



UN SACCO

Your Financial Anchor

2025
ANNUAL
REPORT



AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2025

**UNITED NATIONS DEPOSIT TAKING SAVINGS AND
CREDIT CO-OPERATIVE SOCIETY LIMITED
(REGISTRATION NUMBER: C/S 2375)
ANNUAL REPORT
AND
FINANCIAL STATEMENTS
31 DECEMBER 2025**

APPROVED
*for publication and presentation
to AGM or ADM subject to observations Issued*

06 MAR 2026

SIGN: *Shamshi*
THE SACCO SOCIETIES REGULATORY
AUTHORITY

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BOARD OF DIRECTORS

Mr. James Ouka	Chairman
Mr. Julius Kipkoech	Vice Chairman
CPA Gabriel Wanga	Treasurer
Ms. Salome Wanjohi	Honorary Secretary
Ms. Rael Odhiambo	Director
Mr. Boniface Iregi	Director
Mr. Stanley Alwodi	Director
Dr. Christine Wanjala	Director
Ms. Monica Mwove	Director
CPA Bernard Koech	Chairman (Retired 22 nd March 2025)
Philomena Makena	Director (Retired 22 nd March 2025)

SUPERVISORY COMMITTEE

Mr. Zachariah Atozo	Chairman
Mr. Peter Wangai	Secretary
CPA Charles Wambua	Member
Ms. Gladys Ogombo	Retired 22 nd March 2025

REGISTERED OFFICE

United Nations DT Savings and Credit Co-operative
Society Limited
UN SACCO Centre, UN Crescent Road
P. O. Box 2210 – 00621
Nairobi, Kenya

PRINCIPAL BANKERS

KCB Bank Ltd
Kenya Limited
UN Gigiri Branch
P. O. Box 39402 – 00623

Cooperative Bank of Kenya Limited
Gigiri Branch
P.O Box 38764 – 00600

Citibank NA Kenya
Upper Hill Branch
P.O Box 39402 - 00623

LAWYERS

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INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
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Nairobi, Kenya

SUBSIDIARY

Wanamataifa Investments Company Limited
UN SACCO Centre, UN Crescent, Gigiri
P.O. Box 2210 – 00621
Nairobi

The Acronyms below have been used in the financial statements

ACRONYM

AGM – Annual General Meeting
AML – Anti-Money Laundering
ATM – Automated Teller Machine
BDE – Business Development and Education Committee
BOD – Board of Directors
BOSA – Back Office Savings
CBK – Central Bank of Kenya
CEO – Chief Executive Officer
CPF – Countering Proliferation Financing
CSR – Corporate Social Responsibility
CTF – Combating the Financing of Terrorism
DT – Deposit Taking
EAD – Exposure at Default
ECL – Expected Credit Loss
EFT – Electronic Funds Transfer
EIR – Effective Interest Rate
ERP – Enterprise Resource Planning
ESG – Environmental, Social and Governance
FOSA – Front Office Savings
FRC – Financial Reporting Centre

FVTPL – Fair Value Through Profit or Loss

FVOCI – Fair Value Through Other Comprehensive Income
GDP – Gross Domestic Product

ACRONYM CONTINUED

HRA – Human Resource and administration
IAS – International Accounting Standards
ICT – Information and Communication Technology
IMF – International Monetary Fund
KES – Kenya Shillings
KRA – Kenya Revenue Authority
KUSCCO – Kenya Union of Savings and Credit Co-operatives
LGD – Loss Given Default
LMIC – Low- and Middle-Income Country
M3 – Broad Money
MLRO – Money Laundering Reporting Officer
MSME – Micro, Small and Medium Enterprises
NPL – Non-Performing Loan
NSE – Nairobi Securities Exchange
OCI – Other Comprehensive Income
ODPC – Office of the Data Protection Commissioner
PD – Probability of Default
SACCO – Savings and Credit Co-operative
SASRA – Sacco Societies Regulatory Authority
SGM – Special General Meeting
SPPI – Solely Payments of Principal and Interest
UFAA – Unclaimed Financial Assets Authority
UN – United Nations
UNON – United Nations Office at Nairobi

Strategic Plan 2023-2027

The Board has instituted a visionary 5-year Strategic Plan for the period 2023 to 2027, which is meticulously executed through management. The Strategic Plan outlines the Sacco's central Vision, Mission, strategic objectives, and Core Values. It provides a robust framework for the systematic realization of its short, medium, and long-term goals. This framework details clearly articulated milestones, supported by an array of strategically crafted initiatives designed to achieve these goals. Furthermore, the plan sets out the definitive metrics of success by establishing quantifiable performance indicators and stipulating the timelines for periodic evaluation of each metric. While the management team is entrusted with the day-to-day implementation of the strategies and objectives, ultimate responsibility for formulation and execution of the plan rests with the Board.

