embu
P.O. Box 388-60100, Embu Town.
Tel: 0703024955/959
Email: embubbranch@stima-sacco.com

ELDORET BRANCH

Located at Zion Mall Building.
P.O. Box 7952-30100, Eldoret
Tel: 0703024801/2/3
Email: eldoretbranch@stima-sacco.com

KISII BRANCH

Located at Waumini Plaza, Ground Floor
P O Box 4318 - 40200
Tel: 0703024556/558
Email: kisiibranch@stima-sacco.com

MERU BRANCH

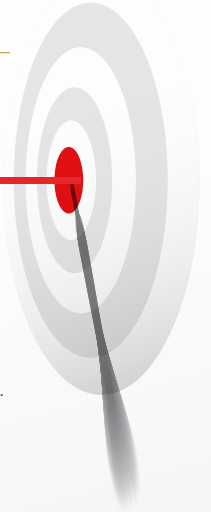
Located at Greenwood Mall 2nd Floor
P.O Box 2744-60200
Tel: 0703024652/653
Email: merubbranch@stima-sacco.com

CBD KIMATHI BRANCH - NAIROBI

Located at Victor House, Along Kimathi Street
P.O. Box 75629-00200, Nairobi
Tel: 0703024908/914
Email: cbdbranch@stima-sacco.com

CBD E-HOUSE BRANCH - NAIROBI

Located at Electricity House, First Floor, Harambee Avenue.
P.O. Box 75629-00200, Nairobi
Tel: 0703024458/460
Email: ehousebranch@stima-sacco.com



STIMA SACCO MLANGONI AGENTS

OLOITOKTOK
KIMANA

KIBWEZI
KCB STREET
KIBWEZI

MACHAKOS
MBOLU MBOLU
MALU RD

KIKUYU
KIKUYU TOWN

NAIROBI
CITY SQUARE

MAKUENI
MCHANGANYIKO
HOUSE
(KIBWEZI TOWN)

KAJIADO
CENTRAL
AMBOSELI RD

DONHOLM
CALTEX NAIROBI
BAMBURI RD
(KIMATHI STREET)

KAPSABET
SUNSHINE BUILDING

WOTE
WOTE-MWAANI RD

LIMURU
LIMURU BUS PARK

LAMU
LAMU COAST
(LAMU WEST)

TALA
TALA NAIROBI RD

KAJIADO
SOUTH
LOITOKTOK
MARKET

NAIVASHA
NAIVASHA SERA
CENTER

KAJIADO
KAJIADO OPP
ELSHADAI HOUSE
(SIDIAN BANK)

NAIROBI
KAUMUKUNJI
MARKET
KAMUKUNJI

MOMBASA
KIMANA CABANAS,
NEAR TUNZA
CHEMISTRY

LOITOKTOK
MPEKETONI-LAMU
ROAD

MWINGI TOWN
MWINGI TOWN
NEXT TO
POSTBANK

GARISA
TOWNSHIP
BARE SHILI HOUSE

NAIVASHA
BIASHARA
STREET
KAMERE
BARAKA

NANYUKI TOWN
PARK RD
(NGUMBA HOUSE)
NGUMBA

MACHAKOS
MASSMART
SUPERMARKET
MACHAKOS-
KANGUNDO RD

ELDORET
LESSOS,
KVDA PLAZA

TAITA TAVETA
WUNDANYI
(LAVENDER
HOTEL RD)

NYERI
KIMATHI
STREET FARMERS
BUILDING

JOMVU
MIRITINI ESTATE
CATHOLIC CHURCH
ROAD OPPOSITE
WORLD BANK
PRIMARY

MURANGA
UHURU
HIGHWAY
MURANGA

KIAMBU
JUBILEE
STALLS

KITUI
KILUNGYA STREET
AMANI HOUSE
ALONG KIHUNGIA

MOMBASA
BEACH RD
OPP FPFK
CHURCH

GITHUNGURI
ISOLATED
BUILDING
KAMBAA RD

VOI
VOI RD

KABARNET
MOI AVENUE
MIRELI BUILDING

KIAMBU
JUBILEE
STALLS

RUAI
RUAI-AVID
HOLDINGS
(KANGUNDO
ROAD)

RUIRU TOWN
WAIRA BUILDING,
BISHARA BUILDING

NAROK
ROYAL
NAIBOR XPRESS
DRYCLEANERS

NAIVASHA TOWN
NAIVASHA
HIGHWAY
AGROVET

EMBU TOWN
MATENDENI
STAFF CAMP

MOMBASA
TOWN
HOMEBOYZ CAFE
MOMBASA

MALINDI ROAD
RONGAI TOWN

FELION
ENTERPRISES
AND PHONE
ACCESSORIES
RYMA PLAZA
NEAR KCB BANK

KISII TOWN
MOCHA PLACE,
KISII

THIKA TOWN
NELLION CENTRE
GROUND FLOOR

HOMABAY TOWN
HOMABAY BANK
ROAD

KITALE TOWN
RAHAB
ENTERPRISES

MARIGAT TOWN
MWANZO
ELECTRONICS

RUIRU TOWN
SERMS TECHNICS
LIMITED, WAIRA
BUILDING

KISUMU TOWN
PREFINE
ENTERPRISES

KAMUKUNJI
NAIROBI CBD
HAMIMA
ENTERPRISES

RUAI TOWN
RUAI-AVID
HOLDINGS

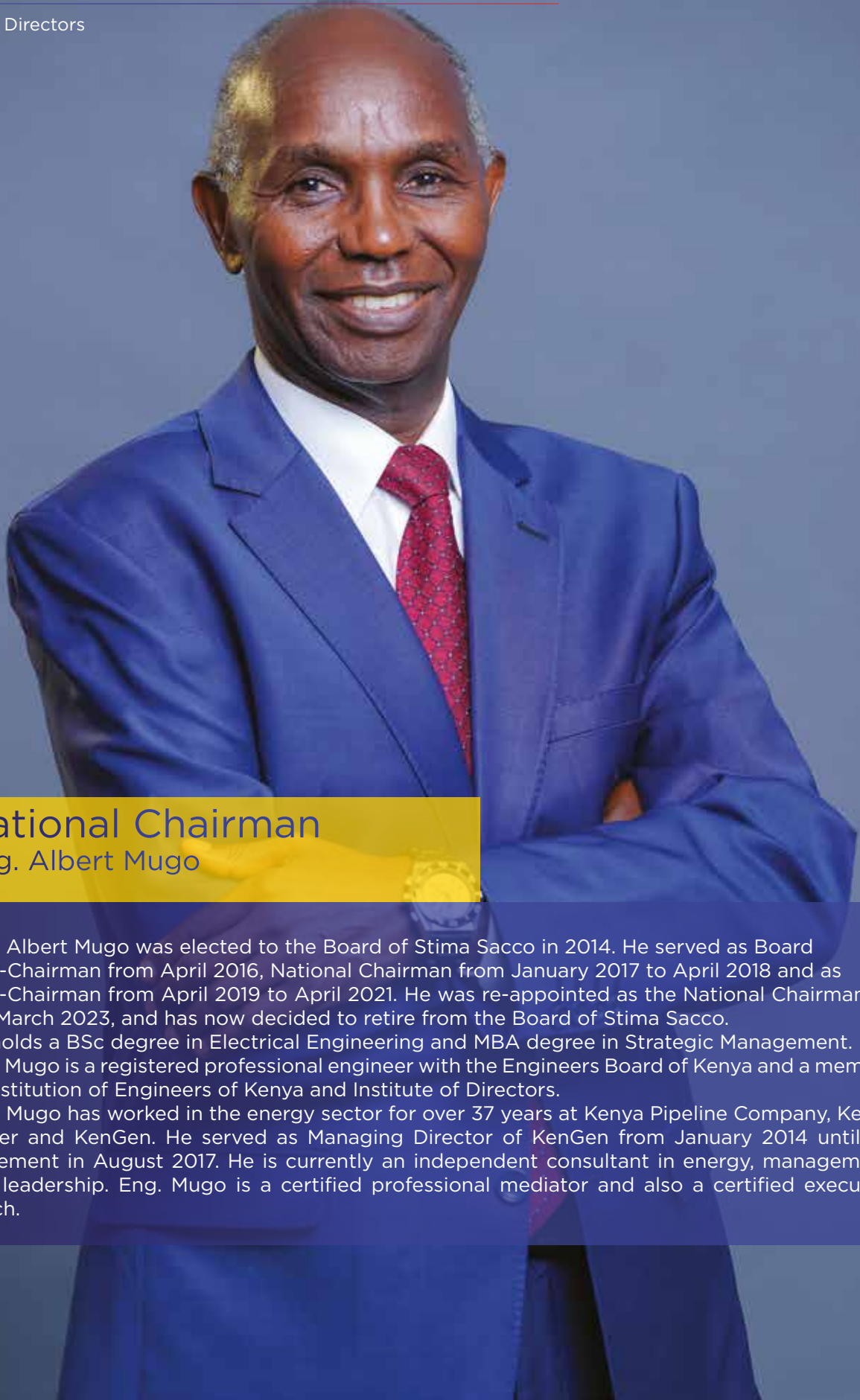
NAIROBI
CITY SQUARE
JKIA GROUND
FOURTH SEASON

12

STIMA SACCO
BRANCHES

72

STIMA SACCO
MLANGONI AGENTS



National Chairman

Eng. Albert Mugo

Eng. Albert Mugo was elected to the Board of Stima Sacco in 2014. He served as Board Vice-Chairman from April 2016, National Chairman from January 2017 to April 2018 and as Vice-Chairman from April 2019 to April 2021. He was re-appointed as the National Chairman on 7th March 2023, and has now decided to retire from the Board of Stima Sacco.

He holds a BSc degree in Electrical Engineering and MBA degree in Strategic Management. Eng. Mugo is a registered professional engineer with the Engineers Board of Kenya and a member of Institution of Engineers of Kenya and Institute of Directors.

Eng. Mugo has worked in the energy sector for over 37 years at Kenya Pipeline Company, Kenya Power and KenGen. He served as Managing Director of KenGen from January 2014 until his retirement in August 2017. He is currently an independent consultant in energy, management, and leadership. Eng. Mugo is a certified professional mediator and also a certified executive coach.

Board of Directors



ENG. ROSEMARY ODUOR NATIONAL VICE CHAIRPERSON

Eng. Rosemary Oduor is the General Manager, Commercial Services & Sales, Kenya Power & Lighting Company Plc. She holds a Master of Business Administration from the University of Nairobi and a Bachelor of Technology Degree in Electrical and Communications Technology from Moi University. Eng. Oduor has wide experience in engineering and management having joined the Company in 1991 and served in various senior positions including General Manager in charge of Commercial Services & Sales. She is a registered Professional Engineer with the Engineers Board of Kenya, and a Corporate Member of the Institution of Engineers of Kenya.

She was elected to the Board of Stima Sacco on 25th February 2022, and thereafter as the Sacco's National Vice Chairperson. She chairs the Procurement Oversight Committee of the Board and is a member of the Finance and Investment Committee of the Board.

CPA MARY MAALU NATIONAL TREASURER

CPA Mary Maalu is a Finance Expert with extensive experience in Audit, Financial Management and Corporate Finance. She holds an MBA and B. Com Degrees from the University of Nairobi. She is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

She also holds a Certificate in Advanced Management Programme (AMP) from Strathmore University and a Certificate in Utility Regulation and Strategy from University of Florida.

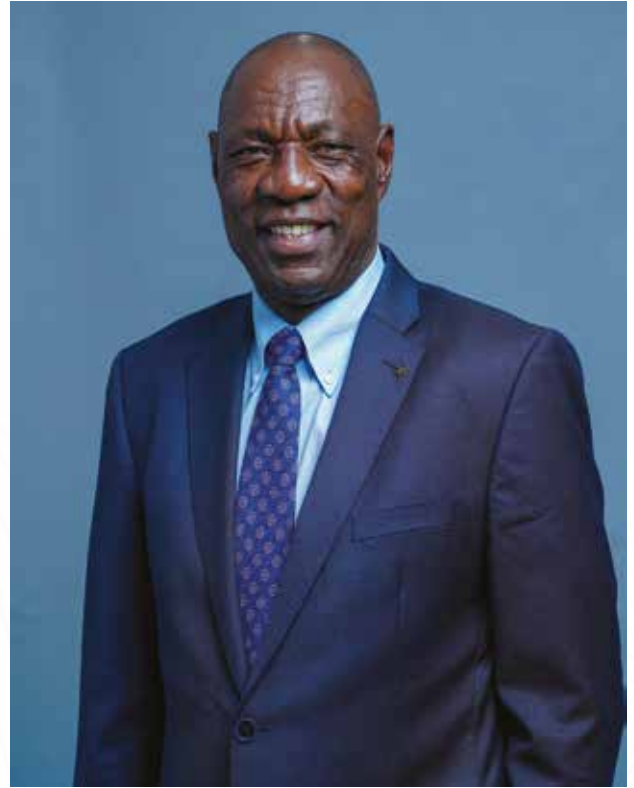
Mary joined KenGen in January 2011 as the Corporate Finance Manager. In August 2020, she was appointed as the General Manager - Regulatory & Corporate Services (now Commercial Services) where she was responsible for Regulatory Management, Stakeholder Management, Development and Negotiation of Power Purchase Agreements (PPAs), Quality & Safety Management programmes, Communication, Community Engagement, Environment & Sustainable Development and Business Process Improvement.

On 20th February 2023, she was appointed as the General Manager Finance and Accounts. She was elected to the Stima Sacco Board on 3rd March 2023 and consequently elected as the National Treasurer of the Sacco on 7th of March 2023.



MR. OSMAN KILOH KHATOLWA
[ICUDE, ADE]
HONORARY SECRETARY

Osman Khatolwa joined Kenya Power in 1998 and was elected as a Director of Stima Sacco in 2015 and Honorary Secretary on 5th April 2017. He is a Certified Public Accountant (CPA) and holds a Bachelor of Commerce degree and MBA in operations management as well as a diploma in Social Protection and Development. He is a member of the Operations Management Society of Kenya. Mr. Khatolwa seats on the Board of Kenya Mortgage Refinance Company as a representative of the Sacco sector in Kenya.



ENG. JARED OTHIENO
DIRECTOR

Eng. Jared Othieno has over 30 years' corporate leadership and management experience in the energy sector. He holds a Bachelor of Science in Electrical Engineering Degree from the University of Nairobi and a Master's Degree in Business Administration (Strategic Management) from the same institution. He is an African Development Educator with vast knowledge and experience in the cooperative sector.

Eng. Othieno is a registered professional engineer with the Engineers Board of Kenya and is a member of the Institute of Engineers of Kenya. He has attended various leadership and management programmes including Leadership Best Practices at Harvard Business School, Strategic Management from the Swedish Institute for Public Administration (SIPU) and project management. He is a Certified Balanced Scorecard Master Professional by the Balanced Scorecard Institute - George Washington University, a Certified Trainer on Corporate Governance and also a Certified ISO Lead Auditor.



CPS IMELDA BORE DIRECTOR

Imelda Bore - the General Manager, Legal, Regulatory Affairs and Company Secretary at the Kenya Power & Lighting Company PLC. She was elected to the Board of Stima Sacco on 12th July 2019. She is an Advocate of the High Court of Kenya with over 20 years post admission experience, a Commissioner for Oaths, and a Notary Public. She holds a Masters degree in Law (LLM) Public Finance from the University of Nairobi and Bachelor degree in Law (Moi University). She holds a Diploma in Law from the Kenya School of Law and a Higher Diploma in Human Resource Management.

She is an active member of the Law Society of Kenya, a Certified Public Secretary (ICPS-K) and an associate member of the Chartered Institute of Arbitrators.



CPA LWANGA ERAMBO VIKETI DIRECTOR

CPA Lwanga Erambo Viketi was elected to the Board of Stima SACCO on the 3rd of March 2023. He joined KPLC in 1998 as an Accounts Assistant rising to the level of Senior Accountant, Management Accounting, Nairobi Region. He holds a Bachelor of Science Degree in Business Administration (BSc. BA) Accounting option from United States International University. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He has over 29 years' experience in Financial Accounting, Management Accounting, Budgeting and Project Management.

MS. CECILIA KALUNGU-UVYU DIRECTOR

Ms. Cecilia Kalungu-Uvyu is the General Manager, Human Resources & Administration at Kenya Power & Lighting Company, PLC. She has over 15 years' experience as a Human Resources Professional in both private and public sectors. She holds an MBA, Bachelor degree from USIU-A, Certificate in HR Practice from Cornell University and Certified Pension Scheme Trustee and various courses in Leadership and Management.

She is an active member of the Institute of Human Resource Management (IHRM) and Chartered Institute of Personnel & Development (CIPD), UK.



ENG. GEOFFREY MULLI DIRECTOR

Eng. Geoffrey Wasua Mulli was appointed as the Acting Managing Director of Kenya Power on 17th May 2022 up to 3rd May 2023. He is currently the General Manager – Regional Coordination in the same company. He holds a Master of Business Administration, a Bachelor of Science in Electrical Engineering and is currently pursuing a PhD. in Business Administration. He is a Registered Professional Engineer with the Engineers Board of Kenya (EBK) and a Corporate Member of the Institute of Engineers of Kenya (IEK).

He was elected to the Board of Stima Sacco on 3rd March 2023.



Supervisory Committee

The distinguished individuals who form the backbone of our Supervisory Committee are seasoned professionals and experts in their respective fields. They bring a wealth of experience and dedication to ensuring the integrity, transparency, and effectiveness of our operations.

CPA. STEPHEN VIKIRU CHAIRMAN, SUPERVISORY COMMITTEE

Stephen Vikiru was elected to the Supervisory Committee on 12th July 2019. He holds a Bachelor of Commerce (Finance) degree and an MBA in Finance both from the University of Nairobi. He is a Certified Public Accountant registered with ICPAK and is also a member of CPA Australia, he has extensive experience in Financial Management, Accounting and Tax.

He previously worked at Stima Sacco where he rose to the position of Head of Accounting department in acting capacity before joining KPLC in 2006 where he is currently the Acting General Manager, Finance.



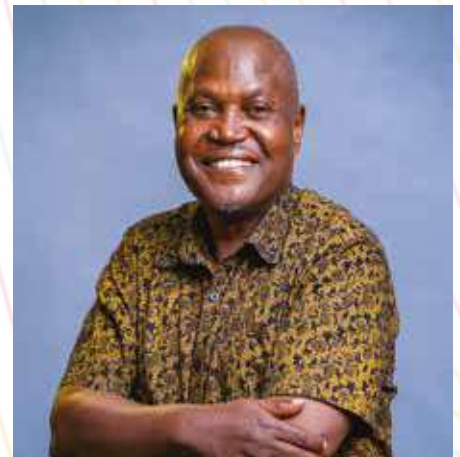
ENG. SOLOMON KARIUKI SECRETARY, SUPERVISORY COMMITTEE

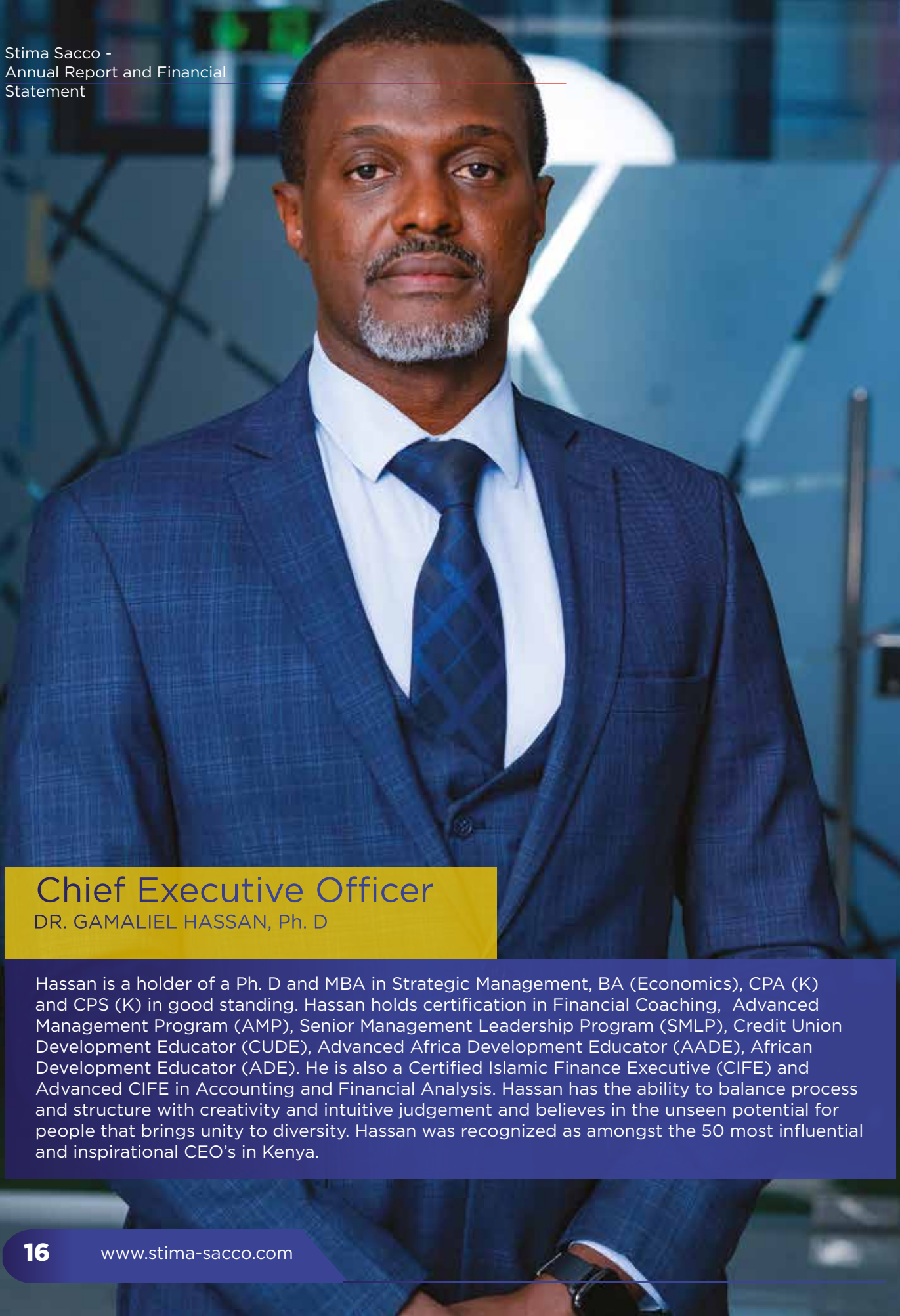
Eng. Solomon Kariuki, the former Operations Director at KenGen was elected to the Supervisory Committee on 13th March 2020. He holds a Master of Business Administration in Operations and BSc (Hons.) in Electrical Engineering degrees, both from University of Nairobi. He is a registered professional Engineer, with both Engineers Board of Kenya (EBK) and the Institute of Engineers of Kenya (IEK). Eng. Solomon has worked in the energy sector for over 30 years both at KenGen and KPLC.

He retired from KenGen in 2023 and is currently an energy solutions consultant.

ENG. JOSEPH MASIBO MEMBER, SUPERVISORY COMMITTEE

Joseph Masibo was elected as a Delegate and later as a Supervisory Committee member in 2008. He holds a degree in Electrical Engineering from McGill University (Canada) and an MBA (UON) in Strategic Management. He has wide experience in Power Engineering and Management, over 27 years working for Kenya Power, where he rose to Chief Manager before retiring in 2015. He is now actively engaged in real estate development and Sacco matters.





Chief Executive Officer

DR. GAMALIEL HASSAN, Ph. D

Hassan is a holder of a Ph. D and MBA in Strategic Management, BA (Economics), CPA (K) and CPS (K) in good standing. Hassan holds certification in Financial Coaching, Advanced Management Program (AMP), Senior Management Leadership Program (SMLP), Credit Union Development Educator (CUDE), Advanced Africa Development Educator (AADE), African Development Educator (ADE). He is also a Certified Islamic Finance Executive (CIFE) and Advanced CIFE in Accounting and Financial Analysis. Hassan has the ability to balance process and structure with creativity and intuitive judgement and believes in the unseen potential for people that brings unity to diversity. Hassan was recognized as amongst the 50 most influential and inspirational CEO's in Kenya.

Management

Meet the esteemed members of Stima Sacco's senior management team, whose unwavering dedication and visionary leadership have propelled our sacco forward amidst evolving challenges and opportunities

SIDNEY SHILAKO **CHIEF MANAGER ICT & OPERATIONS**

Sidney holds a Global Executive MBA from the United States International University Africa (USIU-A), a Bachelor of Business Information Technology (BBIT) from Kenya Methodist University and a Higher Diploma in Information Systems from the Institute for the Management of Information Systems (IMIS - UK) through Strathmore University. He has 27 years' work experience, 22 of which have been in financial institutions driving business through technology change and digitization



ROSEMARY KARANJA **CHIEF MANAGER BUSINESS & STRATEGY**

Rosemary is a business leader with over 20 years' experience, working with Savings and Credit Cooperatives at senior management level, contributing to areas of strategy, business, and finance. She has been instrumental in helping saccos to deliver on their key corporate strategies by influencing and reshaping service delivery while promoting a culture of improvement. She is a certified Leadership for Change champion by the Cooperative University of Kenya and an AKIM member.

She holds an MBA (Strategic Management) from JKUAT and BCom (Finance) from KCA University. She is passionate about cooperative business as a transformational model and enjoys working with member-based organizations for growth and development.





HENRY MUSAU
MANAGER, SUPPLY CHAIN



ABDIFATAR YUSUF
AG. MANAGER, ICT



JULIUS IRUNGU
MANAGER, RISK & COMPLIANCE



PHYLLIS MAITHA
MANAGER, MARKETING, SALES & RESEARCH



BRENDA ABWAVO
MANAGER, HUMAN RESOURCE



JOSEPH NJOROGE
AG. MANAGER,
CUSTOMER EXPERIENCE



ANNE MIANO
LEGAL SERVICES & CORPORATE
SECRETARIAL MANAGER



JACK KULOVA
MANAGER, CORPORATE
COMMUNICATIONS



PRISCILLAH KAGORI
MANAGER, CREDIT



JAPHETH RONO
MANAGER, INTERNAL AUDIT



GEOFFREY KORIR
AG. MANAGER, SHARED SERVICES



JAFFORD MWENDA
MANAGER, FINANCE



JOHN NYAMBU
BRANCH MANAGER, NAKURU



ANN MBAABU
BRANCH MANAGER, MERU



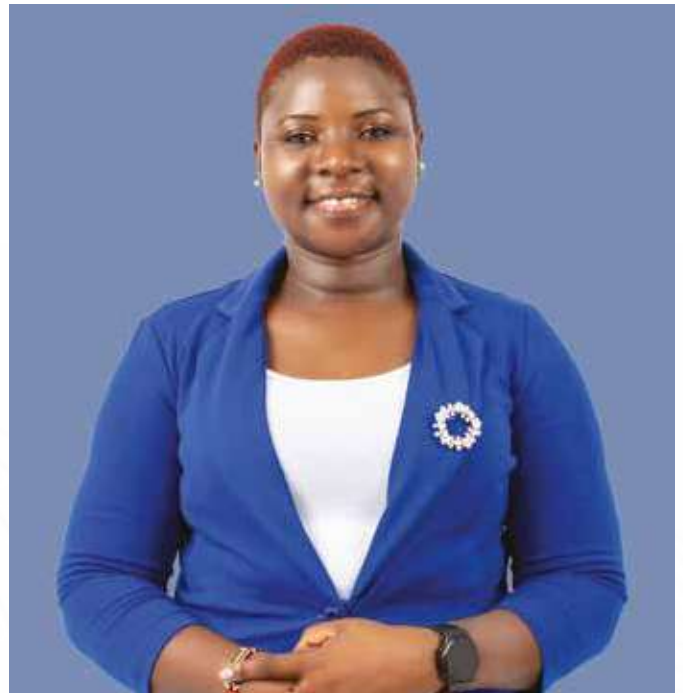
ANNA AYORO
BRANCH MANAGER, ELECTRICITY
HOUSE



SHADRACK NG'ETICH
BRANCH MANAGER, KISUMU



EDITH MILLER
BRANCH MANAGER, KISII



GLADYS MENZA
BRANCH MANAGER, MOMBASA



CHARLES MBUGUA
BRANCH MANAGER, NAIROBI
PARKLANDS



CHRIS USEKI
BRANCH MANAGER, EMBU



SHADRACK ETALE
BRANCH MANAGER, CBD, KIMATHI



TERESIA MWANGI
BRANCH MANAGER, KAWI



AMOS MUNGO
BRANCH MANAGER, ELDORET



JONHNFREY WAMUNGA
AG. BRANCH MANAGER, OLKARIA



EMPOWERING LIVES SINCE 1974

Supporting MSMEs to grow their businesses

Our extensive experience in facilitating financial solutions tailored to the unique needs of MSMEs has enabled countless entrepreneurs to thrive and expand their businesses.

