USHURU
SACCO SOCIETY LIMITED
Huduma Maradufu



USHURU SACCO SOCIETY LTD

Annual Report and Financial Statement

2025

Quality & Highly efficient Services to Members Since 1970

OUR VISION

To be a world leading Sacco in empowering members for quality life.

OUR MISSION

To provide quality, efficient and affordable products and services while exploiting new technological frontiers.

OUR OBJECTIVE

To improve the economic lives of our members through provision of quality products and services.



Mr. Isaac Kiprop, National Chairman, exchanges a token of appreciation with Mr. Yoshifumi Sawada, CEO/Director of World Navi, during the official unveiling of the Ushuru Sacco–World Navi Car Importation MOU at the Ushuru Sacco Centre.

TABLE OF CONTENTS

Board Of Directors	3
Supervisory Commitee	4
Management Team	5
Society Profile	6
Chairman's Report	7
CEO'S Report	11
Five Year Perfomance Review	15
Five Year Perfomance Review-Graphical Presentation	16
Statement Of Corporate Governance	18
The Board Of Directors, Structure, Powers And Functions	19
Society Information	29
Report Of The Directors	30
Financial And Statistical Information	32
Statement Of Director' Responsibilities	33
Auditors Opinion	34
Statement Of Comprehensive Income	38
Statement Of Financial Position	39
Statement Of Changes In Equity	40
Statement Of Cash Flows	42
Notes on Financial Statements	43

BOARD OF DIRECTORS



Isaac Kiprop
National Chairman



Dominic Mokaya
National Hon. Secretary



Kevin Maina
National Vice Chairman



Samuel Wachiuri
National Treasurer



Thomas Ondara
Director



William Ndiritu
Director



Boaz Chimasia
Director



Jemimah Munuve
Director



Clemence Wawuda
Director

SUPERVISORY COMMITTEE



Isaac Mwangi
Chairman



Grace Wambui
Member



Philgona Mwatha
Secretary

MANAGEMENT STAFF



William Pudha
Chief Executive Officer



Edward Obilo
Manager Finance



Cynthia Mwakalama
Manager Operations & HR



Wycliffe Mutuli
Manager ICT



Pamela Wanja
Head of Credit & FOSA



Elizabeth Ouko
Manager Internal Audit

SOCIETY PROFILE

Ushuru Savings and Credit Co-operative Society Limited was established in 1970 by employees of the Customs and Excise Department within the Ministry of Finance, originally operating under the name **Customs & Excise Workers (CUEW) Sacco**. At inception, membership was restricted to employees of the Customs Department. Over time, the Society demonstrated flexibility by allowing members who transferred to other government departments to retain their membership.

As the Sacco evolved, it strategically expanded its common bond to include members from reputable organizations beyond the Kenya Revenue Authority and other government ministries. This expansion enabled the Society to attract a more diverse membership base. Today, Ushuru Sacco proudly serves a membership of over 10,000 drawn from various organizations and institutions.

Ushuru Sacco operates in accordance with the Co-operative Societies Act, 2004 (as revised in 2012), and its registered By-laws. The governance of the Society is vested in a Board of Directors elected by delegates during the Annual Delegates Meeting (ADM), with independent oversight provided by the Supervisory Committee. The Sacco's core mandate is to mobilize members' savings and deposits and to provide affordable credit facilities to its members.

The Society offers a wide range of financial products and services through both its Back Office Savings Activity (BOSA) and Front Office Savings Activity (FOSA). BOSA services include long-term and short-term loan products tailored for purposes such as property acquisition and development, education, and emergency needs. Through FOSA, members access transactional services including salary accounts, children's savings accounts, and a comprehensive suite of banking services.

To enhance service delivery and improve member convenience, Ushuru Sacco has partnered with various service providers and embraced digital solutions. Notably, the M-Ushuru mobile banking platform enables members to access services such as digital loan applications, balance enquiries, and product information. In addition, the Sacco's online portal allows members to apply for loans, view loan guarantee status, update next-of-kin details, and monitor account balances.

Recognizing the importance of structured growth and sustainability, Ushuru Sacco places strong emphasis on strategic planning. The Society is currently implementing its 4th Strategic Plan (2023–2027), which is aimed at accelerating the achievement of its long-term objectives. The plan is anchored on four strategic pillars: People (Staff), Processes, Customers, and Financial Management, and is supported by a robust performance management framework to monitor progress and outcomes.

In line with its growth and innovation agenda, Ushuru Sacco has also updated its mission statement as part of its rebranding initiative. This repositioning reflects the Society's aspiration to be a leading SACCO in the sector, with a strong focus on leveraging technology to deliver superior value to its members.

Overall, Ushuru Sacco continues to innovate and refine its product and service offerings to align with members' evolving needs and expectations, thereby strengthening its sustainability and competitiveness in an increasingly dynamic financial services landscape.

CHAIRMAN'S REPORT



Introduction

Dear Esteemed Delegates, Fellow Board Members, Supervisory Committee, Management, and Stakeholders, it is my great pleasure and privilege to welcome you to the 40th Annual Delegates Meeting (ADM) of Ushuru DT Savings and Credit Co-operative Society Limited. As we gather today, we reflect on the journey of 2025 a year of growth, resilience, and transformation for our Sacco.

Economic review

In the year 2025, Kenya's economy showed notable resilience and gradual improvement, with real GDP growth estimated at around 5.2%–5.3%, an uptick from the slower growth recorded in 2024, as key sectors such as agriculture, services, and industry supported broader economic activity. Inflation remained well within the Central Bank's target range, averaging around 3.6%–3.8%, reflecting easing price pressures and more stable food and energy markets. In response to the benign inflation environment and to stimulate private sector lending, the Central Bank of Kenya (CBK) progressively eased monetary policy, cutting the Central Bank Rate (CBR) from approximately 10% earlier in the year to around 9.0% by December 2025, which helped reduce commercial lending rates and support credit growth. External buffers strengthened, with foreign exchange reserves reaching record highs, bolstering confidence in the shilling and external stability. Despite these positive trends, fiscal pressures persisted, with a widening budget deficit and elevated public debt levels highlighting the need for sustained fiscal consolidation to ensure long-term macroeconomic stability and inclusive growth.

The Co-operative Sector Overview

In 2025, Kenya's Co-operative sector underwent notable regulatory and institutional transformation aimed at strengthening governance, stability, and member protection. The enactment and phased operationalisation of the Co-operatives Act, 2025 (formerly the Cooperatives Bill, 2024) marked a significant milestone in modernising the legal framework, with enhanced provisions on governance standards, regulatory oversight, dispute resolution, and financial discipline across cooperatives. Regulatory focus intensified, particularly for SACCOs, with strengthened supervision by SASRA, increased emphasis on compliance, risk management, and transparency, and heightened enforcement of prudential guidelines. Progress was also recorded towards sector-wide financial stability initiatives, including renewed momentum on shared liquidity support mechanisms for SACCOs, aimed at improving resilience and inter-institutional support. Alternative Dispute Resolution (ADR) mechanisms continued to gain traction, supported by development partners, contributing to more efficient and less adversari-

al resolution of internal disputes. Overall, the cooperative movement remained a cornerstone of Kenya's economy, contributing an estimated 30% of GDP, while positioning itself for sustainable growth through regulatory reforms, digitisation, and value-chain expansion.

Performance overview

Compared to 2024, the Society recorded moderate but stable growth across all key indicators in 2025, reflecting a more cautious operating environment and deliberate focus on sustainability. Total income grew by 10.2%, lower than the 14.4% achieved in the previous year, largely attributable to moderated loan growth and a conservative revenue strategy. Total assets increased by 11.3%, slightly below the 12.5% growth in 2024, while member deposits grew by 11.1% compared to 12.2% in the prior year, indicating continued but slower savings mobilisation. Growth in loans to members reduced to 10.2% from 15.5% in 2024, reflecting tighter credit controls and enhanced focus on portfolio quality. Share capital growth moderated to 6.6% from 9.3%, as the Society prioritised balance between capital accumulation and member liquidity. Membership growth remained steady at 3%, consistent with the previous year, demonstrating sustained member confidence and retention. Overall, the 2025 performance reflects measured and sustainable growth, aligned with prudent financial management and long-term stability.

Dividend & Interest Payments to Members

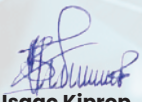
In view of the Society's performance and financial position, the Board is pleased to recommend payment of dividends on share capital and interest on member deposits for the year 2025 at the rate of 15% and 10.4% respectively, subject to approval by the Annual Delegates Meeting and regulatory guidelines. This reflects the Society's commitment to delivering value to its members while safeguarding long-term sustainability.

Future Outlook

Building on the Society's stable performance in 2025 and the improving economic environment, the strategic focus for 2026 will be on sustainable growth, financial resilience, and enhanced member value. The Society will prioritise prudent credit growth while safeguarding asset quality through strengthened appraisal, recovery, and risk management practices. Emphasis will be placed on deepening savings mobilisation, growing share capital, and enhancing liquidity to support long-term stability. The Society will also continue to invest in digital solutions and process automation to improve service delivery, operational efficiency, and member convenience. In addition, governance and regulatory compliance will remain central to the Society's strategy, alongside targeted member education and product innovation to meet evolving member needs. Through these strategic initiatives, the Society aims to strengthen its financial position, enhance member satisfaction, and position itself for sustained growth in the subsequent period.

Appreciation & Call to Action

I wish to express my sincere appreciation to our members for their loyalty, the Board of Directors for strategic leadership, Management and staff for their dedication, and our regulators and partners for their continued support. I call upon members to remain engaged, increase savings, honour loan obligations, and actively participate in the Society's governance to ensure continued growth and prosperity. To spur growth in our revenues and improve members returns, I make an urgent call to all of us to patronize the Society's products. This will ensure we mop out the liquidity and improve our loan to deposit compliance ratio. Thank you, and I wish you a fruitful ADM.



Isaac Kiprop
National Chairman

TAARIFA YA MWENYEKITI WA KITAIFA



Utangulizi

Wajumbe Waheshimiwa, Wajumbe Wenzangu wa Bodi, Kamati ya Usimamizi, Menejimenti, na Wadau wote, ni furaha na heshima kubwa kwangu kuwakaribisha katika Mkutano wa 40 wa Wajumbe wa Mwaka (ADM) wa Ushuru DT Savings and Credit Co-operative Society Limited. Tunapokutana leo, tunatafakari safari ya mwaka 2025—mwaka wa ukuaji, ustahimilivu, na mabadiliko kwa SACCOn yetu.

Mapitio ya Kiuchumi

Katika mwaka 2025, uchumi wa Kenya ulionyesha ustahimilivu mkubwa na kuimarika taratibu, huku ukuaji halisi wa Pato la Taifa (GDP) ukikadiriwa kufikia takribani asilimia 5.2–5.3, ongezeko kutoka ukuaji mdogo uliorekodiwa mwaka 2024. Sekta muhimu kama kilimo, huduma, na viwanda zilichangia kwa kiasi kikubwa shughuli za uchumi kwa ujumla. Mfumuko wa bei uliendelea kuwa ndani ya kiwango lengwa cha Benki Kuu ya Kenya, ukikadiriwa wastani wa asilimia 3.6–3.8, hali iliyoakisi kupungua kwa shinikizo la bei na uthabiti zaidi katika masoko ya chakula na nishati.

Kutokana na mazingira haya tulivu ya mfumuko wa bei na juhudi za kuchochea ukopeshaji wa sekta binafsi, Benki Kuu ya Kenya (CBK) ililegeza sera ya fedha hatua kwa hatua kwa kupunguza Kiwango cha Riba cha Benki Kuu (CBR) kutoka takribani asilimia 10 mwanzoni mwa mwaka hadi karibu asilimia 9.0 kufikia Desemba 2025. Hatua hii ilisaidia kupunguza viwango vya riba vya mikopo ya kibiashara na kuhimiza ukuaji wa mikopo. Akiba ya fedha za kigeni iliimarika na kufikia viwango vya juu zaidi kuwahi kushuhudiwa, hivyo kuimarisha imani katika sarafu ya shilingi na uthabiti wa nje. Hata hivyo, licha ya mwelekeo huu chanya, shinikizo la kifedha liliendelea kuwepo, huku nakisi ya bajeti ikiongezeka na viwango vya deni la umma vikibaki juu, hali inayobainisha umuhimu wa kuendeleza nidhamu ya kifedha ili kuhakikisha uthabiti wa muda mrefu wa uchumi mkuu na ukuaji shirikishi.

Muhtasari wa Sekta ya Ushirika

Katika mwaka 2025, sekta ya ushirika nchini Kenya ilipitia mabadiliko muhimu ya kisheria na kitaasisi yaliyolenga kuimarisha utawala, uthabiti, na ulinzi wa wanachama. Kupitishwa na kuanza kutekelezwa kwa awamu kwa Sheria ya Ushirika ya mwaka 2025 (iliyokuwa awali Mswada wa Ushirika wa 2024) ilikuwa hatua kubwa katika kuboresha mfumo wa kisheria, kwa kuimarisha masharti kuhusu viwango vya utawala, usimamizi wa kisheria, utatuzi wa migogoro, na nidhamu ya kifedha katika vyama vya ushirika. Msisitizo wa usimamizi uliongezeka, hususan kwa SACCOS, kupitia uangalizi ulioimarishwa wa SASRA, msisitizo zaidi juu ya uzingatiaji wa sheria, usimamizi wa hatari, na uwazi, pamoja na utekelezaji mkali wa miongozo ya tahadhari. Hatua pia zilipigwa kuelekea mipango ya uthabiti wa kifedha wa sekta nzima, ikiwemo kuhuishwa kwa juhudi za mifumo ya pamoja ya msaada wa ukwasi kwa SACCOS, kwa lengo la kuimarisha uthabiti na msaada kati ya taasisi. Mbinu za Utatuzi wa Migogoro Mbadala (ADR) ziliendelea kupata umaarufu kwa msaada wa washirika wa maendeleo, hivyo kuchangia utatuzi wa migogoro kwa ufanisi zaidi na bila uhasama. Kwa ujumla, harakati za ushirika ziliendelea kuwa nguzo muhimu ya uchumi wa Kenya, zikichangia takribani asilimia 30 ya GDP, huku zikijiandaa kwa ukuaji endelevu kupitia mageuzi ya kisheria, dijitali, na upanuzi wa minyororo ya thamani.

Muhtasari wa Utendaji

Ikilinganishwa na mwaka 2024, Chama kilirekodi ukuaji wa wastani lakini thabiti katika viashiria vyote muhimu mwaka 2025, hali inayoakisi mazingira ya uendeshaji yaliyo na tahadhari zaidi na msisitizo wa makusudi juu ya uendelevu. Mapato ya jumla yaliongezeka kwa asilimia 10.2, chini ya asilimia 14.4 iliyopatikana mwaka uliotangulia, hasa kutokana na kupungua kwa kasi ya ukuaji wa mikopo na mkakati wa mapato wa tahadhari. Mali zote ziliongezeka kwa asilimia 11.3 ikilinganishwa na asilimia 12.5 mwaka 2024, huku akiba za wanachama zikikua kwa asilimia 11.1 ikilinganishwa na asilimia 12.2 mwaka uliopita, ishara ya kuendelea lakini kwa kasi ndogo kwa uhamasishaji wa akiba. Ukuaji wa mikopo kwa wanachama ulipungua hadi asilimia 10.2 kutoka asilimia 15.5 mwaka 2024, hali inayoonyesha udhibiti mkali wa mikopo na msisitizo mkubwa juu ya ubora wa mkopo. Ukuaji wa mtaji wa hisa ulipungua hadi asilimia 6.6 kutoka asilimia 9.3, Chama kikilenga kudumisha uwiano kati ya kuongeza mtaji na ukwasi wa wanachama. Ukuaji wa uanachama uliendelea kuwa thabiti kwa asilimia 3, sawa na mwaka uliopita, jambo linaloonyesha kuendelea kwa imani na uaminifu wa wanachama. Kwa ujumla, utendaji wa mwaka 2025 unaonyesha ukuaji uliopimwa na endelevu, unaoendana na usimamizi makini wa fedha na uthabiti wa muda mrefu.

Malipo ya Gawio na Riba kwa Wanachama

Kwa kuzingatia utendaji na hali ya kifedha ya Chama, Bodi inafurahi kupendekeza malipo ya gawio kwa mtaji wa hisa na riba kwa akiba za wanachama kwa mwaka 2025 kwa viwango vya asilimia 15 na asilimia 10.4 mtawalia, yakitegemea idhini ya Mkutano wa Wajumbe wa Mwaka na miongozo ya kisheria. Pendekezo hili linaakisi dhamira ya Chama ya kutoa thamani kwa wanachama wake huku ikilinda uendelevu wa muda mrefu.