The Board undertook a comprehensive mid-term review of the strategic plan during the year to assess the progress of the strategic initiatives. The process was informed by management reports to the Board which detailed performance across key performance indicators and changes in the business environment, all meant to measure progress, ensure alignment with changing internal/external environments, and optimize resource allocation. Key objectives of the review included assessing past performance against goals, identifying necessary adjustments to strategies, fostering team accountability, and uncovering new opportunities for growth.

Our Vision

Your financial solutions provider of choice.

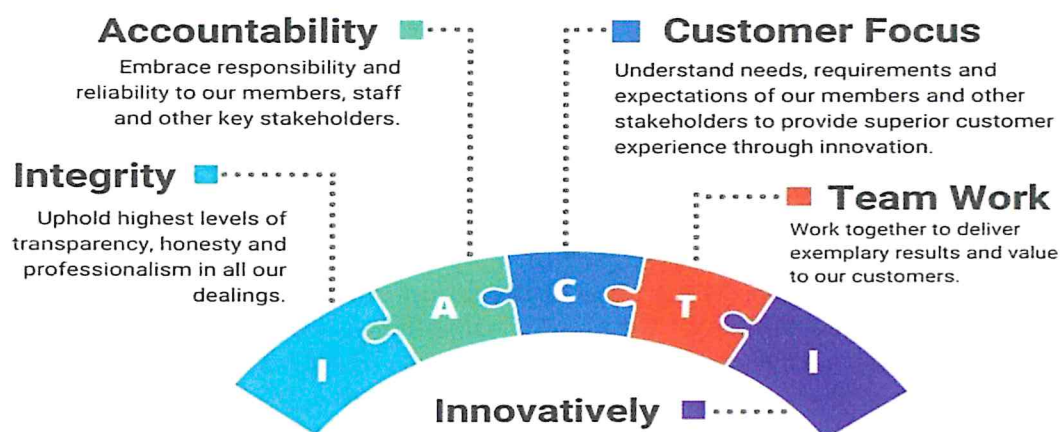
Our Mission

To uplift our members' socio-economic status by offering high quality, affordable, and diversified financial products and services.

Our Values

The United Nations Deposit Taking (DT) Savings and Credit Co-operative Society Limited, in its commitment to realise the vision and mission, upholds the following core values:

I ACT INNOVATIVELY



Code Of Conduct

The Board has established a written code of conduct that guides the conduct of the Board, Supervisory Committee, Chief Executive Officer, Management, and Staff (Insiders). The code of conduct has set out the rules and guidelines that outline the acceptable behaviour of all the insiders. Contained in the code of conduct are the established standards, principles and expectations of behaviour in the workplace.

The code of Conduct for the Board and Supervisory committee is contained in the Board Charter and is shared with all Board and SC members annually. The document sets out binding ethical, professional, and behavioural standards for directors to ensure fiduciary duty, confidentiality, and integrity. It promotes accountability, manages conflicts of interest, and guides decision-making to protect stakeholder interests. Key components include honesty, loyalty, confidentiality, and adherence to laws. The Code of Conduct for the Chief Executive officer, and the entire staff is contained in a separate document and the same is shared with staff at the point of entry with frequent reminders from the Human Resource office.

Whistle Blowing Policy

The Board is committed to maintaining the highest standards of transparency and accountability in the conduct of the Sacco affairs. It recognises that certain activities that may negatively affect the Sacco can occur without its immediate knowledge, and that individuals with such information may feel uncomfortable reporting it openly. To address this, the Board has established a comprehensive Whistle-Blower Policy, which has been shared with all insiders, including Board members, Supervisory Committee members, management, and staff.