⊕ Read more at stima-sacco.com



..... towards a prosperous future together

NOTICE AND MINUTES

NOTICE OF THE ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31st DECEMBER 2023

NOTICE IS HEREBY GIVEN that the 50th Annual General Meeting of Stima DT Sacco Society Limited shall be held on Saturday 23rd March 2024 at 9:00 a.m. at the College of Insurance Auditorium, South C, Nairobi to transact the following business:

AGENDA

1. The Secretary to read the notice convening the meeting and confirm the presence of quorum;
2. To confirm Minutes of the 49th Annual General Meeting held on 3rd March 2023;
3. To consider matters arising from the Minutes of the 49th Annual General Meeting;
4. To receive, consider and if deemed fit, adopt the Financial Statements and Accounts for the year ended 31st December 2023 together with:
 - i. The CEO's Report
 - ii. The National Chairman's Report
 - iii. The National Treasurer's Report
 - iv. The Auditor's Report thereon;
5. To receive and consider the Supervisory Committee's 2023 Report;
6. To receive, consider and if deemed fit, approve the 2024/2025 Society budget;
7. To receive, consider and if deemed fit pass resolutions in respect of:
 - i. Dividends, Interest Rebates and Honoraria for the year ended 31st December 2023,
 - ii. Appointment of External Auditors,
 - iii. Maximum liability Society may incur,
 - iv. Creation of a charge for KMRC facility,
 - v. Conversion of Mpawa Insurance Agency to Mpawa Insurance Brokerage,
8. To receive, consider and if deemed fit approve the proposed amendments to the 2022 Society By-Laws;
9. To elect five (5) members of the Board of Directors and one (1) Supervisory Committee member;
10. To consider any other business for which seven (7) days' notice would have been issued and received.

By order of the Board,



ASMAN KILOH KHATOLWA
HONORARY SECRETARY

Dated: 8th March 2024

NOTISI YA MKUTANO MKUU WA KILA MWAKA ULIOMALIZIKA DESEMBA 31, 2023

ILANI INATOLEWA HII HAPA kwamba, Mkutano Mkuu wa Kila Mwaka wa 50 wa Chama cha Ushirika na Mikopo, Stima DT Sacco Limited, utafanyika Jumamosi Machi 23, 2024 saa 3.00 asubuhi katika College of Insurance Auditorium, South C, Nairobi kuendesha shughuli zifuatazo:

AJENDA

1. Katibu kusoma notisi ya kuandaa mkutano na kuthibitisha uwepo wa idadi ya kutosha ya wanachama;
2. Kuthibitisha kumbukumbu za Mkutano Mkuu wa kila Mwaka wa 49 ulioandaliwa mnamo Machi 3, 2023.
3. Kukagua masuala ibuka kutokana na Kumbukumbu za Mkutano Mkuu wa kila Mwaka wa 49;
4. Kupokea, kuchunguza na iwapo itakubalika, kuidhinisha Taarifa za Kifedha kwa Mwaka uliomalizika Desemba 31, 2023 pamoja na:
 - i. Ripoti ya Afisa Mkuu Mtendaji
 - ii. Ripoti ya Mwenyekiti wa Kitaifa
 - iii. Ripoti ya Mweka Hazina wa Kitaifa
 - iv. Ripoti ya Mhasibu hapo baadaye;
5. Kupokea na kukagua Ripoti ya Kamati Simamizi ya 2023
6. Kupokea, kukagua na iwapo itakubalika, kuidhinisha bajeti ya Chama kwa mwaka 2024/2025;
7. Kupokea, kukagua na iwapo itakubalika, kupitisha maazimio kuhusiana na:
 - i. Mgao wa faida, marupurupu na Honoraria kwa mwaka uliomalizika Desemba 31, 2023,
 - ii. Uteuzi wa Wahasibu kutoka Nje,
 - iii. Dhima ya Juu Chama kinaweza kukopa,
 - iv. Kuwekea shirika la KMRC dhamana,
 - v. Kugeuza Mpawa Insurance Agency kuwa Mpawa Insurance Brokerage,
8. Kupokea, kuchunguza na iwapo itakubalika, kuidhinisha marekebisho yaliyopendekezwa kwa Sheria za Chama cha Ushirika za 2022;
9. Kuchagua wanachama watano (5) kwa Halmashauri ya Wakurugenzi na mwanachama mmoja (1) wa Kamati Simamizi;
10. Kuchunguza shughuli zozote zile ambazo notisi ya siku saba (7) imepeanwa na kupokelewa.

Kwa Amri ya Bodi,



ASMAN KILOH KHATOLWA
MHESHIMIWA KATIBU

TAREHE: Machi 8, 2024

49TH AGM MINUTES

MINUTES OF THE 49TH ANNUAL GENERAL MEETING OF STIMA DT SACCO SOCIETY LIMITED HELD AT THE KENYA COLLEGE OF INSURANCE, SOUTH C NAIROBI ON 3RD MARCH 2023 AT 9:00 A.M.

PRESENT

BOARD OF DIRECTORS

- | | | |
|-------------------------|---|-------------------------------|
| 1. Eng. Rosemary Oduor | - | National Vice-Chairman |
| 2. Mr. Osman Khatolwa | - | Honorary Secretary |
| 3. Dr. FCPA John Mudany | - | National Treasurer |
| 4. Eng. Albert Mugo | - | Director |
| 5. Mr. David Monandi | - | Director |
| 6. Eng. Jared Othieno | - | Director |
| 7. Ms. Imelda Bore | - | Director |
| 8. Dr. Gamaliel Hassan | - | Chief Executive Officer (CEO) |

SUPERVISORY COMMITTEE

- | | | |
|-------------------------|---|-----------|
| 1. CPA. Stephen Vikiru | - | Chairman |
| 2. Eng. Solomon Kariuki | - | Secretary |
| 3. Eng. Joseph Masibo | - | Member |

DELEGATES

The meeting was attended by three hundred and twenty-six (326) Delegates.

INVITED GUESTS

- | | | |
|-----------------------|---|-------------------------------|
| 1. CS. Simon Chelugui | - | Ministry of Cooperatives |
| 2. Martha Mwai | - | Ministry of Cooperatives |
| 3. Dolphine Aremo | - | Ministry of Cooperatives |
| 4. Godfrey Atel | - | Ministry of Cooperatives |
| 5. Rosaline Mwithiga | - | Ministry of Cooperatives |
| 6. Ministry Officials | - | Ministry of Cooperatives |
| 7. Rachel Kwamboka | - | Cooperative Alliance of Kenya |
| 8. Daniel Marube | - | Cooperative Alliance of Kenya |
| 9. Arnold Munene | - | KUSCCO |
| 10. Evans Moturi | - | Nomination Committee |
| 11. Joseph Nganga | - | Stima Investment |
| 12. John Wainaina | - | Family Bank |
| 13. David Nyamu | - | Equity Bank |
| 14. Renson Ileri | - | Equity Bank |
| 15. Edward Mutiaruhiu | - | Cooperative Bank |
| 16. John Natu | - | Cooperative Bank |
| 17. Paul Jaaka | - | NCBA |

MIN.AGM/01/2023: READING OF THE NOTICE AND CONFIRMATION OF QUORUM

The National Chairman called the meeting to order at 9:00a.m. after the Honorary Secretary confirmed that there was quorum. The Honorary Secretary read out the notice convening the meeting after which the National Vice-Chairman declared the meeting properly constituted with the requisite quorum of Delegates.

MIN.AGM/02/2023: ADOPTION OF THE AGENDA

The agenda, which had earlier been circularized was unanimously adopted by the Delegates with a proposal by Julius Odumbe, Delegate of KenGen Stima Plaza and seconded by Hudson Michoma, Delegate of Nakuru E-House.

MIN.AGM/03/2023: INTRODUCTION OF ATTENDEES OF THE 49TH ANNUAL GENERAL MEETING (AGM)

The National Vice-Chairman then took the opportunity to introduce members of the Board of Directors, Supervisory Committee and the Management of the Sacco and the Delegates per Electoral Zones and invited guests.

MIN.AGM/04/2023: CHIEF EXECUTIVE OFFICER (CEO's) REPORT

The National Vice-Chairman welcomed the Chief Executive Officer of Stima DT Sacco to make his address. The CEO welcomed the Delegates and proceeded to read his report which was contained in page 49 to 51 of the Annual Report and Financial Statements for the year ended 31st December 2022. The report highlighted the key strategic areas that had been the focus of the Society for the year in review and these included:

(i) Financial performance

The Society continued to meet and exceed the statutory financial requirement. The liquidity of the Sacco was noted to be among the highest in the industry. The core capital/total assets increased from 17.16% to 17.22% which is above the statutory minimum of 10%. The core capital/total deposits and institutional capital/total assets ratio grew from 23.33% to 23.49% and from 10.36% to 11.66% respectively for the year 2021 compared against 2022.

(ii) Branch expansion

In actualizing the financial wellness of the members, the Society was ensuring that it reaches the members at every region and hence the addition of three more branches to the existing nine (9) was planned for the year 2023. These are Kisii, Meru and CBD E-House.

(iii) System upgrade

The Society undertook a project dubbed Project Angaza which saw the Society transition to a new core banking from the previous system of Navison Dynamics. There were notable benefits

to be derived from the CBS and these included a high degree of process automation, greater integration flexibility with regard to channels, alignment with global banking best practice, ensuring regulatory compliance with SASRA, IFRS9 and Anti-Money Laundering laws as well as improved business intelligence and analytics.

(iv) Channels improvement

With the new CBS, the Society had improved on its channels through internet banking which had replaced the web portal, mobile banking and card-based transactions. The projected future was to have the members access credit through the platforms.

(v) M-Stima

This was projected to come as an alternative to the service of M-pawa channel. The notable benefits of this mobile channel included speed, accessibility, security, cost effectiveness and even positive environmental impact because it involves paper-less transactions.

(vi) Agency banking

The Sacco introduced agency banking dubbed Stima Mlangoni in the year 2021 and this had grown in the year 2022 to 57 across the country. The target number of agencies for the year 2023 was 180. The benefits that continue to be derived from agency banking include a wider customer reach and financial inclusivity.

(vii) Outlook

The CEO concluded by thanking the members for their continued patronage to the Society. He assured that the Society would continue to invest in research and development to bring in innovative products and services and expansion of operations to increase the Society's global presence.

MIN.AGM/05/2023: CONFIRMATION OF THE MINUTES OF THE 48TH ANNUAL GENERAL MEETING

The Honorary Secretary took the meeting through the minutes of the 48th Annual General Meeting (AGM) which was held on 25th February 2022 as had been recorded and executed in accordance with the Society By-Laws. The Minutes were confirmed as a true record of the deliberations therein after proposal by Peter Omega, Delegate Kenya Power Homa bay and secondment by Joseph Owino, Delegate E-House Mombasa.

MIN.AGM/06/2023: MATTERS ARISING FROM THE MINUTES OF THE 48TH AGM

The Honorary Secretary took the meeting through the matters arising from the minutes of the previous minutes. The comments by the Delegates were as itemized:

- (i) FCPA William Omondi Delegate of E-House Kisumu sought a clarification on the matters arising on Mwiki Land and the Society By-Laws. The Honorary Secretary explained that the Management Disposal Committee had made recommendations for sale by sub-division of Mwiki and this was set to be presented to the Board for consideration. The By-Laws had been reviewed and approved and the revised clauses were to be applicable in 2024. A copy

of the By-Laws would be shared on the website for access by members.

(ii) Anthony Fungututi, Delegate Nzoia Sugar Company enquired about the delay in the implementation of the CBS Project. The Board confirmed that this was occasioned by the need to attain the agreed upon threshold in UAT before go-live. The Board also confirmed that there was need to ensure that the stakeholders were all aligned.

(iii) Harness Mukhongo Delegate KenGen Stima Plaza: enquired whether the pre-AGMs are embedded in policy and the formalities around them including quorum and agenda.

(iv) Eng. Daniel Okumu, Kisumu Branch Secretary noted that some issues addressed by the Branches were recurrent and this was particularly to do with the Mpawa product. The Chief Executive Officer explained that the product development committee reviews the products on behalf of Management which is backed by research and development to identify the market and the expected return. Thereafter it is adopted by the BST Committee, then the Board and lastly it is submitted to the Regulator for approval. The proposals for review of Mpawa products would follow the same process before a review could be done.

(v) Florence Obura, Ex-energy Delegate clarification on whether Annual Delegates' Meeting and Annual General Meeting may be used interchangeably. It was confirmed that the proper term to use is the Annual Delegates' Meeting.

The Honorary Secretary who was taking the meeting through this session assured that the comments of the Delegates had been noted and taken as feedback to improve on the content of Minutes, AOBs and the matters arising of future meetings.

MIN.AGM/07/2023: CHAIRMAN'S ADDRESS

The National Vice-Chairman addressed the delegates and, in her report, highlighted the below:

(i) Financial results: The performance of the Society for the year ending 31st December 2022 continued to be strong despite the backdrop of the electioneering period and the long-term effects of the pandemic. The audited financial accounts indicated improved performance and this is attributed to growth in deposits up by 15% from Kes. 34.2 Billion to Kes.39.43 Billion. Additionally the loan book grew by 12% from Kes.36.8Billion to Kes.41.3Billion. The success was also driven by a combination of factors including new products and expansion into new markets.

(ii) Dividends and interest rebates: The Board recommended a first and final dividend and interest rebate at a rate of 15% and 11% respectively for the financial year ending 31st December 2022. This was subject to the requisite approval by the AGM. Total payout was projected to be Kes.3.56Billion up from Kes2.99Billion in the year 2021.

(iii) Strategic direction: The Society was on course to implement the 2019-2024 strategic plan and despite the challenges faced due to the pandemic the targets were not revised downward. One of the key drivers of the Society's success was noted to be attributed to innovative and member centric product development. The Board and Management continued to work toward delivery of the same to the shareholders and the stakeholders.

(iv) Corporate Governance: The Board continued to serve the members with diligence

and commitment. In addition, the Board and the Supervisory Committee had developed a working formular to ensure that each organ of governance carried out the duties unique to its role.

(v) Looking ahead: The National Vice-Chairman confirmed that the Sacco would be at the forefront in matters relating to the Sacco sector and this included by way of participation in the proposed changes in legislation such as the Cooperative Bill. The Sacco was committed to work with the apex bodies and the Ministry for Cooperatives to advocate for the cooperative movement.

(vi) Accolades:

In the year 2022, the Society attained the below accolades:

- First runners up FIRE Awards
- CSR100 Award- awarded best Sacco in Environmental Conservation Initiatives
- Winner of the Automotive Industry Awards in automotive asset finance in 2021 and 2022
- Dx100 Awards (formely CIO 100 Award) - attained a gold mark in recognition of excellence in enterprise information technology adoption

The National Vice-Chairman concluded by thanking all the stakeholders for their continued support and assured of the Board's commitment towards growth of a sustainable future. The report was adopted by the Delegates, proposed by Margaret Gichuki, Delegate Kerugoya and seconded by James Odongo, Delegate Kengen Olkaria.

MIN.AGM/08/2023: ADDRESS BY THE CHIEF COUNTY OFFICER IN CHARGE OF COOPERATIVES

The County Director of Cooperatives, Ms. Aremo, recognized and welcomed the team from the Cooperative and further relayed the apology of the Commissioner for Cooperatives, Mr. Obonyo who was unable to attend the AGM due to exigencies of duty. The County Director proceeded to invite the Chief Officer in charge of Cooperatives, Nairobi County, Mr. Godfrey Atel to address the meeting.

The Officer commended the Society for the continued top performance and encouraged all the stakeholders that there is room for growth. He proceeded to state that the aim of the Cooperative movement is to improve the lives of members through a culture of savings. Mr. Atel confirmed that the cooperative movement holds 30% of the national savings at over a trillion Kenya Shillings saved.

The Delegates were called upon to be brand ambassadors of the Society as well as remain true to the objective of cooperatives which is savings and credit access while dividends and interest rebates is secondary benefit to the members. He concluded by thanking the Society for the opportunity to participate in the 49th AGM.

MIN.AGM 09/2022: ADOPTION OF AUDITED ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022

The National Vice-Chairman invited the National Treasurer, Dr. FCPA. John Mudany, who presented the accounts for the year ended 31st December 2022. He began the presentation by describing the tough economic environment within which the Society was operating. The report included the following highlights:

- i. The society's membership grew by 15% to close at 117,260 members,
- ii. The Society's total deposits increased by 15% in the year 2022 to close at Kes.39.4Billion,
- iii. The asset base also improved by 16% to close at Kes.53.8Billion for the financial year ending 31st December 2022,
- iv. Interest rebates and dividend payout were projected to be Kes.3.65Billion following an increase from a rate of 10.75% to 11% and from 14% to 15% respectively.
- v. The Society was within all statutory limits in all the ratios as stipulated by the regulator
- vi. The Society's PAR was at 4.8% which is within the statutory limit of 5%.

National Treasurer confirmed that the financial position of the Society was satisfactory and additional notes to the financials were contained in the financial report from page 84 to 152 for ease of reference by the Delegates and members.

The Annual Report and Financial Statements for the year ended 31st December 2022 were adopted after being proposed by Rosemary Gitonga Delegate Ex-Energy Nairobi and seconded by Peter Omega, Delegate Kenya Power Homa bay.

MIN.AGM 10/2022: AUDITOR'S REPORT

The Auditor's Report was presented by Mr. FCPA Richard Njoroge of Price Waterhouse Coopers (PwC) who are the appointed external auditors of the Society. The auditors noted that the Financial Statements depicted a true and fair view of the financial position of Stima DT Sacco Society Limited for the year ending 31st December 2022, and its financial performance and cash flows for the year. The auditors also confirmed that the accounts had been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Sacco Societies Act and that they had consequently issued a clean audit opinion.

MIN.AGM 11/2022: REVISED BUDGET ESTIMATES FOR 2023 AND 2024

The Budget was presented by the National Treasurer, Dr. Mudany. The budget contained a revision of the approved 2023 budget and the estimates of the budget for the year 2024. The National Treasurer explained that the budget estimates were pegged upon four key underlying assumptions.

The prayer to the Delegates was for approval of the:

1. Revised Revenue Budget of Kes.8.98Billion for 2023 and proposed Budget of Kes. 10.82Billion for the year 2024.
2. Revised Operational Expenditure of Kes.3.90Billion in 2023 and proposed Operational Expenditure of Kes.4.48 Billion in 2024.
3. Revised Capital Expenditure of Kes.448.2Million in 2023 and proposed Capital Expenditure of Kes.331.7Million in 2024.
4. Revised Balance Sheet growth to Kes.61.7 Billion in 2023 and proposed Balance Sheet growth to Kes.71.2 Billion in 2024.

The above prayers were approved by the delegates and this was proposed by Francis Munyua, Delegate Kenya Power Molo and seconded by Lawrence Jobics Mirieri, Delegate Kengen Stima Plaza.

MIN.AGM 12/2022: APPOINTMENT OF EXTERNAL AUDITORS

The report was presented by Eng. Rosemary Oduor, the National Vice-Chairman and Chairman of the Board Audit and Risk Committee. The report highlighted that the first-year term of the current external auditors, PwC lapsed on 31st December 2022 in accordance with Section 54 (6) of the Sacco Societies regulations, 2010.

Additionally, in line with Section 25 (4) of the Cooperatives Act and Section 56 of the Society By-Laws, the Board presented a report recommending the appointment of Price Waterhouse Coopers as the external auditors of the Society for the year 2022 to 31st December 2023. The resolution was to be tabled later for consideration and adoption by the delegates under the resolution agenda as per the meeting notice.

MIN.AGM 13/2022: REPORT OF THE SUPERVISORY COMMITTEE

The Chairman of the Supervisory Committee, CPA Stephen Vikiru, presented the report of the Supervisory Committee for the year ending 31st December 2022. The report highlighted areas such as the performance of the Society for the year under review, the heightened risk of cyber security, the status of implementation of the core banking system and areas of improvement for the Society.

The Supervisory Committee Report for the year ended 31st December 2022 was adopted with a proposal by Urbanus Nzomo, Delegate Kenya Power Chuka and seconded by Daniel Lemalasia, Delegate Kenya Power Maralal.

The Delegates thereafter proceeded to seek clarification as detailed below:

(a) Sammy Ndung'u, Delegate Ex-Energy Nairobi sought clarifications on two issues:

- The Delegate enquired on the cyber-attack and how much money had been compromised. The SC Chairman responded that the amount was Kes.23Million for the 2020 incident, Kes.6Million for the August 2022 incident and Kes.8Milion for the January 2023 incident. The Chairman confirmed that the Board and Management were following up for recoveries and the repayments had started coming in.
- The Delegate also enquired from the Supervisory Committee what the observation of the Committee was regarding the procurement process of the Core Banking System. The Chairman confirmed that in the opinion of the Committee and despite the challenges experienced, the procurement process had been followed by the Board and Management. The observation of the Committee was that there were gaps in the implementation including the slow speed of the system and unavailability of key functionalities within the system.

(b) Eng. Hezekiah Mwalwala Delegate Ex-energy Mombasa:

The Delegate enquired whether there was a CBS contract and what the agreed deliverables and pricing were as well as the available redress in the event of breach.

The SC chairman responded that here is a contract in place, with deliverables itemized and pricing indicated as well as remedies provided in the event of breach.

The SC Chairman also confirmed that there were pending issues and challenges and that the Board had committed to look into them and address them at the earliest.

(c) Harness Mukhongo, Delegate KenGen Stima Plaza, enquired what the implication of the CBS downtime on business was and the SC Chairman explained that the actual impact would be realized in the year 2023 performance. The SC Chairman however committed to closely review the performance in the course of the year.

(d) Delegate Jeremiah Muriuki, Delegate Kenya Power Stima House enquired why the SC does not share its reports with the Delegates on a quarterly basis. The SC Chairman explained that as per the regulations the requirement was for the SC to present its report to the AGM annually.

The Delegate also enquire whether the SC has the mandate to conduct an audit of the Core Banking System as had been mentioned in the report. The SC Chairman confirmed that the Committee has the mandate vested in the Committee by the Cooperative Act.

(e) FCPA William Omondi Delegate Kenya Power E-House Kisumu emphasized the need to document what was document what is discussed at the AGM to ensure it is on record to hold parties to account.

(f) Commissioner Anne Owuor, Delegate ex-energy Nairobi: report of the SC to include the way forward, proper documentation and accountability noted.

The Chairman of the SC invited the Board to give its response to the questions raised regarding the CBS. The Board confirmed that the go-live was informed by the project readiness as advised by the Stima Sacco Project Team, the Project Manager and the Quality Assurance Team. The delays had been necessary to ensure readiness and this was achieved after successful completion of UATs and dress rehearsals.

MIN.AGM 14/2022: RESOLUTIONS

The Honorary Secretary, tabled the below itemized resolutions for consideration and if deemed fit, adoption by the delegates:

1. DISTRIBUTION OF SURPLUS

(a) **THAT** the Annual General Meeting hereby approves the recommendation by the Board of Directors pursuant to Article 39 (c) of the Society's By-Laws, the payment, in the amounts of Kes. 3,167,211,298 and Kes.395,734,025 to members who were in the Society's Membership Register as at 31st December 2022, being 11% and 15% as interest rebates on deposits and dividends against paid up shares respectively.

(b) **THAT** the Annual General Meeting hereby approves the recommendation by the Board of Directors, pursuant to Article 39 (j) of the Society's By-Laws, the payment of Kes.9,786,200 as Honoraria to the Board of Directors, Branch Committee Officials, Supervisory Committee, Area Service Centre Officials and Delegates who served the Society during the year ended 31st December 2022.

The resolution was proposed by Peter Omega, Delegate Kenya Power Homabay and seconded by Lucy Kiplamai Delegate GDC Menengai.

2. BORROWING POWERS

THAT the Annual General Meeting hereby authorizes the Society to borrow up to Kes.13,445,919,750 being 25% of its total assets as at 31st December 2022, in execution of its duties pursuant to Article 39 (g) of the Society's By-laws.

The resolution was proposed by Richard Ayabei, Delegate Kenya Power Ruiru and seconded by Eunice Githae, Delegate Glenmark Nairobi

3. APPOINTMENT OF EXTERNAL AUDITORS

THAT the Annual General Meeting hereby appoints Price Waterhouse Coopers (PwC), being qualified and willing to serve as the External Auditors of the Society, for a further term of one (1) year ending 31st December 2023 pursuant to Section 25 (4) of the Co-operatives Act.

The resolution was proposed by Peter Murunga Delegate Kenya Power Nairobi South and seconded by Delegate Peter Kanyi, Delegate Kengen Kipevu.

MIN.AGM 15/2022: ELECTIONS

This exercise was presided over by the Sub-County Co-operative Officer, Rosaline Mwithiga, who began by reading the report of the 2022 Nomination's Committee and thereafter introduced members of the Committee. She then proceeded to present the list of candidates for the position of the Board of Directors and those of the Supervisory Committee.

Ten (10) candidates had been cleared by the Committee for vie for the five positions of Directors but three had withdrawn their candidature before proceeding to the election. These are: Dr. John Mudany, Mr. David Monandi and Mr. Anthony Chuma. The final list of those viewing for the position of Board member was therefore seven (7). Four (4) candidates were cleared to vie for the one position of Supervisory Committee. The candidates were proposed and seconded to vie as below:

Name of Candidate	Proposer	Secunder
Julius Odumbe	Harness Mukhongo, Delegate Kengen Stima Plaza	Susan Rugoi, Delegate Kengen Kindaruma
Lwanga Viketi	Amos Mogusu, Delegate GDC Kawi	Charles Chege, Delegate Kenya Power Kenol/Kabati
Cecilia Kalungu	Irine Onyambu, Delegate GDC Naivasha	Pascaline Kitur, Delegate Kenya Power E-House Nairobi
Rosemary Oduor	Churchills Ogutu, Delegate NuPea.	Cornelia Olang, Delegate Maseno University
Geoffrey Mulli	Bernard Finch, Delegate GDC Nakuru	Mary Njau, Delegate Kenya Power National Control Juja

Mary Maalu	James Ngugi, Delegate Oryx Energies	Urbanas Nzomo, Delegate Kenya Power Chuka
Abraham Serem	Anne Owuor, Delegate Ex-Energy	Rose Sawe, Delegate Moi University Main Campus

Name of Candidate	Proposer	Seconder
Solomon Kariuki	Patricia Okinda, Kenya Power Mbale	Ben Rugut, Delegate Kenya Power E-House
Andrew Owuor	Musa Otieno, Delegate Kenya Power Ragati	Joseph Oliech, Delegate Jalaram Academy
Zilpa Ayara	Japheth Oluoch, Delegate Kenya Power Thika Arcade	Patricia Omurwa, Delegate Kenya Power Kisii
Sammy Ndungu	Margaret Muthoni, Delegate Moi University	Ancent Kioko, Delegate Kenya Power Thika Arcade

Mode of Election: The Delegates by a majority vote, opted the 'secret ballot' as their preferred method of voting after proposal by James Ngugi delegate Oryx Energies and seconded by Asha Sisiwa Delegate Kenya Power Kapsabet

The delegates proceeded to vote cast their votes and the results were as follows:

(i) Election of Board Members

The number of votes in favour of each candidate were as below:

Name of Candidate	Votes
Geoffrey Mulli	270
Mary Maalu	235
Cecilia Kalungu	229
Rosemary Oduor	211
Lwanga Viketi	194
Julius Odumbe	171
Abraham Serem	168

The five candidates, Geoffrey Mulli, Mary Maalu, Rosemary Oduor, Cecelia Kalungu, and Lwanga Viketi were declared validly elected to serve as members of the Board of Directors

Name of Candidate	Votes
Solomon Kariuki	126
Andrew Owuor	111
Sammy Ndungu	38
Zilpa Ayara	32

Solomon Kariuki was declared validly elected to serve as a member of the Supervisory Committee of the Society.

MIN.AGM 16/2023: CHIEF GUEST REMARKS

Hon. Simon Chelugui, EGH, the Cabinet Secretary (CS), Ministry of Co-operatives, Micro, Small and Medium Enterprises Development commenced his speech by thanking the Board of Directors for the invitation to celebrate the milestones achieved by the Sacco in the last 49 years and witness the strategies laid to drive the Sacco agenda in the forthcoming years.

The CS noted that the Co-operative movement was a key catalyst to socio-economic development of the country. He acknowledged Saccos as being the financial intermediaries of choice for low and medium-income Kenyans commanding over 30 percent of domestic savings.

The CS applauded the Sacco for its improved performance and compliance to statutory ratios prescribed by the Regulator. He further applauded the Sacco for being a trailblazer in the sector by being the first Deposit Taking Sacco to launch ATM service, introduce Mobile Banking service, offer cheque books services, launch Shariah banking and introduce Agency banking outlets.

The CS urged the Board, Management and members to continue working together to sustain the current performance and achieve even more milestones. The CS reported that his Ministry was committed to provide the necessary policy and legal framework to propel the Co-operative sector to even greater heights of economic growth. Some of the reforms included the development of the Sessional Paper No. 4 of 2020 on National Co-operative Policy, the Co-operatives Bill and proposed amendment of the Sacco Societies Act to provide for central liquidity facility and shared services to licensed Saccos in Kenya. The proposed policy and legal reforms would improve governance and efficiency in the management and operations of Co-operatives in the country.

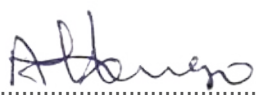
MIN.AGM 17/2022: ANY OTHER BUSINESS (AOB)

The Secretariat confirmed that the matters for which seven (7) days' notice had been received for consideration and the responses thereto had been provided in the AGM file availed to all Delegates.

MIN. AGM 18/2022: DISSOLUTION

There being no further business to transact the National Vice-Chairman declared the 49th Annual General Meeting of Stima DT Sacco Society Limited dissolved at 5:45 p.m.

HONORARY SECRETARY  DATE..... 17/03/2023

NATIONAL CHAIRMAN  DATE..... 17/03/2023



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STATEMENTS



Message from the Chairman

**Eng. Albert Mugo,
NATIONAL CHAIRMAN**

Statement By The National Chairman

Statement by the National Chair Stima DT Sacco Society Limited on the occasion of the 50th Annual General Meeting held at the College of Insurance, Nairobi, on Saturday 23rd March 2024.