Mtazamo wa Baadaye

Tukijenga juu ya utendaji thabiti wa Chama mwaka 2025 na mazingira ya uchumi yanayoimarika, mwelekeo wa kimkakati wa mwaka 2026 utalenga ukuaji endelevu, uthabiti wa kifedha, na kuongeza thamani kwa wanachama. Chama kitaweka kipaumbele kwa ukuaji wa mikopo unaozingatia tahadhari huku kikilinda ubora wa mali kupitia uimarishaji wa tathmini, urejeshaji, na usimamizi wa hatari. Msisitizo utawekwa katika kuimarisha uhamasishaji wa akiba, kukuza mtaji wa hisa, na kuongeza ukwasi ili kuunga mkono uthabiti wa muda mrefu. Chama pia kitaendelea kuwekeza katika suluhu za kidijitali na uendeshaji otomatiki wa michakato ili kuboresha utoaji wa huduma, ufanisi wa shughuli, na urahisi kwa wanachama. Aidha, utawala bora na uzingatiaji wa kanuni na sheria vitaendelea kuwa kiini cha mkakati wa Chama, sambamba na elimu lengwa kwa wanachama na ubunifu wa bidhaa ili kukidhi mahitaji yanayobadilika ya wanachama. Kupitia mikakati hii, Chama kinalenga kuimarisha msimamo wake wa kifedha, kuongeza kuridhika kwa wanachama, na kujiweka katika nafasi nzuri ya ukuaji endelevu katika kipindi kijacho.

Shukrani na Wito wa Kuchukua Hatua

Napenda kutoa shukrani zangu za dhati kwa wanachama wetu kwa uaminifu wao, Bodi ya Wakurugenzi kwa uongozi wa kimkakati, Menejimenti na wafanyakazi kwa kujituma kwao, pamoja na wadhibiti na washirika wetu kwa msaada wao unaoendelea. Nawahimiza wanachama kuendelea kushiriki kikamilifu, kuongeza akiba, kutimiza wajibu wa marejesho ya mikopo, na kushiriki kikamilifu katika utawala wa Chama ili kuhakikisha ukuaji na ustawi endelevu. Ili kuchochea ukuaji wa mapato yetu na kuboresha marejesho kwa wanachama, natoa wito wa dharura kwa wote wetu kutumia kikamilifu bidhaa za Chama. Hii itatuwezesha kunyonya ukwasi uliopo na kuboresha uwiano wetu wa mikopo kwa amana kwa mujibu wa matakwa ya kisheria. Asanteni, na nawatakia Mkutano wa Wajumbe wa Mwaka wenye mafanikio.



Isaac Kiprop
Mwenye Kiti wa Kitaifa

CHIEF EXECUTIVE OFFICER'S REPORT



Introduction

The year 2025 was a defining period for our Society, marked by resilience, innovation, and steady growth despite a dynamic operating environment. We remained committed to our core mandate of enhancing members' financial well-being through accessible credit, competitive savings products, and efficient service delivery. Guided by our strategic plan and strong governance structures, the Sacco continued to strengthen its financial position while adapting to regulatory and technological changes within the co-operative sector in Kenya.

Financial Performance

The Society recorded steady growth across key financial indicators in 2025, reflecting continued stability despite a moderately slowing economic environment compared to 2024. Total income grew by 10.2%, demonstrating sustained revenue generation, while total assets expanded by 11.3%, supported largely by increased member participation and prudent financial management. Member deposits rose by 11.1%, reaffirming members' confidence in the Sacco as a secure savings partner. The loan book also registered a 10.2% growth, indicating consistent demand for credit facilities while underscoring the effectiveness of our credit risk management practices. Share capital improved by 6.6%, strengthening the Society's capital base and enhancing long-term financial resilience. Additionally, membership recorded a 3% growth, reflecting gradual expansion of our member base.

Although the growth rates were slightly lower than those achieved in 2024, the performance remains strong and sustainable, positioning the Sacco for continued expansion while maintaining financial soundness and regulatory compliance.

Operational Achievements & Milestones

During the year, the Sacco achieved several operational milestones aimed at improving member experience and institutional efficiency. Key achievements included:

√ Expansion of digital service channels, enabling members to access services conveniently and securely.

√ Enhancement of credit appraisal processes, resulting in faster turnaround times and improved portfolio quality.

√ Strengthening of internal controls and compliance frameworks to align with evolving regulatory expectations.

√ Implementation of member engagement initiatives that promoted financial literacy and increased participation in Sacco products.

√ Continued staff capacity building to support a high-performance culture and service excellence.

These initiatives have reinforced our competitiveness and positioned the Sacco as a reliable financial partner to our members.

Challenges & Risk Mitigation

The operating environment in 2025 presented notable challenges, including economic pressures that affected members' disposable income and loan repayment capacity. Additionally, heightened regulatory expectations required increased investment in compliance and reporting frameworks, while rapid technological advancements elevated cybersecurity risks.

Management responded proactively by strengthening credit risk management, enhancing debt recovery strategies, and reinforcing internal audit and compliance oversight. We also prioritized system security upgrades and business continuity measures to safeguard member data and maintain operational resilience.

Strategic Focus for 2026

Looking ahead, the Society will concentrate on sustainable growth, financial resilience, and enhanced member value. Key priorities will include deepening savings mobilisation, growing share capital, and maintaining a high-quality loan portfolio. The Society will further invest in digital transformation and process automation to improve efficiency and member convenience while pursuing product innovation to address evolving member needs. Strengthening regulatory compliance, risk management, and operational excellence will remain central to our strategy as we position the Society for continued growth in 2026 and beyond.

Conclusion

In conclusion, the Sacco's performance in 2025 reflects the collective effort of the Board of Directors, Management, staff, and our loyal members. I extend my sincere appreciation to all stakeholders for their continued trust and support. As we move into 2026, we remain confident in our ability to deliver sustainable value while upholding the principles of prudence, transparency, and service excellence.

Thank you, and may we have a fruitful ADM.



William Pudha

Chief Executive Officer

TAARIFA YA AFISA MKUU



Utangulizi

Mwaka 2025 ulikuwa kipindi muhimu kwa Chama chetu, uliodhihirishwa na uthabiti, ubunifu, na ukuaji wa kudumu licha ya mazingira ya uendeshaji yaliyokuwa yakibadilika. Tuliendelea kujizatiti kutekeleza wajibu wetu mkuu wa kuboresha ustawi wa kifedha wa wanachama kupitia mikopo inayopatikana kwa urahisi, bidhaa za akiba zenye ushindani, na utoaji huduma bora. Tukiongozwa na mpango wetu wa kimkakati pamoja na mifumo imara ya uongozi, Sacco iliendelea kuimarisha nafasi yake ya kifedha huku ikikabiliana na mabadiliko ya kisheria na kiteknolojia ndani ya sekta ya ushirika nchini Kenya.

Utendaji wa Kifedha

Chama kilirekodi ukuaji thabiti katika viashiria muhimu vya kifedha mwaka 2025, hali inayoonyesha uthabiti unaoendelea licha ya mazingira ya kiuchumi yaliyopungua kasi kwa kiasi ikilinganishwa na 2024. Jumla ya mapato iliongezeka kwa 10.2%, ikidhihirisha uendelevu katika uzalishaji wa mapato, huku jumla ya mali ikikua kwa 11.3%, ikichangiwa kwa kiasi kikubwa na ongezeko la ushiriki wa wanachama pamoja na usimamizi makini wa fedha. Amana za wanachama ziliongezeka kwa 11.1%, zikithibitisha imani ya wanachama kwa Sacco kama mshirika salama wa akiba. Jalada la mikopo pia lilikua kwa 10.2%, likionyesha mahitaji endelevu ya huduma za mikopo huku likisisitiza ufanisi wa mbinu zetu za usimamizi wa hatari za mikopo. Mtaji wa hisa uliimarika kwa 6.6%, na hivyo kuimarisha msingi wa mtaji wa Chama pamoja na kuongeza uimara wa kifedha wa muda mrefu. Aidha, uanachama uliongezeka kwa 3%, hali inayoonyesha upanuzi wa taratibu wa wigo wa wanachama wetu. Ingawa viwango vya ukuaji vilikuwa chini kidogo kuliko vilivyopatikana mwaka 2024, utendaji huu unabaki kuwa imara na endelevu, na kuipa Sacco nafasi nzuri ya kuendelea kupanuka huku ikidumisha uthabiti wa kifedha na kuzingatia matakwa ya udhibiti.

Mafanikio ya Kiutendaji na Hatua Muhimu Zilizofikiwa

Katika mwaka huo, Sacco ilifikia hatua kadhaa muhimu za kiutendaji zilizolenga kuboresha uzoefu wa wanachama na kuongeza ufanisi wa taasisi. Mafanikio makuu yalijumuisha:

√ Upanuzi wa njia za huduma za kidijitali, uliowawezesha wanachama kupata huduma kwa urahisi na usalama.

√ Uboreshaji wa michakato ya tathmini ya mikopo, uliosababisha muda mfupi wa kushughulikia maombi na kuimarika kwa ubora wa jalada la mikopo.

√ Kuimarishwa kwa mifumo ya udhibiti wa ndani na utiifu ili kuendana na matarajio yanayoendelea kubadilika ya wadhibiti.

√ Utekelezaji wa mipango ya kuwashirikisha wanachama iliyokuza elimu ya kifedha na kuongeza ushiriki katika bidhaa za Sacco.

√ Kuendelea kujenga uwezo wa wafanyakazi ili kuunga mkono utamaduni wa utendaji wa hali ya juu na ubora wa huduma.

Mipango hii imeimarisha ushindani wetu na kuiweka Sacco katika nafasi nzuri kama mshirika wa kuaminika wa kifedha kwa wanachama wetu.

Changamoto na Mikakati ya Kupunguza Hatari

Mazingira ya uendeshaji mwaka 2025 yaliwasilisha changamoto kadhaa, ikiwemo shinikizo za kiuchumi zilizoathiri mapato ya ziada ya wanachama na uwezo wao wa kulipa mikopo. Aidha, matarajio makubwa ya wadhibiti yalihitaji uwekezaji zaidi katika mifumo ya utiifu na utoaji taarifa, huku maendeleo ya haraka ya teknolojia yakiongeza hatari za usalama wa mtandao.

Uongozi ulijibu kwa kuchukua hatua za mapema kwa kuimarisha usimamizi wa hatari za mikopo, kuboresha mikakati ya urejeshaji wa madeni, na kuimarisha uangalizi wa ukaguzi wa ndani pamoja na utiifu. Pia tuliweka kipaumbele katika kuboresha usalama wa mifumo na hatua za mwendelezo wa biashara ili kulinda taarifa za wanachama na kudumisha uthabiti wa shughuli zetu.

Mwelekeo wa Kimkakati kwa 2026

Tukiangalia mbele, Chama kitaelekeza juhudi zake katika ukuaji endelevu, uimara wa kifedha, na kuongeza thamani kwa wanachama. Vipaumbele muhimu vitajumuisha kuimarisha uhamasishaji wa akiba, kukuza mtaji wa hisa, na kudumisha jalada la mikopo lenye ubora wa juu. Chama pia kitaendelea kuwekeza katika mageuzi ya kidijitali na otomatiki ya michakato ili kuboresha ufanisi na urahisi kwa wanachama, sambamba na kuendeleza ubunifu wa bidhaa ili kukidhi mahitaji yanayobadilika ya wanachama.

Kuimarisha utiifu wa kisheria, usimamizi wa hatari, na ubora wa uendeshaji kutaendelea kuwa kiini cha mkakati wetu tunapoiweka Sacco katika nafasi ya ukuaji endelevu mwaka 2026 na kuendelea.

Hitimisho

Kwa kuhitimisha, utendaji wa Sacco mwaka 2025 unaakisi juhudi za pamoja za Bodi ya Wakurugenzi, Menejimenti, wafanyakazi, na wanachama wetu waaminifu. Ninatoa shukrani zangu za dhati kwa wadau wote kwa kuendelea kutuamini na kutuunga mkono. Tunapoingia mwaka 2026, tuna imani katika uwezo wetu wa kutoa thamani endelevu huku tukizingatia misingi ya umakini, uwazi, na ubora wa huduma.

Asanteni, na tunawatakia Mkutano Mkuu wa Wajumbe (ADM) wenye mafanikio.



William Pudha

Afisa Mkuu Mtendaji

FIVE YEAR PERFOMANCE REVIEW

Year	Year 2025	Year 2024	Year 2023	Year 2022	Year 2021
Membership	10,454	10,152	9,846	8,115	7,571
	Kshs.		Kshs.	Kshs.	Kshs.
Loan balances	6,033,456,615	5,477,681,989	4,743,894,944	4,287,333,839	3,734,819,701
Members deposit	6,246,935,335	5,809,578,506	5,178,932,047	4,619,712,658	4,171,346,151
Payout	626,283,214	562,530,397	501,144,489	441,509,259	387,996,826
Gross income	1,000,385,710	907,993,421	793,210,692	717,569,793	609,868,602
Share capital	378,128,399	354,873,462	324,559,505	291,174,220	272,835,552
Total assets	8,658,381,890	7,728,809,561	6,869,489,343	6,122,334,170	5,436,211,329
Core Capital	1,085,728,775	988,014,324	879,623,902	784,746,844	683,591,487
Institutional capital	693,843,392	633,140,862	555,064,397	493,061,495	410,755,935
Capital adequacy(%)					
Core Capital/Total Assets	12.5	12.8	12.8	12.8	12.5
Core Capital/Total Deposit	16.9	17.1	17.0	17.0	16.4
Institutional Capital/Total Assets	8.0	8.2	8.1	8.1	7.6
Liquidity Ratio					
Liquid assets/Total deposits and short-termliabilities	29	27	27	25	29
Growth Rate(%)					
Total Income	10.2	14.4	10.5	18	22
Total Assets	11.3	12.5	12.2	13	12
Members deposits	11.1	12.2	12.1	11	10
Loans to members	10.2	15.5	10.6	15	14
Share Capital	6.6	9.3	11.5	7	6
Membership	3	3	21.3	7.2	5.9
Other Disclosures (%Rate)					
Interest on deposit rate	10.4	10.4	10.4	10.2	10
Dividend Rate	15	15	15	15	-
Delinquent Loans Rate	0.44	0.46	0.88	1.40	0.51

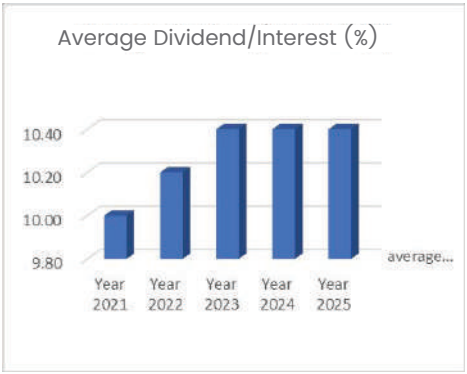
FIVE YEAR PERFOMANCE REVIEW









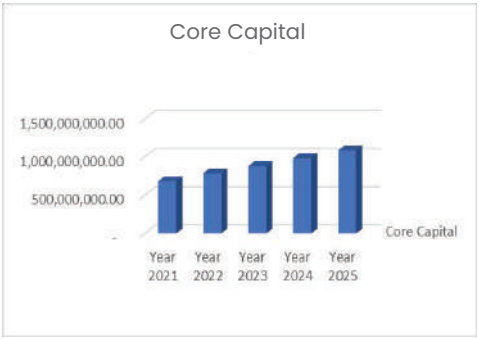


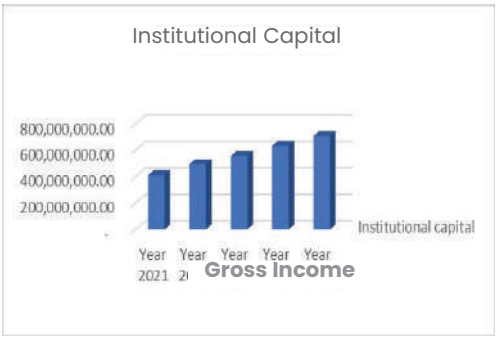


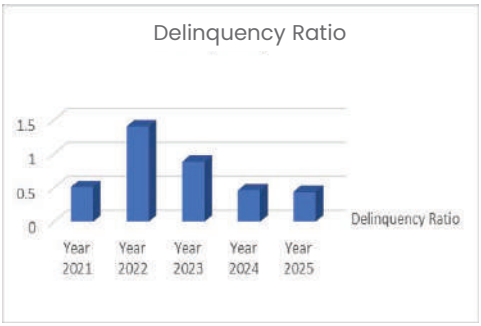
FIVE YEAR PERFOMANCE REVIEW













STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors is responsible for the corporate governance practices of the Society. This report sets out the main practices in operation during the year under review, unless otherwise indicated. The Society is committed to business integrity and professionalism in all its activities.
Ushuru Sacco has recognized the importance of effective corporate governance structure and takes all necessary steps to implement policies, procedures and systems to ensure full compliance with the applicable statutes and regulations, the requirements of all regulatory bodies and international best practise.