This policy guarantees confidentiality, strictly prohibits retaliation including actions such as demotion, harassment, or any other adverse treatment and provides clearly defined, secure reporting channels to encourage openness. It further ensures full protection for any individual who, in good faith, reports an irregularity, a breach of the Code of Conduct, or any violation of the law. This framework reinforces the Sacco commitment to ethical conduct, robust governance, and early detection of actions that may expose the Sacco to financial, legal, operational, or reputational risk

Corporate Communication Policy

Corporate communication is the strategic tool that shapes, reinforces, and sustains corporate culture, turning core values into daily experiences. It establishes guidelines for professional, secure, and timely communication across channels, including email, social media, and public relations, while setting protocols for handling confidential information and crisis management. The Board takes overall accountability for all communication from the Sacco and has delegated the day-to-day task of effective communication to the CEO. This communication policy is reviewed every four years to ensure the internal and external messaging remains consistent transparent and aligns with the UNDT Sacco brand.

Risk Management

The Board and Management use the risk-based approach in the management of risks. This strategy identifies, assesses, and prioritizes an organization's risks to apply resources proportionately. It involves analysis of potential risks in all aspects of the business and focusing resources based on the likelihood and impact of those risks, rather than using a uniform, one-size-fits-all approach. This process has been clearly documented in the Sacco's Enterprise Risk Management Policy. The ERM policy document, details all the potential and anticipated risks for the Sacco per business unit together with their probability and likelihoods of occurrence and aligns these with the Saccos acceptable risk profile. It ensures a proactive, holistic strategy—rather than isolated actions—to manage threats, align with business goals, and enhance decision-making.

A quarterly risk assessment is undertaken quarterly by all business units in the Sacco spearheaded by departmental risk champions and a report compiled by the Risk Audit and Compliance team. Quarterly reports are thereafter presented to the Board for review.

Sacco Background

UN United Nations DT Savings and Credit Co-operative Society Limited (“the Sacco” or “UN Sacco”) DT Sacco has been empowering her members economically, socially, and financially since 1975 through the provision of quality financial services tailored to meet the need of all her members. The Sacco was established in 1975 by a visionary group of UN employees, who were compelled by the desire to achieve their economic dreams. They came together with the shared goal of providing a sustainable means for United Nations (“UN”) employees in Kenya could save and access affordable financing to meet their socio-economic needs.

The Society started with at least 131 members and has since grown to a membership of 7,669 as at December 2025 and currently serves UN staff, their immediate family members as well as UN-affiliate bodies stationed across the world. Our membership is drawn from local and international staff of the United Nations and affiliated agencies and spans across the globe representing a range of ages, races, backgrounds, languages spoken, and nationalities. The UN Sacco operations and administrative functions are handled at our Head office, The UN SACCO Centre, located along UN Crescent Road in Gigiri Nairobi. FOSA services, including banking and cash operations, can be conveniently accessed at the UN Sacco building, situated within the UN-Gigiri Complex and the UN Sacco Center along Gigiri crescent road.

Core business

UN DT Sacco principal activity is to mobilize savings among its members. This affords them an opportunity to accumulate a pool of resources and thereby creating a source of funds from which loans can be advanced to members for prudent, development purposes at a fair and reasonable interest rate.

The operations of the Sacco are governed by the Co-operative Societies Act 1978, the revised Act 2004, the Sacco Societies Act no. 14 of 2008 and the Sacco Societies Regulatory Authority (SASRA) regulations 2010. We are continually improving our By-laws, and operating procedures to ensure we remain responsive to the latest business and industry trends while maintaining key focus on addressing our members' needs in a rapidly evolving economic, political, and social environment.

Sacco products are designed to solve the unique needs of the different segments of our membership. These products are offered through our Back Office (BOSA) or Front office (FOSA) sections and have flexible terms of payment ranging from 3 months to 15 years. BOSA loan products extend medium to long term financing aimed at enabling members acquire property, enhance their education, address emergency needs, and facilitate other personal development undertakings. FOSA loan products are mainly short term in nature and cater for unforeseen needs that arise from time to time. The global distribution of our members and their diverse backgrounds and nationalities have created a rich mix of needs that require tailored financial solutions. This, coupled with the global shift towards online banking has seen majority of our members opting for digital Sacco services over the traditional brick and mortar branch. Informed by this trend, we have continued to bolster our investments in technology to ensure our members can access almost all our services securely via a host of interactive digital platforms irrespective of their location around the globe.