PREAMBLE

On behalf of the Board of Directors, I am delighted to welcome you all to the 50th Annual General Meeting of Stima DT Sacco Society Limited. This meeting marks a remarkable milestone as the Sacco celebrates its Golden Jubilee. It is my pleasure to present to you the annual financial statement of our company for the fiscal year ended on December 31st, 2023.

According to the World Bank and Kenya Economic Update, Kenya's economic performance strengthened in 2023 despite continued challenges, with real GDP growth accelerating from 4.8% in 2022 to an estimated 5% in 2023. However, the economy still faced several challenges to sustain its growth momentum, such as heightened fiscal and external vulnerabilities manifested through high public debt, the elevated cost of living, exchange rate pressures, global economic uncertainties, and tight global financial conditions. Amazingly, despite these challenges, in addition to regulatory changes, Stima DT Sacco has delivered a strong financial performance.

STIMA SACCO 2023 FINANCIAL RESULTS

As always, it is a pleasure to report that our Sacco has once again delivered a strong performance, achieving significant growth and progress across all aspects of our business. Stima Sacco's primary goal is to provide our members with the best possible financial services, and I am proud to say that we are constantly striving to achieve this through our consistent efforts and hard work. Our audited financial performance for the past year has been remarkable as we have achieved remarkable growth in all our key performance indicators, including assets, deposits, loans, and profitability.

The consolidated deposits increased by 9.4% from Kshs. 39.43 billion in 2022 to Kshs. 43.13 billion in 2023. The loan book grew by 9.3% from Kshs. 41.3 billion to Kshs. 45.2 billion. The Sacco's balance sheet grew by 10% from Kshs. 53.8 billion in 2022 to Kshs. 59.15 billion in 2023. Additionally, we have been able to increase our total revenue from 7.4 billion to 8.9 billion. This growth is a testament to our commitment to sound financial management and prudent risk practices. We have continued to support members in realizing their financial goals, whether it be through loans for home ownership, education, or business expansion. Overall, our financial performance for the fiscal year 2023 has been very strong, and not only ensures our sustainability, but also enables us to reinvest in our members and communities.

DIVIDENDS AND INTEREST REBATE

In view of these results, the Board of Directors is pleased to recommend the payment of a first and final dividend of 15 percent per share on fully paid-up shares as of December 31, 2023. We also recommend payment of interest rebates on members' deposits at the rate of 11% for the year under review, subject to requisite approvals.

Therefore, the total pay-out for the two items will be Kshs. 4.06 billion in 2023 compared to Kshs. 3.56 billion in 2022.

GOVERNANCE

At Stima DT Sacco, we understand that strong governance is the cornerstone of our success. It guides our decisions, ensures accountability, and safeguards the interests of our members and stakeholders. We have remained steadfast in our commitment to upholding the highest standards of governance. Our governance structure is built on principles of transparency, integrity, and ethical conduct, which are embedded in everything we do.

Our Board of Directors comprises individuals with diverse expertise and backgrounds, who bring a wealth of experience to the table. They provide strategic oversight and direction, ensuring that our actions are aligned with our mission and values. Moreover, the Delegates elections exercise represents an essential aspect of our cooperative model, allowing members to have a direct voice in the governance and decision-making processes of our Sacco. There was a paradigm shift in this year's elections, which allowed for the vetting of candidates as espoused in the Society's bylaws. Consequently, I am pleased to report that the recent elections were conducted smoothly and transparently, reflecting our commitment to democratic principles and member participation.

ENTERPRISE RISK MANAGEMENT

In view of a complex operating environment, we have established robust internal controls and risk management processes to mitigate potential risks and safeguard our members' interests. These measures are continuously reviewed and strengthened to adapt to the evolving regulatory landscape and emerging risks. We believe in open communication and disclosure, ensuring that our members have access to relevant information to make informed decisions. Our financial reports, policies, and procedures are readily available, providing all stakeholders with useful information regarding our operations.

At Stima DT Sacco, comprehensive risk management is treated as an integral, enterprise-wide component that affects how the Sacco measures and rewards its success. The Sacco has a coordinating Risk and Compliance department which provides oversight on a day-to-day basis. Emerging Risk areas that the Sacco faces and actively monitors include Business Continuity, Money Laundering and Terrorism Financing, Data Privacy, Cyber Security, and ESG (Environmental, Sustainability and Governance) Risks.

Updates on the Sacco's risk management framework are as follows:

- i) The Business Continuity Policy approved by the Board has guided in implementation of a business continuity plan, including regular updating and training on the same. This will ensure that there are minimal disruptions in the operations of the Sacco in case of disruptions due to "black, grey or white swan" events like epidemics (Covid 19).
- ii) In compliance with the Proceeds of Crime and Anti-Money Laundering Act and Prevention of Terrorism Act, the Sacco registered with the Financial Reporting Centre and actively collaborates with the Centre.
- iii) The Sacco, in compliance with the Data Protection Act and subsequent Regulations, registered with the Office of the Data Protection Commissioner in 2023 following a Data Privacy Impact Assessment conducted by an external consultancy. Staff and members are currently undergoing training and awareness on Data Protection.
- iv) The Sacco, through the Risk and Compliance department and the Security Operations Centre, conducts frequent trainings for staff and members on mitigating cyber-attacks through systems, ATM card fraud, mobile & internet banking fraud, and has acquired various tools to actively monitor and mitigate on cyber-attacks. All systems undergo Vulnerability Assessment and Penetration testing before go-live, as well as annual post go-live testing by ethical hackers.

Lastly, in the current financial year, the Sacco has initiated a program to operationalize ESG in compliance with the International Financial Reporting (IFRS) Standards S1 and S2 as well as other statutes promoting Environmental, Sustainability and Climate Risk management.

ACCOLADES

In the year under review, the Sacco was privileged with the honour of being accorded a bevy of awards, namely:

- i. Award for Most Preferred SACCO in Real Estate Financing in 2023 - Real Estate 100 Awards
- ii. Award for Best SACCO in Automotive Asset Finance in 2023 - 5th Automotive Industry Awards
- iii. Award for Best SACCO in Digital Financing 2023 - Digital Tech 100 Awards
- iv. Attaining a Gold Mark in recognition of excellence in enterprise Information Technology adoption 2023 - dx100 Awards (Formerly CIO100 Awards)
- v. Dr. Gamaliel Hassan - Being recognised as one of the 50 Most Influential and Inspiring CEOs in Kenya

These honours are a tribute to all our employees, who continue to do a remarkable job of serving shareholders, members, and other partners.

LOOKING AHEAD

This past year has been one of significant growth and change for our organization. As we reflect on our achievements, it's important to recognize that our responsibilities extend beyond mere financial performance. We are committed to upholding the principles of sustainability, responsibility, and transparency in all facets of our operations. Our social initiatives have been centred around supporting the communities we serve. Whether it's through financial literacy programs, educational scholarships, or community development projects, we remain dedicated to making a positive impact beyond our business activities.

Additionally, our commitment to sound governance practices remains unwavering. We will continue to adhere to the highest standards of integrity, accountability, and ethical conduct. Our governance framework will ensure that decision-making processes are transparent, inclusive, and aligned with the long-term interests of our stakeholders.

We shall endeavour to embrace an increasingly inclusive culture, building on the opportunities that 2023 provided us to connect and collaborate in different ways. Our numerous channels and forums have enabled us to engage more than ever before with a broader cross-section of stakeholders and provided the opportunity to listen directly to their challenges, opinions, and ideas. The Board believes firmly that when our employees see, hear, and feel the alignment between organisational purpose, strategy, values, culture, and leadership behaviours, it has a positive effect on their engagement, performance, and consequently, our success and the interests of our stakeholders.

As we look ahead to the coming year, we are confident in our ability to continue to deliver strong financial performance and business success for our shareholders. We will continue to focus on good governance, customer experience, and long-term sustainability, and we believe that these efforts will continue to drive growth and success for our Sacco in the years ahead. As industry leaders, we will be at the forefront on all matters Sacco related. We will continue to walk hand in hand with our partners in CAK, ACCOSCA, KUSCCO, and the Ministry, as they continue to advocate for the cooperative movement. Additionally, it is our intention to work with the Senate, Parliament, and Ministry, as well as other apex bodies, to lobby for laws that are advantageous to the sector.

ACKNOWLEDGEMENTS

I am proud of the achievements we have made as a Sacco, especially in light of the challenges encountered while transitioning to the core-banking system. To remain relevant in today's dynamic business environment, appropriate technology must be embraced. Our financial performance and system upgrade, therefore, are a testament to our unwavering commitment to our members and our desire to innovate and grow as an organization.

I would like to take this opportunity to thank our employees, members, and key stakeholders for their ongoing support and commitment to our organization. The last year tested our resilience, and I want to acknowledge that we wouldn't have overcome these challenges without your steadfast support. We are grateful for your trust and loyalty, and we look forward to continuing to work together to build a successful and sustainable future. As we work each day, we look to a brighter future with much hope. And every day, we look to beginning anew.

God bless you all.



**Eng. Albert Mugo,
NATIONAL CHAIRMAN**

Taarifa Ya Mwenyekiti Wa Kitaifa

Taarifa ya mwenyekiti wa kitaifa wa Stima DT Sacco Society Limited wakati wa mkutano mkuu wa kila mwaka wa 50 ulioandaliwa katika the College of Insurance, Nairobi, mnamo Jumamosi Machi 23, 2024.

UTANGULIZI

Kwa niaba ya Bodi ya Wakurugenzi, nina furaha kuwakaribisha nyote kwa Mkutano Mkuu wa Kila Mwaka wa 50 wa Stima DT Sacco Society Limited. Mkutano huu ni wa kihistoria kwa kuwa chama chetu cha ushirika kinaadhimisha miaka 50 tangu kuanzishwa kwake. Ni fahari yangu kuwasilisha kwenu taarifa ya kifedha ya kampuni yetu kwa mwaka uliomalizika Desemba 31, 2023.

Kulingana na Benki ya Dunia na Ripoti ya Hali ya Kiuchumi ya Kenya, hali ya kiuchumi Kenya iliimarika mnamo 2023 licha ya changamoto zinazoendelea, huku ukuaji halisi wa Pato la Taifa ukiongezeka kutoka asilimia 4.8 mnamo 2022 hadi wastani wa asilimia 5 mnamo 2023. Hata hivyo, uchumi bado ulikabiliwa na changamoto kadhaa zilizopunguza kasi ya ukuaji wake, kama vile udhaifu mkubwa wa kifedha na hali ya kiuchumi kimataifa unaodhihirishwa kupitia deni kubwa la umma, gharama ya juu ya maisha, shinikizo la viwango vya ubadilishaji pesa, msukosuko wa uchumi wa kimataifa, na hali ngumu ya kifedha kimataifa. Ajabu ni kwamba, licha ya changamoto hizi, pamoja na mabadiliko ya udhibiti, Stima DT Sacco imepata matokeo bora ya kifedha.

MATOKEO YA KIFEDHA YA STIMA SACCO 2023

Kama kawaida, ni fahari kubwa kuripoti kwamba, Sacco yetu kwa mara nyingine tena imepata matokeo bora, na kupata ukuaji mkubwa na maendeleo katika nyanja zote za biashara yetu. Lengo kuu la Stima Sacco ni kuwapa wanachama wetu huduma bora zaidi za kifedha, na ninajivunia kusema kwamba, tunajitahidi kila wakati kufanikisha hili kupitia juhudi zetu thabiti pamoja na bidii. Matokeo yetu ya kifedha yaliyokaguliwa kwa mwaka uliopita yamekuwa ya kustaajabisha kwani tumepata ukuaji wa ajabu katika viashirio vyetu vyote muhimu vya utendakazi, vikiwemo mali, amana, mikopo na faida.

Jumla ya amana ziliongezeka kwa asilimia 9.4 kutoka Sh. 39.43 bilioni mnamo 2022 hadi Sh. 43.13 bilioni mnamo 2023. Kiwango cha mikopo kiliimarika kwa asilimia 9.3 kutoka Sh 41.3 bilioni hadi Sh.45.2 bilioni. Mizania ya Sacco ilikua kwa asilimia 10 kutoka Sh. 53.8 bilioni mnamo 2022 hadi Sh 59 bilioni mnamo 2023.

Zaidi ya hayo, tumeweza kuongeza jumla ya mapato yetu kutoka bilioni 7.4 hadi bilioni 8.9. Ukuaji huu ni ithibati ya kujitolea kwetu kwa usimamizi mzuri wa fedha na hatua zifaazo za kudhibiti hatari. Tumeendelea kusaidia wanachama katika kutimiza malengo yao ya kifedha, iwe ni kupitia mikopo ya umiliki wa nyumba, elimu, au upanuzi wa biashara. Kwa ujumla, utendaji wetu wa kifedha kwa mwaka uliomalizika 2023 umekuwa mzuri sana, na sio tu kwa kuhakikisha uendeleo wetu, lakini pia unatuwezesha kuwekeza tena katika wanachama na jamii zetu.

MGAO WA FAIDA NA RIBA

Kutokana na matokeo haya, Bodi ya Wakurugenzi ina furaha kupendekeza malipo ya mgao wa kwanza na wa mwisho wa asilimia 15 kwa kila hisa kwenye hisa zilizolipiwa kikamilifu kufikia tarehe 31 Desemba 2023.

Pia, tunapendekeza malipo ya riba kwa amana za wanachama kwa kiwango cha asilimia 11 kwa mwaka unaoangaziwa, kulingana na idhini zinazohitajika.

Kwa hivyo, jumla ya malipo ya bidhaa hizo mbili yatakuwa Sh.4.06 bilioni mwaka wa 2023 ikilinganishwa na Sh. 3.56 bilioni mwaka 2022.

MAONGOZI

Katika Stima DT Sacco, tunafahamu kwamba, uongozi thabiti ni nguzo ya ufanisi wetu. Unaelekeza maamuzi yetu, kuhakikisha uwajibikaji na kulinda maslahi ya wanachama wetu na washikadau. Tumesalia imara katika kujitolea kwetu kudumisha viwango vya juu vya uongozi. Muundo wetu wa usimamizi umejengwa kwenye kanuni za uwazi, uadilifu, na maadili, ambazo zimejikita katika kila tunachofanya.

Bodi yetu ya Wakurugenzi inajumuisha watu binafsi walio na utaalamu na vipawa mbalimbali, ambao huleta uzoefu mwingi kazini. Wanatoa uangalizi na mwelekeo wa kimkakati, kuhakikisha matendo yetu yanawiana na dhamira na maadili yetu. Zaidi ya hayo, zoezi la uchaguzi wa Wajumbe linasheheni kipengele muhimu cha mtindo wetu wa ushirika, kuruhusu wanachama kuwa na sauti ya moja kwa moja katika usimamizi na maamuzi ya Sacco yetu. Kulikuwa na mabadiliko ya mtazamo katika uchaguzi wa mwaka huu, ambayo yaliruhusu kuhakikiwa kwa wagombeaji kama inavyokubaliwa na kanuni za chama cha ushirika. Kwa hivyo, nina furaha kuripoti kwamba, chaguzi za hivi majuzi ziliendeshwa bila kikwazo na kwa uwazi, zikiakisi kujitolea kwetu kwa kanuni za kidemokrasia na ushiriki wa wanachama.

KUDHIBITI HATARI ZA KIBIASHARA

Kwa kuzingatia mazingira changamano ya uendeshaji biashara, tumeanzisha udhibiti thabiti wa ndani na michakato ya kupunguza hatari zinazoweza kutokea na kulinda maslahi ya wanachama wetu. Hatua hizi hukaguliwa kila mara na kuimarishwa ili kukabiliana na mabadiliko ya mazingira ya udhibiti na hatari zinazochipuka. Tunaamini katika mawasiliano ya wazi na ufichuzi, kuhakikisha kwamba wanachama wetu wanapata taarifa muhimu ili kufanya maamuzi sahihi. Ripoti zetu za kifedha, sera, na taratibu zinapatikana kwa urahisi, zikiwapa wadau wote taarifa muhimu kuhusu utendakazi wetu.

Katika Stima DT Sacco, udhibiti kamili wa hatari huchukuliwa kama sehemu muhimu, ya biashara ambayo huathiri jinsi Sacco inavyopima na kuthawabisha mafanikio yake. Sacco ina idara inayoratibu Hatari na Uzingatiaji ambayo hutoa uangalizi wa kila siku.

Maeneo hatari yanayojitokeza ambayo Sacco inakabiliwa nayo na kufuatilia kikamilifu ni pamoja na Mwendelezo wa Biashara, Utakatishaji wa Pesa na Ufadhili wa Ugaidi, Faragha ya Data, Usalama wa Mtandao, na Hatari za ESG (Kimazingira, Uendelevu na Utawala).

Maelezo kuhusu mfumo wa udhibiti wa hatari wa Sacco ni kama ifuatavyo:

- i) Sera ya Muendelezo wa Biashara iliyoidhinishwa na Bodi imeelekeza utekelezaji wa mpango wa mwendelezo wa biashara, ikiwa ni pamoja na kusasishwa mara kwa mara na mafunzo kuhusu hilo. Hii itahakikisha kuwa kuna hangaiko dogo katika shughuli za Sacco endapo kutatokea misukosuko kutokana na matukio “nyeusi, kijivu au nyeupe” kama vile mlipuko wa magonjwa (Covid 19).
- ii) Kwa kuzingatia Sheria ya Mapato ya Uhalifu na Kupambana na Utakatishaji wa Pesa na Sheria ya Kuzuia Ugaidi, Sacco ilisajiliwa na Kituo cha Taarifa za Fedha na inashirikiana kikamilifu na Kituo hicho.
- iii) Sacco, kwa kuzingatia Sheria ya Ulinzi wa Data na Kanuni sawa na hizo, ilisajiliwa na Ofisi ya Kamishna wa Ulinzi wa Data mnamo 2023 kufuatia Tathmini ya Athari ya Faragha ya Data iliyofanywa na mtaalamu wa nje. Wafanyakazi na wanachama kwa sasa wanaendelea na mafunzo na uhamasishaji kuhusu Ulinzi wa Data.
- iv) Sacco kupitia Idara ya Kudhibiti hatari na kuhakikisha Uzingatiaji na Kituo cha Operesheni za Usalama, inaendesha mafunzo ya mara kwa mara kwa wafanyakazi na wanachama kuhusu kupunguza mashambulizi ya mtandao kupitia mifumo, udanganyifu wa kadi za ATM, udanganyifu wa benki kwa njia ya simu na mtandao, na imepata zana mbalimbali za kufuatilia kikamilifu na kupunguza mashambulizi ya mtandaoni. Mifumo yote hupitia Tathmini ya Athari na Majaribio ya Kupenya kabla ya kuanza kutumika, pamoja na majaribio ya kila mwaka ya baada ya kuanza kutumika na wadukuzi waliodhinishwa. Na mwisho, katika mwaka huu wa kifedha, Sacco imeanzisha mpango wa kufanya kazi kwa ESG kwa kufuata Viwango vya S1 na S2 vya Ripoti ya Fedha ya Kimataifa (IFRS) pamoja na sheria zingine zinazokuza Udhibiti wa Hatari za Mazingira, Uendelevu na Hali ya Hewa.

TUZO

Katika mwaka tunaotathmini, Sacco ilipata bahati ya kutunukiwa tuzo mbalimbali, ambazo ni:

- i. Tuzo la SACCO Inayopendekezwa Zaidi katika Ufadhili wa Ujenzi mnamo 2023 - Real Estate 100 Awards
- ii. Tuzo la SACCO Bora katika Ufadhili wa Ununuzi wa Magari mnamo 2023 - 5th Automotive Industry Awards
- iii. Tuzo ya SACCO Bora katika Ufadhili wa Kidijitali 2023 - Tuzo za Digital Tech 100
- iv. Kupata Alama ya Dhahabu kwa kutambua ubora katika kupitishwa kwa Teknolojia ya Habari ya biashara 2023 - dx100 Awards (Zamani za CIO100 Awards)
- v. Dkt. Gamaliel Hassan - Akitambuliwa kama mmoja wa Wakurugenzi 50 Wenye Ushawishi na Msukumo nchini Kenya.

Tuzo hizi ni heshima kwa wafanyakazi wetu wote, wanaoendelea kufanya kazi nzuri ya kuwahudumia wanahisa, wanachama, na washirika wengine.

KUELEKEA MBELE

Mwaka uliopita umekuwa wa ukuaji na mabadiliko makubwa katika shirika letu. Tunapotafakari mafanikio yetu, ni muhimu kutambua kwamba majukumu yetu yanazidi utendaji wa kifedha pekee. Tumejitolea kudumisha kanuni za uendelevu, uwajibikaji, na uwazi katika fani zote za shughuli zetu. Juhudi zetu za kijamii zimejikita katika kusaidia jamii tunazohudumia. Iwe ni kupitia programu za elimu ya kifedha, ufadhili wa masomo, au miradi ya maendeleo ya kijamii, tunaendelea kujitolea kuleta matokeo chanya zaidi ya shughuli zetu za biashara.

Isitoshe, dhamira yetu ya kukumbatia usimamizi bora bado haijayumba. Tutaendelea kuzingatia viwango vya juu zaidi vya uadilifu, uwajibikaji na mwenendo wa kimaadili. Mfumo wetu wa utawala utahakikisha kwamba michakato ya kufanya maamuzi ni ya uwazi, jumuishi, na inawiana na maslahi ya muda mrefu ya wadau wetu.

Tutajitahidi kukumbatia utamaduni unaozidi kushirikisha, tukizingatia fursa ambazo 2023 ilitupatia kuungana na kushirikiana kwa njia tofauti. Chaneli na majukwaa yetu mengi yametuwzesha kutangamana zaidi kuliko hapo awali na sehemu pana ya washikadau na kutoa fursa ya kusikiliza moja kwa moja changamoto, maoni na mawazo yao. Bodi inaamini vilivyo kwamba, wafanyakazi wetu wanapooona, kusikia, na kuhisi uwiano kati ya madhumuni ya shirika, mkakati, maadili, utamaduni na tabia za uongozi, kuna matokeo chanya katika ushiriki wao, utendakazi, na hivyo basi, mafanikio yetu na maslahi ya wadau wetu.

Tunapolenga mwaka ujao, tuna uhakika katika uwezo wetu wa kuendelea kutoa ufanisi mkubwa wa kifedha na mafanikio ya biashara kwa wanahisa wetu. Tutaendelea kukumbatia utawala bora, uzoefu wa wateja, na uendeleu wa muda mrefu, na tunaamini kwamba, juhudi hizi zitaendelea kukuza ukuaji na mafanikio kwa Sacco yetu katika miaka ijayo.

Kama viongozi wa sekta, tutakuwa mstari wa mbele katika masuala yote yanayohusiana na Sacco. Tutaendelea kutembea bega kwa bega na washirika wetu wa CAK, ACCOSCA, KUSCCO, na Wizara, huku wakiendelea kutetea harakati za ushirika. Zaidi ya hayo, ni nia yetu kufanya kazi na Seneti, Bunge, na Wizara, pamoja na mashirika mengine makuu, kushawishi sheria ambazo ni za manufaa kwa sekta hii.

SHUKRANI

Ninajivunia mafanikio ambayo tumepata kama Sacco, haswa kutokana na changamoto zilizojitokeza wakati wa kuelekea kwenye mfumo msingi wa benki. Ili kusalia na umuhimu katika mazingira ya kisasa ya biashara, teknolojia inayofaa lazima ikumbatiwe. Utendaji wetu wa kifedha na uboreshaji wa mfumo, kwa hivyo, ni ushahidi wa kujitolea kwetu kwa wanachama wetu na hamu yetu ya kubuni na kukua kama shirika.

Ningependa kuchukua fursa hii kuwashukuru wafanyakazi wetu, wanachama, na wadau wakuu kwa msaada wao unaoendelea na kujitolea kwa shirika letu. Mwaka uliopita ulijaribu uthabiti wetu, na ninataka kukiri kwamba hatungeweza kushinda changamoto hizi bila usaidizi wenu thabiti. Tunashukuru kwa uaminifu wenu, na tunatazamia kuendelea kufanya kazi pamoja ili kujenga mustakabali wenye mafanikio endelevu. Tunapofanya kazi kila siku, tunatazamia wakati ujao mzuri na wenye matumaini mengi. Na kila siku tunatazamia kuanza upya.

Mungu awabariki enyi nyote.



Mha. Albert Mugo,
MWENYEKITI WA TAIFA



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Message from the CEO

Dr. Gamaliel Hassan, Ph.D
Chief Executive Officer.

Chief Executive Officer's Statement

OVERVIEW

To my fellow esteemed shareholders,

Welcome to the 50th Annual General Meeting of Stima DT Sacco Society Limited. It is an immense pleasure to stand before you today, marking a significant milestone in our journey together.

As we celebrate half a century of dedication, resilience, and growth, I am filled with gratitude for all the stakeholders including the current and past Board Members, Delegates, Management, Staff and Esteemed Members that have been with Stima Dt Sacco for the last 50 Years. Thank you for your support and commitment of each and every one of you, our esteemed shareholders.

The year 2023 was a turbulent year on the backdrop of inflation, extreme weather, socio-economic, and geopolitical challenges that affected businesses and communities including our own employees and members. We however executed our strategy and retained our core purpose, of empowering our members for life through delivering a solid result. This year, as we reflect on our accomplishments, it is imperative to recognize the challenges we have overcome and the triumphs we have achieved. Despite the uncertainties that have tested our resolve, we have remained steadfast in our mission to empower our members and communities, drive sustainable development, and foster financial inclusivity.

PERFORMANCE

The 2024 Annual Financial Report is a testament to our collective efforts and prudent management. Despite the turbulent year we had in 2023, I am delighted to report that Stima DT Sacco has continued to thrive, delivering robust financial performance across all key metrics. As a Sacco, we understand the importance of having sufficient funds to meet our members' needs. To this end, we have put in place measures to ensure that we maintain adequate liquidity levels at all times. Our liquid assets against total deposits and long-term liabilities ratio has increased from 78.98% in 2022 to 90.08% as at the end of 2023. These figures are well above the statutory required limit of 15%, marking our liquidity ratio as the highest in the market. Moreover, our core capital over total assets and core capital over total deposits ratios have increased from 17.22% and 23.49% to 17.94% and 24.60% respectively, well above the required limits of 10% and 8%.

Furthermore, the institutional capital versus total assets ratios improved from 11.66% in 2022 to 11.93% in 2023, adhering to the regulatory requirement of 8%, cushioning the Society against any external shocks. We are well positioned to absorb volatility in the external environment and pursue future growth opportunities.

I am particularly proud to highlight the remarkable growth in our membership base, a testament to the trust and confidence our members place in us. Our focus on member-centricity and personalized service delivery continues to differentiate us in the market, driving sustained member engagement and loyalty. We have ensured that we are delivering value to our members, who have increased from 177,260 to 200,145 as at December 2023.

STRATEGY

Branch Expansion

Our main goal as a Sacco is to redefine our members' financial wellness, and we cannot do this without first ensuring that we reach as many members as possible. As a fast-growing Sacco, it is imperative to continue seeking visibility and brand presence throughout the country. In the year under review, we embarked on an expansion drive to bring quality products and services to all Kenyans. This saw us launch Branches in Electricity House - Nairobi, Waumini Plaza in Kisii, and at Greenwood Mall in Meru.

Our decision to expand our branch network is based on our commitment to making it easier for our members to access our services. In this modern age, we do understand that convenience has necessitated the adoption of technology in every industry. Our members may of course access services via our online platforms - be it mobile or internet banking, ATM services, as well as our Stima Sacco Mlangoni agents spread throughout the country. Nonetheless, there are times when the need for interpersonal communication far outweighs that of convenience, hence the need for an expansive branch network.

System Upgrade

We have continued to invest in technology to enhance the efficiency and effectiveness of our operations, and this has paid off tremendously, leading us to transition to a core - banking system in January 2023. The decision to transition to a core-banking system reflects our commitment to modernizing our operations, enhancing service delivery, and staying ahead of industry trends. By moving away from the limitations of an ERP system and adopting a specialized core-banking solution, the Sacco has positioned itself to better meet the evolving needs and expectations of our members in an increasingly digital and competitive landscape. Undoubtedly, the transition process was not without its share of challenges. From technical complexities to organizational change management, we did encounter obstacles along the way. However, despite these challenges, the fact that Stima DT Sacco has successfully navigated the transition speaks volumes about the resilience, determination, and adaptability of its leadership, staff, and stakeholders. It demonstrates a commitment to continuous improvement and a willingness to embrace change in pursuit of excellence.

Moving forward, the intention is to leverage on the new core-banking system to drive operational efficiency, enhance risk management capabilities, and deliver a superior member experience. With real-time data insights, streamlined processes, and innovative digital services at our disposal, the Sacco is well-positioned to capitalize on emerging opportunities and maintain our competitive edge in the market.

Channels Improvement

One of the most significant advancements resulting from this transition was the introduction of our Internet Banking platform and the M-Stima mobile banking app. These digital channels represent a quantum leap in our ability to provide convenient and secure banking services to our members, anytime, anywhere.

Additionally, we have been able to extend our digital offerings to include credit products previously only available through traditional channels. Our Salary Advance product, for example, can now be accessed and processed entirely online, providing our members with instant access to much-needed funds when they need them most. We further anticipate the introduction of the Emergency and Prime Advance loans on both platforms. Moreover, our existing digital loan products, such as M-Pawa and Funika, have been seamlessly integrated into our new digital channels, making them even more accessible and user-friendly.