Supreme Authority of the Sacco

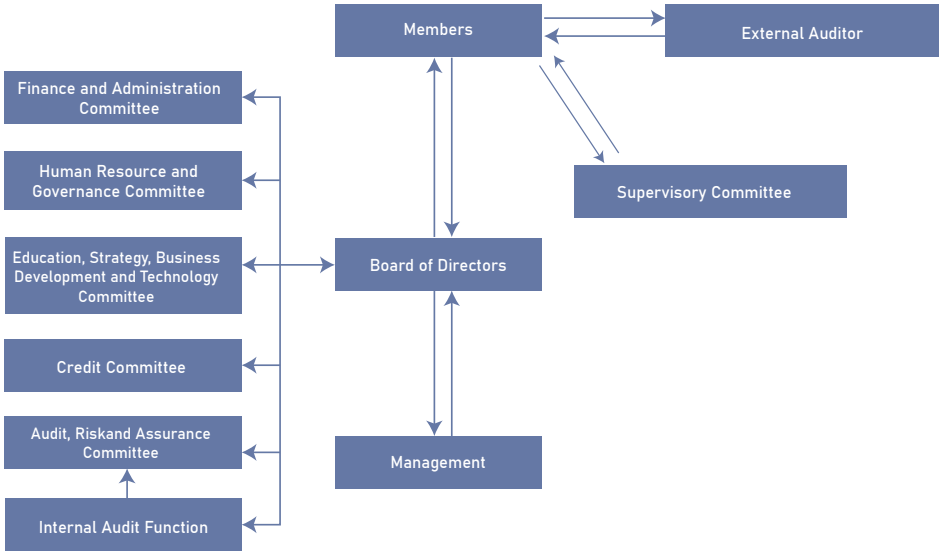
Section 39 of the Society By-laws, provides that the supreme authority (of the Sacco) is vested in the annual delegates meeting (ADM) which is to be constituted by the elected delegates. The delegates in turn elect amongst themselves Board of Directors that is accountable to the members and other stakeholders through the ADM.

The Delegate's Meeting is held within four months after the end of the financial period and is presided over by the Chairman and in his absence the Vice Chairman. The quorum of the delegates meeting shall be 67% as per the Society's By-law. All business at the delegates Meeting is recorded in a minute book whose final record and resolutions are signed by the Chairman and the Secretary of the Board.

The members at the Delegates Meeting appoints external auditors each year from the list of three recommended names presented by the Board.

Governance structure

The key players in the corporate governance structure of Ushuru Sacco is as shown in the chart below.



THE BOARD OF DIRECTORS, STRUCTURE, POWERS AND FUNCTIONS

The Board of Directors is the governing Authority of the Sacco and it consists of nine members who include the National Chairman, National Vice Chairman, Honorary Secretary and the National Treasurer. The Chief Executive Officer (CEO) is an Ex-officio member of the Board. The Board is collectively responsible for the Society's vision, strategic direction, its values, and governance and is accountable to the Society's membership for the performance of the business. The Board is expected to provide effective leadership to the Society towards the following matters;

- ✓ Sustainable long-term success through the exercise of objective and informed judgement in determining the strategy of the Society.
- ✓ Having the right team in place to execute the strategy through effective succession planning;
- ✓ Setting up appropriate governance structures for the management of the business operations;
- ✓ Monitoring business performance and maintaining an effective framework of controls to mitigate risks facing the business; and
- ✓ Ensuring ethical behaviour and compliance with the laws, regulations and internal policies.

The Board meets every month to deliberate on management accounts and to discuss reports from each sub-committee besides dealing with any strategic issues and opportunities for the SACCO in the course of its business. The Society has laid solid foundations for the Directors and oversight of its operations and administration, including clear guidelines on who the Board comprises; well understood delineations on the roles of Chairman, Society's Secretary and CEO; and clear proclamation of the Board's priorities. The composition of the Board is determined in accordance with the Society's By-law.

Board appointment and induction

Election to the Board is through a vetting and nomination process handled by a nomination committee leading to the Annual delegates meeting where democratic elections are held to appoint the winning candidates to the Board. The nomination committee consist of a lawyer from the Society's panel of lawyers, the Commissioner of Co-operatives or his representative, the Chief Executive Officer or his representative. The committee vets all the nominees to ensure they meet all the set criteria for appointment as Directors.

The Board comprises Directors with an appropriate range of qualifications and experience. In accordance with the Board Election Policy, the Directors are rotated through the mechanisms contained in Society's By-law, which require a third of Directors to retire each year, with a three-year Rotation Period for each Director. Directors retiring by rotation may stand for re-appointment. This process is used to periodically review and recommend changes in the composition of the Board.

The Society is committed to equipping its directors with the necessary skills and knowledge to perform their duties effectively. Newly appointed directors undergo a comprehensive induction program to familiarize themselves with the institution's operations, governance structure, and regulatory framework. Continuous training and professional development opportunities are provided to ensure directors remain updated on industry trends, regulatory changes, and best practices.

Supervisory Committee

The Supervisory Committee members are elected by and from the members of the Annual Delegates Meeting and it consist of three members. The members of the Committee retire on rotational basis. They are charged with safeguarding members fund by ensuring that proper policies are in place and the internal control system is adequate. No member of the Board of Directors may be elected to the Supervisory Committee.

Governance Audit and Board performance

To enhance governance practices, the Society conducted governance audit. The audit assessed the effectiveness of governance structures, policies, and processes. Recommendations from the audit are to be implemented in phases to address gaps and continuously improve governance performance. Additionally, assessments of Directors' performance were conducted in the year to evaluate their contribution to the board's effectiveness. Performance reviews focused on individual and collective competencies, participation in decision-making, and alignment with the institution's strategic objectives. Feedback from these evaluations informs strategies for enhancing board performance.

Board Work Plan

The Sacco Board of Directors operate under a structured work plan that outlines their roles, responsibilities, and timelines. The work plan aligns with the Society's strategic objectives and ensures efficient use of resources. It is reviewed periodically to accommodate changing priorities and emerging challenges.

Board committees

In order to efficiently drive its corporate governance mandate, the Board constitute specific committees which work independent of each other reporting directly to the Board. The Committees purpose, composition, structures, duties, responsibilities and reporting lines are defined separately in the By-laws. The mentioned committees are as follows;

1.	Finance, Investment and Administration Committee	- Chaired by Mr. Isaac Kiprop
2.	Credit Committee	- Chaired by Mr. Boaz Chimasia
3.	Education, Strategy, Business Development and Technology Committee	- Chaired by Mr. Kevin Maina
4.	Human Resource and Governance Committee	-Chaired by Mr. Thomas Ondara
5.	Audit, Risk Management and Compliance Committee	- Chaired by Ms. Jemimah Munuve

Finance, Investment and Administration Committee

This consists of the Chairman, Vice Chairman, Secretary and Treasurer. The Finance & Administration Committee assists the Board in its oversight of the integrity of the Society's financial operations, long-term economic health, and allocation of resources. This is in addition to those duties as prescribed in the By-laws.

Credit Committee

The credit committee is made up of three members drawn from the Board, none of the executive committee members can be part of the committee. The committee has the general responsibility of approving or disapproving all requests from members for loans. It is entitled to inquire carefully into the character and financial conditions of each loan applicant, and the guarantors, to ascertain ability of the applicant to repay the loan fully and promptly.

Human Resource and Governance Committee

The committee assists the Board in fulfilling its responsibilities with respect to hiring, evaluation, compensation and succession planning for officers and other employees. The committee consists of three Directors.

Education, Strategy, Business Development and Technology Committee

This committee consists of four members of the Board with the vice-chairman as the chair of the committee. This committee is responsible for organizing educational forums for members, educational tours, seminars and training to both members of the Board and staff. Additionally, they give advice to the on the business strategies as well as technological advancement to implemented in order for the Society to realize its goals.

Audit, Risk Management and Compliance Committee

The Committee is responsible for providing the Board with advice and recommendations regarding the ongoing development of risk oversight and management policies that set out the roles and respective accountabilities of the Board, the Committee and management. It consists of not more than three members appointed from the Board, one of whom has to be conversant with financial and accounting matters and a member of the Institute of Certified Public Accountants (ICPAK). None of the members of Credit and Finance Committee should be part of the Audit Committee.

The key roles and responsibilities of the Committees are as summarised below;

Finance & Admin.Comm.	Credit Committee	HR & Gov. Committee	Audit, Risk & Ass. Committee	Education, Bus. Dev. &tech. Comm
✓ Formulate and monitor the institution's budgets.	✓ Assess and approve loan applications.	✓ Develop and implement HR policies.	✓ Review internal and external audit reports.	✓ Organize member education programs on financial literacy.
✓ Ensure compliance with financial policies.	✓ Monitor the loan portfolio to minimize defaults.	✓ Oversee staff recruitment, training, and performance evaluation.	✓ Identify and manage financial, operational, and compliance risks.	✓ Develop strategies for business growth and diversification.
✓ Review financial performance and reports.	✓ Develop and update credit policies.	✓ Ensure governance compliance with regulatory frameworks.	✓ Ensure adherence to risk management policies.	✓ Oversee the adoption and implementation of technology solutions.
✓ Oversee administrative operations and procurement.	✓ Ensure fair and transparent credit allocation.	✓ Handle leadership development and succession planning.	✓ Provide assurance on the effectiveness of internal controls.	✓ Monitor market trends and innovation

Board/Committee meetings and attendance

The full Board meets regularly, with at least twelve-Monthly meetings a year, and serves a notice indicating a schedule of matters reserved for discussion. Comprehensive Board papers are prepared and circulated to all Directors for all substantive agenda items prior to the meeting. This allows time for the Directors to undertake an appropriate review of the Board papers to facilitate full and effective discussions at the meetings. A careful balance of formal and informal meetings throughout the year exists and there is an atmosphere of cordial relations. This creates an environment that encourages challenge, consultation, information sharing, innovative thinking and openness in communication.

The Directors have full access to corporate information and sufficient detail to enable a productive and open discussion and there is diversity in terms of professional competence which ensures that the level of debate is both detailed and of a high technical standard.

The table below is a summary of the meeting attendance record of the Board of Directors for the year 2025.

BOARD OF DIRECTORS MEETING ATTENDANCE			
NAME	**ROLE**	**WHEN APPOINTED**	**ATTENDANCE**
Isaac Kiprop	National Chairman	Re-elected 24th March 2024	12/12
Kevin Maina	National Vice Chariman	24th March 2024	12/12
Dominic Mokaya	Hon. Secretary	11th March 2023	12/12
Samuel Wachiuri	National Treasurer	11th March 2023	12/12
William Ndiritu	Member	Re-elected 24th March 2024	12/12
Clemence Wawuda	Member	Re-elected 15th Feb 2025	12/12
Jemimah Munuve	Member	11th March 2023	12/12
Boaz Chimasia	Member	Re-elected 15th Feb 2025	12/12
Thomas Ondara	Member	15th Feb 2025	11/12

The table below is a summary of the meeting attendance record of the Various Committees for the year 2025.

COMMITTEE MEETING ATTENDANCE						
NAME	Finance, Investment & Administration	Human Resource & Governance	Credit	Audit, Risk Management & Compliance	Education, Strategy, Business Development & Technology	Supervisory
Isaac Kiprop	12/12	4/4				
Dominic Mokaya	12/12			6/6		
Kevin Maina	11/12				4/4	
Samuel Wachiuri	12/12	4/4				
Jemimah Munuve				6/6		
William Ndiritu			12/12		4/4	
Boaz Chimasia		4/4	12/12			
Clemence Wawuda			12/12		4/4	
Thomas Ondara		3/4		5/6		
Philgona Mwatha						8/8
Isaac Mwangi						8/8
Grace Mugure						7/8

The Chief Executive Officer

The Chief Executive Officer (CEO) is responsible for the leadership and management of the Society. The Board delegates the responsibility for the execution and administration of operations to the CEO, and this includes responsibility for implementing Society's strategic direction and managing Society's day-to-day operations. The scope, and specific limits, of the authority delegated to the CEO and the Management team are clearly documented. These delegations balance effective oversight with appropriate empowerment and accountability of management.

All members of the management staff are appointed by the Board of Directors. The management team oversees day to day operations in their respective functions. They meet on monthly basis to review the operations of the Society. The team is comprised of the following;

-William Pudha	-Chief Executive Officer (CEO)
-Edward Obilo	-Manager Finance
-Pamela Wanja	-Head of Credit and FOSA
-Cynthia Mwakalama	-Manager Operations and Human Resource
-Wycliffe Mutuli	-Manager Information, Communication and Technology (ICT)
-Elizabeth Ouko	-Manager Internal Audit, Risk and Assurance

Separation of powers and duties of the Chairman and the Chief Executive Officer (CEO)

National Chairman	Chief Executive Officer	Senior Management
✓ Provides overall leadership and direction to the Board of Directors.	✓ Responsible for the overall management and operations of the society.	✓ Supports the CEO in the day-to-day operations of the society.
✓ Ensures that the Board functions effectively and fulfills its governance role.	✓ Implements the policies and strategies approved by the Board.	✓ Heads specific functional areas which include finance, operations, credit management, human resources, ICT and audit and risk.
✓ Presides over board meetings and the Annual Delegates Meeting (ADM).	✓ Prepares and presents budgets, financial reports, and operational plans to the Board.	✓ Develops and executes operational plans to achieve departmental and overall Society goals.
✓ Acts as the main representative and spokesperson of the society at public and official functions.	✓ Oversees the development and implementation of the society's strategic plan.	✓ Prepares detailed reports and analyses for decision-making by the CEO and Board.
✓ Oversees the implementation of board policies and ensures compliance with regulatory and legal requirements.	✓ Leads and manages the staff to achieve the society's goals and objectives.	✓ Monitors and evaluates the performance of their respective departments.
✓ Facilitates effective communication between the board, management, and members.	✓ Acts as a liaison between the Board and staff, ensuring smooth communication and alignment of goals.	✓ Ensures that staff in their areas of responsibility adhere to internal policies, standards, and regulatory requirements.
	✓ Ensures compliance with statutory, regulatory, and reporting requirements.	✓ Participates in policy formulation, strategic planning, and risk management.

Procurement

Procurement in the Sacco is guided by the procurement laws and best practice. The Sacco has a Procurement Committee independent of the Board to handle procurement matters in the Sacco and they also meet to open and evaluate tenders as part of the procurement process. The Committee draws its membership from the Heads of Departments except for the Internal Audit department who performs the oversight role and Finance department to manage conflict of interest.

Core values

The entire Ushuru Sacco fraternity (Board, Supervisory committee and staff) work to deliver on the vision and strategic plan of the Sacco and subscribe to the set "Ushuru Sacco code of conduct" which has been anchored on best practises and statutory requirements. The team continuously practises the four key Society values which define what the Sacco promises to abide by namely; Simple, Proficient, Ethical and cohesive. In this regard every individual is expected not to engage in any activity that puts into question the Society's reputation.

Conflicts of interest

The Society upholds the highest standards of integrity and transparency in addressing conflicts of interest. All directors and employees are required to disclose any personal or professional interests that may conflict with their responsibilities. This entails not engaging, directly or indirectly, in any business that competes or conflicts with the Society's business. Any potential or actual conflicts of interest are reported to the Honourable Secretary.

A robust policy is in place to manage and mitigate such conflicts, ensuring decisions are made in the best interest of the Society and its stakeholders. Directors and employees have a duty to not place themselves in a position which gives rise to a real or substantial possibility of conflict of interest or duty in relation to any matter which is or is likely to be brought before the Board.

Risk Management & Internal controls

A proactive approach to risk management is integral to the Society's governance strategy. The board oversees a comprehensive risk management framework that identifies, assesses, and mitigates risks. This framework supports informed decision-making and enhances the institution's resilience to potential threats. The Society maintains a risk register which is updated regularly to ensure that all risks are identified and mitigated effectively.

The Board is committed to managing risk and to controlling its business and financial activities in a manner which enables it to maximise profitable business opportunities, manage and ensure compliance with applicable laws and regulations and enhance resilience to external events. The effectiveness of the Society's internal control system is reviewed regularly by the Board through a Management framework and the Internal Audit function.