Subsidiary

The Sacco owns a special purpose investment vehicle, Wanamataifa Investment Company Ltd (WICL). According to the memorandum and articles of Association of WICL, the Sacco owns 99% shares while the Chairperson of the Sacco holds one share of the company on behalf of the SACCO. While the company can venture into many activities, given its status as a limited liability entity, it has specialised in real estate (Buying and Selling) to specifically fulfil the all-important aspirations of our members to own their own homes. This effectively addresses the legal limitations the Sacco faces when it comes to property related transactions which are not part of the Sacco's core business. The subsidiary is independently run with its own secretariat and company secretary but draws its leadership from the directors of the Sacco.

Introduction and Overview

It is my greatest honour and privilege to present the Chairman's Report at our 50th Annual General Meeting (AGM) for the Financial Year ending 31st December 2025. This is in conformity with Section 27 (2) of the Co-operatives Act Cap. 490 of the Laws of Kenya that requires every Co-operative society to hold an AGM within four months after the end of the financial year.

UN DT Sacco 50 years and beyond

The UN DT SACCO marked 50 years in 2025. We are immensely proud of our fifty years of partnership and collaboration which have deepens our shared legacy together. Just like the proverbial mustard seed, a simple idea by our founder members has blossomed to the strong and vibrant SACCO we are today. Our remarkable journey is a testament to the perseverance, dedication, and the unwavering belief and unity of purpose championed by the co-operative movement. Thank you all for being part of this great legacy that promises to deliver even greater fruits for all of us.

Global and regional Economic Outlook in 2026

The World Bank Group's Biannual Global Economic Prospects (January 2026 publication) reports that despite trade conflicts and policy uncertainty, the world economy has shown resilience, with growth expected to hold steady, slipping slightly to 2.6% in 2026 and rising to 2.7% in 2027. Downside risks from potentially higher tariffs, elevated uncertainty, and geopolitical tensions persist. Restoring confidence, predictability, and sustainability remains a key policy priority.

The report further indicates that economic growth in the Sub-Saharan Africa region will rise to 4.3% in 2026 and 4.7% in 2027, assuming stable conditions and better security in fragile states., from the estimated growth rate of 4.0% recorded in 2025. This is mainly attributable to the easing inflationary policies, ongoing reforms in some countries, improved fiscal support and domestic investment growth.

Inflation and exchange rate stability

The Kenyan Shilling appreciated by 0.2% against the dollar, closing the year at Kes 129.0 compared from Kes 129.3 in 2024, attributable to stronger forex inflows from diaspora remittances and tourism coupled with improved foreign reserves. Inflation is expected to remain within the government's target of 2.5%-7.5% compared to 4.1% in 2025.

Impact of the UN @80 and the changing donor funding models

In February 2025 the USAID foreign assistance cut roughly 83-86% of operations and \$27.7 billion in funding. This led to the cancellation of a significant proportion of USAID grants across Africa, forcing many international NGOs and local partners to immediately stop operations, resulting in widespread redundancies. The UN has also been undergoing its own changes through the UN80 initiatives. The UN80 Initiative is an ambitious, system-wide reform effort launched by the Secretary-General in March 2025 to mark the 80th anniversary of the United Nations. It aims to make the organization more agile, efficient, and effective amid shrinking resources, focusing on structural changes, mandate reviews, and operational improvements to better address modern global challenges.

Following the UN80 initiative, the Sacco has been greatly impacted since most of the members are drawn from the UN or UN related agencies. In 2025, several members lost their jobs, and more than 658 members withdrew their deposits to cope with the abrupt job cuts. This saw the Sacco lose deposits of Kes 1.184 billion and caused a slackening of the loan uptake thereby affecting expected revenues.

The changing global donor funding model is likely to bring about more uncertainty in the UN and NGO sector, where we draw our membership. However, the Sacco has put in place measures to mitigate against this risk to ensure we support our members as we navigate this new global shift. We continue to reach out to members and engage with agencies who are affected to offer support and ensure that members' obligations to the Sacco are not adversely affected to ameliorate any credit risks, especially on non-performing loans.