50 YEARS OF EMPOWERING LIVES

Fifty years ago, a vision was born—to empower individuals, uplift communities, and drive socio-economic transformation. Today, that vision stands as a testament to the dedication, resilience, and unwavering commitment of all those who have contributed to the success of our Sacco. Over the past five decades, we have weathered storms, overcome challenges, and seized opportunities, all while staying true to our core values and principles. We have grown from humble beginnings to become a beacon of hope and empowerment for countless individuals and families across our nation.

At the heart of our success lies our members—the lifeblood of our organization. Your trust, loyalty, and support have been the driving force behind our journey, inspiring us to continually strive for excellence and exceed expectations. The contributions of these early visionaries form the foundation that has led us to where we are today. Together, we have forged a community bound by shared goals, mutual respect, and a relentless pursuit of progress.

As we celebrate this momentous occasion, let us not only reflect on our past achievements but also look towards the future with optimism and determination. The next fifty years hold boundless opportunities for growth, innovation, and impact. Together, we will continue to push the boundaries of what is possible, leveraging technology, embracing diversity, and championing inclusivity every step of the way. To this end we shall be unveiling our 2025 - 2029 Strategic Plan as we celebrate our 50th Year anniversary.

OUTLOOK

A key ingredient of our success over the past few years and confidence in our future performance comes from being focused on the deep trends shaping society. Having a good understanding of how they impact our members, employees and our communities is fundamental to winning. And strategy is really about using our strengths and competitive advantages to turn these trends into growth opportunities.

High inflation and low growth are at the top of the economic agenda. Inflation pressures and related uncertainty around short-term and long-term interest rates are driving current capital market volatility. As a result, we intend to navigate the investment environment conservatively while seizing opportunities to improve income as they arise.

The cost-of-living crisis being felt by so many is feeding into the speed at which consumers' expectations are changing. Customers want simplicity, transparency and – with purchasing power declining – they want value for money. Technology is also influencing customer expectations. It is changing how we consume and share information and influencing how we live.

We've responded with an increasing range of digital options while continuing to focus on the importance of the human dimension. With a wider range of products, we can offer a spectrum of services for our various stakeholders. We will continue to look at additional ways to provide availability and affordability.

The financial industry is evolving faster than ever, and we are evolving with it. By developing the next generation of products and solutions, delivering on our purpose, and investing in our people, we will create the next phase of growth for the organization and lead Stima into the future.

ACKNOWLEDGEMENT

I was again reminded this year that our team really shines in times of adversity. This past year has helped us redefine resilience – reinforcing our ability to withstand volatility, empower our members and grow the business. Our team is guided by a common purpose and a set of core values that permeate every decision we make. We share a belief that we are here to help our customers in good times and bad.

I would like to extend my sincere gratitude to our dedicated staff, visionary board members, the supervisory committee, the supportive Ministry of Cooperatives & Micro Small and Medium Enterprises and the Regulatory Authorities. But most importantly, I want to thank each of you, our esteemed shareholders, for your continued trust, loyalty, and partnership. We remain committed to our mission of providing high-quality products and services to our members and maximizing shareholder value. We look forward to another successful year ahead and are excited about the opportunities that lie ahead.

Thank You.



Dr. Gamaliel Hassan, Ph. D
Chief Executive Officer.

Taarifa Ya Afisa Mkuu Mtendaji

MUKHTASARI

Kwa wenyehisa wenzangu wapendwa,

Karibuni kwa Mkutano Mkuu wa Kila Mwaka wa 50 wa Stima DT Sacco Society Limited. Ni fahari kuu kusimama mbele yenu hivi leo, ikiwa ni hatua ya kihistoria kwenye safari yetu pamoja.

Tunaposherehekea nusu karne ya kujitolea, ukakamavu na ukuaji, nimejawa na shukrani kwa washikadau wote wakiwemo wanachama wa sasa na wa zamani wa Bodi ya Wakurugenzi,, Wajumbe, na Wanachama Wapendwa ambao wamekuwa na Stima Dt Sacco kwa muda wa miaka 50 iliyopita. Shukrani kwa mchango wenu na kujitolea kwa kila mmoja wenu, enyi wenyehisa wetu.

Mwaka wa 2023 ulikuwa na misukosuko iliyosababishwa na mfumko wa bei za bidhaa, hali mbaya ya hewa, changamoto za kijamii na kiuchumi pamoja na za kikanda ambazo ziliathiri biashara na jamii wakiwemo wafanyakazi wetu na wanachama. Hata hivyo, tulitekeleza mkakati wetu na kudumisha azima yetu kuu, ya kuwezesha wanachama wetu kupitia matokeo mazuri. Mwaka huu, tunapotafakari kuhusu ufanisi wetu, ni muhimu kutambua changamoto tulizohimili na ufanisi tuliopata. Licha ya hali ya kutokuwa na uhakika ambayo imetikisa misingi yetu, tumesimama imara kwenye lengo letu la kuwezesha wanachama wetu pamoja na jamii, kuendesha maendeleo endelevu na kuhakikisha huduma za kifedha jumulishi.

MATOKEO

Ripoti ya Kifedha ya Kila Mwaka ya 2024 ni ithibati ya jitihada zetu sote pamoja na usimamizi bora. Licha ya kipindi chenye changamoto nyingi mnamo 2023, nina furaha kuripoti kwamba, Stima DT Sacco imeendelea kuimarika, na kutoa matokeo ya kufana kwenye mizani yote muhimu ya utendakazi wa kifedha.

Kama Sacco, tunaielewa umuhimu wa kuwa na fedha za kutosha kutosheleza mahitaji ya wanachama wetu. Kutokana na hili, tumechukua hatua za kuhakikisha tuna fedha za kutosha kila wakati.

Uwiano wa vifaa vyetu dhidi ya jumla ya amana na madeni ya muda mrefu umeongezeka kutoka asilimia 78.98 mnamo 2022 hadi 90.08% kufikia mwisho wa 2023. Takwimu hizi ni juu zaidi ya kiwango kinachohitajika kisheria cha asilimia 15, na hivyo kufanya uwiano wetu wa kifedha kuwa wa juu zaidi katika soko.

Isitoshe, mtaji wetu mkuu ikilinganishwa na jumla ya mali na mtaji mkuu ikilinganishwa na uwiano wa jumla wa amana umeongezeka kutoka asilimia 17.22 na 23.49 hadi asilimia 17.94 asilimia na 24.60 mtawalia, zaidi ya viwango vinavyohitajika vya asilimia 10 na asilimia 8 mtawalia.

Zaidi ya hayo, uwiano wa mtaji wa kitaasisi dhidi ya jumla ya mali uliimarika kutoka asilimia 11.66 mnamo 2022 hadi asilimia 11.93 mnamo 2023, kwa kuzingatia viwango vya kisheria vya asilimia 8, na hivyo kukinga Sacco dhidi ya misukosuko yoyote ya nje. Tuko katika nafasi nzuri ya kuhimili changamoto zozote na kusaka fursa za ustawi wa siku zijazo.

Ninajivunia hasa kuangazia ukuaji wa ajabu katika idadi ya wanachama wetu, hali inayothibitisha uaminifu na imani ambayo wanachama wetu wamedumisha kwetu. Mtazamo wetu wa kuzingatia wanachama na utoaji wa huduma unaolenga matakwa ya kila mwanachama unaendelea kututofautisha sokoni, na hivyo kusababisha uaminifu na ushiriki endelevu wa wanachama. Tumehakikisha kuwa tunatoa thamani kwa wanachama wetu, ambao wameongezeka kutoka 177,260 hadi 200,145 kufikia Desemba 2023.

MKAKATI

Kupanua Matawi

Azma yetu kuu kama chama cha ushirika ni kuboresha hali ya kifedha ya wanachama wetu, na hatuwezi kufanya hivyo bila kwanza kuhakikisha tumewafikia wanachama wengi iwezekanavyo. Kama Sacco inayokua kwa kasi zaidi, ni muhimu kuendelea kutafuta mwonekano na kusambaza chapa yetu nchini kote. Katika mwaka unaoangaziwa, tulianzisha harakati za upanuzi ili kupeleka bidhaa na huduma bora karibu na Wakenya wote. Hii ilituwezesha kuzindua matawi katika Electricity House - Nairobi, Waumini Plaza mjini Kisii, na Greenwood Mall mjini Meru.

Uamuzi wetu wa kupanua mtandao wa matawi yetu unajikita katika kujitolea kwetu kuwezesha wanachama wetu kupata huduma zetu kwa urahisi. Katika enzi hii ya usasa, tunaielewa kwamba, urahisishaji umelazimisha ukumbatiaji wa teknolojia katika kila sekta. Wanachama wetu wanaweza kupata huduma kupitia majukwaa yetu ya mtandaoni - iwe ni kwa njia ya simu au mtandao, huduma za ATM, pamoja na maajenti wetu wa Stima Sacco Mlangoni walioko kote nchini. Hata hivyo, kuna nyakati ambapo hitaji la kutangamana na watu linazidi lile la urahisishaji, hivyo basi haja ya kuwa na mtandao mpana wa matawi.

Kuboresha Mitambo

Tumeendelea kuwekeza katika teknolojia ili kuimarisha ufanisi na utendakazi wa shughuli zetu, na hili limekuwa na manufaa makubwa, na kutuwezesha kwenye mpito hadi mfumo mkuu wa benki mnamo Januari 2023. Uamuzi wa kuhamia mfumo mkuu wa benki unaonyesha kujitolea kufanya shughuli zetu kuwa za kisasa, kuboresha utoaji wa huduma, na kukaa mbele katika mfumo mzima wa tasnia ya benki.

Kwa kuondoa vikwazo vya mfumo wa ERP na kutumia suluhisho maalum la msingi la benki, Sacco imejiweka katika nafasi nzuri ya kukidhi mahitaji na matarajio yanayoendelea ya wanachama wetu katika hali ya kidijitali na ushindani unaozidi kuongezeka.

Bila shaka, mchakato wa mpito ulikuwa na changamoto zake. Kutoka kwa matatizo ya kiufundi hadi usimamizi wa mabadiliko ya shirika, tulikumbana na vikwazo njiani. Hata hivyo, licha ya changamoto hizi, hali kwamba Stima DT Sacco imefanikiwa kuvuka mpito ni ushahidi tosha kuhusu uthabiti, azimio, na kubadilika kwa uongozi wake, wafanyakazi, na washikadau. Inaonyesha kujitolea kwa uboreshaji unaoendelea na nia yetu ya kukumbatia mabadiliko tunapotafuta ubora.

Kuendelea mbele, nia yetu ni kutumia mfumo mpya wa msingi wa benki ili kuendesha ufanisi katika utendakazi, kuongeza uwezo wa kudhibiti hatari, na kutoa huduma bora kwa wanachama. Kutokana na data ya papo hapo, michakato iliyorahisishwa, na huduma bunifu za kidijitali tulizo nazo, Sacco imejipanga vyema kunufaika na fursa zinazoibuka na kudumisha nafasi yetu ya ushindani katika soko.

Uboreshaji wa Chaneli

Mojawapo ya maendeleo muhimu zaidi yaliyotokana na mabadiliko haya yalikuwa kuanzishwa kwa jukwaa letu la Benki Mtandaoni na programu ya benki ya simu ya M-Stima. Chaneli hizi za kidijitali zinawakilisha kiwango kikubwa cha uwezo wetu wa kutoa huduma za benki kwa urahisi na salama kwa wanachama wetu, wakati wowote, mahali popote.

Zaidi ya hayo, tumeweza kupanua matoleo yetu ya kidijitali ili kujumuisha bidhaa za mkopo zinazopatikana tu kupitia chaneli za kiasili. Bidhaa yetu ya Salary Advance, kwa mfano, sasa inaweza kufikiwa na kuchakatwa kabisa mtandaoni, na kuwapa wanachama wetu ufikiaji wa papo hapo wa pesa zinazohitajika wakati wanazihitaji zaidi. Tunatarajia pia kuanzishwa kwa mikopo ya Dharura na Prime Advance kwenye mifumo yote miwili. Vile vile, bidhaa zetu zilizopo za mkopo wa kidijitali, kama vile M-Pawa na Funika, zimeunganishwa kwa urahisi katika chaneli zetu mpya za kidijitali, na kuzifanya ziweze kufikiwa kwa urahisi zaidi.

MIAKA 50 YA KUBORESHA MAISHA

Miaka hamsini iliyopita, maono yalizaliwa—kuwawezesha watu binafsi, kuinua jamii, na kuleta mabadiliko ya kijamii na kiuchumi. Leo, maono hayo yanasimama kama ushuhuda wa kujitolea, uthabiti, na kujitolea bila kuyumba kwa wale wote ambao wamechangia katika ufanisi wa Sacco yetu.

Katika miongo mitano iliyopita, tumevumilia dhoruba, tumeshinda changamoto, na kunyakua fursa, huku tukitii maadili na kanuni zetu kuu. Tumeimarika kutoka mwanzo dhaifu hadi kuwa mwanga wa matumaini na uwezeshaji kwa watu na familia nyingi katika taifa letu.

Kiini cha mafanikio yetu ni wanachama wetu-ambayo ni damu ya shirika letu. Imani yako, uaminifu na usaidizi wako umekuwa nguvu inayosukuma safari yetu, ikitutia moyo kuendelea kujitahidi kuboresha na kuzidisha matarajio. Michango ya miamba hawa hao wa awali wenye maono ndiyo msingi ambao umetufikisha hapa tulipo. Kwa pamoja, tumeunda Sacco iliyofungwa kwa malengo ya pamoja, kuheshimiana na kutafuta maendeleo bila kuchoka.

Tunaposherehekea hafla hii muhimu, tusitafakari tu mafanikio yetu ya zamani lakini pia tutazame siku zijazo kwa matumaini na azma. Miaka hamsini ijayo itasheheni fursa zisizo na kikomo za ukuaji, uvumbuzi, na athari. Kwa pamoja, tutaendelea kusukuma mipaka ya kile kinachowezekeka, kutumia teknolojia, kukumbatia utofauti, na kutetea ushirikishwaji katika kila hatua. Ili kufanikisha hayo, tutakuwa tukizindua Mpango Mkakati wetu wa 2025 - 2029 tunapoadhimisha miaka 50.

MTAZAMO

Kiungo kikuu cha ufanisi wetu katika miaka michache iliyopita na imani katika utendaji wetu wa siku zijazo kinatokana na kuzingatia mielekeo ya kina inayokuza jamii. Kuwa na ufahamu mzuri wa jinsi hatua hizo zinavyoathiri wanachama wetu, wafanyakazi na jumuiya zetu ni muhimu ili kushinda. Na mkakati kwa hakika unahusu kutumia uwezo wetu na faida za ushindani kugeuza mitindo hii kuwa fursa za ukuaji.

Mfumuko wa juu wa bei na ukuaji mdogo ni sehemu ya ajenda ya kiuchumi. Shinikizo la mfumuko wa bei na kutokuwa na uhakika kuhusiana na viwango vya riba vya muda mfupi na muda mrefu vinachangia kuyumba kwa soko la mitaji. Kwa hivyo, tunanuia kuabiri mazingira ya uwekezaji kwa uangalifu huku tukichukua fursa za kuboresha mapato kadri zinavyojitokeza. Janga la gharama ya maisha ambalo limeathiri wengi kwa sasa linaingia katika kasi ambayo matarajio ya watumiaji yanabadilika. Wateja wanataka urahisi, uwazi na - huku nguvu ya ununuzi ikipungua - wanataka thamani ya pesa. Teknolojia pia inaathiri matarajio ya wateja. Inabadilisha jinsi tunavyotumia na kushiriki habari na kuathiri jinsi tunavyoishi.

Tumeitikia kwa kuongeza chaguo za kidijitali huku tukiendelea kuzingatia umuhimu wa mwelekeo wa binadamu. Kwa anuwai ya bidhaa, tunaweza kutoa wigo wa huduma kwa wadau wetu mbalimbali. Tutaendelea kuangalia njia za ziada za kutoa huduma na bidhaa kwa njia wateja wetu wanaweza kumudu.

Sekta ya fedha inakua kwa kasi zaidi kuliko hapo awali, na tunabadilika nayo. Kwa kuendeleza kizazi kijacho cha bidhaa na suluhu, kutimiza madhumuni yetu, na kuwekeza kwa watu wetu, tutaunda awamu inayofuata ya ukuaji wa shirika na kuongoza Stima kuelekea siku zijazo.

Shukrani

Nilikumbushwa tena mwaka huu kwamba, kikosi chetu hung'aa sana wakati wa changamoto. Mwaka huu uliopita umetusaidia kufafanua upya uthabiti - kuimarisha uwezo wetu wa kuhimili misukosuko, kuwawezesha wanachama wetu na kukuza biashara. Kikosi chetu kinaongozwa na madhumuni ya pamoja na seti ya maadili ya msingi ambayo yanaenea katika kila uamuzi tunaofanya. Tunaamini kuwa tuko hapa kusaidia wateja wetu nyakati nzuri na mbaya.

Ningependa kutoa shukrani zangu za dhiti kwa wafanyakazi wetu waliojitolea, wanachama wa Bodi wenye maono, kamati simamizi na mamlaka za kisheria ambazo zimetuunga mkono. Lakini muhimu zaidi, ninataka kushukuru kila mmoja wenu, wanahisa wetu waheshimiwa, kwa imani yenu endelevu, uaminifu na ushirikiano wenu. Tunasalia kujitolea kwa dhamira yetu ya kutoa bidhaa na huduma za ubora wa juu kwa wanachama wetu na kuongeza thamani ya wanahisa. Tunatazamia mwaka mwingine wenye mafanikio na tunakamia fursa tele zilizo mbele yetu.

Asante.



Dkt. Gamaliel Hassan, Ph.D
Afisa Mkuu Mtendaji



EMPOWERING LIVES SINCE 1974

Stima Sacco is now Shariah Compliant

Now, in keeping with our dedication to serving all members of our community, we proudly announce the introduction of Islamic financing options. This extension of our services reaffirms our ethos of financial empowerment and is open to all Members.



Read more at www.stima-sacco.com

STATEMENT ON CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31ST DECEMBER 2023

Overview

Stima DT Sacco Society Limited “Stima Sacco” recognizes that good corporate governance is fundamental to earning the trust of its stakeholders, customers and employees, with the ultimate objective of realizing long term shareholder value. Corporate governance underpins the process and structure used to direct and manage the business and affairs of the Society towards enhancing business prosperity and corporate accountability.

In line with this philosophy, the Board is committed to adopt sound governance practices.

Governance Structure

The governance structure of the Society is provided for under the Co-operative Societies Act, the Sacco Societies Act and the Regulations thereunder as well as the Sacco By-laws.

Part VII of the Sacco By-laws highlights the Governance structure of the Sacco as follows:

Supreme Authority of the Sacco

Section 35 of the Society By-laws provides that the supreme authority of the Sacco shall vest in the General Meeting (GM) which shall be constituted by (elected) delegates. The delegates in turn elect, from amongst themselves, a Board of Directors that is accountable to the members and other stakeholders through the General Meeting (GM). A decision taken by a General Meeting shall be binding on all delegates and members present, absent and objecting.

Footnote:

1. The adopted sources of good Corporate Governance practices include:-

- i. The Sacco Societies Act, 2008, the Sacco Societies (Deposit-Taking Business) Regulations, 2010 and other prudential guidelines that may be issued by SASRA from time to time;
- ii. The Prudential Guidelines issued by the Central Bank of Kenya on 13th January 2013;
- iii. The Corporate Governance Guidelines issued by the Capital Markets Authority of Kenya;
- iv. The Principles and Sample Code for Corporate Governance in Kenya issued by Private Sector Corporate Governance Trust (PSCGT) in 1999;
- v. The Guidelines on Enhancing Governance of Cooperative Financial Institutions recommended by the International Credit Union Regulators Network in April 2013; and
- vi. The Best Practice Principles of Cooperative Governance in Credit Unions.
- vii. 2023 Guidance Notes on Corporate Governance for Regulated Saccos in Kenya.

Board of Directors

The Board of Stima Sacco has overall responsibility for approving and overseeing the effective implementation of strategic objectives, risk management strategies, adoption of best corporate governance practices, values and oversight over management.

Section 41 of the Sacco's By-laws sets out the guiding mandate under which the Board is established as follows:

- The Board comprises of a minimum of five (5) and a maximum of nine (9) members, including the National Chairman, all of whom are elected by and from delegates, who in turn are elected by the general Society membership.
- The Board may appoint an ad hoc committee with specific terms of reference and time frames to address specific issues. Such committees shall be entitled to allowances at the prevailing rate.
- Board meetings are to comply with Regulations, By-laws, the Board and Governance Charter and best practices.
- Quorum at a meeting of the Board is five (5) members. In case the National Chairman and the National Vice-Chairman are absent, a chairman for the meeting is elected from among those present.
- Decisions at Board meetings are made on consensus, voting is however applicable where consensus cannot be reached. In case of a tie in such a vote, the National Chairman has a casting vote.
- The elected term for members of the board is three years subject to 1/3 retiring annually on rotation except the National Chairman and the Vice Chairman who are to retire at the end of the third year term and are subject to an electoral process.

Powers of the Board

Subject to the Sacco Societies Act, any limitations imposed in law or the By-laws of the Society relating to any action required to be authorized, permitted or otherwise approved by members, the lawful business and activities of the Society shall be conducted, and all its corporate power shall be exercised by or under the direction of the Board of directors.

The Board believes in transparency and accountability; courage and objective independence; professional competence, discipline and excellence; integrity, honour and respect; equity and fairness; continuous learning, knowledge and access; leadership with teamwork; disciplined and responsible stewardship; and collective responsibility for shared prosperity.

In turn, Section 44 of the By-laws further defines the functions and responsibilities of the Board to include, among others:

- Establishing strategic and business plans to guide the Society's growth and monitoring progress in the implementation of these plans.
- Establishing appropriate policies for the governance, management and smooth running of the Society's affairs. Such policies include but are not limited to credit policies, investment policies, savings policies, liquidity policies, product pricing policies, dividend policies, risk management policies, human resource policies, among others.

- Ensuring that true and accurate records and accounts are kept of the Society's money, and its properties, capital reserves, liabilities, income and expenses.
- Ensuring that the Society makes adequate provisions for known and probable losses likely to occur as required by the law and prudent accounting practice.
- Causing to be kept proper books of account prepared in accordance with International Financial Reporting Standards (IFRS).
- Presenting before the General Meeting (GM) a balance sheet and final accounts and budget for the ensuing year.
- Recommending to the General Meeting (GM) the dividend and interest rates to be paid on shares and deposits.
- Ensuring observance of the Co-operative Societies Act, the Sacco Societies Act, the Sacco Society Regulations, the Sacco's By-laws and other applicable rules and regulations.

In the discharge of their functions under these By-laws, the Directors are expected to perform their duties collectively as a Board and to adhere strictly to the Board and Governance Charter and Code of Conduct. There is a clear distinction between the duties and roles of the Board of Directors and the Management of the Society.

The roles and responsibilities of the Chairman and Senior Management led by the Chief Executive Officer (CEO), are clearly defined and separated, thus:-

- The Chairman is responsible for leadership of the Board, setting the Board's agenda, conducting Board meetings, facilitating effective communication with the membership and conduct of General Meetings (GM); and Senior Management led by the CEO has been delegated responsibility for the day-to-day running of the Sacco within the established policy framework.
- Section 53 of the By-laws provides for the establishment of the Office, the duties and responsibilities of the CEO as provided for in the Board and Governance Charter.

Directors' Duties

A Director must always act:

- a) In good faith, and in a professional manner, having due regard to his fiduciary duties and responsibilities to the Society;
- b) Independently, in what he personally believes to be the best interests of the Society as a whole;
- c) With the degree of care, diligence and skill that may reasonably be expected from a person of his knowledge and experience while acting on his own behalf;
- d) Intravires - i.e. within the scope of his authority as prescribed by the By- Laws of the Society; and as a member of the Board.

Board Term Limits, Vacancies and Succession Planning

It is understood that the balance between the pros and cons of term limits is the prerogative of the delegates who are the appointing authority of the Directors of the Society.

The case for or against term limits arises from a general observation that while term limits help ensure that there are fresh ideas and viewpoints available to the Board, they at times hold the disadvantage of losing the contribution of Directors who have developed over a

period of time, increasing insight into the Society and its operations and, therefore, provide an increasing contribution to the Board as a whole.

The By-laws of the Society provide that the Board and Supervisory Committee members shall be elected for a term of three (3) years, subject to one third retiring annually on rotation, except for the National Chairman and the National Vice-Chairman, who shall retire at the end of the third year. The retiring members shall, however, be eligible for re-election.

In 2023, the Society had Five (5) vacancies in the Board and One (1) in the Supervisory Committee. Out of the Five (5), Three (3) vacancies arose as a result of the 1/3 retiring annually whilst the additional Two (2) vacancies arose following the resignation of Director Rebecca Miano in November 2022 and the untimely demise of Director Patrick Mutinda in January 2023. At the Annual General Meeting (AGM) held on 03rd March 2023, John Mudany and David Monandi retired from the Board while Geoffrey Mulli, Mary Maalu, Rosemary Oduor, Cecilia Kalungu, and Lwanga Viketi were elected to the Board as per the By-laws and the Electoral Policy. On even date, Solomon Kariuki who was also due for retirement by rotation as provided in the By-laws was re-elected into the Supervisory Committee.

In a Board Meeting held on 7th March 2023, Albert Mugo, Rosemary Oduor, Mary Maalu and Osman Khatolwa were voted in as the National Chairman, National Vice-Chairman, National Treasurer and Honorary Secretary respectively.

2023 Board And Board Committees' Membership & Attendance

The Board held Twenty-Six (26) meetings during the year. The Directors who served during the year and their attendance at Board meetings were as follows:-

Director	Designation		BOARD	ARC	FIC	BSTC	HRC	POC
Albert Mugo	National Chairman	Membership	√		√			
		Attendance	26/26		2/2****			
Rosemary Oduor	National Vice Chairperson	Membership	√	√	√			√
		Attendance	26/26	4/4****	12/12**			6/6**
Mary Maalu	National Treasurer	Membership	√		√	√		
		Attendance	16/17*		11/12**	11/11**		
Osman Khatolwa	Honorary Secretary	Membership	√	√	√	√		
		Attendance	26/26	8/9**	2/2****	15/15		
Jared Othieno	Board Member	Membership	√	√	√	√		√
		Attendance	26/26	4/4****	12/12**	11/11**		3/3****
Imelda Bore	Board Member	Membership	√			√	√	√
		Attendance	24/26			3/4****	8/8	6/6**
Cecilia Kalungu	Board Member	Membership	√	√			√	
		Attendance	13/17*	7/9**			8/8	
Lwanga Viketi	Board Member	Membership	√	√				
		Attendance	16/17*	9/9**				
Geoffrey Mulli	Board Member	Membership	√				√	√
		Attendance	17/17*				8/8	6/6**
John Mudany	Board Member	Membership	√		√	√		
		Attendance	10/10***		2/2****	4/4***		
David Monandi	Board Member	Membership	√					√
		Attendance	9/10***					3/3***
Patrick Mutinda	Board Member	Membership	√	√				√
		Attendance	1/2*****	1/1*****				2/2*****

Key Notes

*Joined the Board on 3rd March 2023

**Joined Board Committee on 7th March 2023

*** Retired from the Board on 3rd March 2023

**** Vacated Committee

*****Deceased

ARC - Audit and Risk Committee

FIC - Finance Investment and Credit Committee

BSTC - Business Strategy and Technology Committee

HRC - Human Resource Committee

POC - Procurement and Oversight Committee

Board Committees

The Committees that were reconstituted during the period under review and their membership are as set out below:-

Audit & Risk Committee

The primary objective of the Audit & Risk Committee is to assist the Board of Directors of the Society in fulfilling its oversight responsibilities in relation to:

- The integrity of the Society's financial statements and financial reporting processes and the Society's systems of internal, financial and management controls;
- The performance of the Internal Audit and Risk Management functions;
- The annual independent audit of the Society's financial statements, the engagement of the Independent Auditors and the evaluation of the Independent Auditors' qualifications, independence and performance;
- Compliance by the Society with legal and regulatory requirements, including disclosures and reporting required by Industry regulators;
- Evaluation of management's processes to assess and manage the Society's enterprise risk exposures;
- Evaluation of the Society's Corporate Governance structures and processes vis-à-vis best practice; and
- Fulfillment of the other fiduciary related responsibilities as delegated by the Board.

The Audit & Risk Committee consists of three Directors with appropriate expertise and financial acumen with the Chief Executive Officer, the Head of Internal Audit and the Head of Risk serving as ex-officio members. The Head of Internal Audit serves as the Secretary to the Committee.

For the period under review, the members of the Audit & Risk Committee were as follows:

Chair:	Osman Khatolwa - Chair
Members:	Lwanga Viketi- Director Cecilia Kalungu - Director
Ex-officio:	Chief Executive Officer (CEO) Internal Audit Manager (Secretary) Risk and Compliance Manager

Finance Investment and Credit Committee

The purpose of the Finance, Investment and Credit Committee is to provide oversight, on behalf of the Board, over all Finance, Investment and Credit matters, including but not limited to:

- Overseeing the development and implementation of comprehensive policies and procedures encompassing all Finance, Investment and Risk management matters;
- Reviewing the Society's Annual Budgets, ensuring that these are in accordance with Institutional Strategy and recommending approval to the Board;
- Monitoring the Institution's financial performance vis-à-vis approved Budgets;

- Providing oversight over the Society's financial risk management activities especially with regard to interest rate risk, liquidity risk, credit risk, capital risk, legal and regulatory risk, etc;
- Ensuring that the Society has a solid Asset Liability Management process;
- To provide leadership in the achievement of attractive returns on the Sacco's investment and clear guidelines on investment policies that are consistent and structured, research based and risk sensitive approach to value investing;
- To provide advice to the Board on proposals for the investment in and divestment from enterprises and projects in line with the Sacco's strategy;
- To review the Sacco's detailed strategic investment plans and to recommend them to the Board for approval;
- To monitor and evaluate the performance of the Sacco's investments against budget;
- To Provide oversight over the Sacco's Credit Management processes; and
- Any other related matters delegated to the Committee by the Board.