Internal Audit Function

The Internal Audit function monitors compliance with policies and standards and the effectiveness of internal control structures of the Society through its programme of audits. The work of the Internal Audit function is focused on the areas of greatest risk as determined by a risk-based assessment methodology. The Internal Audit function reports to the Board Audit Committee.

The Society's business is conducted within a developed control framework, underpinned by policy statements, written procedures and control manuals. This ensures that there are written policies and procedures to identify and manage risk, including operational risk, liquidity risk and credit risk. The Board has established a management framework that clearly defines roles, responsibilities and reporting lines. Delegated authorities are documented and communicated.

Compliance/Statutory Accountability

Adherence to statutory and regulatory requirements is a cornerstone of the Society's governance framework. The Society ensures compliance with all relevant laws, regulations, and standards, supported by internal controls and regular audits. Directors and management are accountable for maintaining these high standards.

Information, Communication and Technology (ICT) governance

The Board of Directors acknowledges the critical role of Information and Communication Technology (ICT) in enhancing operational efficiency, decision-making, and service delivery. As such, ICT governance is an integral component of our corporate governance framework.

ICT strategies are aligned with the institution's overall objectives to ensure that technology investments directly contribute to achieving our mission and vision. The Board ensures that ICT initiatives support Society goals, improve stakeholder engagement, and create value for members.

A robust ICT risk management framework is in place to identify, assess, and mitigate risks associated with technology usage. This includes cybersecurity risks, data privacy concerns,

and operational disruptions. The institution conducts regular audits, vulnerability assessments, and compliance checks to uphold the integrity and security of its ICT systems. To achieve these objectives, the Society has recruited a Systems auditor to give assess and give assurance on the operational efficiency of the ICT infrastructure and policies.

The Society has established an ICT Steering Committee Comprising Directors and ICT experts. This committee provides oversight, approves key technology initiatives, and ensures alignment with strategic objectives. Regular reporting to the Board facilitates accountability and informed decision-making.

External Auditor

As a part of the Society's commitment to upholding the highest standards of corporate governance, Ushuru Sacco recognizes the critical role played by the external auditor in providing an independent and objective assessment of the organization's financial statements.

The external auditor is appointed annually by the Delegates at the Annual Delegates meeting,

from the list recommended by the Board. The appointment process is designed to ensure the selection of a competent, independent, and reputable auditing firm that aligns with the needs of the Society. To maintain independence, the external auditor is prohibited from providing non-audit services that could impair their objectivity. The Board ensures selection of a new external audit firm after a period of three years provided a satisfactory service is rendered within the years.

The role of the external auditor is to provide an independent opinion that the Society's financial

reports are true and fair, and comply with applicable regulations. Ushuru Sacco's current external auditor is Ronalds LLP, who was engaged at the beginning of the year 2022. The external auditor attends the Society's annual delegates meeting (ADM) and is available to answer delegates' questions about the conduct of the audit and the preparation and content of the auditor's report.

Communication Policy

The Society prioritizes effective communication with stakeholders through a well-defined communication policy. This policy ensures accurate, timely, and transparent dissemination of information. Regular updates are provided through various channels to foster trust and engagement.

Maintaining strong and constructive relationships with members is fundamental to the Society's success. The board engages with members to understand their needs and expectations, ensuring their interests are considered in decision-making processes. This engagement is through the annual member education physically and virtually.

Code of Conduct

The Society is committed to fostering a culture of integrity, accountability, and ethical behaviour. The Code of Conduct serves as a fundamental element of our corporate governance framework, guiding the actions and decisions of all stakeholders, including Directors, management, employees, and members. The Code of Conduct establishes the principles and standards of ethical behaviour that are expected in all aspects of the Society's operations. It reflects our dedication to transparency, compliance, and the preservation of the trust placed in us by our members and the wider community.

Ushuru Sacco Directors, supervisory members and employees are expected to act with honesty, integrity and fairness in all their dealings with one another and with stakeholders. When joining Ushuru Sacco, every employee is provided with a copy of the Code and must commit to abide by its requirements as part of the employment contract with the Society.

Sustainability Report

Economic Sustainability

Ushuru Sacco cooperative continues to drive financial inclusion by supporting members through accessible financial services. In the year 2025, the Society disbursed over 2B in loans to fund small businesses, health, education, and housing projects, positively impacting over 1000 members. To enhance operational efficiency, the Society focused on operational improvements, including digital banking solutions, online member registration and enhanced service delivery.

Governance and Transparency

Strong governance and ethical practices underpin our cooperative's success. In the year 2025, the Society enhanced transparency through regular performance updates which were facilitated through the monthly Board meetings and quarterly strategic meeting for Board and management. In support of governance framework, targeted trainings were administered to board members and staff. The Board undertook to implement Governance evaluation recommendations in phases to support the Society's strategic direction. These efforts ensure accountability and trust among members.

Employee Welfare

Ushuru Sacco is committed to fostering a diverse and inclusive workforce. To this end, the hiring policies are designed to promote equal opportunity for all candidates, irrespective of gender, ethnicity, age, or background. The recruitment process adheres to the principles of fairness, transparency, and meritocracy. The Society strive to maintain a balanced gender ratio by actively encouraging applications from underrepresented genders.

Employee development is at the heart of the Society's goals. The Society has implemented structured training and development programs to enhance employee skills and competencies. Key initiatives include: Continuous Learning and professional development, for example Regular workshops, seminars, in-house trainings and sponsorships for professional training aligned to the employees' duties.

The Society has embraced performance appraisal for all its employees to monitor performance and rewards outstanding performance. The performance appraisal system is designed to be fair, transparent, and aligned with Society's goals. Employees are evaluated quarterly based on key performance indicators (KPIs), which are communicated clearly at the start of each appraisal cycle. Outstanding performers are rewarded through Non-Monetary Incentives: Public recognition.

The safety and well-being of the employees is paramount. The Society workplace safety policies comply with the standards set forth by the Occupational Safety and Health Administration (OSHA). Specific measures include, Workplace Safety Training-Regular sessions on safe practices and emergency protocols, Fire Safety-Installation of fire extinguishers, alarms, and evacuation drills conducted annually, First Aid-Provision of fully stocked first aid kits and training programs.

The Society's workforce comprises both permanent, fixed term contracts and temporary staff, with a ratio designed to meet operational demands effectively while ensuring institutional stability.

As of the current year, our staff ratio is 50% permanent, 34% fixed contract and 16% temporary employees. Ushuru Sacco provide various benefits to all these categories which include; Comprehensive health insurance, Retirement benefits, paid leave (sick leave, vacation days, and parental leave), Opportunities for career progression and professional development and Health and safety protections.

Remuneration Policy

The remuneration for the Directors consists of sitting allowance earned and paid monthly, annual honoraria, travelling allowances for attending Board and committee meetings. Information and disclosures relating to the Directors remunerations and salary emoluments paid to key management staff are contained in the financial statements. The Society endeavours to review and approve competitive remuneration packages, which are designed to attract, retain and motivate staff.

Going concern

The Board confirms that it is satisfied that the Society has adequate resources to continue in business for the foreseeable future. For this reason, it continues to adopt the going concern basis when preparing the financial statements.

The Directors are responsible for the preparation and presentation of the financial statements of the Society which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

SOCIETY INFORMATION

Board of directors	: Mr. Isaac Kiprop	National Chairman
	: Mr. Kevin Maina	National Vice Chairman
	: Mr. Dominic Mokaya	National Hon. Secretary
	: Mr. Samuel Wachiuri	National Treasurer
	: Mr. Thomas Ondara	Director
	: Ms. Jemimah Munuve	Director
	: Mr. Boaz Chimasia	Director
	: Mr. William Ndiritu	Director
	: Ms. Clemence Wawuda	Director
	: Mr. William Pudha	Chief Executive Officer
Supervisory committee	: Mr. Isaac Mwangi	Chairman
	: Ms. Philgona Mwatha	Secretary
	: Ms. Grace Wambui	Member
Registered office	: Ushuru DT Savings and Credit Co-operative Society Limited	
	: Ushuru Sacco Centre	
	: P.O. Box 52072, 00200	
	: NAIROBI	
	: Telephone: 020-7608700	
	: Email: info@ushurusacco.com	
Principal banker	: Co-operative Bank of Kenya	
	: Kilimani Branch	
	: NAIROBI	
Legal advisors	: The panel of lawyers is available at the head office	
Independent auditor	Forvis Mazars LLP Certified Public Accountants (K) The Green House 3rd Floor, Ngong Road, P.O BOX 61120-00200, Nairobi - Kenya Telephone: +254 20 3861175/6/9 Cell Phone: +254 722 440 270 / +254 734 440 270 Email: contacts@mazars.co.ke Website: https://www.forvismazars.com/ke	

The Directors submit their annual report together with the audited financial statements for the year ended 31 December 2025 which show the society's state of affairs.

Incorporation

The society is incorporated in Kenya under the Co-operative Societies Act, Cap. 490 and is domiciled in Kenya. The Society was licensed as a Deposit taking Sacco effective 1st January 2020

Principal activity

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

Results

	2025 Shs	2024 Shs
Surplus before tax	213,209,576	160,006,354
Income tax expense	(30,616,055)	(31,157,909)
Other comprehensive income, net of tax	18,794,748	5,871,474
Total comprehensive income for the year	201,388,269	134,719,919
Interest on members' deposits	(626,283,214)	(562,530,397)

Share capital

The issued and paid up share capital of the society was increased during the year from Shs. 354.9 million to Shs. 378 million.

Dividends and interest

The management committee recommends payments of first and final dividend of 15% (2024: 15%) on weighted share balance. They also recommend 10.4% (2024: 10.4%) on weighted members deposit and 7% (2024: 7%) on weighted members special savings.

Business review

The total interest income of the society increased from Shs. 805 million to Shs. 884 million. The increase is directly attributed to growth in the loan book to members compared to prior year and investment of excess liquid cash in high earning ventures like government securities and fixed income unit trusts. Surplus before tax increased from Shs.160 million to Shs. 213.2 million compared to prior year.

As at 31 December 2025, the net asset position of the society was Shs. 1.246 billion compared to Shs. 1.073 million as at 31 December 2024.

Principal risks and uncertainties

The overall business environment continues to remain challenging and this has a resultant effect on overall demand of the society's products. The society's strategic focus is to enhance revenue growth whilst maintaining growth margins, the success of which remains dependent on overall market conditions.

In addition to the business risks discussed above, the society's activities expose it to a number of financial risks including credit risk, cash flow and foreign currency risk and liquidity risk as set-out in Note 20 of the financial statements.

Report of the directors (Continued)

Board of directors

The Directors who held office during the year and to the date of this report are shown on page 3.

Statement as to disclosure to the society's auditor

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

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

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

Terms of appointment of the auditor

The society's auditor, Forvis Mazars LLP, were appointed during the year and have expressed willingness to continue in office in accordance with the Sacco Socities Act No. 14 of 2018. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

BY ORDER OF THE BOARD

Signature_____ date....21st January...2026

National Hon. Secretary

FINANCIAL AND STATISTICAL INFORMATION

Membership		As at 31 December 2025 Numbers	2024 Numbers
At start of the year		10,152	9,846
Members who joined within the year		573	563
Withdrawals during the year		(271)	(257)
At end of the year		10,454	10,152
Comprising:	- Active	10,378	10,108
	- Dormant	76	44
		10,454	10,152
Regional offices		4	4
Number of employees			
Male		14	14
Female		18	17
Total		32	31

Financial	Statutory	2025 Shs	2024 Shs
Total assets		8,658,381,890	7,728,809,561
Members' deposits		6,434,216,022	5,809,578,506
Loans and advance to members		6,033,456,615	5,477,681,989
Provision for loan losses		24,972,445	70,317,678
Non-performing loans		24,331,570	23,348,477
Other financial assets		60,728,776	46,934,028
Total revenue		1,000,385,710	907,993,421
Total interest income from members		752,057,420	673,839,564
Total expenses		810,087,793	771,359,768
Investment shares		*378,128,399*	*354,873,462*
Statutory reserve		194,564,650	158,045,946
Appropriation account		413,330,780	381,889,970
Institutional capital		693,843,392	633,140,862
Core capital	>10M	1,085,728,775	988,014,324
Loan loss reserve		57,554,254	3,740,394

Key ratios:		2025 %	2024 %
Capital Adequacy			
Core capital	>10M	1,085,728,775	988,014,324
Core capital/Total assets	10%	12.5%	12.8%
Core capital/Total deposits	8%	16.9%	17.0%
Institutional capital/Total assets	8%	8.0%	8.2%
Liquidity ratio	15%	29%	27%
Non-earning Assets	<10%	1.31%	1.45%
Equity investments/Deposits	<5%	1.25%	1.06%
Equity investments/Core Capital	<5%	5.22%	5.22%
Operating efficiency/loan quality ratios			
Total expenses/Total revenue		85%	86%
Interest to members deposits/Total revenue		62%	63%
Interest on members deposits		10.4%	10.4%
Interest rate on members' savings		7.0%	7.0%
Dividend rate on members share capital		15%	15%
Total delinquent loans/Gross loan portfolio	<5%	0.44%	0.46%

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Co-operative Societies Act, Cap. 490 and Sacco Socities Act No. 14 of 2018 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the society as at the end of the financial year and of its surplus or deficit for that year. It also requires the Directors to ensure that the society keeps proper accounting records that are sufficient to show and explain the transactions of the society; that disclose, with reasonable accuracy, the financial position of the society and that enable them to prepare financial statements of the society that comply with the International Financial 'Reporting Standards,the requirements of the Co-operative Societies Act, Cap. 490 and the

The Directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Sacco Socities Act No. 14 of 2018. They also accept responsibility for:

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

ii. Selecting and applying appropriate accounting policies; and

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

The Directors are of the opinion that the financial statements give a true and fair view of the financial position of the society as at 31 December 2022 and of the society's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Co-operative Societies Act, Cap. 490 and Sacco Socities Act No. 14 of 2018.

In preparing these financial statements the directors have assessed the society's ability to continue as a going concern as detailed in Note 1 to the financial statements. Nothing has come to the attention of the directors to indicate that the society will not remain a going concern for at least the next twelve months from the date of this statement.

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 _____21 st January___ 2026 and signed on its behalf by:



_____ ISAAC KIPROP - CHAIRMAN



_____SAMUEL WACHIURI -TREASURER



_____DOMINIC MOKAYA - SECRETARY

forvis mazars

Opinion

We have audited the financial statements of Ushuru Savings and Credit Co-operative Society Limited (the 'society) set out on pages 38 to 79, which comprise the statement of financial position as at 31 December 2025, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the society's financial 'position as at 31 December 2025, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Co-operative Societies Act, Cap.490.

Basis for opinion

We conducted our audit in accordance with international standards on Auditing. Our responsibilities under these standards have been further specified in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We believe 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 these matters.

Key Audit Matter – Loan Impairment-Provisions		
The directors exercise significant judgement in the classification of loans and advances to customers into the various credit grades and stages of performance, as described in Note 1(b) and Note 20 to the financial statements, as well as in determining the level of expected credit loss (ECL) required for each category. These judgements involve the application of the Society's historical loss experience, reference to regulatory guidelines and industry standards, and the incorporation of relevant forward-looking information. Because of the significance of these judgements, the complexity of the assumptions involved, and the magnitude of loans and advances, the determination of loan impairment provisions was a key area of focus in our audit. Further details of the loans and advances balances and related impairment provisions are disclosed in Note 8 to the financial statements.	Our audit procedures included testing the model used by the directors in classifying loans and advances into their respective credit grades and stages of performance. This involved obtaining an understanding of the classification criteria applied by management and assessing whether these criteria were consistent with the Society's historical experience and prevailing industry practices. We tested a sample of loans and advances, including loans that had not been identified by management as impaired, to form our own independent assessment of whether the loan classification and staging applied were appropriate and reliable. For a sample of impaired loans, we tested the accuracy and completeness of data extracted for use in the impairment models. We assessed the probability of default (PD) applied and evaluated the estimated future expected cash flows from members, taking into account historical recovery experience. We also assessed the valuation and realisability of collateral held, which in most cases primarily represented members' deposits. These deposits are key inputs into the loss-given-default (LGD) assumptions used in determining the impairment provisions.	Based on the audit procedures performed, we found that the judgements applied by the directors in classifying loans and advances and in determining the related impairment provisions were reasonable and consistent with the Society's policies, historical experience, and available supporting evidence. The impairment provisions recognised by the Society were, in our view, appropriate in the circumstances.