Financial Performance

Despite an extremely challenging environment, I am pleased to report that the Sacco demonstrated excellent financial performance in 2025 as highlighted below:

- a. Sacco membership grew by 3%, reaching a total of 7,669 members. This growth translated into a 3% increase in members' deposits, which now stand at Kes. 15.08 billion. This is despite a withdrawal by over 658 members.
- b. The Sacco's loan book increased by 5.5% to Kes. 13.76 billion. Despite this, we maintained our loan delinquency rate at 4.1%. Loan uptake reduced as members delayed borrowing and became more cautious about guaranteeing others due to employment uncertainties. Besides, several members withdrew their deposits to offset loans reducing the loan book.
- c. The growth in our loan book contributed to an 11% increase in interest income to Kes. 1.82 billion and a surplus of Kes 442.78 million.
- d. Overall, our asset base grew by 3%, reaching Kes. 19.66 Billion further reinforcing the Sacco's financial strength and asset base.

Subsidiary Performance

Our subsidiary company, Wanamataifa Investment Company Ltd, posted commendable results in 2025. Total revenue increased by 40%, to Kes. 180.9 million driven mainly by sales of Ngong plots. This revenue growth, coupled with efficiency improvements driven by the company's Board, contributed to Kes 17.1 million in profit before tax. The company's total assets closed at Kes. 164.7 million. The Board is fully behind the company's growth trajectory over the last four years and requests members to support for the company's continued growth by patronizing the company's products and services for sustained growth.

Key Sacco achievements in 2025

Several key achievements mark our success in 2025:

- **Information and Communication Technology (ICT):** The Sacco successfully migrated to a new and more robust digital payments platform. The new platform supports member transactions through EFTs, loan application, guarantor substitution, bill payments and member statements.
- **Dollar Product Development:** We introduced an industry-leading USD-denominated savings product, which has received wide acceptance among our membership in response to the changing global dynamics.
- **Corporate Social Responsibility and Community Engagement:** We continued with our commitment support to the elderly community at *Mji wa Huruma* by completing a perimeter wall for the home in partnership with the Nairobi City County. Additionally, we partnered with Mathari National Teaching and Referral Hospital to address priority needs for institution by completing a water treatment plant.

KUSCCO Update

The changes implemented by the government at KUSCCO, focussed on overhauling the governance structure, including revising the union's by-laws and ensuring the institution operates with transparency and accountability. The Sacco received Kes 7.5 million in 2025 as part of the efforts by the Sacco's board and management in engaging with the new KUSCCO management to refund to recover our investment.

Despite the limited progress, we remain optimistic that the recovery measures being implemented will stabilize the institution. KUSCCO's revitalization remains crucial not only for the financial health of our Sacco but for the wider cooperative movement in Kenya.

Delegates system directive

The Commissioner of Co-operatives issued a circular (Circular No. CCD/2025/001) directing all Saccos with membership above 5,000 to adopt a delegate system of representation for their general meetings. It set out mid-December 2025 as the deadline for all affected Saccos to amend their by-laws and implement the new structure. This system replaces the long-standing model where every member has a direct vote at the Annual General Meeting (AGM), igniting a fierce debate about the future of member participation and democratic control within a sector that holds billions in savings for millions of Kenyans. During the 2025 SGM, UN DT Sacco members mandated the Board to write to the Commissioner for Co-Operatives seeking an exemption from the delegates system.

The commissioner declined the request for exemption but extended the compliance period to mid-June 2026.

Recognition and Awards

During the Ushirika 2025 awards the Sacco was feted for outstanding achievement as follows:

- i. Best managed Sacco countrywide. This is despite being 9th countrywide in Total assets. It is also worth noting that we are the only Sacco among the top 10 Saccos which has only one office and fewer than 9,000 members.
- ii. Best Sacco in deposit mobilization countrywide.
- iii. Best SACCO in technology optimization which is a testament to the good investment made in ICT and prudence in protection of member deposits.