The Committee consists of three members with the CEO and the Chief Manager Finance & Administration serving in an ex-officio capacity.

For the period under review, the members of the Finance, Investment and Credit Committee were as follows:

Chairman:	Mary Maalu- Chair
Members:	Jared Othieno - Director Rosemary Oduor - Director
Ex-officio:	Chief Executive Officer Chief Manager Finance & Administration Finance Manager Credit Manager/CMICTO

Business Strategy and Technology Committee

The purpose of the Business, Strategy & Technology Committee is to provide oversight, on behalf of the Board, over Business, Strategy and Technology matters at the Society.

The Committee consists of three members with the Chief Executive Officer and the Chief Manager Strategy & Business serving as ex-officio members.

The role of the Committee is as set out below:

- Overseeing the development and implementation of comprehensive policies and procedures to govern the Society's business operations;
- Providing oversight over the formulation, development and implementation of the Society's strategic, business and technology plans;
- Advising the Board on necessary revisions and/or amendments to the Society's strategic direction in view of emerging business and market trends;
- Reviewing reports, statistics and analyses with regard to the performance of the Society's business;
- Reviewing, monitoring and recommending to the Board for approval new and revised

- prices, products and services;
- Analyzing and reviewing regular reports on risk exposures posed by the Society's business and operations and mitigating measures put in place by management;
- Reviewing and recommending for approval new business and technology projects including advising the Board on major business and/or technology initiatives;
- Reviewing regular progress reports on business and technology projects under implementation;
- Reviewing regular reports of various Customer Service-related matters;
- Guiding Management on continuous improvement efforts;
- Providing guidance and policy direction on the Sacco's member's education and communication activities; and
- Any other related duties and responsibilities as delegated by the Board.

During the period under review, the members of the Committee were as follows:-

Chair:	Jared Othieno - Chair
Members:	Mary Maalu - Director Osman Khatolwa - Director
Ex-officio:	Chief Executive Officer Chief Manager, Strategy and Business, (Secretary)

Human Resource Committee

The Human Resources Committee is responsible for assisting the Board of Directors of Stima DT Sacco Society Limited in fulfilling its oversight responsibilities in relation to:

- Ensuring the existence of comprehensive Human Resource policies;
- The selection and retention of Management and staff;
- The compensation of Management and staff;
- Planning for the succession of Senior Management;
- Professional development for Management and staff;
- The management of pension and significant benefit plans for employees; and
- Any additional matters delegated to the Human Resources Committee by the Board.

The Committee consists of three members with the Chief Executive Officer and Human Resource & Administration Manager (HRAM) serving in an ex-officio capacity.

During the period under review, the members of the Committee were as follows:-

Chair:	Imelda Bore - Chair
Members:	Cecilia Kalungu - Director Geoffrey Mulli - Director
Ex-officio:	Chief Executive Officer Human Resources & Administration Manager

Procurement Oversight Committee

The Procurement Oversight Committee (POC) shall be responsible for the oversight and overall responsibility for all procurement matters in the Sacco include:

- To provide oversight on Sacco procurement activities on behalf of the board.
- To Consider and recommend the annual procurement plan for board's approval.
- To monitor the procurement process to confirm that it's in compliance with the Public Procurement and Asset Disposal Act, 2015.
- To consider and concur with procurement set thresholds in line with the Sacco procurement policy.
- To review the adequacy of the procurement policy and recommend changes for the BoD as may be necessary.

During the period under review, the members of the Committee were as follows:-

Chair:	Rosemary Oduor - Chair
Members:	Imelda Bore - Director Geoffrey Mulli - Director
Ex-officio:	Chief Executive Officer Supply Chain Manager

Shariah Advisory Committee

The Shariah Advisory Committee (SAC) of the Board was approved in the Annual General Meeting held on 13th March 2020. The SAC reports directly to the Annual Delegates Meeting on matters restricted to ensuring conformity with Sharia rules and regulations, and does not extend to an executive or managerial role. As per the Shariah Compliant Products Policy, the SAC should meet once in each quarter or as may be necessary.

The SAC is mandated with the following roles and responsibilities:

- Vetting of new Shariah products and services, related policies and agreements;
- Formulation and endorsement of Shariah Compliance Manuals and relevant documentation;
- Review of Islamic Business Proposals and Marketing Strategies against the Sacco Strategic Plan;
- Reporting to Board on Shariah Investments;
- Inspection of the Ledger Book of the Islamic Banking Products;
- Supervision of Annual Audit of Stima DT Sacco Islamic Banking Products and Financial Statements; and
- Any other related duties and responsibilities as delegated by the Board.

During the period under review, the members of the Committee were as follows:-

Chair:	Lwanga Viketi - Director
Members:	Juma Mvudi - Independent External Expert Gamaliel Hassan - Chief Executive Officer
Ex-officio:	Chief Manager, Strategy and Business

A Profile of the Society’s Board and Senior Management as well as the Supervisory Committee members is provided elsewhere in this Annual Report.

Nominations Committee

This Committee is constituted to vet all candidates seeking to be considered for election as Board and Supervisory Committee members of the Society. The Committee’s responsibilities include:

- Managing the electoral process in particular as regards identifying and recommending individuals qualified to become members of the Board and Supervisory Committee consistent with the criteria and process provided for in the Society By-laws, the Electoral Policy and the Board and Governance Charter and in line with the law and good practice;
- Ensuring that candidates applying for nomination as Board or Supervisory Committee candidates are ‘fit and proper’ as required by the Sacco Societies Regulatory Authority (SASRA);
- Issuing the nomination certificates for a specific post within a given electoral zone; and
- Fulfilling such other duties and responsibilities as may be incidental to the conduct of the electoral process as provided under the Electoral Policy.

Members of the Nominations Committee in 2023 were:

Chairperson	Rosaline Mwithiga Rachel Kwamboka	Starehe Sub-County Cooperative Officer Representative from an apex body: The Cooperative Alliance of Kenya (CAK)
	Evans Moturi	Representative of a professional body: Institute of Certified Secretaries (ICS)
	Anne Miano	Legal Services & Corporate Secretarial Manager: Stima DT Sacco
	Cheryl Ndika	Legal Officer, Stima DT Sacco

Senior Management

The Chief Executive Officer (CEO) reports directly to the Board and is responsible for the day-to-day operations of the Sacco, implementing the Board approved plans to achieve desired strategic objectives and reporting on results.

The CEO is supported by the Management Committee which is responsible for ensuring that the Sacco’s activities are consistent with the business strategy, risk appetite/tolerance levels and the policies approved by the Board.

Disclosure of Principal Shareholders

In line with good corporate governance practice, the Society has considered, for the period under review, the issue of disclosure of principal shareholders. However, due to the Cooperative sector principle of ‘one man-one vote’ it was deemed not necessary to disclose members with a large shareholding.

This is because shareholding does not necessarily translate into direct influence over Society affairs. In addition, it was observed that membership on the Board of Stima DT Sacco, as with any other Cooperative, is elective as opposed to appointment based on shareholding strength. This approach underscores the commitment to transparency, fairness, and inclusivity within the Society’s governance framework.

CORPORATE CITIZENSHIP STATEMENT

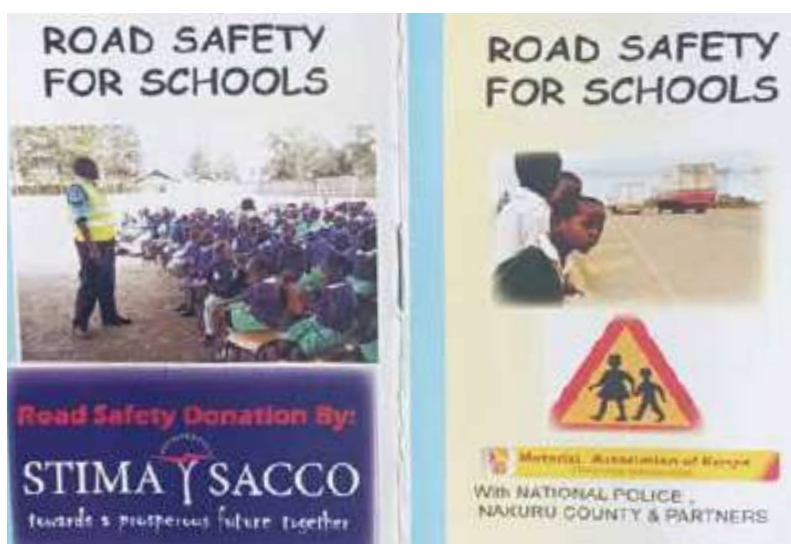
FOR THE YEAR ENDED 31ST DECEMBER 2022

Overview

At Stima DT Sacco Society Ltd., we believe that our responsibility extends beyond the economic realm to encompass the well-being and development of the communities we serve. Our commitment to corporate citizenship is rooted in our core values of integrity, accountability, and sustainability. In alignment with this commitment, we are proud to present our efforts and achievements in key areas of community investment and development, financial literacy and member engagements, sports and youth empowerment, environmental conservation, and internship initiatives.

Community Investment & Development

Stima DT Sacco Society Ltd. recognizes the importance of actively contributing to the communities in which we operate. Through strategic partnerships and initiatives, we aim to address pressing social needs, foster inclusive growth, and promote sustainable development. Our investments in community projects, education, healthcare, and infrastructure reflect our dedication to making a positive impact on society.



Community Investment & Development

In Naivasha, the Sacco partnered with the Motorist Association of Kenya and the National Police Service to spread awareness on road safety to pupils of Central Primary School. The pupils were also taken through financial literacy engagements and taught about the importance of inculcating a savings culture. The Society also joined the Mombasa Walk Movement in rehabilitating the Mwakirunge dumpsite.

Financial Literacy & Member Engagements

Empowering our members with the knowledge and skills to make informed financial decisions is central to our mission. We are committed to providing comprehensive financial literacy programs and resources that equip our members with the tools they need to achieve their financial goals. Through workshops, seminars, and personalized advisory services, we foster financial empowerment and promote long-term financial well-being among our members.



Evans Oteko (Kisii Branch) taking members through a sensitization session at the Kisii soapstone Art Centre in Tabaka. Below, the artisans display their wares and the process of creating their art.



Sports & Youth Empowerment

As a catalyst for youth development and social cohesion, Stima DT Sacco Society Ltd. actively supports sports initiatives and youth empowerment programs. We recognize the potential of sports to instil values of teamwork, discipline, and leadership while providing opportunities for personal growth and community engagement. By investing in sports facilities, sponsoring tournaments, and offering scholarships, we empower young people to reach their full potential and become agents of positive change in their communities.

In Eldoret, the Society sponsored the Youth in Manufacturing & Cooperatives Conference. Additionally, the Society sponsored the Strathmore University Foundation's Vice-Chancellor's Run, in support of the University's Scholarship Fund. The Sacco also donated kits and other materials to both the KDF football team and Nzoia Sugar FC.



The CEO and other staff members take a minute to show off their medals after the Strathmore University Vice Chancellor's Run.



The Branch Manager - Kisumu (Mr. Shadrach Ng'etich) takes a minute to strike a pose with the Nzoia Sugar Team.



The Branch Manager - Nakuru (Mr. John Nyambu) poses with the KDF team after donating kits and other gifts. Below, he shares some words of wisdom with the gents.

Environmental Conservation

Protecting the environment is a shared responsibility, and Stima DT Sacco Society Ltd. is committed to minimizing our ecological footprint and promoting environmental sustainability. Through green initiatives, waste reduction strategies, and energy-efficient practices, we strive to conserve natural resources and mitigate environmental impact. Furthermore, we actively engage our members and stakeholders in environmental awareness campaigns and conservation efforts to foster a culture of environmental stewardship.

In the past year, the Sacco participated in tree-planting exercises, in compliance with the Government's initiative to have 15 billion trees planted by the year 2032. This is in addition to maintenance of the refurbished roundabout along Oginga Odinga Street and Kenyatta



Strategizing on how to start ...



... digging in ...



... job well done!

Internship

Stima DT Sacco Society Ltd. recognizes the importance of nurturing talent and providing opportunities for professional development. Our internship program offers students and young professionals hands-on experience, mentorship, and exposure to the financial services industry. By providing meaningful internships, we contribute to the development of future leaders and support the growth of a skilled workforce. In the year under review, the Sacco was able to empower 111 students and graduates through its internship policy.

We remain steadfast in our commitment to corporate citizenship and social responsibility. We will continue to prioritize initiatives that create value for our members, employees, and communities while upholding the highest standards of integrity and ethical conduct. Together, we strive to build a better future for all.



ESG STATEMENT



Environment, social, and governance (ESG) is an emerging non-financial factor that defines on how organizations operations link to avoid climate risks, ensure positive impact within communities it operates and how organizations are led/managed.

At Stima Sacco we are committed to ensuring ESG framework is engrained in our business operations. Our commitment to all stakeholders is to transparently manage risks and opportunities related to ESG beyond safety issues and corporate social responsibilities (CSR), our focus being on building a more sustainable business.

Stima Sacco is equally committed to the new IFRS sustainability disclosure standards effective in 2024. We applaud trustees of the IFRS Foundation who announced the formation of the International Sustainability Standards Board (ISSB) on 3 November 2021 at COP26 in Glasgow. The International Sustainability Standards Board, among other functions, will guide on the global baseline of sustainability disclosures.

STIMA SACCO ESG APPROACH

Environmental

Stima Sacco understands the climate change/global warming challenges; we are committed to ensuring our operations have no adverse effects on the environment. To conserve our natural

world, Stima Sacco is engaged in several tree planting initiatives including during the Ushirika Day tree planting, as well as planting 500 trees in our property at Mwiki. Commencing last year, the Society embarked on a broader program on tree planting for all staff; during the rainy season staff are issued with tree seedlings for planting across our communities. In addition, Stima Sacco is committed to paperless transactions, and we continue to invest in technology in our loan processing. This has led to the availability of the Salary Advance Loan on our Mobile and Internet Banking platforms. We further intend to have Prime Advance and Emergency Loans available digitally by close of the year. Additionally, as we value conservation of our natural resources, all loan applications for construction within riparian land are rejected.

Social

We place a high value on our stakeholders, both internal and external, and are committed to making a positive impact in our communities. To ensure an inclusive and productive human capital, our staff enjoy competitive wages, regular trainings and empowerment programmes, and a safe workplace among other benefits. Gender composition for the Board, management and staff is as indicated below.

	Male	Female
Board	60%	40%
Management	55%	45%
Staff	51%	49%

Staff independent surveys are undertaken periodically, and staff have also been provided with whistle blowing channels to help them speak up for the betterment of our business operations. Adherence to human rights and labor laws form part of our commitment to our staff and the communities we operate in. Stima Sacco abides by the Data Protection Act 2019, and its subsequent regulations, thereby protecting the data and privacy of all our stakeholders. Stringent measures have been put in place against unauthorized access of individual information.

Governance

At Stima we believe in good governance with emphasis on honesty, transparency, and integrity. Internally our staff are committed to professional and ethical standards. Staff are trained and provided with a code of ethics booklet for reference and sign offs. Our Board composition is diverse and highly skilled, and the Directors must adhere to the Board and Governance charter that clearly stipulates the roles of Board members. Our Board of Directors work in committees i.e. Board Audit and Risk committee, Business and Strategy committee, Finance Investment and Credit committee, Human Resource Committee, Procurement Oversight Committee, which independently report to the full Board.



Dr. Gamaliel Hassan
Chief Executive Officer

Report of the Directors

The Directors submit their report together with the audited financial statements of Stima DT Sacco Society Limited (the “Sacco”) and its subsidiary (together the “Group”) for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the SACCO continues to be receiving savings from and providing loans to its members.

SUBSIDIARY

Mpawa Insurance Agency Limited was incorporated on 6th July 2018 and began operations in July 2019. The Agency deals in insurance agency business.

RESULTS

	Group		Sacco	
	2023	2022	2023	2022
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Surplus before income tax	1,578,223	1,111,483	1,549,810	1,091,534
Income tax charge	(134,991)	(115,161)	(126,427)	(109,229)
Surplus for the year	1,443,232	996,322	1,423,383	982,305
Other comprehensive income/(loss) net of tax	(181,225)	8,616	(181,225)	8,616
Total comprehensive income net of tax	1,262,007	1,004,938	1,242,158	990,921

DIVIDEND AND INTEREST ON MEMBERS' DEPOSITS

The Board of Directors recommend payment of a first and final dividend of 15% per share value (2022: 15%) based on the weighted average shares held during the year amounting to KShs. 485,530,650 (2022: KShs 395,734,025). The Directors also recommend interest on members' deposit of 11% (2022: 11%) based on the weighted average deposit balances during the year, amounting to KShs.3,571,732,834 (2022: KShs 3,167,211,080).

DIRECTORS

The Directors who served during the year up to the date of this report are set out on page 6.

TERMS OF APPOINTMENT OF THE AUDITOR

PricewaterhouseCoopers LLP, having expressed their willingness, will be in office in accordance with the provisions of SACCO Societies Act. No 14 of 2008.

By order of the Board



Honorary Secretary
Mr. Osman Khatolwa
28th February, 2024



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STATISTICAL INFORMATION

Membership	2023	2022
	Number	Number
Active	188,895	170,095
Dormant	11,250	7,165
Total	200,145	177,260
Number of branches	12	9
Number of employees - Male	164	148
Female	170	134
	334	282

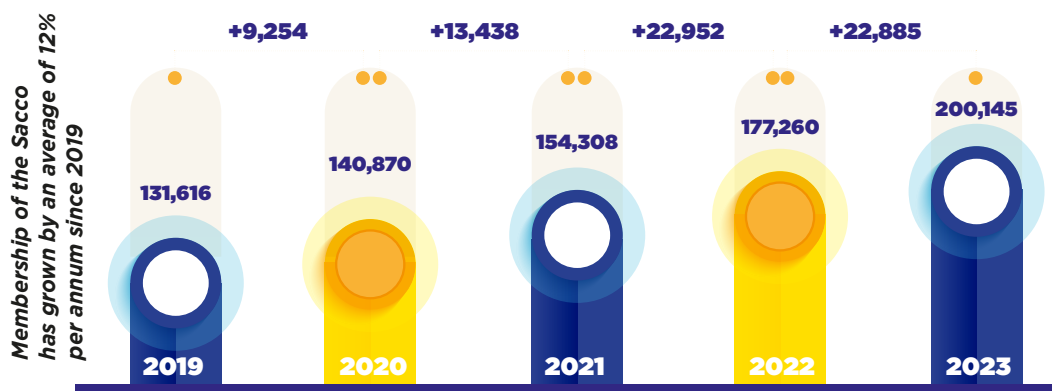
Financial Summary - Sacco	2023	2022
	KShs'000	KShs'000
Total assets	59,148,247	53,783,679
Members' deposits	43,127,096	39,428,925
Loans and advances to members	45,152,883	41,317,077
Investment in money market fund	660,239	599,452
Investment in unquoted shares	544,567	578,279
Core capital	10,610,654	9,261,895
Share capital	3,553,950	2,987,001
Institutional capital	7,056,704	6,274,894
Revenue reserve	4,833,875	4,180,700
Total revenue	8,947,672	7,402,417
Total interest income	8,511,535	7,025,982
Total expenses	7,397,862	6,320,741

Key ratios	Statutory requirement	2023	2022
	%	%	%
Capital adequacy ratios			
Core capital/total assets	10.0%**	17.94	17.22
Core capital/total deposits	8.0%**	24.60	23.49
Institutional capital/total assets	8.0%**	11.93	11.66
Liquidity ratios			
Liquid assets/total deposits and long-term liabilities	15%**	90.08	78.98
Operating efficiency/loan quality ratios			
Total expenses/total revenue		82.69	85.25
Interest on member deposits/total revenue		45.21	48.52
Total delinquency loans/gross loan portfolio		4.62	4.81
Investment ratios			
Land and buildings/total assets	5.0%*	0.05	0.06
Financial investments/core capital	40.0*	11.78	14.29
Financial investments/total deposit liabilities	5.0%*	2.90	3.10
Non-earning assets/total assets	10.0%*	3.75	3.12

Management Discussion And Analysis Of Statistical Information

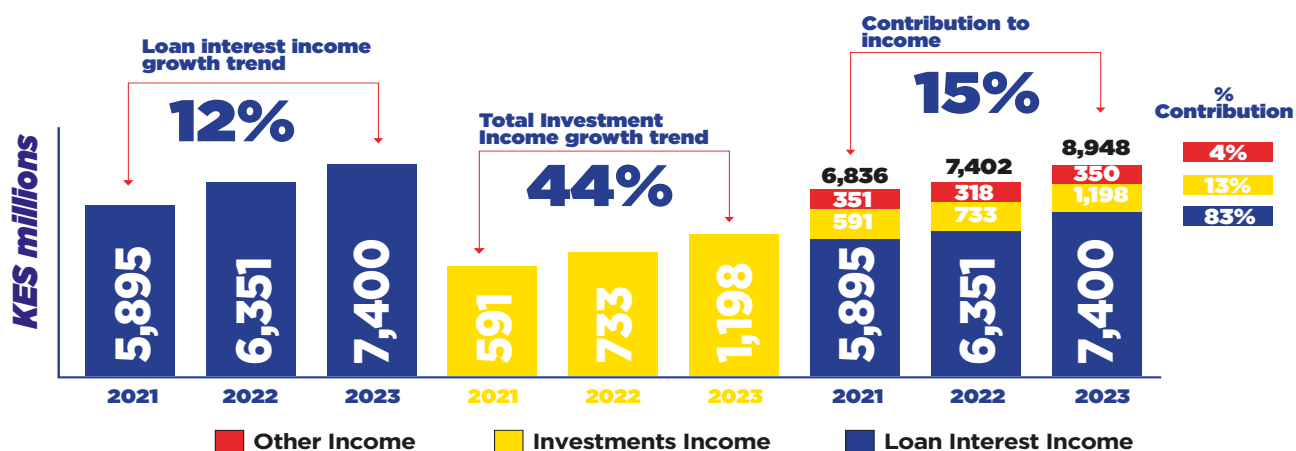
1. Growth in Membership

The Society's membership grew from 177,260 in 2022 to 200,145 members in 2023, an increase of 12.9%. On average the Society's membership over the last 5 years has increased by 12% year-on-year.



2. Income Statement Analysis

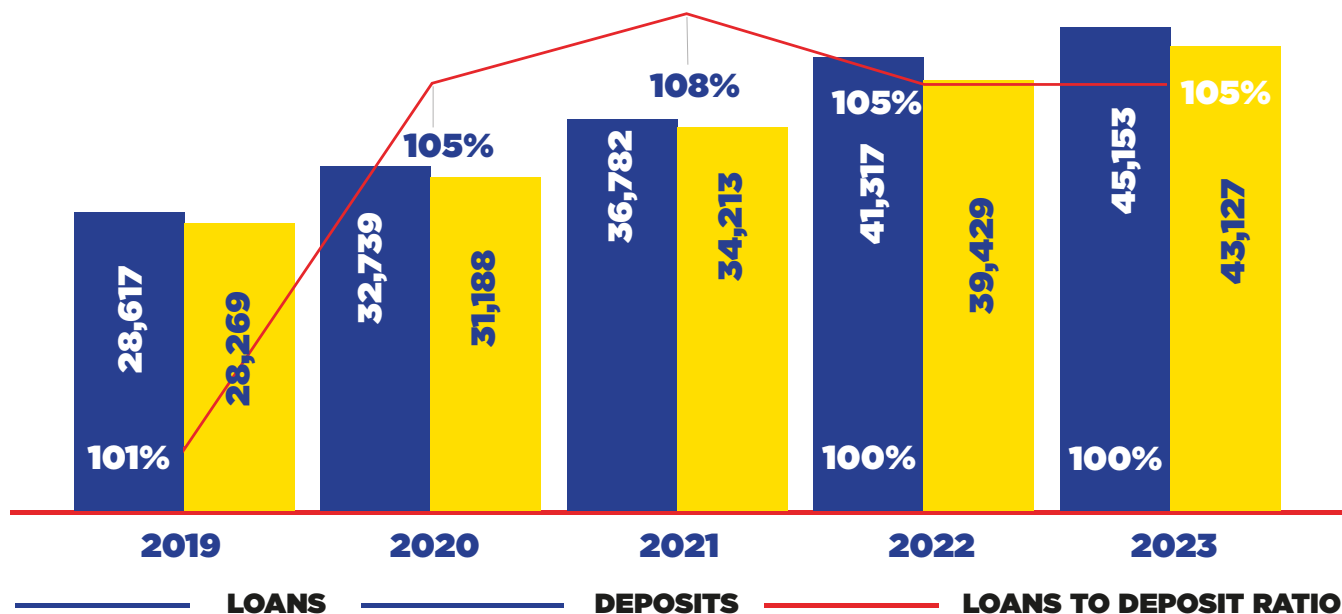
- (a) The Society's total income increased by 20.27% from Kshs 7.4 billion in 2022 to Kshs 8.9 billion in 2023. This growth was driven by investment income and growth in interest income from members loans.
- (b) Interest expenses increased by 11.1% from Kshs 3.6 billion in 2022 to Kshs 4.0 billion in 2023.
- (c) Administrative expenses increased by 29% from Kshs 1,087 million in 2022 to Kshs 1,414 million in 2023.
- (d) The society's total expenses increased by 17% from Kshs 6.3 billion in 2022 to Kshs 7.4 billion in 2023, driven by growth in savings portfolio as well as expansion in operations.



Management discussion and analysis of statistical information (continued)

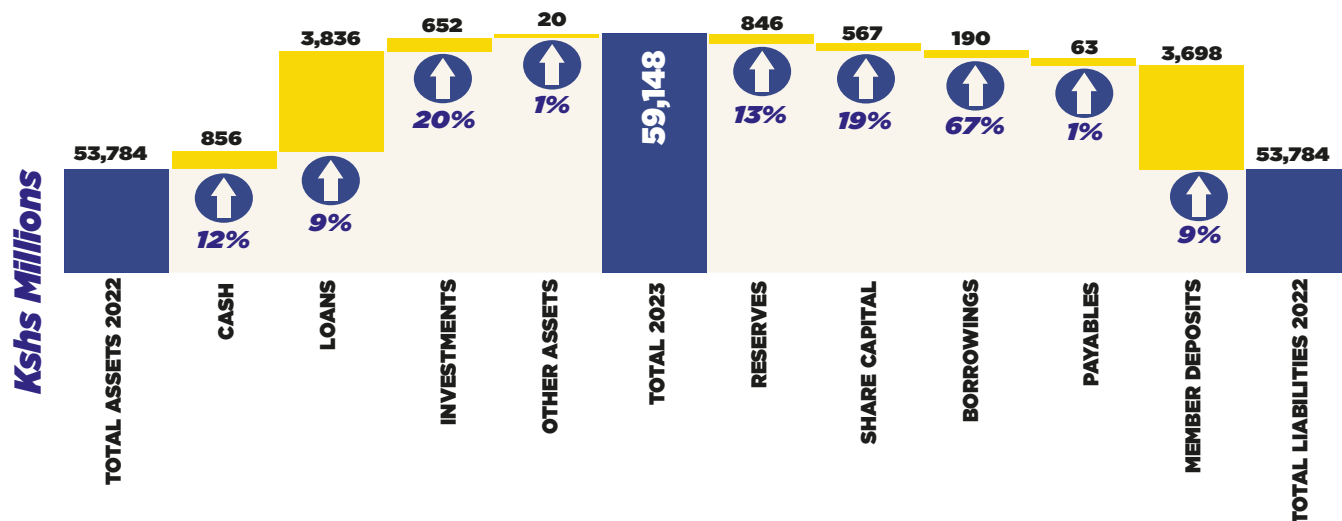
3. Growth in Loans Versus Deposits

The Society’s loan book grew by 9.3% from KShs 41.3 billion in 2022 to KShs 45.1 billion in 2023. The growth is attributed to robust marketing campaigns enhanced, member education as well as responsiveness to member needs to meet the Society’s growth projections. The deposits grew by 9.4% from KShs. 39.4 billion in 2022 to KShs. 43.1 billion attributed to growth in the membership by 12.9%. as well as deposit mobilization to meet the loan demands from the membership.



4. Movement in the Statement of Financial Position

The total assets of the Society increased from KShs 53.7 billion in 2022 to KShs 59.1 billion in 2023, a growth of 10%. This growth is attributable to the growth in the loan book and deposits by 9.4% respectively as well as growth in core capital of 30% from KShs 9.2 billion to KShs.10.6 billion, a growth of 29.35%.