Key audit matters (continued)

Key Audit Matter – Information Technology Control Environment	How the matter was addressed in the audit	Conclusion
The society is highly dependent on information systems, and controls over access rights to such systems are critical. Therefore, this area represents a key audit matter due to the potential impact on the accuracy, completeness, and integrity of financial information.	We tested the design and implementation of the society's controls surrounding the information technology environment, with a particular focus on access rights management and controls over critical databases within the scope of our audit and the financial reporting process. Our procedures included evaluating the controls' design effectiveness, performing walkthroughs, and testing the operating effectiveness of controls. Where our procedures identified deficiencies, we assessed the design and implementation of any compensating controls that mitigated the risks. We extended the scope of our testing to include additional substantive procedures where necessary to address residual risks.	Based on the procedures performed, we found that controls over the information technology environment, including access rights management, were appropriately designed and effectively implemented, and were operating effectively throughout the period. No material deficiencies were identified that would impact the audit opinion.

Other information

The directors are responsible for the other information. The other information comprises the report of the directors, statement of directors' responsibilities and financial and statistical information which comprise the annual report but does not include the financial statements and the auditors report thereon.

Our opinion on the financial statements does not cover the other information and 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.

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Co-operative Societies, Act Cap. 490 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 society'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 society or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the society's financial reporting process.

Auditor's 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism 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 society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 company 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.

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

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

Auditor's responsibilities for the audit of the financial statements (continued)

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

Report on other legal and regulatory requirements

As required by the Co-operative Society Act Cap 490 and the Sacco Societies Act no. 14 of 2008, we report to you based on our audit that;

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
ii) In our opinion, proper books of account have been kept by the society, so far as appears from our examination of those books;
iii) The Society's Statement of Financial Position and Statement of Comprehensive Income are in agreement with the books of account; and
iv) The Sacco's business was conducted in accordance with the provisions of the Co-operative Societies Act 2015, the Sacco Societies act no 14 of 2008 and in accordance Sacco's by-laws and any other resolutions made by the Society at a general meeting.

The engagement partner on the audit resulting in this independent auditor's report is FCPA Charles Gathuto P/No 1231.

For and on behalf of Forvis Mazars LLP
Certified Public Accountants
Nairobi

UNIQUE CODE: 50672260216

February, 2026

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2025 Shs	2024 Shs
Revenue			
Interest income:			
Interest on loans and advances	2 (a)	752,057,420	673,839,564
Other interest income	2 (b)	132,090,436	131,583,143
Total interest income		884,147,856	805,422,707
Interest expenses	2 (c)	(626,283,214)	(562,530,397)
Net interest income		257,864,642	242,892,310
Other operating income	2 (d)	116,237,854	102,570,714
Impairment on receivables	7	(2,704,396)	-
Impairment credit/(charge) on loan and advances	8	44,401,315	(5,807,066)
Impairement of financial assets at Kuscco Ltd	6(e)	(5,000,000)	(7,785,208)
Governance expenses	23	(45,715,050)	(42,855,028)
Administrative expenses	24	(135,318,808)	(111,543,420)
Other operating expenses	25	(16,555,981)	(17,465,948)
Surplus before tax		213,209,576	160,006,354
Income tax expense	5	(30,616,055)	(31,157,909)
Surplus for the year		182,593,521	128,848,445
Other comprehensive income:			
Items that will not be reclassified subsequently to surplus or deficit:			
Change in fair value of other financial assets at fair value through other comprehensive income	3	18,794,748	5,871,474
Total comprehensive income		201,388,269	134,719,919
Statutory reserve 20%		(36,518,704)	(25,769,689)
		164,869,565	108,950,230
Loan loss reserve transfer	17(vii)	(53,387,980)	-
Honararia and staff bonus	26	(8,010,000)	(7,490,000)
Total comprehensive income after honoraria and bonus		103,471,585	101,460,230

Proposed final dividend for the year

The notes on pages 43 to 79 form an integral part of these financial statements.

Report of the independent auditor - pages 34 to 37

STATEMENT OF FINANCIAL POSITION

	Note	2025 Shs	2024 Shs
Cash and bank balances	6	1,859,574,734	1,539,897,175
Receivables and prepayments	7	233,411,465	245,093,940
Loans and advances to members	8	6,008,484,170	5,407,364,311
Other financial assets	9	60,728,776	46,934,028
Investment property	10	337,500,000	337,500,000
Property and equipment	11	113,789,161	112,324,334
Intangible assets	12	44,893,584	39,695,773
Total assets		**8,658,381,890**	**7,728,809,561**
Liabilities			
Other payables	13	31,492,794	27,865,988
Interest due on members deposits	14	626,283,214	562,530,397
Member deposits	15 a	6,434,216,022	5,809,578,506
FOSA Savings	15 b	318,776,574	251,121,221
Tax payable	4	820,585	4,667,854
		7,411,589,189	6,655,763,966
Financed by:-			
Share capital	16	378,128,399	354,873,462
Statutory reserve	17 (i)	194,564,650	158,045,946
Appropriation reserve	17 (ii)	413,330,780	381,889,970
RMF reserve fund	17 (iii)	99,704,946	93,204,946
Revaluation reserve	17 (iv)	1,470,000	-
Fair value reserve	17 (v)	48,803,645	30,008,897
Proposed dividend	17 (vi)	53,236,027	51,281,980
Loan Loss Reserve	17(vii)	57,554,254	3,740,394
		1,246,792,701	1,073,045,595
Total liabilities and capital		**8,658,381,890**	**7,728,809,561**

APPROVED for publication and presentation to AGM or ADM subject to observations Issued 16 FEB 2026 SIGN..... THE SACCO SOCIETIES REGULATORY AUTHORITY

The financial statements on pages **38 to 42** were approved and authorised for issue by the board of directors on 21/01 2026 and were signed on its behalf by:

1. _____ **ISAAC KIPROP - CHAIRMAN**
2. _____ **SAMUEL WACHIURI -TREASURER**
3. _____ **DOMINIC MOKAYA- SECRETARY**
4. _____ **WILLIAM PUDHA- CHIEF EXECUTIVE OFFICER**
5. _____ **EDWARD OBILO- FINANCE MANAGER**

The notes on pages **42 to 79** form an integral part of these financial statements.

Report of the independent auditor - pages **34 to 37**

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024	Notes	Share capital	Statutory reserve	Appropriation reserve	RMF reserve fund	Revaluation reserve	Fair value reserve	Dividend account	Loan Loss Reserve	Total
		Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At start of the year		324,559,505	132,276,257	337,583,194	85,204,946	-	24,137,423	45,096,845	809,982	949,668,152
- IFRS 9 transition adjusment		-	-	-	-	-	-	-		-
At start of the year - as restated		324,559,505	132,276,257	337,583,194	85,204,946	-	24,137,423	45,096,845		949,668,152
Total comprehensive income:		-	-	128,848,445	-	-		-	-	128,848,445
Transfer of depreciation on revaluation	17(v)	-	-	-	-	-	5,871,474	-	-	5,871,474
Honoraria and staff bonus	26	-	-	(7,490,000)	-	-	-	-	-	(7,490,000)
Transfer to statutory reserve	17 (i)	-	25,769,689	(25,769,689)	-	-	-	-	-	-
RMF Reserve Transfer	17 (iii)	-	-	-	8,000,000				-	8,000,000
Dividend paid	17 (ii)	-	-	-	-	-	-	(45,096,845)	-	(45,096,845)
Proposed Dividend	17 (vi)	-	-	(51,281,980)	--	-	-	51,281,980	-	-
Loan Loss Reserve Fund	17(vii)								2,930,412	2,930,412
Loan Loss Reserve-ECL difference										
Transactions with owners:										
Issue of shares	16	30,313,957	-		-	-	-	-	-	30,313,957
At end of year		**354,873,462**	**158,045,946**	**381,889,970**	**93,204,946**	**-**	**30,008,897**	**51,281,980**	**3,740,394**	**1,073,045,595**

The notes on pages 43 to 79 form an integral part of these financial statements.

Report of the independent auditor - pages 34 to 37

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025	Notes	Share capital Shs	Statutory reserve Shs	Appropriation reserve Shs	RMF reserve fund Shs	Revaluation reserve Shs	Fair value reserve Shs	Dividend account Shs	Loan Loss Reserve Shs	Total Shs
		378,128,399								
At start of the year		354,873,462	158,045,946	381,889,970	93,204,946	-	30,008,897	51,281,980	3,740,394	1,073,045,595
Total comprehensive income:		-	-	182,593,521	-	-		-	-	182,593,521
Transfer of depreciation on revaluatior	17 (v)	-	-	-	-	-	18,794,748	-	-	18,794,748
Fair value gain				-		-				-
Honoraria and staff bonus	26	-	-	(8,010,000)	-		-	-	-	(8,010,000)
Transfer to statutory reserve	17 (i)	-	36,518,704	(36,518,704)	-	-	-	-	-	-
RMF Reserve Transfer	17 (iii)	-	-	-	6,500,000				-	6,500,000
Dividend paid	17 (ii)	-	-	-	-	-	-	(51,281,980)	-	(51,281,980)
Proposed Dividend	17 (vi)	-	-	(53,236,027)	-	-	-	53,236,027	-	-
Loan Loss Reserve Fund	17(vii)				-				425,880	425,880
Loan Loss Reserve-ECL difference				(53,387,980)					53,387,980	-
Revaluation during the year						1,470,000				1,470,000
Transactions with owners:										
Issue of shares	16	23,254,937	-		-	-	-	-	-	23,254,937
At end of year		**378,128,399**	**194,564,650**	**413,330,780**	**99,704,946**	**1,470,000**	**48,803,645**	**53,236,027**	**57,554,254**	**1,246,792,701**

The notes on pages 43 to 79 form an integral part of these financial statements.

Report of the independent auditor - pages 34 to 37.

STATEMENT OF CASHFLOWS

	Notes	2025 Shs	2024 Shs
Cash from operating activities			
Interest income	2 (a)	752,057,420	673,839,564
Other interest income	2 (b)	132,090,436	131,583,143
Other operating income	2 (d)	108,767,454	98,161,432
Interest payments	14	(562,530,397)	(501,144,489)
Honoraria and staff bonus paid	26	(7,490,000)	(6,780,000)
Amortisation of intangible assets	11		
Payment to employees and suppliers	23,24 & 25	(192,866,902)	(160,711,622)
Net cash from operating activities		230,028,011	234,948,028
Cash (used in) loans and advances and other receivables			
Advances to members	8	(4,425,380,248)	(4,395,442,578)
Loan repayments	8	3,868,661,704	3,661,655,533
Decrease/increase in receivables and prepayments	7.	1,354,759	(5,766,927)
Cash from deposits and other payables			
Deposits received	15	9,886,551,469	9,173,594,000
Withdrawals	15	(9,194,258,600)	(8,492,831,856)
Increase/decrease in other payables	13.	3,106,806	(19,655,471)
		370,063,901	156,500,729
Net cash from/(used in) operating activities before income taxes			
Income tax paid	4.	(34,463,324)	(29,101,715)
Net cash from/(used in) operating activities		335,600,577	127,399,014
Investing activities			
Purchase of property and equipment	11	(2,122,755)	(751,784)
Purchase of intangible assets	12	(7,792,820)	(11,287,639)
Settlement for Milimani plots	18.	7,623,320	20,615,800
Dividends received	2(d)	7,470,400	4,395,037
Net cash (used in) investing activities		5,178,145	12,971,414
Financing activities			
Proceeds from shares issue	16	23,254,937	30,313,957
Loan Loss Recovered	17 (vii)	425,880	2,930,412
Dividends paid	17 (vi)	(51,281,980)	(45,096,845)
RMF Proceeds	17 (iii)	6,500,000	8,000,000
Net cash from financing activities		(21,101,163)	(3,852,476)
Increase/(decrease) in cash and cash equivalent		319,677,559	136,517,952
Cash and cash equivalents at start of year		1,539,897,175	1,403,379,223
Cash and cash equivalents at end of year	6	1,859,574,734	1,539,897,175

The notes on pages 43 to 79 form an integral part of these financial statements.

Report of the independent auditor - pages 34 to 37

Notes

1. Material accounting policy information

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 are prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRS). They are presented in Kenya Shillings (Kshs), which is also the functional currency, rounded to the nearest shilling. The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

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

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

Going concern

The financial performance of the society is set out in the director's report and in the statement of comprehensive income. The financial position of the society is set out in the statement of financial position. Disclosures in respect of risk management are set out in note 20.

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.

All new and revised standards and interpretations that have become effective for the first time in the financial year beginning 1 January 2020 have been adopted by the society. Of those, the following has had an effect on the society's financial statements:

International Financial Reporting Standards 9 (IFRS 9): Financial Instruments

The society has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The society did not early adopt IFRS 9 in previous periods.

As permitted by IFRS 9, the society has elected to continue to apply the hedge accounting requirements of IAS 39.

Consequently, for notes and disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes and disclosures repeat those disclosures made in the prior year.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

1. Material accounting policy information (continued)

a) Basis of preparation (continued)

New and revised financial reporting standards

i) New standards, amendments and interpretations adopted by the SACCO

The following amendments to standards became effective for the first time in the financial year beginning 1st July 2021 and have been adopted by the SACCO. None of the amendments has had an impact on the SACCO's financial statements.

Amendments to IAS 8 titled Definition of Accounting Estimates (issued in February
The amendments require entities to disclose their material accounting policy information rather than their Material accounting policy information.

Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)
The amendments require entities to disclose their material accounting policy information rather than their Material accounting policy information.

Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from
The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Neither the new Standard nor the other three amendments have had an impact on the Company's financial statements.

ii) New and revised standards that have been issued but are not yet effective

The SACCO has not applied any of the new or revised financial reporting standards and Interpretations that have been published but are not yet effective for the year beginning 1st July 2021, and the Council do not plan to apply any of them until they become effective. The list below indicates new or revised standards and interpretations, with their effective dates, none of which is expected to have a significant impact on the SACCO's financial statements in the period of initial application.

Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current
The amendments, applicable to annual periods beginning on or after 1 January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in
The amendment, applicable to annual periods beginning on or after 1 January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains.

Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October
The amendments, applicable to annual periods beginning on or after 1 July 2023, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.

Amendments to IAS 7 and IFRS 7 titled Supplier Finance Arrangements (issued in May
The amendments, applicable to annual periods beginning on or after 1 July 2023, require an entity to provide additional disclosures about its supplier finance arrangements.

Notes (continued)

1. Material accounting policy information (continued)

a) Basis of preparation (continued)

New and revised financial reporting standards (continued)

ii) New and revised standards that have been issued but are not yet effective (continued)

Amendments to IAS 21 titled Lack of Exchangeability (issued in August 2023)
The amendments, applicable to annual periods beginning on or after 1st January 2025, require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

b) Critical accounting estimates and judgements

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i Measurement of expected credit losses (ECL):

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumption about future economic conditions and credit behaviour.

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

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

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

The ECL model contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.

Notes (continued)

1. Material accounting policy information (continued)

i Measurement of expected credit losses (ECL): (continued)

Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.

When one or more events that have a detrimental impact on the estimated future cash

c) Key sources of estimation uncertainty

i Measurement of expected credit losses (ECL) (continued):

Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than 30 days will payments that are more than 90 days overdue will represent credit impairment (stage 3). The society uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions.

ii Fair value of other financial instruments

In estimating the fair value of an asset or a liability, the society uses market-observable data to the extent it is available. Where level 1 inputs are not available, the society makes use of financial models or engages third party qualified values to perform the valuation and provide inputs to the model.
The valuation of other financial instruments is described in more detail in Note 9.

iii Useful lives of property and equipment and intangible assets

Management reviews the useful lives and residual values of the items of property and equipment on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

d) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the performance of services, in the ordinary course of business.

The society recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the society and when the specific criteria have been met for each of the society's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The society bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement.

Notes (continued)

1. Material accounting policy information (continued)

d) Revenue recognition (continued)

Interest income and expense

Interest income is accrued by reference to time in relation to the principal outstanding using the effective interest rate applicable.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the society estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fee and commission income

Fees and commission income, including account servicing fees and mobile banking commisions are generally recognised on an accrual basis when the service has been provided.

Other income

i Entrance fee is recognised when a new member joins the society.
ii Dividend is recognised when the right to recieve income is established. Dividend are reflected as a component of other operating income based on the underlying classification of the equity instrument.
iii Rental income is accrued by reference to time on a straight line basis over the lease term.
iv Interest income is accrued by reference to time in relation to the principal outstanding and the effective interest rate applicable.

Notes (continued)

1. Material accounting policy information (continued)

e) Property and equipment

All property and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation except as stated below. Historical cost comprises expenditure initially incurred to 'bring the asset to its location and condition ready for its intended use.

Land and buildings and motor vehicles are subsequently shown at market value, based on periodic 'valuations less subsequent depreciation.

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation are credited to other comprehensive 'income except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the statement of comprehensive income, in which case the increase is credited to the statement of comprehensive income to the extent of the decrease previously expensed.