2026 Outlook

Outstanding opportunities to expand our reach, boost operational effectiveness, and improve member experience are presented by our ongoing digital revolution. To meet the evolving needs of our members, we are dedicated to embracing innovation and utilizing technology to deliver safe, easy, and convenient services.

We are well-equipped to overcome obstacles and take advantage of new opportunities because of our sound governance, sound financial management, and strong dedication to member-focused service. A culture of cooperation, ongoing development, and unwavering devotion to our basic principles will be fostered by the Board and Management. In addition to maintaining our Sacco, we want it to grow, empowering the next generation and solidifying our reputation as a cornerstone of both financial stability and community empowerment. We rely on your ongoing assistance as we work together to create a more promising and prosperous future.

Acknowledgments and Conclusion

I wish to express my sincere appreciation to the Board for its steadfast leadership, sound oversight, and strategic direction throughout the year. I also acknowledge the critical role played by the Supervisory Committee in ensuring that the Sacco continues to operate in full compliance with governance and regulatory requirements.

I commend the management team and staff for their dedication and professionalism. Their tireless efforts have been instrumental in sustaining operational efficiency, strengthening service delivery, and ensuring that the Sacco consistently meets its obligations to members. I further extend our appreciation to the Sub-County Cooperatives Office, the Director of Cooperatives, Nairobi City County, SASRA, the Commissioner for Cooperative Development, and other state agencies for their guidance, oversight, and continued support.

Most importantly, I thank our members for their unwavering trust, loyalty, and patronage. Your confidence in the Sacco remains the foundation of our growth and resilience. As we look to the future, the Board remains committed to strengthening governance, enhancing member value, and positioning the Sacco for sustainable growth in an increasingly dynamic operating environment.

God Bless you and God bless UN DT SACCO.

Introduction

I am delighted to present key highlights on the Annual Report of UN SACCO for the financial year ended 31 December 2025. The year was characterised by a complex operating environment marked by economic uncertainty, regulatory reforms, and sector-wide transformation. Nonetheless, the SACCO remained stable, compliant, and resilient, safeguarding members' savings while laying a solid foundation for sustainable growth and the delivery of value to its stakeholders.

Global and local Macroeconomic Context

According to the United Nations World Economic Situation and Prospects 2026, global growth was estimated at 2.8% in 2025 and is projected at about 2.7% in 2026. The IMF October 2025 World Economic Outlook (October 2025) projected a gradual slowdown in global growth and continued disinflation into 2026.

Locally, inflation remained within the government target range of 5 ± 2.5 percent, averaging 4.5% by December 2025. Standard & Poor's upgraded Kenya's sovereign credit rating from 'B-' to 'B' with a stable outlook, citing reduced near-term external liquidity risks and improved foreign exchange reserves. This upgrade reflects increased confidence in Kenya's economic management.

Government initiatives led by the Central Bank of Kenya (CBK), saw the implementation of several policy initiatives during the year, including the launch of the Kenya National Financial Inclusion Strategy (2025–2028), the Fourth Medium Term Plan (MTP IV) for the financial services sector, and the Women Entrepreneurs (WE) Finance Code. These frameworks aim to enhance financial inclusion and support economic growth. Additionally, the CBK adopted a measured monetary-easing cycle over 2025, reducing the Central Bank Rate (CBR) from 10.75% in February to 9.00% by December 2025, followed by 8.75% in February 2026, as inflation eased and the shilling stabilised supporting private-sector credit.

The Cooperative Act (Cap 490) has undergone review and have been presented to both houses and is at mediation station. Likewise, the Cabinet Secretary of Cooperatives and Micro, Small, and Medium Enterprises (MSMEs) Development appointed a committee of experts to review the SASRA Act and look into;

- Evaluate SASRA effectiveness
- Advise on the establishment of a Central Liquidity Fund (CLF)
- Advise on the establishment of a Deposit Guarantee Fund- A shilling in the SACCO should be as safe as a shilling in the bank
- Review if the SASRA regulatory framework is Fit for purpose
- Advise on the establishment of SACCO shared services

The report has been submitted to the Cabinet Secretary and the President, and we expect to see a stronger industry in the coming days.

Financial Performance for 2025

In 2025, we focused on stability, prudence, and service continuity. Despite the challenge posed by UN@80 initiatives and the change of funding position by US, we maintained a sound financial position and managed credit risks more deliberately. Importantly, we laid the foundation for long-term sustainability by aligning our operations with emerging regulatory and governance standards.