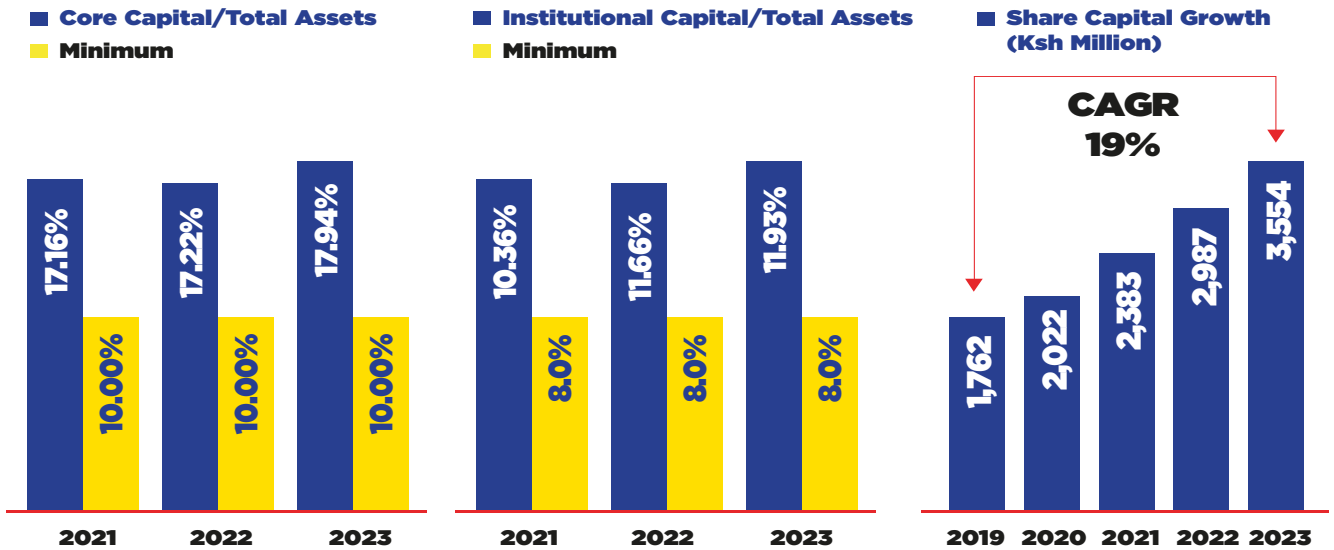
Statistical Information

5. Growth in Capital Base

The SACCO's capital base performance in the financial period is as follows:

- (a) Institutional capital to total asset increased to 11.93% in 2023 from 11.66% in 2022
- (b) Core capital to total assets increased to 17.94% in 2023 up from 17.22% in 2022
- (c) Share capital increased by 19% in 2023 up from the previous year

The growth in share capital is attributed to increase in membership.





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Statement of Directors' Responsibilities

The Sacco Societies Act requires the Directors to prepare financial statements for each year which give a true and fair view of the financial position of the Society as at the end of the financial year and of its operating results for that year in accordance with International Financial Reporting Standards.

It also requires the Directors to ensure that the Society keeps proper accounting records which disclose, with reasonable accuracy, at any time the financial position of the Society. They are also responsible for safeguarding the assets of the Society and ensuring that the business of the Society has been conducted in accordance with its objectives, by-laws and any other resolutions made at the Society's general meetings.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and the Sacco Societies Act, 2008. They also accept responsibility for:

- i. designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- ii. selecting suitable accounting policies and then apply them consistently; and
- iii. making judgements and accounting estimates that are reasonable in the circumstances.

Having made an assessment of the Sacco's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Sacco's ability to continue as a going concern.

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

Approved by the Board of directors on 28th February 2024 and signed on its behalf by:



Eng. Albert Mugo
Chairperson



CPA. Mary Maalu
National Treasurer



Mr. Osman Khatolwa
Honorary Secretary



Independent auditor’s report to the members of Stima Sacco DT Society Limited

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of Stima Sacco DT Society Limited (the “Sacco”) and its subsidiary (together, the Group) set out on pages 96 to 173, which comprise the consolidated statement of financial position at 31 December 2023 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, together with the separate statement of financial position of the Sacco at 31 December 2023 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Sacco for the year then ended, and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the financial statements of Stima DT Sacco Society Limited give a true and fair view of the financial position of the Group and Sacco as at 31 December 2023 and of their financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Sacco Societies Act, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for 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 the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How our audit addressed the key audit matter
Expected credit losses on loans to members Loans and advances to customers comprise a significant portion of the Sacco’s total assets. The estimation of expected credit losses (ECL) on loans and advances to members requires management judgment in the assumptions that are applied in the models used to calculate ECL	Our audit procedures focused on the significant areas of judgement and estimations that could result in material misstatements in the financial statements. These procedures included: <ul style="list-style-type: none"> We obtained the Sacco’s methodology for determining ECL, including changes in the year, and evaluated this against the requirements of IFRS 9;

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Partners: E Kerich B Kimacia M Mugasa A Murage F Muriu P Ngahu B Ngunjiri R Njoroge S O Norbert’s B Okundi K Sait



Independent auditor's report to the members of Stima Sacco DT Society Limited (continued)

Key audit matter (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Expected credit losses on loans to members (continued)</p> <p>The policies for estimating ECL are explained in notes 2 (h), 3 and 4 (a) of the financial statements.</p> <p>The key areas where significant judgement has been exercised and therefore, an increased level of audit focus applied, include:</p> <ul style="list-style-type: none"> the assumptions applied in deriving the probabilities of default (PDs), loss given default (LGD) and exposures at default (EAD) for the various segments; the judgments made to determine the staging of facilities in line with IFRS 9. In particular, the identification of Significant Increase in Credit Risk ("SICR") and Default requires consideration of quantitative and qualitative criteria. This is a key area of judgement as this determines whether a 12-month or lifetime PD is used. Specific assumptions have been applied by management in determining the staging, PD and LGD for certain segments of the loan book; and the relevance of forward-looking information used in the models. 	<ul style="list-style-type: none"> We tested how the Sacco extracts 'days past due (DPD)' applied in classifying the loan book into the three stages required by IFRS 9. For a sample of loans, we recalculated the DPD applied in the model and agreed these to the DPD as per the Sacco's model and the respective customer files; In addition, we assessed the qualitative information applied by the Sacco in determining the appropriate staging; We obtained an understanding of the basis used to determine the probabilities of default; We tested the completeness and accuracy of the historical data used in derivation of PDs and LGDs, and re-calculated the same on a sample basis; For LGD, we tested the assumptions on the timing of the cash flows based on empirical evidence. In addition, for secured facilities, we agreed the collateral values used in the ECL model to external valuer reports; We tested, on a sample basis, the reasonableness of EAD for on balance sheet exposures; For forward-looking information, we assessed the appropriateness of the model, including assumptions applied; we corroborated the data using publicly available information; and We assessed whether the disclosures in the financial statements on the key judgements and assumptions were adequate.

Due to the significant impact of management judgments applied in calculating the ECL, we designated this as a key audit matter in our audit.

Implementation of new IT system and dependency on Information, Communication and Technology (ICT) systems

The Sacco transitioned from Microsoft Dynamics NAV 2016 to Profits core banking system (CBS) and workflow system (i-Apply) in January 2023.

Information Communication Technology (ICT) systems are a critical component of the Sacco's operations.

We engaged our internal IT specialists to perform audit procedures to assess IT systems and controls over financial reporting, which included the following:

- Gaining an understanding of the new IT system, including its design, functionality, and intended use;



Independent auditor’s report to the members of Stima Sacco DT Society Limited (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Implementation of new IT system and dependency on Information, Communication and Technology (ICT) systems (continued)</p> <p>Our audit approach is designed to rely on these systems; therefore, we focus on the systems and applications used for financial accounting, controlling and reporting of the financial transactions and affairs of the Sacco.</p> <p>As such, there exists a risk that gaps in the IT control environment, including automated accounting procedures, IT dependent manual controls and controls preventing unauthorized access to systems and data, could result in the financial accounting and reporting records being materially misstated. The IT systems and controls, as they impact the financial recording and reporting of transactions, is a key audit matter and our audit approach could significantly differ depending on the effective operation of the Sacco’s IT controls.</p> <p>Our audit approach therefore focused on:</p> <ul style="list-style-type: none"> IT general controls: these include controls around access to programs and data, management of system and/or program changes, system development controls and computer operation controls; and IT dependencies, automated controls and calculations. The Core Banking System is used in computing complex calculations such as interest income, interest expense and fees and commissions, extracting financial reports, and restricting logical access to data and financial information. 	<ul style="list-style-type: none"> Gaining an understanding of cybersecurity risks and controls put in place; Assessing whether governance structures over IT are established and implemented; Performing tests on the IT general control environment covering access to program and data, change management and computer operations; Testing IT dependencies/application controls which includes; Reperforming calculations for core banking system on a sample basis. This includes interest income, interest expense as well as fees and commission. Assessing accuracy and completeness of system reports. Assessing segregation of duties for critical core banking processes. Tests on automated controls within the core banking system. Automated interfaces tests between other systems with the core banking systems to assess accuracy and completeness of data flow. Test completeness of journals. Examining the procedures and controls implemented to ensure the accurate migration of data from the legacy system to the new core banking system. This involved testing a sample of migrated data for completeness, accuracy, and consistency; Reviewing the system testing process to assess whether enhancements/new system functionalities were adequately tested and approved before being moved to production; Reviewing the training process to assess whether the appropriate training was conducted to system users (technical and functional); and Performing tests to assess the issues management process - logging , monitoring and resolution.



Independent auditor's report to the members of Stima Sacco DT Society Limited (continued)

Other information

The other information comprises Group and Sacco information, Directors' report, Statistical information and statement of the directors' responsibilities which we obtained prior to the date of this auditor's report, and the rest of the other information in the annual report which is expected to be made available to us after the date but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information we have received prior to the date of this auditor's report 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.

When we read the rest of the other information in the annual report and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Sacco Societies Act, 2008, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a 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 to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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.



Auditors' responsibilities for the audit of the financial statements (continued)

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

- Identify and assess the risks of material misstatement of the 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 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 related to events or conditions that may cast significant doubt on the Group'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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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.



Independent auditor's report to the members of Stima Sacco DT Society Limited (continued)

Report on other legal requirements

As required by the Sacco Societies Act, we report to you based on our audit report that:

- (i) we have obtained reasonable assurance that the Sacco is solvent and have not identified any significant concerns with respect to the financial condition of the Sacco's business;
- (ii) we are not aware of any other violation of prudential standards or conditions of the license; and
- (iii) we are not aware of any other contravention of the Sacco Societies Act.

In our opinion the information given in the directors' report on page 79 is consistent with the financial statements.

A handwritten signature in blue ink that reads 'Richard Njoroge'.

**FCPA Richard Njoroge, Practicing certificate Number 1244
Engagement partner responsible for the audit**

**For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi**

4th March 2024



EMPOWERING LIVES SINCE 1974

Stima Sacco now offers internet banking Access your account conveniently

Our latest offering, internet banking, reflects our commitment to providing convenient and accessible financial solutions in today's digital age. With internet banking, members can now enjoy the convenience of managing their accounts, transferring funds, and accessing a range of banking services from the comfort of their homes or on the go.

 Read more at stima-sacco.com





FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2023

		2023	2022
	Notes	KShs'000	KShs'000
Interest income	6	8,511,535	7,025,982
Interest expense	7	(4,048,547)	(3,592,778)
Net interest income		<u>4,462,988</u>	<u>3,433,204</u>
Net fee and commission income	8(b)	<u>193,313</u>	<u>151,043</u>
Other operating income	9	297,333	265,503
Employee benefits	10(a)	(986,265)	(841,883)
Administrative expenses	10(b)	(1,413,546)	(1,098,387)
Credit impairment losses	10(c)	(975,600)	(797,997)
Surplus before income tax		<u>1,578,223</u>	<u>1,111,483</u>
Income tax expense	11	(134,991)	(115,161)
Surplus for the year		<u>1,443,232</u>	<u>996,322</u>
Other comprehensive income for the year, net of tax			
Loss/(gain) on fair value of investments	15	(258,892)	10,521
Deferred taxation on fair value of investments	21	77,667	(1,905)
		<u>(181,225)</u>	<u>8,616</u>
Total comprehensive income for the year		<u>1,262,007</u>	<u>1,004,938</u>


Sacco Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2023

	Notes	Sacco	Sacco
		2023	2022
		KShs'000	KShs'000
Interest income	6	8,511,535	7,025,982
Interest expense	7	(4,048,547)	(3,592,778)
Net interest income		<u>4,462,988</u>	<u>3,433,204</u>
Net fee and commission income	8b	<u>138,804</u>	<u>110,932</u>
Other operating income	9	297,333	265,503
Employee benefits	10(a)	(975,961)	(832,879)
General and administrative expenses	10(b)	(1,397,754)	(1,087,229)
Credit impairment losses	10(c)	(975,600)	(797,997)
Surplus before income tax		<u>1,549,810</u>	<u>1,091,534</u>
Income tax expense	11	(126,427)	(109,229)
Surplus for the year		<u>1,423,383</u>	<u>982,305</u>
Other comprehensive income for the year, net of tax			
(Loss)/(gain) on fair value of investments	15	(258,892)	10,521
Deferred taxation on fair value of investments	21	77,667	(1,905)
		<u>(181,225)</u>	<u>8,616</u>
Total comprehensive income for the year		<u>1,242,158</u>	<u>990,921</u>

Consolidated Statement of Financial Position as at 31 December 2023

	Notes	2023	2022
ASSETS		KShs'000	KShs'000
Cash and bank balances	12(a)	559,203	846,892
Short term deposits held with financial institutions	12(b)	7,253,020	6,085,171
Prepayments and sundry receivables	13	856,405	1,041,304
Inventory - stationery	18	1,010	2,038
Loans to members	14	45,152,883	41,317,077
Investment in unquoted shares	15(a)	544,567	578,279
Investment in corporate bonds	15(b)	44,602	45,462
Investment in money market fund	15(c)	660,239	599,452
Investment in government Securities	15(d)	2,596,193	1,969,955
Intangible assets	16	280,570	268,711
Prepaid operating lease rentals	17(a)	3,608	4,059
Investment property	19(b)	490,339	-
Non-current asset held for sale	19(a)	-	489,313
Property and equipment	20	414,276	344,230
Tax recoverable	11	-	4,401
Right -of- use assets	17(b)	212,701	168,561
Deferred income tax	21	126,152	48,485
TOTAL ASSETS		59,195,768	53,813,390
EQUITY			
Share capital	25	3,553,950	2,987,001
Fair value reserve surplus	26(a)	(153,018)	28,207
Statutory reserve	26(b)	1,954,930	1,670,253
Proposed dividends	27	485,531	395,734
Revenue reserve	26(f)	4,883,435	4,210,411
TOTAL EQUITY		10,724,828	9,291,606
LIABILITIES			
Members' deposits	22(a)	43,127,096	39,428,925
Interest on members deposits	22(b)	3,571,733	3,167,211
Other payables	23	1,045,556	1,438,012
Provision for honoraria	32	11,030	9,786
Lease liabilities	17(c)	243,101	195,095
Current income tax	11	19	-
Borrowings	24	472,405	282,755
TOTAL LIABILITIES		48,470,940	44,521,784
TOTAL LIABILITIES AND EQUITY		59,195,768	53,813,390

The financial statements on pages 96 to 173 were approved and authorised for issue by the Board of Directors on 28th February 2024 and were signed on its behalf by:


Eng. Albert Mugo
Chairperson


CPA. Mary Maalu
National Treasurer


Mr. Osman Khatolwa
Honorary Secretary


Sacco Statement of Financial Position as at 31 December 2023

	Notes	2023	2022
ASSETS		KShs'000	KShs'000
Cash and bank balances	12(a)	497,187	809,390
Short term deposits held with financial institutions	12(b)	7,253,020	6,085,171
Prepayments and sundry receivables	13	850,884	1,033,813
Inventory - stationery	18	1,010	2,038
Loans to members	14	45,152,883	41,317,077
Investment in unquoted shares	15(a)	544,567	578,279
Investment in corporate bonds	15(b)	44,602	45,462
Investment in money market fund	15(c)	660,239	599,452
Investment in government bonds	15(d)	2,596,193	1,969,955
Intangible assets	16	276,855	268,711
Prepaid operating lease rentals	17(a)	3,608	4,059
Investment in property	19(b)	490,339	-
Non-current asset held for sale	19(a)	-	489,313
Property and equipment	20	413,810	343,630
Current tax recoverable	11	-	4,393
Right -of- use assets	17(b)	212,701	168,561
Deferred income tax	21	126,152	48,485
Investment in Subsidiary	28	10	10
Due from Mpawa Insurance Agency	32	24,187	15,880
TOTAL ASSETS		59,148,247	53,783,679
EQUITY			
Share capital	25	3,553,950	2,987,001
Fair value reserve surplus	26(a)	(153,018)	28,207
Statutory reserve	26(f)	1,954,930	1,670,253
Proposed dividends	27	485,531	395,734
Revenue reserve	26(f)	4,833,875	4,180,700
TOTAL EQUITY		10,675,268	9,261,895
LIABILITIES			
Members' deposits	22(a)	43,127,096	39,428,925
Interest on members deposits	22(b)	3,571,733	3,167,211
Other payables	23	1,045,556	1,438,012
Provision for honoraria	32	11,030	9,786
Lease liabilities	17(c)	243,101	195,095
Current income tax	11	2,058	-
Borrowings	24	472,405	282,755
TOTAL LIABILITIES		48,472,979	44,521,784
TOTAL LIABILITIES AND EQUITY		59,148,247	53,783,679

The financial statements on pages 96 to 173 were approved and authorised for issue by the Board of Directors on 28th February 2024 and were signed on its behalf by:


Eng. Albert Mugo, Chairperson


CPA. Mary Maalu, National Treasurer


Mr. Osman Khatolwa, Honorary Secretary

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2023

Year ended 31 December 2022	Share capital KShs'000	Fair value reserve KShs'000	Proposed dividends KShs'000	Statutory and other reserves KShs'000	Revenue reserve KShs'000	Total KShs'000
At start of year	2,382,779	(3,317)	306,806	1,473,792	3,826,798	7,986,858
Adjustment - FVOCI	-	2,394	-	-	-	2,394
Adjustment - Impairment of corporate bond	-	20,514	-	-	(20,514)	-
Total comprehensive income for the year	-	8,616	-	-	996,322	1,004,938
Transactions with members:						
Shares issued	604,222	-	-	-	-	604,222
Dividends paid (final for 2021)	-	-	(306,806)	-	-	(306,806)
Proposed dividends	-	-	395,734	-	(395,734)	-
Transfer to statutory reserves	-	-	-	196,461	(196,461)	-
At end of year	2,987,001	28,207	395,734	1,670,253	4,210,411	9,291,606
Year ended 31 December 2023						
At start of year	2,987,001	28,207	395,734	1,670,253	4,210,411	9,291,606
Total comprehensive income for the year	-	(181,225)	-	-	1,443,232	1,262,007
Transactions with members:						
Shares issued	566,949	-	-	-	-	566,949
Dividend paid (Final 2022)	-	-	(395,734)	-	-	(395,734)
Proposed dividends	-	-	485,531	-	(485,531)	-
Transfer to statutory reserve	-	-	-	284,677	(284,677)	-
At end of year	3,553,950	(153,018)	485,531	1,954,930	4,883,435	10,724,828

Sacco Statement of Changes in Equity For the Year Ended 31 December 2023

	Share capital	Fair value reserve	Proposed dividends	Statutory and other reserve	Revenue reserve	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Year ended 31 December 2022						
At start of year	2,382,779	(3,317)	306,806	1,473,792	3,811,104	7,971,164
Adjustment- FVOCI	-	2,394	-	-	-	2,394
Adjustment- Impairment of corporate bond	-	20,514	-	-	(20,514)	-
Total comprehensive income for the year	-	8,616	-	-	982,305	990,921
Transactions with members:						
Shares issued	604,222	-	-	-	-	604,222
Dividends paid (final for 2021)	-	-	(306,806)	-	-	(306,806)
Proposed dividends	-	-	395,734	-	(395,734)	-
Transfer to statutory reserves	-	-	-	196,461	(196,461)	-
At end of year	2,987,001	28,207	395,734	1,670,253	4,180,700	9,261,895
Year ended 31 December 2023						
At start of year	2,987,001	28,207	395,734	1,670,253	4,180,700	9,261,895
Total comprehensive income for the year	-	(181,225)	-	-	1,423,383	1,242,158
Transactions with members:						
Shares issued	566,949	-	-	-	-	566,949
Dividend paid (Final 2022)	-	-	(395,734)	-	-	(395,734)
Proposed dividends	-	-	485,531	-	(485,531)	-
Transfer to statutory reserve	-	-	-	284,677	(284,677)	-
At 31 December 2023	3,553,950	(153,018)	485,531	1,954,930	4,833,875	10,675,268

Consolidated Statement of Cashflows for the year ended 31 December 2023

		2023	2022
Operating activities	Notes	KShs'000	KShs'000
Surplus before income tax		1,578,223	1,111,483
Adjustments for:			
Amortisation of intangible assets	16	37,347	89,833
Amortisation of operating lease	17(a)	451	7,581
Depreciation on property and equipment	20	95,240	81,057
Depreciation on right of use assets	17(b)	59,337	48,949
Provision for impairment losses on investments in securities	10(c)	156,114	79,607
Interest expense on borrowings	7	17,478	5,353
Interest expense on lease liability	7	30,406	21,760
Loss on disposal of property and equipment	20	1,507	-
Accrued interest income from investments	15	(67,458)	(69,300)
Accrued dividend income	9	(86,170)	(56,324)
Interest on members' deposits	7	3,542,946	3,097,346
Operating profit before changes in operating assets and liabilities		5,365,421	4,417,345
Movements in:			
Prepayments and sundry receivables		184,899	(76,434)
Stationery		1,028	2,681
Loans to members		(3,835,806)	(4,535,481)
Member's deposits		3,698,171	5,216,058
Other payables and provision for honoraria		(391,212)	68,639
Cash generated from operations		5,022,501	5,092,808
Income tax paid	11	(130,571)	(113,789)
Net cash from operating activities		4,891,930	4,979,019
Investing activities			
Purchase of investment securities	15	(1,000,000)	(1,100,000)
Purchase of intangible assets	16	(49,206)	(37,812)
Purchase of property and equipment	20	(166,943)	(48,955)
Additions to non-current assets held for sale	19	(1,026)	(965)
Proceed on disposal of property and equipment		150	-
Dividends received	9	86,170	56,324
Net cash used in investing activities		(1,130,855)	(1,131,408)
Financing activities			
Dividends paid	27(a)	(395,734)	(306,806)
Proceeds from borrowed funds	24	216,605	229,118
Repayment of borrowed funds	24	(26,955)	(13,132)
Members' share purchase	25	566,949	604,222
Interest paid on borrowings	24	(17,478)	(5,353)
Lease payments	17(c)	(85,878)	(66,686)
Interest paid to members	22	(3,138,424)	(2,621,875)
Net cash used in financing activities		(2,880,915)	(2,180,512)
Net increase in cash and cash equivalents		880,160	1,667,099
At start of year	12	6,932,063	5,264,964
At end of year	12	7,812,223	6,932,063

Sacco Statement of Cashflows for the year ended 31 December 2023

		2023	2022
	Notes	KShs'000	KShs'000
Operating activities			
Surplus before taxation		1,549,810	1,091,534
Adjustments for:			
Amortisation of intangible assets	16	36,108	89,833
Amortisation of operating lease	17	451	7,581
Depreciation of property and equipment	20	95,106	80,881
Depreciation on right of use assets	17(b)	59,337	48,949
Provision for impairment losses on money market balances and government securities	10(c)	156,114	79,607
Interest expense on borrowings	7	17,478	5,353
Interest expense of lease liability	7	30,406	21,760
Loss on disposal of property and equipment	20	1,507	-
Interest income on Investment	15	(67,458)	(69,300)
Accrued dividend income	9	(86,170)	(56,324)
Interest expense on member's deposits	7	3,542,946	3,097,346
Operating profit before changes in operating assets and liabilities		5,335,635	4,397,220
Movements in:			
Prepayments and sundry receivables		182,929	(86,218)
Stationery		1,028	2,681
Loans to members		(3,835,806)	(4,535,481)
Member's deposits		3,698,171	5,216,058
Other payables and provision for honoraria		(391,212)	73,754
Due from related party		(8,307)	(3,159)
Cash generated from operations		4,982,438	5,064,855
Income tax paid	11	(119,976)	(107,854)
Net cash from operating activities		4,862,462	4,957,001
Investing activities			
Purchase of investment securities	15	(1,000,000)	(1,100,000)
Purchase of intangible assets	16	(44,252)	(37,812)
Purchase of property and equipment	20	(166,943)	(48,295)
Additions to investment property	19	(1,026)	(965)
Proceeds on disposal of property and equipment		150	-
Dividends received	9	86,170	56,324
Net cash used in investing activities		(1,125,901)	(1,130,748)
Financing activities			
Interest paid on members' deposits	22	(3,138,424)	(2,621,875)
Dividends paid	27(a)	(395,734)	(306,806)
Proceeds from borrowed funds		216,605	229,118
Repayment of borrowed funds	24	(26,955)	(13,132)
Members' share purchase	25	566,949	604,222
Interest paid on borrowings	24	(17,478)	(5,353)
Repayment of lease liabilities	17(c)	(85,878)	(66,686)
Net cash used in financing activities		(2,880,915)	(2,180,512)
Increase in cash and cash equivalents		855,646	1,645,741
At start of the year	12	6,894,561	5,248,820
At end of the year	12	7,750,207	6,894,561



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NOTES TO THE FINANCIAL STATEMENTS

Notes

1. General Information

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

The Sacco (Registration Number CS/2207) is domiciled in Kenya and the address of its registered office is:

Stima Sacco Plaza
P O Box 75629 - 00200
Nairobi.

It is incorporated under the Co-operative Societies Act, Cap 490 and licensed under the SACCO Societies Act No.14 of 2008. It is regulated by the SACCO Societies Regulatory Authority (SASRA).

2. Significant accounting policies

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

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and the Co-operative Societies Act. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The preparation of financial statements in conformity with International Financial Reporting Standards 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 revenues 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.

For Co-operative Societies Act reporting purposes, the balance sheet is represented by statement of financial position and the income and expenditure account by the statement of profit or loss and other comprehensive income, in these financial statements.

Notes (continued)

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

Going concern

Based on the financial performance and position of the society and its risk management policies, the Directors are of the opinion that the 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.

Functional and presentation currency

The financial statements are presented in Kenya shillings, which is also the Society's functional currency. Except as otherwise indicated, financial information presented in Kenya shillings (KShs) has been rounded to the nearest thousand.

Changes in accounting policy and disclosures

(i) New standards, amendments and interpretations adopted by the Group and Sacco

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023:

IFRS 17, 'Insurance contracts'

The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.

Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.

Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.

For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.

Notes (continued)

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

(i) New standards, amendments and interpretations adopted by the Group and Sacco (continued)

IFRS 17, Insurance contracts Amendments

In response to some of the concerns and challenges raised, the Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard.

Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

Amendments to IAS 12 International Tax Reform—Pillar Two Model Rules

These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

These amendments have not had any significant impact on the Group and Sacco's financial statements.

Notes (continued)

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

(ii) New standards, amendments and interpretations issued but not effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

Amendments to IAS 1 - Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
Amendment to IFRS 16 - Leases on sale and leaseback	Annual periods beginning on or after 1 January 2024 (Published September 2022)	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)	Annual periods beginning on or after 1 January 2024 (Published May 2023)	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
Amendments to IAS 21 Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025 (Published August 2023)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Society in future periods.

There are no other standards that are not yet effective that would be expected to have material impact on the entity in the current or future reporting periods and on near future transactions.

Notes (continued)

2. Significant accounting policies (continued)

(b) Revenue recognition

Revenue is derived substantially from Sacco business and related activities and comprises net interest income and non-interest income. Revenue is recognised on an accrual basis in the period in which it is earned.

Interest Income

Interest income and expense for all interest-bearing instruments are recognised 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 flows 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 amortisation 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 the 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 or 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 interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted 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 asset improves.

Notes (continued)

2. Significant accounting policies (continued)

(b) Revenue recognition (continued)

Fees and commission income

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 or 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.

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 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 are presented in Other Comprehensive Income (OCI).

(c) Members' deposits and savings

Members' deposits and savings are stated at their nominal value. Interest payable on the members' savings is accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(d) Property and equipment

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.

Depreciation

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

Notes (continued)**2. Significant accounting policies (continued)****(d) Property and equipment (continued)**

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. The annual depreciation rates in use are:

Freehold land	Nil
Buildings	2.5
Motor vehicles	25.0
Furniture, fittings and equipment	12.5
Computers, photocopiers and other accessories	25.0

Leasehold land is depreciated over the remaining useful life of the lease. Depreciation methods, useful lives and residual values are reassessed and adjusted, if appropriate, at each reporting date.

Subsequent costs

The cost of replacing a component of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Sacco and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Disposal of property and equipment

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are recognised in profit or loss in the year in which they arise.

(e) Intangible assets (software)

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

The cost incurred to acquire and bring to use specific computer software licenses are capitalised. The costs are amortised on a straight-line basis over the expected useful lives, using an annual rate of 25% and are recognised in profit or loss. Costs associated with maintaining software are recognised as an expense as incurred. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed when incurred.

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

(f) Inventory (stationery)

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the first-in, first-out (FIFO) method. Net realizable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

Notes (continued)

2. Significant accounting policies (continued)

(g) Statutory reserves

Transfers are made to the statutory reserve fund at a rate of 20% of net operating surplus after tax in compliance with the provision of section 47 (1&2) of the Co-operative Societies Act, Cap 490.

(h) Financial assets and liabilities

Financial assets

Classification, initial recognition and subsequent measurement of financial assets

Except for trade receivables that do not have a significant financing component, at initial recognition, the Sacco measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Trade receivables that do not have a significant financing component are measured at their transaction price.

The Sacco classifies its financial assets into three principal classification categories based on the cash flow characteristics of the asset and the business model assessment:

- Measured at amortised cost;
- FVOCI; and
- FVTPL.

Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Sacco recognises cash, deposits and balances due from financial institutions including items in the course of collection, amounts due from related parties, loans and advances to customers, certain investment securities, and other assets at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

Fair Value through Other Comprehensive Income (FVOCI) - Debt

A financial asset which is a debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes (continued)

2. Significant accounting policies (continued)

(h) Financial assets and liabilities (continued)

Financial assets (continued)

Fair Value through Other Comprehensive Income (FVOCI) - Debt (continued)

The Sacco classifies certain investments it has in government securities at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

Fair Value through Other Comprehensive Income (FVOCI) - Equity

On initial recognition of an equity investment that is not held for trading, the Sacco may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by investment basis. The Sacco currently has no equity investments held at FVOCI.

Fair Value through Profit or Loss (FVTPL)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Sacco may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is classified into one of these categories on initial recognition. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income and credit related income from these financial assets is included in "interest income" using the effective interest rate method.

Business model assessment

The Sacco assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. Whether management's strategy focuses on earning contractual interest revenue, maintaining a specific interest rate profile, matching the duration of the financial assets to

Notes (continued)

2. Significant accounting policies (continued)

(h) Financial assets and liabilities (continued)

Financial assets (continued)

Business model assessment(continued)

the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Sacco's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Sacco's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during the period and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Sacco considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Sacco considers:

- Contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Sacco's claim to cash flows from specified assets (e.g. nonrecourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodic reset of interest rates.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Sacco changes its business model for managing financial assets.

There were no changes to any of the Sacco business models during the current year (prior year – Nil).

Notes (continued)

2. Significant accounting policies (continued)

(h) Financial assets and liabilities (continued)

Financial assets (continued)

Derecognition of financial assets

The Sacco derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire (see also (iv)), or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Sacco neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss. Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Sacco is recognized as a separate asset or liability.

Identification and measurement of impairment of financial assets

The Sacco recognises loss allowances for ECL on financial assets that are debt instruments that are not measured at FVTPL. No impairment loss is recognised on equity investments.

The SACCO measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The SACCO considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The SACCO does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Notes (continued)**2. Significant accounting policies (continued)****(h) Financial assets and liabilities (continued)****Financial assets (continued)***Identification and measurement of impairment of financial assets (continued)*

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. The Sacco measures ECL as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Society expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

Presentation of ECL in the Statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Sacco determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the SACCO'S procedures for recovery of amounts due.

Notes (continued)

2. Significant accounting policies (continued)

(h) Financial assets and liabilities (continued)

Financial liabilities

Recognition and initial measurement

The SACCO initially recognizes borrowings, deposits and other financial liabilities on the date on which they are originated. All other financial instruments are recognized on the trade date, which is the date on which the SACCO becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Classification of financial liabilities

The Sacco classifies its financial liabilities at amortized cost.

Derecognition of financial liabilities

The Sacco derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

(i) Impairment for non-financial assets

The carrying amounts of the Sacco's non-financial assets other than Deferred Tax Assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets' recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset Society that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing its value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Notes (continued)**2. Significant accounting policies (continued)****(j) Foreign currency translation**

Transactions in foreign currencies during the year are converted into Kenya Shillings at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the transaction date. Resulting exchange differences are recognised in profit or loss in the year in which they arise.

(k) Cash and cash equivalents

For the purpose of presentation of the cash flows in the financial statements the cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount and are subject to an insignificant risk of changes in value net of Sacco overdrafts.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(l) Income tax expense

Income tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Sacco's are taxed based on incomes from specific sources and not on the result of trading; thus interest income earned from dealing with members is tax exempt. 50% of interest other than from members is taxed at the corporate rate of 30%. All other incomes are taxed at 30%, except dividend income whose withholding tax is final.

Current income tax

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Notes (continued)

2. Significant accounting policies (continued)

(l) Income tax expense (continued)

Deferred tax (continued)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

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.

(m) Leases

The Sacco assesses whether a contract is or contains a lease at inception of the contract. The Sacco recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Sacco recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

Discount rate

The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate. The discount rate used is the incremental borrowing rate at 13 % the rate that the SACCO will be charged if it borrows at the current market.

Lease term/period

The lease period/term is determined by reviewing the signed lease contract i.e. the start of the lease and end of lease period.

Lease payments

The lease payments are paid in advance at the beginning of each quarter from start of the lease date. The lease payments varies with lessors some fixed payments others variable with escalation clauses.

The Sacco re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The lease payments change due to changes in an index or rate or a change in expected

payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in floating interest rate, in which case a revised discount rate is used) a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Sacco did not make any such adjustments during the periods presented.

The right-of-use asset comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use asset is depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Sacco expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use asset is presented as a separate line in the statement of financial position.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Operating expenses' in the statement of the profit or loss.

(n) Employee benefits

Defined contribution plan

The majority of the Sacco'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 Sacco also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are currently limited to KShs 1,080 per employee per month.

Termination benefits

Termination benefits are recognised as an expense when the Sacco is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

Notes (continued)

2. Significant accounting policies (continued)

(n) Employee benefits (continued)

Termination benefits (continued)

Termination benefits for voluntary redundancies are recognised if the Sacco 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.

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 Sacco 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.

(o) Related parties

In the normal course of business, transactions have been entered into with certain related parties. These transactions are at arm's length.

(p) Contingent liabilities

Estimates of the outcome and the financial effect of contingent liabilities is made by management based on the information available up to the date the financial statements are approved for issue by the Directors. Any expected loss is recognised in profit or loss.

(q) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are stated at cost, including transaction costs less accumulated depreciation and impairment if any. Depreciation is calculated over the remaining lease period.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal.

(r) Provisions for liabilities and other charges

Provisions are recognised when the Sacco has a present obligation (legal or constructive) as a result of a past event, it is probable that the Sacco will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

(s) Contingent liabilities

Estimates of the outcome and the financial effect of contingent liabilities is made by management based on the information available up to the date the financial statements are approved for issue by the Directors. Any expected loss is recognised in profit or loss.

Notes (continued)

2. Significant accounting policies (continued)

(t) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal, are generally measured at the lower of their carrying amount and fair values less costs to sell. Any impairment loss on a disposal is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets which continue to be measured in accordance with the Society's other accounting policies.

Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on re-measurement are recognised in profit or loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

(u) Collateral

The Sacco has not pledged as collateral any of its financial assets for liabilities or contingent liabilities. The working capital loans held by the Sacco are secured by a monthly check off, currently approximated at KShs 850 million, continuing right of lien on Sacco balances and letters of undertaking from KPLC, KenGen and other check-off companies to channel the check-off proceeds through the lending Sacco.

(v) Comparatives

Where necessary, comparative information has been adjusted to conform to changes in presentation in the year.

3. Critical accounting estimates and judgements

Use of estimates and judgements

In the process of applying the Sacco's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

These are dealt with below:

Allowance for credit losses

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

Notes (continued)

3. Critical accounting estimates and judgements (continued)

Allowance for credit losses (continued)

assumptions about future economic conditions and credit behaviour (e.g. the likelihood of members defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 2(h).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Sacco in the above areas is set out in Note 2(h) and 4 (a).

Useful lives of property and equipment

Critical estimates are made by the Directors in determining the useful lives of property and equipment and intangible assets based on the intended use of the assets and the economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

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 orderly transaction between market participants at the measurement date.

All financial instruments are initially recognized at fair value, which is normally the transaction price. Subsequent to initial recognition, some of the Sacco's financial instruments are carried at fair value. The fair values of quoted financial instruments in active markets are based on current prices with no subjective judgments. If the market for a financial instrument does not exist or is not active including for unlisted securities, the Sacco establishes fair value by using valuation techniques.

These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Where representative prices are unreliable because of illiquid markets, the determination of fair value may require estimation of certain parameters, which are calibrated against industry standards and observable market data, or the use of valuation models that are based on observable market data.

The fair value for the majority of the Sacco's financial instruments is based on observable market prices or derived from observable market parameters. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Notes (continued)

4. Financial risk management

The Sacco's operations are exposed to various risks including Liquidity risk, Operational risk, Credit risk, Compliance risk, ICT risk and Market risk (including interest rate risk and price risk). Effective risk management is fundamental in achieving the Sacco's strategic objectives. In carrying out its activities, the Sacco has adopted a systematic approach in balancing risks and rewards with the aim of protecting the interests of all stakeholders whilst delivering long-term sustainable member value. The Sacco acknowledges that prudent risk management and compliance are the responsibility of all individuals across the Sacco and to this effect, it has institutionalized mechanisms to transmit and promote risk awareness throughout the organization.

The Board of Directors has provided in the risk management policy written principles for overall risk management. Enterprise Risk management is carried out by the Audit and Risk Committee in accordance with framework approved by the Board of Directors whilst reporting on an ongoing basis to the Board of Directors. The Audit and Risk Committee identifies, evaluates, and manages risks in close co-operation with Risk and Compliance Department which continuously reviews the Sacco's risk landscape as it evolves. Additionally, the Sacco management in implementing its day-to-day mandate, is supported by an independent team of risk and compliance professionals well equipped with the required skill sets to address risk issues in an ever changing, fast paced business environment. Timely decision-making is critical, and a culture of consistent risk dialogue ensures that all pertinent risks facing the institution are identified, well understood by their respective first line owners and managed within acceptable thresholds.

The Sacco has exposure to the following financial risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

(a) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Sacco and arises principally from the Sacco's loans and advances to its members.

The amounts presented in the statement of financial position are net of impairment for doubtful debts, estimated by the Board based on prior experience, assessment of the current economic environment and the prudential guidelines from SASRA.

Management of credit risk

The Sacco has adopted a policy (as contained in its by-laws) of only dealing with creditworthy counterparties and obtaining sufficient collateral, and guarantors where appropriate, as a means of mitigating the risk of financial loss from defaults. The Sacco also structures the level of credit risk it undertakes by placing limits on amount of risk accepted in relation to one borrower or group of borrowers.

Notes (continued)**4. Financial risk management (continued)****(a) Credit risk (continued)***Management of credit risk (continued)*

Trade receivables consist mainly of insurance claims of loans held by deceased members. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover may be purchased. The Sacco does not hold any receivables from individuals or entities that have been declared bankrupt/insolvent.

Credit quality analysis

The tables below sets out information about the credit quality of loans and advances measured at amortised cost.

31 December 2023

	12 Months ECL (Stage 1)	Lifetime ECL not Credit- impaired (Stage 2)	Lifetime ECL Credit- impaired (Stage 3)	Purchased credit impaired	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Loans to members at amortised cost					
Stage 1 (Normal)	40,176,850	-	-	-	40,176,850
Stage 2 (Watch)	-	5,395,010	-	-	5,395,010
Stage 3 (Non-Performing)	-	-	3,827,868	-	3,827,868
Gross carrying amount	40,176,850	5,395,010	3,827,868	-	49,399,728
Expected Credit Loss Allowance	(1,745,530)	(730,196)	(1,771,119)	-	(4,246,845)
Net Carrying amount	38,431,320	4,664,814	2,056,749	-	45,152,883
31 December 2022					
Stage 1 (Normal)	36,605,240	-	-	-	36,605,240
Stage 2 (Watch)	-	4,857,756	-	-	4,857,756
Stage 3 (Non-Performing)	-	-	3,611,386	-	3,611,386
Gross carrying amount	36,605,240	4,857,756	3,611,386	-	45,074,382
Expected Credit Loss Allowance	(1,400,238)	(821,742)	(1,535,326)	-	(3,757,306)
Net Carrying amount	35,205,002	4,036,014	2,076,060	-	41,317,076

Notes (continued)**4. Financial risk management (continued)****(a) Credit risk (continued)***Management of credit risk (continued)**Credit quality analysis (continued)*

	Group		Sacco	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Other Financial Assets - Net:				
Deposits with financial Institutions (Note 12(b))	7,253,020	6,085,171	7,253,020	6,085,171
Investment in corporate bond (Note 15(b))	44,602	45,462	44,602	45,462
Investment in Government bonds (Note 15(d))	2,596,193	1,969,955	2,596,193	1,969,955
Investment in money market fund	660,239	599,452	660,239	599,452
Bank Balances (Note 12(a))	559,203	846,892	497,187	809,390
Other Receivables (Note 13)	331,580	669,566	326,059	662,075
	11,444,837	10,216,498	11,377,300	10,171,505

Cash and cash equivalents

The cash and cash equivalents are held with banks and other financial institution counterparties that are rated at least CC- to AAA, based on S&P ratings, adjusted for risk and financial metrics in the absence of ratings.

Loans to members

The general creditworthiness of borrowers tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the SACCO generally requests that corporate borrowers provide it. The Sacco may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees. Because of the SACCO's focus on commercial customers' creditworthiness, the Sacco does not routinely update the valuation of collateral held against all loans to commercial customers. Valuation of collateral is updated when the loan is put on a watch list and the loan is monitored more closely. For credit-impaired loans, the SACCO obtains appraisals of collateral because it provides input into determining the management credit risk actions.

Assets obtained by taking possession of collateral

The SACCO's policy is to pursue timely realization of the collateral in an orderly manner. The SACCO does not generally use the non-cash collateral for its own operations.

Concentrations of credit risk

The SACCO monitors concentrations of credit risk by customer and member type. There is no significant exposure to any single customer.

Notes (continued)

4. Financial risk management (continued)

(a) Credit risk (continued)

Management of credit risk (continued)

Expected credit loss

Inputs, assumptions and techniques used for estimating impairment

Definition of default and cure

The Society considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes more than 30 days past due on its contractual payments.

The cure rate assumption captures the rate of backward transitions from Stage 3 to either Stage 2 or 1. This is estimated using the same methodology as the PD.

Grouping of financial assets measured on a collective basis

In order to determine the ECL by modelling the PD, LGD and EAD for different loan accounts, the Sacco has segmented the loan book into three segments namely Imara, Meridian and Other. The groupings are subject to regular review to ensure that exposures within a group remain appropriately homogeneous.

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and is based on qualitative factors. The Sacco continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Society assesses whether there has been a significant increase in credit risk since initial recognition. The Society considers an exposure to have significantly increased in credit risk when the borrower becomes between 1 to 30 days past due on its contractual payments.

Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

The Society monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that the criteria are capable of identifying significant increases in credit risk before an exposure is in default.

Risk parameters in measurement of ECLs

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD);
- Loss given default (LGD);
- Exposure at default (EAD).

These parameters are derived from internally developed statistical models, globally recognized external developed statistical models and other historical data. They are adjusted to reflect forward-looking information.

Notes (continued)**4. Financial risk management (continued)****(a) Credit risk (continued)***Management of credit risk (continued)***Expected Credit Loss (continued)***Risk parameters in measurement of ECLs (continued)*

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large commercial counterparties. If a counterparty or exposure migrates between ratings classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

LGD is the magnitude of the likely loss if there is a default. The SACCO estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The SACCO derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. EAD estimates are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor. The EAD of an impaired financial asset is its gross carrying amount.

Incorporation of forward-looking information

The SACCO incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the SACCO's Credit Risk Committee and economic experts and consideration of a variety of external actual and forecast information, the SACCO formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios.

This process involves developing two more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and Central Bank of Kenya.

Notes (continued)

4. Financial risk management (continued)

(a) Credit risk (continued)

Management of credit risk (continued)

Expected Credit Loss (continued)

Incorporation of forward-looking information (continued)

The base case represents a most-likely outcome and is aligned with information used by the SACCO for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the SACCO carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

Credit impaired financial assets

At each reporting date, the Society assesses whether financial assets carried at amortised cost are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes;

- significant financial difficulty of the counterparty;
- a breach of contract such as a default or past due event; and
- when it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

Loans and investment debt securities that are past due but not impaired

Loans and investment debt securities that are 'past due but not impaired' are those for which contractual interest or principal payments are past due but the SACCO believes that impairment is not appropriate based on the level of security or collateral available and/or the stage of collection of amounts owed to the SACCO.

The following tables shows the movements of ECL on loans and advances. The 12-month ECL for investments in securities, and deposits held with financial institutions are disclosed under Note 15 and Note 12 respectively.

Notes (continued)**4. Financial risk management (continued)****(a) Credit risk (continued)***Management of credit risk (continued)***Expected Credit Loss (continued)****(i) Loans and advances**

31 December 2023	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total ECL
	KShs'000	KShs'000	KShs'000	KShs'000
Loss allowance at 1 January	1,400,238	821,743	1,535,325	3,757,306
Movements during the year				
Transfer From 12 months ECL (Stage 1)	(145,172)	108,723	36,449	-
Transfer From Lifetime ECL not credit impaired (Stage 2)	359,107	(476,073)	116,966	-
Transfer From Lifetime ECL credit impaired (Stage 3)	129,284	110,322	(239,606)	-
Net remeasurement of loss allowance	(543,723)	(18,589)	328,556	(233,756)
New financial assets originated or purchased	856,141	388,652	156,123	1,400,916
Financial assets derecognized	(310,345)	(204,580)	(162,696)	(677,621)
Loss allowance at 31 December	1,745,530	730,198	1,771,117	4,246,845

Notes (continued)**4. Financial risk management (continued)****(a) Credit risk (continued)***Management of credit risk (continued)***Expected Credit Loss (continued)****(i) Loans and advances**

31 December 2022	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total ECL
	KShs'000	KShs'000	KShs'000	KShs'000
Loss allowance at 1 January	766,492	606,575	1,689,672	3,062,739
Movements during the year				
Transfers from 12 months ECL (Stage 1)	(235,000)	167,120	67,880	-
Transfers from lifetime ECL not credit impaired (Stage 2)	73,949	(192,925)	118,976	-
Transfer from lifetime ECL credit impaired (Stage 3)	26,336	33,994	(60,330)	-
Net remeasurement of loss allowance	216,960	(157,580)	(251,531)	(192,151)
New financial assets originated or purchased	758,262	530,978	336,687	1,625,927
Financial assets derecognised	(206,761)	(166,419)	(366,029)	(739,209)
Loss allowance at 31 December	1,400,238	821,743	1,535,325	3,757,306

Notes (continued)

4. Financial risk management (continued)

(b) Liquidity risk

Management of Liquidity risk

The Board has built an appropriate liquidity risk management framework for the management of the Sacco's short, medium and long-term funding and liquidity management requirements.

The Sacco manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Sacco maintains a minimum of 15% of its savings deposits and short-term liabilities in liquid assets.

(i) Source of funding

The Sacco has access to financing facilities in addition to internal sources. The Sacco expects to meet its other obligations from operating cash flows and proceeds of maturing fixed deposits.

(ii) Exposure to liquidity risk

The key measure used by the regulator for managing liquidity risk is that a minimum of 15% of savings, deposits and short-term liabilities should be held in liquid assets. For this purpose, net liquid assets include notes and coins, balances at institutions licensed under the Banking Act after deducting there from balances owed to those institutions, treasury bills and bonds and deposits held at other Saccos of a maturity of not exceeding 90 days.

Details of the reported Sacco ratio of net liquid assets to deposits and customers at the reporting date and during the reporting period is analysed as follows:

	2023	2022
At 31 December	90.08%	78.98%
Average for the year	80.05%	66.80%
Maximum for the year	90.08%	78.98%
Minimum for the year	64.39%	54.62%

The table below analyses maturity profiles of the financial assets and liabilities of the Sacco based on the remaining period using 31 December 2023 and 31 December 2022 as a base period to the contractual maturity date.

Notes (continued)**4. Financial risk management (continued)****(b) Liquidity risk (continued)***Management of Liquidity risk (continued)**(ii) Exposure to liquidity risk (continued)*

Sacco	Less than 3 months	3 to 12 months	1 to 5 years	Total
31 December 2023	KShs '000	KShs '000	KShs '000	KShs '000
Financial assets				
Bank balances	365,589	-	-	365,589
Short term deposits with financial institutions	2,338,346	5,758,481	-	8,096,827
Investment in government bonds	-	414,565	7,460,311	7,874,876
Investment in money market fund	676,246	48,022	320,145	1,044,413
Investment in unquoted shares	-	86,170	544,577	630,747
Loans to members	1,372,655	2,606,121	78,053,623	82,032,399
Other receivables	607,349	11,873	231,661	850,883
	5,360,185	8,925,232	86,610,317	100,895,734

	Less than 3 months	3 to 12 months	1 to 5 years	Total
31 December 2023	KShs '000	KShs '000	KShs '000	KShs '000
Financial liabilities				
Members' deposits	8,653,872	656,788	51,527,885	60,838,545
Borrowings	14,843	44,529	413,033	472,405
Lease liabilities	19,955	59,865	232,122	311,942
Other payables	1,045,556	-	-	1,045,556
	9,734,226	761,182	52,173,040	62,668,448
Net liquidity gap	(4,374,041)	8,164,050	34,437,277	38,227,286

Notes (continued)**4. Financial risk management (continued)****(b) Liquidity risk (continued)***Management of Liquidity risk (continued)**(ii) Exposure to liquidity risk (continued)***31 December 2022****Financial assets**

Bank balances	704,855	-	-	704,855
Short term deposits with financial institutions	3,821,424	2,332,378	-	6,153,802
Investments in bonds	-	-	3,492,024	3,492,024
Investment in money market fund	612,538	-	-	612,538
Investment in unquoted shares	578,279	-	-	578,279
Loans to members	1,371,834	1,289,657	72,002,966	74,664,457
Other receivables	637,823	-	24,252	662,075
	<u>7,726,753</u>	<u>3,622,035</u>	<u>75,519,242</u>	<u>86,868,030</u>

Financial liabilities

Members' deposits	7,210,880	4,279,385	48,265,117	59,755,382
Borrowings	5,773	17,772	329,129	352,674
Lease liabilities	16,071	49,248	217,811	283,130
Other liabilities	1,438,012	-	-	1,438,012
	<u>8,670,736</u>	<u>4,346,405</u>	<u>48,812,057</u>	<u>61,829,198</u>
Net liquidity gap	<u>(943,983)</u>	<u>(724,370)</u>	<u>26,707,185</u>	<u>25,038,832</u>

* It is unlikely that the members will withdraw their deposits within 1-12 months.

Notes (continued)**4. Financial risk management (continued)****(c) Market risk****(i) Interest rate risk management**

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair value of financial instruments. Interest rate risk to the Sacco is the risk of changes in market interest rates reducing the overall return or increasing the cost of finance to the Sacco. The Sacco's exposure to the risk of changes in market interest rates relates primarily to the Sacco's borrowings, loans to members and deposits.

The interest rates applicable on the Sacco's borrowings is fixed hence, there is no significant exposure to the risk of changes in market interest rates. Interest rates applicable on loans to members and members' deposits are determined and declared by the Directors hence no exposure to changes in interest rates would arise.

Interest rate risk stress test

The impact that an immediate hypothetical increase or decrease in interest rates of 4% applied at the beginning of the year would have on the profit for the year and equity assuming a growing financial position and current interest rate risk profile would be as follows:

	Sensitivity	Impact on profit or loss	Impact on equity
		KShs' 000	KShs' 000
2023	+/-4%	+/- 1,529,091	+/-1,529,091
2022	+/-4%	+/-1,001,553	+/-1,001,553

(ii) Price risks

The Sacco is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. price risk is subject to regular monitoring by Board Audit and Risk Committee. Currently, the exposure to price risks on equity investments is not significant in relation to the overall results and financial position of the Sacco.

Notes (continued)**4. Financial risk management (continued)****(c) Market risk (continued)***(ii) Price risks (continued)*

Investment in equity instruments	2023 Kshs'000	2022 Kshs'000
Co-operative Holdings Limited	424,721	453,035
Co-operative Insurance Company Limited	91,568	91,568
KUSCCO Limited	7,876	13,677
Stima Investment	402	-
Kenya Mortgage Refinance co. (KMRC)	20,000	20,000
Total equity investments	544,567	578,280
Price Increase/Decrease	4%	4%
Increase	21,783	23,132
Decrease	(21,783)	(23,132)

(d) Fair value of financial assets and financial liabilities

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes (continued)**4. Financial risk management (continued)****(d) Fair value of financial assets and financial liabilities (continued)***(i) Accounting classifications and fair values*

Group	Carrying Amount			Total	Fair value hierarchy			
	At FVOCI	At FVTPL	Amortised cost		Level 1	Level 2	Level 3	Total
	Kshs' 000	Kshs' 000	Kshs' 000		Kshs' 000	Kshs' 000	Kshs' 000	Kshs' 000
At 31 December 2023								
Financial Assets								
Investments in unquoted shares	544,577	-	-	544,577	-	544,577	-	544,577
Investment in corporate bond	44,602	-	-	44,602	-	44,602	-	44,602
Investment in money market fund	-	-	660,239	660,239	-	-	660,239	660,239
Investments in government bonds	2,596,193	-	-	2,596,193	-	2,596,193	-	2,596,193
Cash and bank balances	-	-	559,203	559,203	-	-	559,203	559,203
Deposits with Financial Institutions	-	-	7,253,020	7,253,020	-	-	7,253,020	7,253,020
Loans to members	-	-	45,152,883	45,152,883	-	-	45,152,883	45,152,883
Other receivables	-	-	856,405	856,405	-	-	856,405	856,405
Total	3,185,372	-	54,481,750	57,667,122	-	3,185,372	54,481,750	57,667,122
Financial Liabilities								
Borrowings	-	-	472,405	472,405	-	-	472,405	472,405
Member deposits	-	-	43,127,096	43,127,096	-	-	43,127,096	43,127,096
Provision for Interest on deposits	-	-	3,571,733	3,571,733	-	-	3,571,733	3,571,733
Lease liabilities	-	-	243,101	243,101	-	-	243,101	243,101
Other Liabilities	-	-	1,058,644	1,058,644	-	-	1,058,644	1,058,644
Total	-	-	48,472,979	48,472,979	-	-	48,472,979	48,472,979

Notes (continued)**4. Financial risk management (continued)****(d) Fair value of financial assets and financial liabilities (continued)***(i) Accounting classifications and fair values*

Group	Carrying Amount			Total	Fair value hierarchy			
	At FVOCI	At FVTPL	Amortised cost		Level 1	Level 2	Level 3	Total
	Kshs' 000	Kshs' 000	Kshs' 000		Kshs' 000	Kshs' 000	Kshs' 000	Kshs' 000
At 31 December 2022								
Financial Assets								
Investments in unquoted shares	578,280	-	-	578,280	-	578,280	-	578,280
Investment in corporate bond	45,462	-	-	45,462	-	45,462	-	45,462
Investment in money market fund	-	599,452	-	599,452	-	-	599,452	599,452
Investments in Government bonds	1,969,955	-	-	1,969,955	-	1,969,955	-	1,969,955
Cash and bank balances	-	-	846,892	846,892	-	-	846,892	846,892
Deposits with Financial Institutions	-	-	6,085,171	6,085,171	-	-	6,085,171	6,085,171
Loans to members	-	-	41,317,077	41,317,077	-	-	41,317,077	41,317,077
Other receivables	-	-	669,566	669,566	-	-	669,566	669,566
Total	2,593,697	599,452	48,918,706	52,111,855	-	2,593,697	49,518,158	52,111,855
Financial Liabilities								
Borrowings	-	-	282,755	282,755	-	-	282,755	282,755
Member deposits	-	-	39,428,925	39,428,925	-	-	39,428,925	39,428,925
Provision for Interest on deposits	-	-	3,167,211	3,167,211	-	-	3,167,211	3,167,211
Lease liabilities	-	-	195,095	195,095	-	-	195,095	195,095
Other Liabilities	-	-	1,438,012	1,438,012	-	-	1,438,012	1,438,012
Total	-	-	44,511,998	44,511,998	-	-	44,511,998	44,511,998

Notes (continued)

5. Capital risk management

The Sacco manages its capital to ensure it will be able to continue as a going concern while maximizing the return to members through the optimization of debt and equity balance.

The capital structure of the Sacco consists of net debt calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents and equity (comprising issued share capital, reserves and retained earnings). The Board of Directors reviews the capital structure on semi-annual basis. As part of this review, the Finance and Investment committee considers the cost of capital and risks associated with each class of capital. In order to maintain or adjust the capital structure, the Sacco may adjust the amount of dividends paid to members or sell assets to reduce debt. The Sacco's overall strategy remains unchanged from 2014.

In implementing capital requirements, the Sacco Act requires each Sacco to maintain;

- Core capital of not less than 10 million
- Core capital of not less than 10% of total assets
- Institutional capital of not less than 8% of total assets.
- Core capital of not less than 8% of total deposits

The capital adequacy ratios as at 31 December 2023 and 31 December 2022 were as follows:

	Sacco	
	2023	2022
	KShs'000	KShs'000
Total share capital	3,553,950	2,987,001
Retained earnings	4,833,875	4,180,700
Core capital	10,610,654	9,261,895
Institutional capital	7,056,704	6,274,894
Total assets	59,148,247	53,783,679
Total deposits	43,127,096	39,428,925
Core capital/total assets (statutory requirement - 10.0%)	17.94%	17.22%
Core capital/total deposits (statutory requirement - 8.0%)	24.60%	23.49%
Institutional capital/total assets (statutory requirement - 8.0%)	11.93%	11.66%

Notes (continued)**6. Interest income**

	Group and Sacco	
	2023	2022
	KShs' 000	KShs' 000
Loans and advances to members:		
Normal and emergency loans	1,195,586	1,015,082
Other members loans	5,407,336	5,190,873
Advances loans	121,300	70,109
Credit related fees	675,168	72,951
Deposits with financial institutions	818,185	495,662
Investments	293,960	181,305
	8,511,535	7,025,982

7. Interest expense

	Group and Sacco	
	2023	2022
	KShs' 000	KShs' 000
Deposits from members:		
Non-withdrawable (Alpha deposit)	3,542,946	3,097,346
Fixed deposits	387,114	405,863
Prime deposits	47,856	41,353
Other deposits	22,747	21,103
Borrowed funds	17,478	5,353
Lease liabilities	30,406	21,760
	4,048,547	3,592,778

Notes (continued)**8. Net fee and commission income**

	Group		Sacco	
	2023	2022	2023	2022
(a) Fee and commission income	KShs'000	KShs'000	KShs'000	KShs'000
Recognised at a point in time				
Fees and commission (transactions)	151,726	121,391	149,607	120,790
Other fees and commissions	52,396	42,022	-	-
	204,122	163,413	149,607	120,790
(b) Fee and commission expense				
Fee and commission expense	10,809	12,370	10,803	9,858
Net fee and commission income	193,313	151,043	138,804	110,932

Other fees and commissions largely relate to fees earned from transactions with members and commissions earned on facilitation of remittances.