Decreases that offset previous increases of the same asset are charged to other comprehensive income; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to statement of comprehensive income) and depreciation based on the asset's original cost is transferred from the retained earnings to revaluation reserve.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the society and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to statement of comprehensive income during the financial year in which they are incurred.

Depreciation is calculated using the straight line method to write down the cost of each asset to its residual value or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	Rate (%)
Land and building	Nil
Motor vehicle	25
Computers and accessories	33.3
Equipment, furniture and fittings	12.5

The assets' residual values and lives are reviewed, and adjusted if appropriate at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating surplus.

Notes (continued)

1. Material accounting policy information (continued)

f) Investment property

Investment property is long-term investments in land and buildings that are not occupied substantially for own use. Investment property is initially recognised at cost and subsequently carried at fair value representing open market value at the reporting date Changes in fair value are recorded in statement of comprehensive income.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other expenditure is recognised as an expense in the year which it is incurred.

Gains and losses on disposal of investment property is determined by reference to their carrying amount and are taken into account in determining operating surplus.

g) Intangible assets - computer software

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Accounting software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straightline basis at the rate of 33.33% per annum.

h) Impairment of non-financial assets and intangible assets other than goodwill

At the end of each reporting period, Society reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

i) Financial instruments

Financial assets and financial liabilities are recognised when the society becomes a party to the contractual provisions of the instrument. Management determines all classification of financial instruments at initial recognition.

Financial assets

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

The society's financial assets fall into the following categories:

i) Financial instruments (continued)

Financial assets (continued)

Amortised cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent Solely Payments of Principal and Interest (SPPI), and that are not designated at Fair Value Through Profit or Loss (FVTPL), are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. 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 (FVTOCI): Financial assets that are held for collection of contractual cash flows where these cash flows comprise SPPI and also for liquidating the assets depending on liquidity needs and that are not designated at FVTPL, are measured at FVTOCI.

Movements in the carrying amount are taken through OCI, except for recognition of impairment gain or losses, interest revenue and foreign exchange gain and losses. Gains and losses previously recognised in OCI are reclassified from equity to profit or loss on disposal of such instruments. Gains and losses related to equity instruments are not reclassified.

Fair Value Through Profit or Loss (FVTPL): Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. 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.

For the purpose of SPPI the test, principal is the fair value of the financial asset at initial recognition That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement will not comprise SPPI.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The society determines the business models at a level that reflects how societies financial assets are managed together to achieve a particular business objective. The society's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The society has more than one business model for managing its financial instruments which reflect how the society manages its financial assets in order to generate cash flows. The society's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The society considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the society does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The society takes into account all relevant evidence available such as:

i how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

ii the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and how managers of the business are compensated (e.g. whether the compensation is based on the fair

iii value of the assets managed or on the contractual cash flows collected).

1. Material accounting policy information (continued)

i) Financial instruments (continued)

Fair Value Through Profit or Loss (FVTPL) (continued)

At initial recognition of a financial asset, the society determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The society reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the society has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Financial instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Impairment

The society recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

a Cash and cash equivalents
b Loans and advances
c Other financial assets

No impairment loss is recognised on investments measured at FVTPL.

ECLs are required to be measured through a loss allowance at an amount equal to:

a 12-month expected credit loss (ECL), i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date,

b full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument. (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the12-month ECL. More details on the determination of a significant increase in credit risk are provided in note 21.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the society under the contract and the cash flows that the society expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the society if the holder of the commitment draws down the loan and the cash flows that the society expects to receive if the loan is drawn down.

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the society expects to receive from the holder, the debtor or any other party.

Notes (continued)

1. Material accounting policy information (continued)

i) Financial instruments (continued)

Fair Value Through Profit or Loss (FVTPL) (continued)

The society measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original effective interest rate (EIR), regardless of whether it is measured on an individual basis or a collective basis.

More information on measurement of ECLs is provided in note 20 (b), including details on how instruments are grouped when they are assessed on a collective basis.

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. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

a contractual payments that are more than 90 days overdue;
b significant financial difficulty of the borrower or issuer;
c a breach of contract such as a default or past due event;
d the lender of the borrower, for economic or contractual reasons relating to the borrower's
e financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
f the disappearance of an active market for a security because of financial difficulties; or
g the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event, instead, the combined effect of several events may have caused financial assets to become credit-impaired. The society assesses whether all new and revised standards and interpretations that have become effective for the first time credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the society considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding .

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The society renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The society has an established forbearance policy which applies for corporate and retail lending.

When a financial asset is modified, the society assesses whether this modification results in derecognition. In accordance with the society's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the society considers the following:

1. Material accounting policy information (continue

i) Financial instruments (continued)

Modification and derecognition of financial assets (continued)

Qualitative factors, such as contractual cash flows after modification are no longer SPPI,

A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

If the difference in present value is greater than 10% the society deems the arrangement is substantially different leading to derecognition.

In the case where the financial asset is derecognised, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated - credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The society monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the society determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with

the remaining lifetime PD at the reporting date based on the modified terms.

Where a modification does not lead to derecognition the society calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the society measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

Notes (continued)

1. Material accounting policy information (continued)

i) Financial instruments (continued)

The society derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the society neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the society recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the society retains substantially all the risks and rewards of ownership of a transferred financial asset, the society continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount

On derecognition of a financial asset other than in its entirety (e.g. when the society retains an option to repurchase part of a transferred asset), the society allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

Write-off

Loans and debt securities are written off when the society has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the society 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. A write-off constitutes a derecognition event.The society may apply enforcement activities to financial assets written off. Recoveries resulting from the society's enforcement activities will result in impairment gains.

Gains and losses on disposal of assets whose changes in fair value were initially recognised in profit or loss are determined by reference to their carrying amount and are taken into account in determining Profit before tax. On disposal of assets whose changes in fair value were initially recognised in equity, the gains/losses are recycled to the statement of profit or loss. Any resultant surplus/deficit after the transfer of the gains/losses are transferred to retained earnings.

Management classifies financial assets as follows:

unquoted shares are classified as 'Change in fair value of other financial assets at fair value through other comprehensive income' financial instruments. The fair values of quoted investments are based on current bid prices at the reporting date. Where fair values cannot be reliably measured (unquoted investments), the society establishes fair value by using valuation techniques or carries these investments at cost less provision for impairment.

Notes (continued)

1. Material accounting policy information (continued)

i) Financial instruments (continued)

Write-off (continued)

Cash in hand and balances with financial institutions, loan and advances and other receivables are

Financial liabilities

The society's financial liabilities which include other payables, interest due and members deposits fall into the following categories:

Financial liabilities measured at amortised cost: These include other payables, interest due, members deposits and other creditors and accruals. These are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognised 'as interest expense in profit or loss under finance costs under the effective interest rate method.

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in profit or loss under finance costs.

Fees associated with the acquisition of borrowing facilities are recognised as transaction costs of the borrowing to the extent that it is probable that some or all of the facilities will be acquired. In this case the fees are deferred until the drawn down occurs. If it is not probable that some or all of the facilities will be acquired the fees are accounted for as prepayments under trade and other receivables and amortised over the period of the facility.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

All financial liabilities are classified as current liabilities unless the society has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial liabilities are derecognised when, and only when, the society's obligations are discharged, cancelled or expired.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

j) Accounting for leases

The society as lessee

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

Notes (continued)

1. Material accounting policy information (continued)

j) Accounting for leases (continued)

The society as lessor

Assets leased to third parties under operating leases are included under investment property the

Gains and losses on disposal of leased assets are determined by reference to their carrying amount and are taken into account in determining operating surplus.

k) Taxation

Current tax is provided on the basis of the results for the year, as shown in the financial statements, adjusted in accordance with tax legislation applicable to the society.

In particular under section 19A (4) of the Income Tax Act, the society being a designated society that carries on business as a Credit and Savings Co-operative Society, income tax only arises on interest income from non-members and any other income not arising from activities relating to advance or deposit from members.

Deferred tax

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary timing differences can be utilised.

l) Cash and cash equivalents

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 of cash and are subject to an insignificant risk of changes in value.

m) Investment shares

Member interest are classified as equity where the entity has an unconditional right to refuse redemption of the members' shares.

Provisions in the Act, regulations or the Sacco by-laws impose unconditional prohibitions on the redemption of members' shares.

n) Reserves

i Statutory reserve

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 and 2) of the Co-operative Societies Act, Cap 490. This reserve is not distributable.

ii Fair value reserve

The fair value reserve arises on revaluation of other financial assets measured at fair value through other comprehensive income. Where a revalued financial asset is sold, the portion of the reserve that relates to that financial asset, and is effectively realised, is recognised in the statement of comprehensive income. Where a revalue financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in the statement of comprehensive income.

Gains and losses transferred from equity into statement of comprehensive income during the period are included in other gains and losses. The amounts in this reserve is not distributable.

Notes (continued)

1. Material accounting policy information (continued)

n) Reserves (continued)

iii Appropriation reserve

This comprises retained earnings and is distributable.

iv Revaluation reserve

This comprises surplus on revaluation of property and equipment and is not distributable.

v RMF reserve fund

Members make contributions to the society to cater for insurance cover over deceased member loan balances and funeral expense benefits. The cover for the current financial year is provided by APA. Contribution to this fund is currently set at Shs. 500 per member per month. The excess of members contributions over premium payments is recorded under RMF reserve fund.

The carrying amount at the end of the period is recognised in the statement of changes in

vi Dividends account

Dividend is recognised as a liability by transferring funds from retained earnings to dividend account. Proposed dividends are disclosed as a separate component of equity. This reserve is

o) Employee benefits

i) Retirement benefit obligation

The Society has a defined contribution plan for all employees on permanent and pensioble terms. The Society and all its employees also contribute to the National Social Security Fund, which is a defined contribution scheme.

A defined contribution plan is a pension plan under which the Society pays fixed contributions into a separate entity. The Society has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense when they are due.

p) Comparatives

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

Notes (continued)

	2025 Shs	2024 Shs
2. Revenue		
a) **Interest income**		
Interest on loans and advances to members		
BOSA	491,395,276	504,352,187
FOSA	260,662,144	169,487,377
Total interest income	**752,057,420**	**673,839,564**
b) **Other interest income**		
Interest on Saving reserve account	159,264	132,100
Interest on Call Deposit	9,952,282	25,663,539
Interest on fixed deposit account	50,297,198	52,015,931
Interest on Treasury bonds	15,435,380	15,435,380
Interest on term deposits	56,246,312	38,336,193
	132,090,436	**131,583,143**
Total interest income	**884,147,856**	**805,422,707**
c) **Interest expenses**		
Interest on members deposits Note 14	613,438,761	549,912,595
Interest on special savings Note 14	12,844,453	12,617,802
Total interest expense	**626,283,214**	**562,530,397**
Net interest income	**257,864,642**	**242,892,310**
d) **Other operating income**		
Rental income	16,333,166	17,125,570
Loan clearance commission	30,228,697	27,101,210
Bankers cheque commission	3,036	3,245
Dividends	7,470,400	4,395,037
Entrance fee	702,850	311,950
FOSA Income	14,060,515	13,275,511
Income from RMF (Note 21)	47,199,416	40,120,816
Loan loss recovery		-
Miscellaneous income	239,774	237,375
Total other operating income	**116,237,854**	**102,570,714**

The society recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the society and when the specific criteria have been met. The Society's income comprises interest on loans both from BOSA and FOSA, commissions and investment in reputable institution.

3. Fair value (loss)/gain on available for sale financial assets

(Loss)/gain on valuation of financial assets during the year comprise the following:

Co-opholdings Co-operative Society Limited shares	**18,794,748**	**5,871,474**
Co-operative Insurance Society Limited shares	-	-

Notes (continued)

		2025 Shs	2024 Shs
4.	**Tax payable/recoverable**		
	Balance brought forward	4,667,854	2,611,660
	Add: tax charge for the year	30,616,055	31,157,909
	Tax credit adjustment	-	-
	Final tax paid	(4,667,854)	(2,611,660)
	Less: Instalment tax paid	(29,795,470)	(26,490,055)
	Tax due/recoverable	**820,585**	**4,667,854**
5.	**Tax expense**		
	Current tax	30,616,055	31,157,909
		30,616,055	**31,157,909**
	The tax on the society's operating surplus before tax differs from the theoretical amount that would arise using the basic tax rate as follows:		
	Reconciliation of the expense		
	Surplus before tax	213,209,576	160,006,354
	Tax calculated at a tax rate of 30%	63,962,873	48,001,906
	Tax effects of:		
	expenses not deductible for tax purposes	235,341,521	224,396,120
	income not subject to tax	(268,688,338)	(241,240,117)
	Tax charge	**30,616,055**	**31,157,909**
6.	**Cash and cash equivalents**		
	Cash and cash equivalents at the end of the year comprise:-		
	Cash in hand	106,860,951	73,161,349
	Cash at bank	206,919,006	98,252,341
	Treasury Bills/Bonds	130,000,000	130,000,000
	Short term Investments	1,415,794,777	1,238,483,485
	Total	**1,859,574,734**	**1,539,897,175**
	As Held in:		
a	**Cash at Hand**		
	Safaricom Paybills	94,762,851	55,550,983
	Cash held in FOSA	12,098,100	17,610,366
	Total Cash at hand	**106,860,951**	**73,161,349**

Notes (continued)

6. Cash and cash equivalents (Continued)	2025	2024 Shs
b Cash at Bank		
Current Accounts		
Co-operative Bank-Current A/C	21,487,685	59,201,330
Kenya Commercial Bank	14,528,696	-
Co-operative Bank-Current FOSA A/C	4,200,128	1,646,932
Nationak Bank of Kenya	160,278,702	31,859,138
Family Bank	330,400	330,400
Sub-Total	**200,825,611**	**93,037,800**
Savings Accounts		
Co-operative Bank-RMF Saving A/C	-	3,098,359
Kenya Commercial Bank Staff Mortgage	6,093,395	6,093,395
Sub-Total	**6,093,395**	**9,191,754**
Total Cash at Bank	**206,919,006**	**102,229,554**
c Treasury Bonds		
Central Bank of Kenya	130,000,000	130,000,000
Total	**130,000,000**	**130,000,000**
d Short Term Investments		
Cooperative Insurance Consultancy (CIC) Money Market	50,845,470	136,825,286
Madison Investment Management Ltd	401,707,657	523,288,145
Kenya Commercial Bank (KCB) Investment A/C	-	6,000,449
Co-perative Bank Reserve A/C	1,825,286	1,321,180
KUSCCO Central Finance	-	1,585,208
Kenya Sacco Central	100,000	100,000
Cooperative Bank Call Deposit	252,041,665	153,000,000
Cooperative Bank Fixed Deposit	-	103,338,932
RMF savings	3,721,903	
RMF CIC Money Market Fund	119,211,738	-
Sanlam investment	103,642,486	-
Jubilee Insurance Fixed Income Fund	109,997,637	-
Standard Investment Bank-Fixed Income fund	51,765,131	-
Britam Investment Managers-Investment A/C	320,935,804	203,219,428
	1,415,794,777	**1,128,678,628**
Grand Total	**1,859,574,734**	**1,403,379,223**

The weighted average effective interest rate on short-term bank deposits at year-end was 10.4% (2023:10.4%).

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposit held at call with banks and investment in the money market instruments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in

e The following provisions are made in respect of Society's investment in KUSCCO LTD:		
1. Shares held in KUSCCO Ltd	5,000,000	5,000,000
2. Savings held in KUSCCO Central Finance Fund	-	2,785,208
	5,000,000	**7,785,208**

Notes (continued)

7. Receivables and prepayments	2025 Shs	2024 Shs
Receivables - Check off for payrolls	171,739,405	177,167,152
Insurance premium prepaid	12,493,877	12,286,446
Prepayments	8,964,767	7,661,264
Deceased loans due from insurance	14,185,969	16,890,364
Deceased Claims-APA	1,302,263	-
Recoverable Deposit Levy Fund	9,351,714	8,091,924
Milimani Plot Debtors (Note 18(i))	15,373,470	22,996,790
	233,411,465	245,093,940
Ageing of receivables		
0 - 30 days	218,037,995	222,097,150
Over 30 days	15,373,470	22,996,790
Total	233,411,465	245,093,940
Insurance claims with discharge vouchers	6,072,780	-
Insurance claims with no discharge vouchers	10,817,584	-
	16,890,364	-
Provision made on no discharge vouchers figure	(2,704,396)	-
	14,185,968	-

a The Kshs.16,890,364 is unpaid claim arising from a group life Insurance Policy(Loan Guard) executed between Monarch and the Sacco. Muthomi & Karanja Advocates have take up the case for a trial and a provision have been for Kshs 2.7M being 25% for a period of four years.

b Receivables comprise the monthly deductions from members' salaries remitted through check off.

c The deposit levy of Kshs.9,351,714 for the current year has been classified as a receivable. This amount will be deducted from declared interest on deposits for the year 2025 when payable.

d Milimani plot debtors represents the amount unpaid by members who acquired plots. Ushuru Sacco

In the opinion of the directors, the carrying amounts of receivables and prepayment approximate to their fair value. The directors are of the opinion that the society's exposure is limited because the debt is widely held.

8. Loans and advances	2025 Shs	2024 Shs
At start of year	5,477,681,989	4,743,894,944
Granted during the year	4,425,380,248	4,395,442,578
Loan written off	(943,918)	-
Repaid during the year	(3,868,661,704)	(3,661,655,533)
	6,033,456,615	5,477,681,989
Provision for loan losses	(24,972,445)	(70,317,678)
At year end	6,008,484,170	5,407,364,311

Movement in provisions for impairment of loans	2025 Shs	2024 Shs
At start of year	70,317,678	64,510,612
Loans written off	(943,918)	-
Expected credit provision	(44,401,315)	5,807,066
At end of year	24,972,445	70,317,678

The **Kshs.44.4M** is the decrease arising from loan loss provision at **Kshs.24,972,445** from **70,317,678** which has been charged to the income statement. The Expected Credit Loss (ECL) as required under IFRS 9 is **Kshs. 24,972,445** in Note 8 (ii).

Notes (continued)

8. Loans and advances (Continued)

i Loan loss provisions - Sacco Regulations

Year ended 31 December 2025 Ageing of past due loans	Amount	Percentage	Accounts	Required provision
Perfoming	6,007,109,171	1%	12,960	60,071,092
Past due - 30 days	2,015,872	5%	56	100,794
Past due - up to 180 days	6,507,451	25%	67	1,626,863
Past due - up to 360 days	2,524,884	50%	40	1,262,442
Past due - Over to 360 days	15,299,235	100%	205	15,299,235
	6,033,456,613		13,328	78,360,425

Year ended 31 December 2024 Ageing of past due loans	Amount	Percentage	Accounts	Required
Perfoming	5,452,500,461	1%	12611	54,525,005
Past due - 30 days	1,833,051	5%	17	91,653
Past due - up to 180 days	8,411,994	25%	52	2,102,999
Past due - up to 360 days	4,017,953	50%	40	2,008,977
Past due - Over to 360 days	10,918,530	100%	94	10,918,530
	5,477,681,989		12,814	69,647,162

The Sacco having Contracted a vendor Zealtech Data Soliutions Ltd, in 2025 to develop IFRS 9 model through the system based on the variables described under noted 1 (b). Based on this model, the Expected Credit Loss (ECL) for the year 2025 is **Kshs. 24,972,445** as computed in 8 (ii) below.

ii IFRS 9 - Expected Credit Loss (ECL)

	Gross amount	2025 ECL allowance	Carrying amount
	Shs	Shs	Shs
Almasi loans	30,218,772	126,939	30,091,833
Asset Finance Loan	4,795,060	198,094	4,596,966
Car loans	3,013,830	502,461	2,511,369
Defaulter loans	44,349,611	9,379,868	34,969,742
Emergency loans	11,198,045	374,468	10,823,577
FOSA Pride	1,822,685,654	876,914	1,821,808,740
Jongea loans	16,262,876	143,379	16,119,497
M-Poa loans	134,827,519	1,151,973	133,675,546
Normal loans	2,303,942,093	5,125,316	2,298,816,776
Refinancing loans	825,824,545	2,200,677	823,623,868
Riziki loan	40,692,657	9,943	40,682,714
Salary Advance - 1M	441,850	395	441,455
Salary Advance - Check Off	18,855,681	1,099,714	17,755,967
Salary Advance - Non members	364,431	367,797	(3,367)
SASA loan	49,766,988	772,072	48,994,916
School fees loans	53,532,444	406,267	53,126,177
Shujaa loans	656,384,199	2,197,607	654,186,592
Tiba loans	16,300,363	38,560	16,261,802
	6,033,456,613	24,972,445	6,008,484,168

Notes (continued)

8. Loans and advances (continued)

ii IFRS 9 - Expected Credit Loss (ECL)-(continued)

	Gross amount Shs	2024 ECL Shs	Carrying Shs
Almasi loans	214,211	2,750	211,461
Car loans	578,115	7,421	570,694
Defaulter loans	52,313,549	671,555	51,641,994
Emergency loans	12,317,065	158,116	12,158,949
FOSA Pride	1,240,940,716	15,930,109	1,225,010,607
Jongea loans	31,212,505	400,679	30,811,826
M-Poa loans	125,169,084	1,606,811	123,562,273
Normal loans	2,354,854,682	30,229,559	2,324,625,122
Refinancing loans	956,531,191	12,279,109	944,252,082
Riziki loan	36,523,173	468,852	36,054,321
Salary Advance - 1M	663,676	8,520	655,156
Salary Advance - Check Off	35,976,020	461,829	35,514,191
Salary Advance - Non members	2,003,066	25,714	1,977,352
SASA loan	39,361,903	505,294	38,856,609
School fees loans	59,812,207	767,817	59,044,390
Shujaa loans	496,154,478	6,369,196	489,785,282
Tiba loans	33,056,350	424,348	32,632,002
Loans to insiders	5,477,681,989	70,317,678	5,407,364,311

Insiders are deemed to be employees, members of supervisory committees and directors of the society. The following loans were granted to insiders:

	2025 Shs	2024 Shs
Total loans outstanding at end of year:	154,077,605	143,696,261
Loans to Directors	39,135,633	34,623,030
Loans to regional officials	39,161,818	40,422,516
Loans to Supervisory Committee members	7,019,780	8,923,770
Loans to other employees	68,760,374	59,726,945
	154,077,605	143,696,261

9. Other financial assets

Other financial assets comprise the following:

At start of year	46,934,028	46,062,554
Additions -		-
Fair value gain/(loss)	18,794,748	5,871,474
	65,728,776	51,934,028
KUSCCO Write off	5,000,000	5,000,000
	60,728,776	46,934,028

Notes (continued)

9. Other financial assets (continued)

Fair value through other comprehensive income

Co-opholdings Co-operative Society Limited 3,355,128 shares @Kes 14 (2024: 8.50)	46,971,792	28,518,588
KUSCCO ordinary 200,000 shares @100 (as analysed below)	10,000,000	15,000,000
Co-operative Insurance Society Limited 975,840 shares @3.85 (2024: 3.50)	3,756,984	3,415,440
Total other financial assets	60,728,776	46,934,028
KUSCCO ordinary 200,000 shares @100 (as analysed below)		
Opening balance	15,000,000	20,000,000
Write off	(5,000,000)	(5,000,000)
	10,000,000	15,000,000
Income from other financial assets at fair value through other comprehensive (Note 2d)	7,470,400	4,395,037

The fair values of other financial assets are categorised as follows:

Level 2: where fair values are based on adjusted quoted prices and observable prices of similar financial assets.

Level 3: where fair values are not based on observable market data.

Year ended 31 December 2025	**Level 2 Shs**	**Level 3 Shs**	**Total Shs**
Fair value through other comprehensive income	50,728,776	10,000,000	60,728,776
Year ended 31 December 2024			
Fair value through other comprehensive income	31,934,028	15,000,000	46,934,028

Credit risk primarily arises from the changes in the market value and the financial stability of the respective quoted companies.

Management monitors the credit quality of financial assets by:

a discussion at the management and board meetings;

b reference to external historical information available;

c discussions with the society's investment advisors;

The maximum exposure to credit risk as at reporting date is the carrying value of the financial assets as disclosed above.

None of the other financial assets are considered to be impaired and are dominated in Kenya shillings (Shs.).

10. Investment property

	Land Shs	Saachi Plaza Shs	Ushuru Sacco centre Shs	2025 Shs	2024 Shs
At start of year	73,250,000	25,000,000	239,250,000	337,500,000	337,500,000
Additions	-	-	-	-	-
Fair value (loss)/gain	-	-	-	-	-
At end of year	73,250,000	25,000,000	239,250,000	337,500,000	337,500,000

The fair value of investment property was determined by reference to the market prices of similar properties 'of the type and in the area in which the property is situated. The valuation was carried out by Legend valuers and consultants limited an independent professional valuer with recent experience in the 'location and category of the investment property being valued.

The fair valuation of investment property is considered to represent a level 3 valuation based on significant 'non-observable inputs being the location and condition of the property, consistent with prior Management does not expect there to be a material sensitivity to the fair values arising from the 'non-observable inputs. There were no transfers between level 1, 2 or 3 fair values during the year.

The table above presents the changes in the carrying value of the investment property arising from these fair 'valuation assessments.

Notes (continued)

11. Property and equipment

Year ended 31 December 2025

	Land Shs	Buildings Shs	Motor vehicles Shs	Computers Shs	Equipment, furniture and fittings Shs	Total Shs
Cost						
At start of year	23,750,000	78,750,000	2,030,000	17,471,554	21,261,115	143,262,669
Additions	-	-	-	1,286,440	836,315	2,122,755
Revaluation	-	-	1,470,000	-	-	1,470,000
Write off against acc depreciation	-	-	(2,030,000)	-	-	(2,030,000)
At end of year	23,750,000	78,750,000	1,470,000	18,757,994	22,097,430	144,825,424
Comprising:						
Cost	-	23,750,000	-	18,757,994	22,097,430	64,605,424
Revaluation	23,750,000	55,000,000	1,470,000	-	-	80,220,000
	23,750,000	78,750,000	1,470,000	18,757,994	22,097,430	144,825,424
Accumulated depreciation						
At start of year	-	-	2,030,000	15,486,327	13,422,008	30,938,335
Write off depreciation against Cost	-	-	(2,030,000)	-	-	(2,030,000)
Charge for the year	-	-	-	1,089,465	1,038,463	2,127,928
At end of year	-	-	-	16,575,792	14,460,471	31,036,263
Net book values	23,750,000	78,750,000	1,470,000	2,182,202	7,636,959	113,789,161

Year ended 31 December 2024

Cost						
At start of year	23,750,000	78,750,000	2,030,000	16,973,323	21,007,562	142,510,885
Additions	-	-	-	498,231	253,553	751,784
At end of year	23,750,000	78,750,000	2,030,000	17,471,554	21,261,115	143,262,669
Comprising:						
Cost	-	23,750,000	-	17,471,554	21,261,115	62,482,669
Revaluation	23,750,000	55,000,000	2,030,000	-	-	80,780,000
	23,750,000	78,750,000	2,030,000	17,471,554	21,261,115	143,262,669
Accumulated depreciation						
At start of year	-	-	2,030,000	14,495,201	12,302,136	28,827,337
Charge for the year	-	-	-	991,126	1,119,872	2,110,998
At end of year	-	-	2,030,000	15,486,327	13,422,008	30,938,335
Net book values	23,750,000	78,750,000	-	1,985,227	7,839,107	112,324,334

Year ended 31 December 2023

Cost

As at December 2024, Motor vehicle had been fully depreciated but was still in good condition. The motor vehicle was revalued in the year 2025.

Refer to Note 10 for discosure of the fair value for land and buildings.

Notes (continued)

12. Intangible assets (software)	2025 Shs	2024 Shs
Cost		
At start of year	46,943,459	35,655,820
Additions	7,792,820	11,287,639
At end of year	54,736,279	46,943,459
Accumulated amortisation		
At start of year	7,247,686	3,488,902
Amortisation charge	2,595,009	3,758,784
At end of year	9,842,695	7,247,686
Net book value	44,893,584	39,695,773

Amortisation of Shs.2,595,009 (2024: Shs.3,758,784) is included in other operating expenses in the statement of comprehensive income.

13. Other payables	2025 Shs	2024 Shs
Sundry payables	9,710,125	8,032,724
Audit fee	360,000	400,000
Mpesa deposit account	235,239	267,116
Legend Valuers	-	280,000
Rent Deposit	3,374,569	3,994,569
Honoraria/staff bonus provision	8,010,000	7,490,000
Withdrawals payable	149,420	1,336,529
ATM, POS & VISA Clearing A/c	(867,162)	(1,164,884)
Milimani Plot Creditors	871,200	1,462,700
RMF expenses payable	267,139	-
Other payables	9,382,264	5,767,234
Total other payables	31,492,794	27,865,988

In the opinion of the directors, the carrying amounts of other payables approximate to their fair value.
The average credit period on purchases from suppliers is 30 days. No interest is charged on other payables.

The carrying amounts of the society's other payables are denominated in the Kenya Shillngs (Shs.).

14. Interest due to members	2025 Shs	2024 Shs
At the start of the year	562,530,397	501,144,489
Provisions for the year	626,283,214	562,530,397
Payments during the year	(562,530,397)	(501,144,489)
At end of year	626,283,214	562,530,397

The interest payable comprises of interest on members deposits at 10.4% (2024: 10.4%) and interest on investment savings at 7% (2024: 7%) both payable on a prorata basis as required under section 23(3) of the Sacco Societies regulation..

The carrying amounts of the society's interest due is denominated in Kenya Shillngs (Shs).

Notes (continued)

15. a Members' deposits	2025 Shs	2024 Shs
At the start of the year	5,620,651,892	4,991,303,789
Deposits during the year	1,139,393,436	1,125,139,758
Withdrawals/refunds during the year	(513,109,992)	(495,791,655)
	6,246,935,336	5,620,651,892
Members' Hifadhi savings		
At the start of the year	188,926,614	187,628,258
Deposits during the year	280,549,980	247,270,607
Withdrawals/refunds during the year	(282,195,908)	(245,972,251)
	187,280,686	188,926,614
Total member savings	6,434,216,022	5,809,578,506

There are no members holding more than 20% of total members deposits.

The carrying amounts of the society's members' deposits are denominated in Kenya Shillngs (Shs).

b FOSA deposits		
At the start of the year	251,121,221	201,005,536
Deposits during the year	8,466,608,053	7,801,183,635
Withdrawals/refunds during the year	(8,398,952,700)	(7,751,067,950)
	318,776,574	251,121,221

16. Share capital	2025 Shs	2024 Shs
At start of year	354,873,462	324,559,505
Contributions for the year	23,254,937	30,313,957
At end of year	378,128,399	354,873,462
Comprising of:		
Paid up	377,714,200	354,500,500
Partly paid	414,199	373,021
	378,128,399	354,873,521

Share capital represents equity in the form of issued and fully paid up shares of common stock. The minimum share capital per member is Shs. 30,000 equivalent to 300 shares of Kshs. 100 each. Holders of ordinary shares are entitled to dividend as declared from time to time and are entitled to one vote per share at the general meetings of the Society.

17. Reserves

Included in the members balances are the following reserves which are as a result of statutory requirements:-

i) Statutory reserve	2025 Shs	2024 Shs
At start of year	158,045,946	132,276,257
Transfer from appropriation reserve	36,518,704	25,769,689
At end of year	194,564,650	158,045,946

Notes (continued)

17. Reserves (continued)	2025 Shs	2024 Shs
ii) **Appropriation reserve**		
At start of year	381,889,970	337,583,194
Honoraria and staff bonus	(8,010,000)	(7,490,000)
Surplus for the year	182,593,521	128,848,445
Transfer to statutory reserve	(36,518,704)	(25,769,689)
Loan reserve - ECL difference	(53,387,980)	-
Proposed dividend	(53,236,027)	(51,281,980)
At end of year	413,330,780	381,889,970
iii) **RMF reserve fund**		
At start of year	93,204,946	85,204,946
RMF reserve for the year	6,500,000	8,000,000
At end of year	99,704,946	93,204,946

RMF reserve for the year; This is the excess amount over premium which was partially transferred to the income statement for distribution to members while the balance retained to improve the reserve.

(iv) **Revaluation reserve**		
At start of year	-	-
Motor vehicle valuation during the year	1,470,000	-
At end of year	1,470,000	-
(v) **Fair value reserve**		
At start of year	30,008,897	24,137,423
Fair value (loss)/gain on income from other financial assets at fair value through other comprehensive income	18,794,748	5,871,474
At end of year	48,803,645	30,008,897

(vi) **Dividend account**

The total proposed dividend for the year is 15% of share Capital (2024: 15%).

	2025 Shs	2024 Shs
Opening balance	51,281,980	45,096,845
Paid during the year	(51,281,980)	(45,096,845)
Proposed during the year	53,236,027	51,281,980
At end of year	53,236,027	51,281,980
(vii **Loan Loss Reserve**	3,740,394	809,982
During the year	425,880	2,930,412
Loan reserve - ECL difference	53,387,980	-
At end of year	57,554,254	3,740,394

The loan loss reserve relate to recovered amounts from previous year loan write-offs which have been capitalized as per Sacco rules and regulations 2010 section 45(3).