9. Other operating income

	Group and Sacco	
	2023	2022
	KShs' 000	KShs' 000
Dividend income	86,170	56,324
Other income	211,163	209,179
	297,333	265,503

10. (a) Employee benefits

	Group		Sacco	
	2023	2022	2023	2022
	KShs'000	KShs' 000	KShs'000	KShs'000
Salaries and wages	698,731	600,372	688,427	591,368
Staff benefits (medical/life insurance covers)	58,144	56,600	58,144	56,600
Other employee benefits	229,390	184,911	229,390	184,911
	986,265	841,883	975,961	832,879

Notes (continued)**10. (b) General and administrative expenses**

	Group		Sacco	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Printing and stationery	30,470	27,884	30,013	27,884
Ushirika day celebration expenses	8,396	7,052	8,396	7,052
Insurance expenses	401,364	249,512	401,364	249,512
Auditors' remuneration	7,133	6,322	6,641	6,322
Legal and consultants' fees	24,179	43,519	23,816	42,866
Security and maintenance	136,957	84,077	134,865	82,816
Bad debt write off	81,626	23,288	81,626	23,288
Water, electricity, and other expenses	234,705	137,731	231,895	137,731
Governance expenses	9,115	6,858	9,115	6,858
Members' education	96,060	97,409	95,199	96,571
Committee insurance	10,268	6,753	10,268	6,753
Governance allowance	25,402	31,298	23,646	30,828
Annual General Meeting expenses	33,671	24,670	33,671	24,300
Depreciation of property and equipment (note 20)	95,240	81,057	95,106	80,881
Amortisation of right of use assets (note 17b)	59,337	48,949	59,337	48,949
Amortisation on prepaid operating leasehold land (note 17(a))	451	7,581	451	7,581
Amortisation of intangible assets (note 16)	37,347	89,833	36,108	89,833
Public relations and advertisement	121,825	124,594	116,237	117,204
	1,413,546	1,098,387	1,397,754	1,087,229

Notes (continued)**10. (c) Credit impairment losses**

	Note	Group and Sacco	
		2023	2022
		Shs'000	Shs' 000
Movements during the year:			
Increase in bank balances	12	102,480	32,925
Increase/(decrease) in other receivables	13	227,467	(9,102)
Increase in investment securities	15	156,114	79,607
Increase in loans and advances to members	14	489,539	694,567
Recognised in the statement of profit or loss		975,600	797,997

11. Income Tax

In accordance with income tax rules applicable to Cooperative Savings and Credit Societies, tax is only payable on non-member interest income as shown below:

	Group		Sacco	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Income tax expense				
Current year charge	134,991	115,161	126,427	109,229
	134,991	115,161	126,427	109,229
Current income tax liability/ (asset)				
At 1 January	4,401	5,773	4,393	5,768
Charge for the year	(134,991)	(115,161)	(126,427)	(109,229)
Paid during the year	130,571	113,789	119,976	107,854
At 31 December	(19)	4,401	(2,058)	4,393

Notes (continued)**12. Cash and cash equivalents****(a) Cash and bank balances**

	Group		Sacco	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Cash in hand	131,727	104,618	131,727	104,618
Cash balances with Financial institutions:				
Co-operative bank of Kenya	107,275	94,752	107,275	94,752
Family bank	213,272	588,343	213,272	588,343
Stima Sacco Fosa	62,016	37,502	-	-
NCBA bank	42,665	10,715	42,665	10,715
Kuscoco	1	8,254	1	8,254
KCB bank	842	2,203	842	2,203
Gulf bank	582	588	582	588
Equity bank	952	-	952	-
	559,332	846,975	497,316	809,473
12-month ECL:				
At 1 January	(83)	(76)	(83)	(76)
Re-measurement during the year	(46)	(7)	(46)	(7)
At 31 December	(129)	(83)	(129)	(83)
	559,203	846,892	497,187	809,390

Notes (continued)**12. Cash and cash equivalents (continued)****(b) Deposits held with financial institutions**

Co-operative Bank of Kenya	565,862	1,591,000	565,862	1,591,000
Equity Bank	2,061,474	1,897,154	2,061,474	1,897,154
Kuscco Ltd	116,500	105,947	116,500	105,947
NCBA Bank	2,719,097	2,115,390	2,719,097	2,115,390
Family Bank	1,945,894	429,053	1,945,894	429,053
	7,408,827	6,138,544	7,408,827	6,138,544
12-month ECL:				
At 1 January	(53,373)	(20,455)	(53,373)	(20,455)
Re-measurement during the year	(102,434)	(32,918)	(102,434)	(32,918)
At 31 December	(155,807)	(53,373)	(155,807)	(53,373)
	7,253,020	6,085,171	7,253,020	6,085,171

The effective interest rates on short term deposits at 31 December were as follows:

	2023	2022
	%	%
Co-operative Bank of Kenya	16.7%	10.3%
Equity Bank	15.4%	10.3%
NCBA Bank	16.3%	11.3%
Kuscco Ltd	12.0%	9.5%
Family Bank	14.4%	11.0%

Notes (continued)**12. Cash and cash equivalents (continued)**

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition and include cash in hand and deposits held at the Sacco as at the end of the reporting period.

13. Prepayments and sundry receivables

	Group		Sacco	
	2023	2022	2023	2022
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Check off receivables	301,341	422,520	301,341	422,520
Prepayments	320,055	371,738	320,055	371,738
Other receivables	35,675	63,606	30,154	56,115
M-pesa deposits held with Safaricom PLC	256,851	218,260	256,851	218,260
Staff prepaid expenses account	204,770	-	204,770	-
	1,118,692	1,076,124	1,113,171	1,068,633
Impairment losses:				
At 1 January	(34,820)	(43,922)	(34,820)	(43,922)
Re-measurement during the year	(227,467)	9,102	(227,467)	9,102
At 31 December	(262,287)	(34,820)	(262,287)	(34,820)
	856,405	1,041,304	850,884	1,033,813

Notes (continued)**14. Loans and advances to members at amortised cost**

	2023	2022
	KShs'000	KShs'000
(a) Gross loans to members		
At 1 January	45,074,383	39,844,335
Issued during the year	29,441,328	34,976,552
Interest charged	6,724,220	6,276,064
Repayments during the year	(32,025,730)	(36,601,684)
Interest receivable on loans	390,297	579,116
Staff loans and advances fair value adjustment	(204,770)	-
At 31 December	49,399,728	45,074,383

(b) Allowance for credit loss

Movement in allowance for expected credit loss:

	2023	2022
	Kshs'000	Kshs'000
At 1 January	3,757,306	3,062,739
Charge for the year	489,539	694,567
At 31 December	4,246,845	3,757,306
Net loans to members	45,152,883	41,317,077

Notes (continued)**14. Loan to members (continued)**

The weighted average interest rate on loans to members at 31 December 2023 was 14% (2022 - 14%).

Breakdown of provision of members loans per the aging based on SASRA guidelines:

	Number of	Gross amount	Net exposure	2023 SASRA Provisions	2022 SASRA Provisions
	Accounts	KShs'000'	KShs'000'	KShs'000	KShs'000
Performing (current -1%)	98,105	47,125,025	46,653,775	471,250	424,747
Past due:					
1-30 days (watch - 5%)	3,628	464,839	441,597	23,242	36,418
31- 180 days (substandard-25%)	7,751	449,049	336,787	112,262	222,202
181- 360 days (doubtful- 50%)	4,853	370,600	185,300	185,300	80,661
>360 days or 12 instalments overdue	13,954	990,214	-	990,214	821,048
	128,291	49,399,727	47,617,459	1,782,268	1,585,076

Notes (continued)**14. Loan to members (continued)**

	Number of	Gross amount	Net exposure	2022 SASRA Provisions	2021 SASRA Provisions
	Accounts	KShs'000'	KShs'000'	KShs'000	KShs'000
Performing (current -1%)	78,995	42,474,749	42,050,002	424,747	375,603
Past due:					
1-30 days (watch - 5%)	3,868	728,357	691,939	36,418	26,083
31- 180 days (substandard-25%)	5,131	888,808	666,606	222,202	117,935
181- 360 days (doubtful- 50%)	3,431	161,322	80,661	80,661	54,583
>360 days or 12 instalments overdue	9,069	821,048	-	821,048	715,559
	100,494	45,074,284	43,489,208	1,585,076	1,289,763

Notes (continued)**14. Loan to members (continued)**

The Society has adopted the requirements of the Sacco Societies (Deposit-taking Business) Regulation 44 in computing the loan loss provisions. These provisions have been adjusted to comply with the requirements of IFRS 9.

	Stage 1 & 2	Stage 3	Total
	Kshs' 000	Kshs' 000	Kshs' 000
31 December 2023			
At start of year	2,221,980	1,535,326	3,757,306
Allowances made during the year	253,746	235,793	489,539
At end of year	2,475,726	1,771,119	4,246,845
31 December 2022			
At start of year	1,373,067	1,689,672	3,062,739
Allowances made during the year	848,913	(154,346)	694,567
At end of year	2,221,980	1,535,326	3,757,306

Notes (continued)**15. Investments****Group and Sacco****(a) Investments in unquoted shares held at FVOCI**

31 December 2023	No. of shares	Price per share (Kshs)	Value of shares (Kshs'000)	Fair value changes Kshs' 000
Co-operative Holdings Limited	62,921,568	6.75	424,721	(28,315)
KUSCCO Limited	263,553	29.88	7,876	(5,800)
Kenya Mortgage Refinance co. (KM RC)	200,000	100.00	20,000	-
Co-operative Insurance Company Limited	26,162,384	3.50	91,568	-
Stima Investment	349,656	1.15	402	402
	89,897,161		544,567	(33,713)
31 December 2022				
Co-operative Holdings Limited	62,921,568	7.2	453,035	(12,585)
KUSCCO Limited	263,553	51.89	13,677	974
Kenya Mortgage Refinance Co. (KM RC)	200,000	100	20,000	-
Co-operative Insurance Company Limited	26,162,384	3.50	91,567	-
Stima Investment	349,656	-	-	-
	89,897,161		578,279	(11,611)

*The Society holds an investment in Stima Investment Limited at a cost of KShs 34,965,558. The fair value of this investment was determined as KShs 401,887 for the year ended 31 December 2023 (2022: KShs Nil).

Notes (continued)**15. Investments (continued)**

	Group and Sacco	
	2023	2022
	Kshs'000	Kshs'000
Movement of investment in unquoted shares:		
At 1 January	578,280	589,890
Fair value gain/loss	(33,713)	(11,611)
At 31 December	544,567	578,279
(b) Investment in Family Bank Limited corporate bond held at FVOCI		
At start of year	47,791	45,307
Accrued Interest	(92)	122
(Loss)/gain on revaluation	(140)	2,362
	47,559	47,791
Allowance for credit loss		
At 1 January	(2,329)	(1,005)
Charge during the year	(628)	(1,324)
	(2,957)	(2,329)
At 31 December 2023	44,602	45,462
(c) Investment in CIC money market fund held at amortised cost		
At 1 January		
At 1 January	599,452	452,762
Additions	-	100,000
Accrued interest	60,787	46,690
At 31 December	660,239	599,452
(d) Investments in Government bonds held at FVOCI		
At 1 January	2,071,001	1,026,350
Additions	1,000,000	1,000,000
Accrued Interest	6,763	22,488
Prior year adjustment	-	2,393
(Loss)/gain on revaluation	(225,039)	19,770
At 31 December	2,852,725	2,071,001
Allowance for credit loss		
At 1 January	(101,046)	(22,764)
Charge during the year	(155,486)	(78,282)
At 31 December	(256,532)	(101,046)
	2,596,193	1,969,955

Notes (continued)**16. Intangible assets**

	Group		Sacco	
	2023	2022	2023	2022
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Cost:				
At 1 January	580,510	542,698	580,510	542,698
Additions	49,206	37,812	44,252	37,812
At 31 December	629,716	580,510	624,762	580,510
Amortisation:				
At 1 January	311,799	221,966	311,799	221,966
Charge for the year	37,347	89,833	36,108	89,833
At 31 December	349,146	311,799	347,907	311,799
Net book value at 31 December	280,570	268,711	276,855	268,711

17. Leases**(a) Prepaid operating lease rentals**

	Group and Sacco	
	2023	2022
	Kshs	Kshs
Cost:		
At 1 January and 31 December	79,530	79,530
Amortisation:		
At 1 January	75,471	67,890
Amortisation for the year	451	7,581
At 31 December	75,922	75,471
Net book value at 31 December	3,608	4,059

The Sacco has made payments under operating leases for the following two properties: L/R No. 1870/1/579 whose lease term expires in 2050 and Block 7/179 whose lease term expires in 2031.

Notes (continued)**17. Leases (continued)****(b) Right-of-use assets**

The Sacco leases office space for its use. The average lease term is six years. Information about the leases in which the Society is a lessee is presented below:

Right-of-use assets	Group and Sacco	
	2023	2022
	Kshs'000	Kshs'000
Cost:		
At 1 January	307,194	210,568
Additions	103,477	96,626
At 31 December	410,671	307,194
Depreciation		
At 1 January	138,633	89,684
Charge for the year	59,337	48,949
At 31 December	197,970	138,633
Carrying Amount		
At 31 December	212,701	168,561

Notes (continued)**17. Leases (continued)****(c) Lease liabilities**

Lease Liabilities	Group and Sacco	
	2023	2022
	Kshs'000	Kshs'000
Analysed as:		
Non-current	141,178	110,756
Current	101,923	84,339
	243,101	195,095
The movement in lease liabilities is as below:		
1 January	195,095	143,395
Additions	103,478	96,626
Lease payments	(85,878)	(66,686)
Interest on lease liabilities	30,406	21,760
At 31 December	243,101	195,095

Recognised in profit or loss account	Group and Sacco	
	2023	2022
	Kshs'000	Kshs'000
Depreciation expense on Right of Use Assets	59,337	48,949
Interest expense on lease liabilities	30,406	21,760
At end of year	89,743	70,709

Notes (continued)**17. Leases (continued)****(c) Lease liabilities (continued)**

Lease liabilities maturity analysis	Group and Sacco	
	2023	2022
Year 1	79,821	63,596
Year 2	79,253	58,289
Year 3	65,635	55,651
Year 4	51,899	41,903
Year 5	33,668	25,539
Over 5 years	1,667	5,425
	311,943	250,403

The contractual amounts disclosed in the maturity analyses as required by paragraph 39(a) and (b) are the contractual undiscounted cash flows.

The total cash outflow for leases amounted to Kshs. 86 million (2022: Kshs 67 million). There are no restrictions or covenants imposed by lessors and the Society did not enter into any sale and leaseback transactions during the year (2023: Nil).

The Society was not committed to any arrangements that are short term as at year-end. All of the property leases in which the Society is the lessee contain only fixed payments.

The Sacco does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Sacco's finance function. All lease obligations are denominated in Kenya shillings.

18. Inventory

	Group and Sacco	
	2023	2022
	Kshs'000	Kshs'000
Stationery	1,010	2,038

Notes (continued)**19. (a) Non-current asset held for sale-group and Sacco**

	Group and Sacco	
	2023	2022
	Kshs'000	Kshs'000
At 1 January	489,313	488,348
Additions	1,026	965
Reclassification to investment property	(490,339)	
At 31 December	-	489,313

(b) Investment property

	Group and Sacco	
	2023	2022
	Kshs'000	Kshs'000
At 1 January	-	-
Reclassification from Non-current held for sale	490,339	-
At 31 December	490,339	-

The Sacco owns freehold land situated in Mwiki, Nairobi County. It was purchased in 2013 for the purposes of developing properties to sell to members of the SACCO. The land was officially transferred from Stima Meadows Ltd in the year 2016 to the Sacco. In the current year, the property was reclassified to Investment property held at cost. Being freehold land, no depreciation charge was made for the year.

The fair value for the investment property, based on a valuation by an independent valuer- Icon valuers limited, a registered valuer, as at 31 December 2023, is valued at Kshs.1,300 million.

Notes (continued)**20. Property and equipment**

Group	Furniture					Total
	Buildings	Motor vehicles	fixtures and fittings	Computer hardware	Office equipment	
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
31 December 2023						
Cost						
At 1 January	42,638	2,311	259,947	92,525	361,931	759,352
Additions	-	-	76,119	13,701	77,123	166,943
Disposal	-	-	(432)	-	(8,537)	(8,969)
At 31 December	42,638	2,311	335,634	106,226	430,517	917,326
Depreciation						
At 1 January	16,637	2,298	151,928	72,900	171,359	415,122
Charge for the year	650	3	22,845	8,328	63,414	95,240
Disposals	-	-	(342)	-	(6,970)	(7,312)
At 31 December	17,287	2,301	174,431	81,228	227,803	503,050
Net book value						
At 31 December	25,351	10	161,203	24,998	202,714	414,276

Notes (continued)**20. Property and equipment (continued)**

Group	Furniture					Total
	Buildings	Motor vehicles	fixtures and fittings	Computer hardware	Office equipment	
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
31 December 2022						
Cost						
At 1 January	42,638	2,311	244,716	83,962	336,770	710,397
Additions	-	-	15,231	8,563	25,161	48,955
At 31 December	42,638	2,311	259,947	92,525	361,931	759,352
Depreciation						
At 1 January	15,970	2,294	136,452	66,441	112,908	334,065
Charge for the year	667	4	15,476	6,459	58,451	81,057
At 31 December	16,637	2,298	151,928	72,900	171,359	415,122
Net book value						
At 31 December	26,001	13	108,019	19,625	190,572	344,230

Notes (continued)**20. Property and equipment (continued)**

Sacco	Furniture					Total
	Buildings	Motor vehicles	fixtures and fittings	Computer hardware	Office equipment	
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
31 December 2023						
Cost						
At 1 January	42,638	2,311	259,793	91,813	361,906	758,461
Additions	-	-	76,119	13,701	77,123	166,943
Disposal	-	-	(432)	-	(8,537)	(8,969)
At 31 December	42,638	2,311	335,480	105,514	430,492	916,435
Depreciation						
At 1 January	16,637	2,298	151,900	72,655	171,341	414,831
Charge for the year	650	3	22,830	8,211	63,412	95,106
Disposals	-	-	(342)	-	(6,970)	(7,312)
At 31 December	17,287	2,301	174,388	80,866	227,783	502,625
Net book value						
At 31 December	25,351	10	161,092	24,648	202,709	413,810

Notes (continued)**20. Property and equipment (continued)**

Sacco	Furniture					Total
	Buildings	Motor vehicles	fixtures and fittings	Computer hardware	Office equipment	
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
31 December 2022						
Cost						
At 1 January	42,638	2,311	244,685	83,787	336,745	710,166
Additions	-	-	15,108	8,026	25,161	48,295
Disposals	-	-	-	-	-	-
At 31 December	42,638	2,311	259,793	91,813	361,906	758,461
Depreciation						
At 1 January	15,970	2,294	136,442	66,351	112,893	333,950
Charge for the year	667	4	15,458	6,304	58,448	80,881
Disposals	-	-	-	-	-	-
At 31 December	16,637	2,298	151,900	72,655	171,341	414,831
Net book value						
At 31 December	26,001	13	107,893	19,158	190,565	343,630

Notes (continued)

21. Deferred tax

Deferred income tax is calculated using the enacted income tax rate of 30% (2022: 30%). The deferred income tax asset is made up as follows:

	At January	Prior year understatement	Recognized in other comprehensive income	At December
	KShs'000	KShs'000	KShs'000	KShs'000
2023:				
Fair value reserve	48,485	-	77,667	126,152
2022:				
Fair value reserve	50,390	1,251	(3,156)	48,485

Notes (continued)**22. (a) Members' deposits**

	Group and Sacco	
	2023	2022
	KShs'000	KShs'000
Total deposits is made up of:		
Members' deposits	43,127,096	39,428,925
Interest on members deposits (Note 22 (b))	3,571,733	3,167,211
	46,698,829	42,596,136
The breakdown of the member's deposits is analysed below		
Savings deposits*		
At start of year	3,778,833	3,436,932
Deposits during the year	67,626,330	65,184,361
Withdrawals/refunds during the year	(66,902,704)	(64,842,460)
At end of year	4,502,459	3,778,833
Short term deposits**		
At start of year	4,544,221	3,937,529
Deposits during the year	8,366,295	12,883,896
Withdrawals/refunds during the year	(8,365,168)	(12,277,204)
At end of year	4,545,348	4,544,221
Deposits withdrawable on cessation of membership***		
At start of the year	31,105,871	26,838,406
Deposits during the year	9,787,828	7,198,466
Withdrawals/refunds during the year	(6,814,410)	(2,931,001)
At end of year	34,079,289	31,105,871
Total deposits at 31 December	43,127,096	39,428,925

Notes (continued)**22. (b) Interest rebate on members deposits**

The Board of Directors recommend interest of 11% (2022 – 11%) on members' alpha deposits held at 31 December 2023 on time weighted basis. This will be presented for approval by members at the AGM to be held on 22 March 2024.

	2023 KShs'000	2022 KShs'000
Total qualifying deposits	32,470,298	28,792,828
Interest rebates	3,571,733	3,167,211

Analysis of changes in interest rebates payable

At start of year	3,167,211	2,691,740
Payments during the year	(3,138,424)	(2,621,875)
Current year accrued interest	3,571,733	3,167,211
Prior year over accrued interest	(28,787)	(69,865)
At end of year	3,571,733	3,167,211

* Savings deposits are withdrawn on demand. The average interest rate is 2% (2022: 2%).

** Short term deposits have a fixed period, usually not exceeding 12 months, within which they may be withdrawn. The average interest rate is 9.07% (2022: 9.16 %).

*** Constitute those deposits that may not be withdrawn unless on cessation of membership and require at least sixty days' notice before withdrawal. The average interest rate is 11% (2022 – 11%).

Notes (continued)**23. Other payables**

	Group		Sacco	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Deferred appraisal fees	319,868	782,199	319,868	782,199
Trade payables	614,966	542,886	614,966	542,886
Other payables	110,722	112,927	110,722	112,927
	1,045,556	1,438,012	1,045,556	1,438,012

The average credit period on purchases of goods from suppliers is 30 days. No interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest may be charged at varying rates on the outstanding balance per annum depending on the supplier. The Sacco has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The average payment period during the year was less than 30 days. In the opinion of the Board of Directors, the carrying amount of trade and other payables approximates their fair value.

24. Borrowings

Kenya Mortgage Refinance Corporation (KMRC) was established as a key institution to support the Affordable Housing Pillar of the Government of Kenya's. It was incorporated on 19 April 2018 as a non- deposit taking financial institution under the supervision of the Central Bank of Kenya with the single purpose of providing long-term funds to primary mortgage lenders (Banks, Micro Finance Banks and Saccos) in order to increase the availability and affordability of mortgage loans to Kenyans.

The Sacco secured additional loan of kshs 216,604,523 (2022: kshs 229,117,564) from KMRC for onward lending to its members within the confines of affordable housing.

Notes (continued)**24. Borrowings (continued)**

	Group and Sacco	
	2023	2022
	KShs'000	KShs'000
Movement during the year		
At start of year	282,755	66,769
Additions	216,605	229,118
Accrued interest	17,478	5,353
Interest repayments	(17,478)	(5,353)
Principal repayments	(26,955)	(13,132)
At end of year	472,405	282,755
Current	59,372	22,787
Non-current	413,033	259,968
	472,405	282,755

25. Share capital

	2023		2022	
	No of shares	Value of shares	No of shares	Value of shares
		KShs'000		KShs'000
At 1 January	5,974,002	2,987,001	4,765,558	2,382,779
Additions	1,133,898	566,949	1,208,444	604,222
At 31 December	7,107,900	3,553,950	5,974,002	2,987,001

Notes (continued)

26. Reserves

(a) Fair value reserve surplus

The fair value reserve includes the cumulative net change in the fair value of FVOCI investments, excluding impairment losses, until the investment is derecognized. The fair value reserve deficit was Kshs 153,018,000 (2022: Surplus of Kshs 28,207,000)

(b) Statutory reserve

Statutory reserve is funded at a rate of 20% of net operating surplus after tax in compliance with the provision of section 47 (1& 2) of the Co-operative Societies Act of Cap 490.

(c) Capital reserve

When exiting, a member can transfer shares to another member. This reserve represents ex-members' shares not transferred to other members, especially those members whose membership has ceased due to withdrawal, death, termination among others.

(d) General reserve

This is reserve in which members used to contribute KShs. 25 in form of insurance which is non-refundable, the purpose was to improve Society's reserves.

(e) Statutory credit risk reserve

Where impairment losses required by legislation or regulations exceed those calculated under International Financial Reporting Standards (IFRSs), the excess is recognised as a statutory credit risk reserve and accounted for as an appropriation of retained profits. These reserves are not distributable.

(f) Revenue reserve

The revenue reserve (retained earnings) balance represents the amount available for dividend distribution to the shareholders of the Society and surplus for the period ended.

Notes (continued)

26. Reserves (continued)

(f) Revenue reserve (continued)

The table below shows the movement in statutory and other reserves:

	Statutory reserve	General reserve	Capital reserve	Total
	KShs'000	KShs'000	KShs'000	KShs'000
Year ended 31 December 2022				
At 1 January	1,461,318	4,489	7,985	1,473,792
Additions	196,461	-	-	196,461
At 31 December	1,657,779	4,489	7,985	1,670,253
Year ended 31 December 2023				
At 1 January	1,657,779	4,489	7,985	1,670,253
Additions	284,677	-	-	284,677
At 31 December	1,942,456	4,489	7,985	1,954,930

27. Dividends

The Board of Directors recommends payment of a first and final dividend of 15 % per share value (2022 - 15 %) based on the weighted average shares held during the year.

	Group and Sacco	
	2023	2022
	KShs'000	KShs'000
Analysis of changes in proposed dividend		
At January	395,734	306,806
Dividends declared in the year	485,531	395,734
Payments during the year	(395,734)	(306,806)
	485,531	395,734
Dividends proposed		
Total qualifying shares	3,236,871	2,638,229
Dividends at 15% (2022 - 15%)	485,531	395,734

Notes (continued)**27. Dividends (continued)**

Dividends proposed are subject to approval by members at the annual general meeting. They are not accounted for until they have been ratified at the annual general meeting.

28. Investment in subsidiary

The Sacco has a shareholding value of Kshs 10,000 in Mpawa Insurance agency as the sole shareholder. The agency was incorporated in 6th July 2018 and began operations in July 2019. The agency is incorporated in Kenya under the Companies Act.

29. Fair value

The Directors consider that there is no material difference between the fair value and the carrying value of the Sacco's financial assets and liabilities where fair value details have not been presented.

30. Capital commitments

	Group and Sacco	
	2023	2022
	KShs'000	KShs'000
Authorised but not contracted	232,045	540,965

The capital commitments relate to acquisition of equipment and software including upgrade of the Navision system.

Notes (continued)

31. Contingent liabilities

Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by uncertain future events, or present obligations arising from past events, that are not recognised because either an outflow of economic benefits is not probable or the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised but information about them is disclosed unless the possibility of any outflow of economic benefits in settlement is remote.

The SACCO has some ongoing matters with Kenya Revenue Authority that remained unresolved as at 31 December 2023.

32. Related party balances and transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Sacco and its employees. The Sacco considers the Board of Directors, executive and non-executive Directors, to be key management personnel for the purposes of IAS 24 - related party disclosures.

The Sacco enters into transactions, arrangements and agreements involving directors, senior management and their related concerns in the ordinary course of business.

All transactions with related parties are at arm's length in the normal course of business, and on terms and conditions similar to those applicable to other customers.

Amounts due from Mpawa subsidiary amounts to Kshs. 24,187 (2022: Kshs. 15,880).

Notes (continued)**32. Related party balances and transactions (continued)****(a) Loans**

	Directors/Supervisory			
	Committee		Employment/staff	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
At 1 January	73,055	74,799	1,027,359	699,688
Net movement in the year	29,299	(1,744)	228,823	327,671
At 31 December	102,354	73,055	1,256,182	1,027,359
Interest income on loans to related parties	11,938	7,085	73,321	56,718

(b) Deposits

At 1 January	323,700	299,932	268,989	262,693
Net movement in the year	(47,863)	23,768	55,052	6,296
At 31 December	275,837	323,700	324,041	268,989
Interest paid on deposits by related parties	20,359	18,505	3,586	3,103

Notes (continued)**32. Related party balances and transactions (continued)****(c) Key Management and Supervisory Committee remuneration**

The remuneration of Directors and the Supervisory Committee members during the year were as follows:

	2023	2022
	KShs'000	KShs'000
Post-employment benefits (gratuity)	9,668	5,976
Honorarium/ allowances (Board of Directors and supervisory committee)	11,030	9,786
	20,698	15,762

33. Events after reporting period

There have been no events after the reporting date that require adjustment to, or disclosure in, these financial statements.



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