Notes (continued)

	2025 Shs	2024 Shs
18. Related Party Transactions		
(i) **Milimani Land project**		
Outstanding Balances arising from Milimani Plots		
Opening Balance B/f	22,996,790	43,612,590
Receipts during the year	(7,623,320)	(20,615,800)
Milimani Plot Balances	15,373,470	22,996,790
Comprising of:		
Milimani Plot Debtors	15,373,470	22,996,790
Available assets for Sale	-	-
	15,373,470	22,996,790

The Milimani plot debtors represent outstanding payments receivable by the SACCO from members.

(ii) **Key management personnel remuneration**

Short term employee benefits	38,184,070	22,852,993
Post employment benefits	6,206,592	3,958,622
	44,390,662	26,811,615

(iii) **Insider loans**

	Directors Shs	Staff Shs	Total Shs
As at start of the year (1st January)	43,532,771	59,726,945	103,259,716
Granted during the year	30,926,303	65,153,844	96,080,147
Repayments	(28,303,661)	(56,120,415)	(84,424,076)
At the end of the year (31st December)	46,155,413	68,760,374	114,915,787

All loans issued to the Society's Board of Directors as well as the members of staff are reported as insider lending. The Society issues this credit at arm's length and there is no preferential treatment given to either the Board or Staff when applying for a facility.All insider loans are well documented and are performing

(iv) **Expenditure to the Board**	2025 Shs	2024 Shs
Provision for Honoraria	3,790,000	3,670,000
Board training	7,124,020	7,544,739
Board sitting allowances	8,051,194	7,214,039
Board travel and other expenses	7,526,857	7,388,156
Board insurance	895,806	893,332
	27,387,877	26,710,266

19. Commitments

Contractual commitments for the System acquisition and Mobile Banking

At the reporting date there were no contractual obligations

Mobile Banking	-	-

Notes (continued)

20. Risk management objectives and policies (continued)

Financial risk management (continued)

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

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

Risk management is carried out by the board of directors and focuses on overall risk management, as well specific areas, such as liquidity risk,interest rate risk, credit risk, and investment of excess liquidity.

(a) **Market risk**

i *Interest rate risk*

The society's exposure to interest rate risk arises from loans and advances and members' deposits.

Financial assets and liabilities advanced and obtained at different rates expose the society to interest rate risk. Financial assets and liabilities obtained at fixed rates expose the society to fair value interest rate risk, except where the instruments are carried at amortised costs.

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

	2025 Shs	2024 Shs
Effect on surplus - arising from loans and advance - increase	50,137,161	44,922,638
Effect on surplus - arising from members balances - (decrease)	(41,752,214)	(37,502,026)

(b) **Credit risk**

Credit risk is the risk of suffering financial loss, should any of the society's member fail to fulfil their contractual obligations to the society. Credit risk arises mainly from member's loans and advances. The members loans and advances are mostly secured by guarantees of other members and members' deposits.

Credit risk is the single largest risk for the society's business; the directors therefore carefully manage the exposure to credit risk. The credit risk management and control are centralised in a credit risk commitee, which reports to the board of directors.

i) **Credit risk measurement**

The society takes on exposure to credit risk which is the risk of financial loss to the society if a member or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the society's loans and advances to members.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed by obtaining guarantees from members. Credit risk in the society, is also managed through a framework of policies and procedures. Origination and approval roles are segregated with different levels of the credit committee having authorities to approve loans upto a certain amount based on their position in the organization hierarchy.

Notes (continued)

20. Risk management objectives and policies (continued)

(b) **Credit risk (continued)**

Credit risk measurement

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

i Ensuring that the society has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the society's stated policies and procedures, IFRSs and relevant supervisory guidance.
ii Identifying, assessing and measuring credit risk across the society, from an individual instrument to a portfolio level.
iii Creating credit policies to protect the society against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposure against internal risk limit.
iv Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.
v Developing and maintaining the society's risk grading to categories exposure according to the degree of risk of default. Risk grades are subject to regular reviews.
vi Developing and maintaining the society's risk processes for measuring Expected Credit Loss including monitoring of credit risk, incorporating forward looking information and the method used to measure ECL.
vii Ensuring the society has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
viii Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk to account for ECL. Providing advice, guidance and special skills business units to promote best practice in the management of credit risk.

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

Significant increase in credit risk

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

Internal credit risk rating

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

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

To aid credit managers in portfolio management, regular internal risk management reports contain information on key environmental and economic trends across major portfolios, portfolio delinquency and loan impairment performance as well as information on migration across credit grades and other trends. Expected loss is the long-run average credit loss across a range of typical economic conditions. It is used in the delegation of credit approval authority and must be calculated for every transaction to determine the appropriate level of approval.

Notes (continued)

20. Risk management objectives and policies (continued)

(b) **Credit risk (continued)**

Significant increase in credit risk (continued)

Incorporation of forward-looking information

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

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

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the portfolios of financial assets have been developed based on analysing historical data over the past 3 years. The society has correlation between the macroeconomic factors and the experienced credit losses. Therefore these factors do not have a material impact on the ECL.

Measurement of ECL

The key inputs used for measuring ECL are:
- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

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

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

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

Notes (continued)

20. Risk management objectives and policies (continued)

(b) **Credit risk (continued)**

Significant increase in credit risk (continued)

Incorporation of forward-looking information (continued)

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

The society measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice. However, for financial instruments such as revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the society's contractual ability to demand repayment and cancel the undrawn commitment does not limit the society's exposure to credit losses to the contractual notice period. For such financial instruments the society measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period.

These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period. However, the society does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are canceled only when the society becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the society expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

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

Groupings based on shared risks characteristics

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

i Instrument type;
ii Credit risk grade;
iii Collateral type;
iv Remaining term to maturity;
v **I**ndustry/economic sector; and
vi **G**eographic location of the borrower.

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

Notes (continued)

20. Risk management objectives and policies (continued)

(b) **Credit risk (continued)**

Credit quality (continued)

Loans and advances to customers	**Stage 1 12 Months ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Year ended 31 December 2025	**Shs**	**Shs**	**Shs**	**Shs**
Almasi loans	29,730,454	377,404	110,914	30,218,772
	4,795,060	-	-	4,795,060
Car loans	2,537,187	-	476,643	3,013,830
Defaulter loans	33,960,777	1,434,767	8,954,067	44,349,611
Emergency loans	10,926,678	-	271,367	11,198,045
FOSA Pride	1,822,184,735	500,920	-	1,822,685,654
Jongea loans	16,109,684	155,337	-2,145	16,262,876
M-Poa loans	133,617,736	42,488	1,167,295	134,827,519
Normal loans	2,297,599,304	3,807,939	2,534,850	2,303,942,093
Refinancing loans	824,316,375	643,872	864,298	825,824,545
Riziki loan	40,692,657	-	-	40,692,657
Salary Advance - 1M	52,336	389,514	-	441,850
Salary Advance - Check Off	17,150,410	815,479	889,793	18,855,681
Salary Advance - Non members	147,925	538	215,968	364,431
SASA loan	48,944,346	226,659	595,984	49,766,988
School fees loans	53,222,916	19,514	290,015	53,532,444
Shujaa loans	654,934,466	-	1,449,733	656,384,199
Tiba loans	16,186,131	108,894	5,339	16,300,363
Total gross credit exposure	6,007,109,172	8,523,323	17,824,119	6,033,456,613
Expected credit loss provision	(3,325,124)	(1,304,245)	(20,343,076)	(24,972,445)
Net credit exposure	6,003,784,048	7,219,077	(2,518,958)	6,008,484,167

Loans and advances to customers	**Stage 1 12 Months ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Year ended 31 December 2024	**Shs**	**Shs**	**Shs**	**Shs**
Almasi loans	48,907	116,855	48,449	214,210
Car loans	101,472	-	476,643	578,115
Defaulter loans	43,945,327	921,737	7,446,486	52,313,549
Emergency loans	3,944,921	8,017,863	354,281	12,317,065
FOSA Pride	1,151,279,645	89,661,072	-	1,240,940,717
Jongea loans	11,132,642	19,956,073	123,790	31,212,505
M-Poa loans	125,169,084	-	-	125,169,084
Normal loans	670,162,272	1,679,115,900	5,576,509	2,354,854,681
Refinancing loans	243,543,228	710,666,190	2,321,773	956,531,191
Riziki loan	36,523,173	-	-	36,523,173
Salary Advance - 1M	663,676	-	-	663,676
Salary Advance - Check Off	25,960,991	9,158,785	856,244	35,976,020
Salary Advance - Non members	1,010,885	776,198	215,983	2,003,066
SASA loan	39,361,903	-	-	39,361,903
School fees loans	16,590,685	42,768,014	453,508	59,812,207
Shujaa loans	166,289,812	327,853,524	2,011,143	496,154,479
Tiba loans	9,230,056	23,749,455	76,840	33,056,350
Total gross credit exposure	2,544,958,679	2,912,761,664	19,961,647	5,477,681,989
Expected credit loss provision	(3,945,130)	(64,456,659)	(1,915,889)	(70,317,678)
Net credit exposure	2,541,013,549	2,848,305,005	18,045,758	5,407,364,311

20. Risk management objectives and policies (continued)

Collateral held as security

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

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

(c) Liquidity risk

Cash flow forecasting is performed by the finance department monthly by monitoring the society's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed facilities at all times so that the society does not breach limits on any of its facilities.

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

The table below analyses assets and liabilities into the relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

Year ended 31 December 2025

	Current to 1 year Shs	1 to 5 years Shs	Total Shs
Member savings	187,280,686	6,246,935,336	6,434,216,022
Other payables	31,492,794	-	31,492,794
Interest due to members	626,283,214	-	626,283,214
	845,056,694	-	7,091,992,030

Year ended 31 December 2024

	Current to 1 year Shs	1 to 5 years Shs	Total Shs
Member savings	188,926,614	5,620,651,892	5,809,578,506
Other payables	27,865,988	-	27,865,988
Interest due to members	562,530,397	-	562,530,397
	779,322,999	-	6,399,974,891

21. Risk management fund

Statement of income and expenditure

	2025 Shs	2024 Shs
Income		
Members contributions during the year	42,493,091	30,526,145
Premiums on loans issued	27,946,345	27,343,768
Total income	70,439,436	57,869,913
Other income		
Interest earned	10,989,464	15,110,959
Total other income	10,989,464	15,110,959
Total income	81,428,900	72,980,872
Expenses		
Loan Write-Off	-	3,946,882
Funeral expenses paid	1,000,000	760,000
Board expenses	1,068,556	1,068,556
Other RMF Expenses	880,604	1,160,000
Insurance premium	24,780,324	17,924,618
Total outgoings	27,729,484	24,860,056
Surplus before appropriation	53,699,416	48,120,816
Transfer to RMF Reserve	6,500,000	8,000,000
Net surplus for the year	47,199,416	40,120,816

Risk management fund is a source of fund contributed by the members for insurance of loans.
This fund is reinsured by the APA by paying a premium to cover all the loans in case of death or permanent disability of a member.

The net surplus on this fund after deducting all the directly related expenses is recognized as other income.

22. Capital management

Internally imposed capital requirements

The Society's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns to members and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the society consists of net debt calculated as member's deposit (as shown in the statement of financial position) less cash and cash equivalents and equity (comprising share capital, reserves and dividend account). The directors reviews the capital structure on a monthly basis. As part of this review, the directors considers the cost of capital and the risks associated with each class of capital.

Externally imposed capital requirements

The (SACCO) is subject to externally imposed capital requirements as per Societies Regulatory Authority (SASRA). These requirements are designed to ensure the SACCO maintains financial stability and protects member deposits. The Sacco is required to maintain Core Capital to asset ration of 10%, Institutional Capital to Asset ratio of 8% and Liquidity ratio of 15%. As at 31st December 2025, the Sacco had complied with all the regulatory requirements.

The Society has a dividend policy that permits dividend to be paid if the Board of Directors finds that the payments are sustainable, after taking into account the sufficiency of distributable reserves and liquidity in order to ensure the Society's operational needs and/or business growth are not limited by the unavailability of funds.

The Society was licenced by Sacco Societies Regulatory Authority (SASRA) effective 1st January 2020.

Gearing Ratio

	2025 Shs	2024 Shs
Debt	6,434,216,022	5,809,578,506
Total Equity	1,246,792,701	1,073,045,595
Total Capital	7,681,008,723	6,882,624,101
Gearing Ration	**83.77%**	**84.41%**

Notes (continued)

23. GOVERNANCE EXPENSES

	2025 Shs	2024 Shs
Annual Delegates Meeting (ADM) expenses	6,816,074	5,997,352
Delegates education	5,593,900	4,735,050
Members education	5,568,748	5,548,356
Board and Regional officials training	7,124,020	7,544,739
Board sitting allowances	8,051,194	7,214,039
Board travel and other expenses	7,526,857	7,388,156
Regional meeting expenses	2,987,452	3,563,336
Ushirika day celebrations	2,046,805	864,000
Total governance expenses	45,715,050	42,855,028

24. ADMINISTRATIVE EXPENSES

	2025 Shs	2024 Shs
Employment:		
Staff salaries	70,259,726	57,323,237
Staff medical	6,484,361	5,292,033
Staff GPA insurance	761,906	806,710
National Social Security Fund	1,658,726	756,902
Provident fund	3,040,134	3,201,720
Housing Levy Employer	982,033	638,341
Staff education	6,451,147	6,729,558
Wages	423,486	-
Staff Retirement Benefit-Gratuity	4,277,298	-
Total employment costs	94,338,817	74,748,501
Other administrative expenses:		
Travel and subsistence	3,596,950	4,053,800
Printing and stationery	2,331,633	904,108
Cash in transit expenses	2,321,600	1,372,380
Audit fees	900,000	800,000
Supervision and filing fee	90,200	80,200
VAT charge non recoverable	144,000	128,000
Strategic plan and consultancy expenses	3,383,019	3,074,778
Legal fees	1,952,410	2,721,975
Bank charges	1,390,771	969,267
Subscription and donations	932,345	361,317
Entertainment	883,860	987,737
Telephone and postage and airtime	396,397	960,621
Marketing, publicity and advertisement	6,485,223	7,410,654
Motor vehicle expenses	564,952	430,619
Social Responsibilty Expenses	1,904,180	1,684,000
Computer expenses	9,792,695	7,101,359
Sundry expenses	852,846	714,149
Cleaning expenses	2,161,104	2,146,623
Insurance Management-Property	895,806	893,332
Total other administrative expenses	40,979,991	36,794,919
Total administrative expenses	135,318,808	111,543,420

Notes (continued)

25. OTHER OPERATING EXPENSES

	2025 Shs	2024 Shs
Establishment:		
Depreciation on property and equipment	2,127,928	2,110,998
Amortisation of intangible assets	2,595,009	3,758,784
Rates and rent	915,590	777,086
Security expenses	3,132,000	3,132,000
Water, fuel and electricity	3,993,989	4,974,074
Interest expense on savings	1,684,671	1,015,071
Dividend expenses	22,000	17,500
Repair and maintenance	2,084,794	1,680,435
Total other operating expenses	16,555,981	17,465,948

26 Honoraria and staff bonus

Honoraria to Board and Regional officials	3,790,000	3,670,000
Staff bonus	4,220,000	3,820,000
	8,010,000	7,490,000

27 Deferred tax

Defered tax relates to the temporary differences arising from revaluation surplus on property and equipment and fair values changes in investment in shares held with Co-opholding Co-operative Society Limited, Co-operative Insurance Society Limited and KUSCCO Limited. No provision has been made as the amount is not material.

28 Incorporation

Ushuru Savings and Credit Co-operative Society Limited is registered in Kenya under the Cooperative Societies Act, (Cap. 490) and is domiciled in Kenya. The Society is licensed by

29 Presentation currency

The financial statements are presented in Kenya Shillings (Shs.)

NOTES

NOTES

CORE VALUES

Ushuru Savings and Credit Co-operative Society Limited in its commitment to realise the vision and mission upholds the following core values:

Simplicity: We deliver quality services in a simple and friendly manner.

Proficient: We exercise professionalism, compe tence and best practice in all we do.

Cohesive: We stick together as a team in realizing our co-operative agenda.

Ethical: We uphold integrity and honesty in all our affairs.



Mr. William Pudha, CEO of Ushuru Sacco, exchanges the signed MOU with the Operations General Manager of Kentainers Kenya Limited Mr. Kul Bahadur at the company's premises during the official partnership unveiling ceremony. Looking on is Mr. Isaac Kiprop, National Chairman of Ushuru Sacco.



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Huduma Maradufu

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