Key performance highlights for the year were as follows:

- i. Growth in Loan interest income by 11% (Kes 174M). However, total income fell by 5% (Kes.115M) primarily due to a 43% (Kes.331Million) decline in investment income as banks reduces deposits rates materially.
- ii. Governance, staff, operating, and administration expenses accounted for 35% (Kes828 million) of the total revenue, compared to 31% (Kes775 million) in 2024. Kes 181 million in impairment charges for KUSCCO represented 8% of the expense ratio while Kes 78 Million impairment was on loans.

- iii. The Loan book grew by 5.5% (Kes 714 million) from Kes.13.05 billion to Kes 13.76 billion. The non-performing loans ratio increased from 2.6% (Kes364 Million) in 2024 to 3.0% (Kes.431 million) in 2025.
- iv. Cash equivalents and investments in term deposits and government securities decreased by 2% (Kes.81 million), from Kes 5.1 billion in 2024 to Kes 5.0 billion in 2025.
- v. Member deposits grew by 3% (Kes.466 million) from Kes 14.61 billion in 2024 to Kes 15.08 billion in 2024. This is despite an increase in member withdrawal which cost the Sacco a drain of Kes. 1.2 billion in deposits.
- vi. Total assets of the Sacco grew by 3% to **Kes 19.66 billion, compared to Kes 19.15 billion** in 2024 mainly because of deposit withdrawals during the year which adversely affected member borrowing ability while also reducing surplus funds available for investment in financial instruments.

Regulatory and Compliance Framework

The SACCO operates under the Cooperative Societies Act (Cap 490) and the Sacco Societies Act, in addition to various other statutory and regulatory frameworks. The expanding regulatory landscape continues to increase compliance obligations and costs. However, the Board and management remain committed to full compliance in all areas as a cornerstone of institutional sustainability. During the year under review, the Sacco complied with requirements from various key bodies and standards besides the standard know entities like SASRA and KRA:

- i. **Unclaimed Financial Assets Authority (UFAA)**
Thirty-two members who had unclaimed funds due to inactivity for periods between 2-5 years had their abandoned funds submitted to UFAA. Members are encouraged to keep their accounts active and update their contact information at least once a year.
- ii. **Financial Reporting Centre (FRC)**
Following Kenya's grey-listing in 2024, the European Commission formally added Kenya to its list of high-risk third countries for Anti-Money Laundering (AML), Combating the Financing of Terrorism (CFT), and Countering Proliferation Financing (CPF) deficiencies in 2025. This decision signals deep concern about the country's vulnerabilities to financial crime. The Sacco has prioritized enhanced compliance by registering with the FRC and appointed and trained designated Money Laundering Reporting Officers (MLRO's) as well as monitoring any vulnerabilities that the SACCO may be exposed to.
- iii. **Office of the Data Protection Commissioner (ODPC)**
Kenya's data protection landscape is dominated by strict enforcement of the Data Protection Act (DPA) by the Office of the Data Protection Commissioner (ODPC), featuring new sector-specific guidelines, proposed legislative amendments, and increased focus on AI, cyber risks, and third-party vendor compliance. The SACCO conducted data protection sensitisation for the Board, Supervisory Committee, and staff as well as specialised training for the Data Protection Officer.
- iv. **Environmental, Social and Governance (ESG)**
Kenya is moving toward mandatory sustainability reporting for public companies from 2027, aligning local firms with global standards. Introductory training to the board, management and staff was conducted in 2025. However, with budgetary approval, a more detailed strategy will be implemented in 2026 in readiness for 2027 reporting.

Human Capital

The Sacco endeavors to provide competitive compensation, career development, regular recognition, flexible work, and a positive, supportive culture for its staff. Staff retention and engagement remain a priority for the Sacco as guided by the Human Resource Policy.

Two staff exits were recorded in 2025. A comprehensive job evaluation exercise led by a competitively sourced and reputable HR consultancy firm commenced at the end of 2025 and is scheduled for completion in Q1 2026.

Sector Developments and Institutional Context

The United Nations proclaimed 2025 as the International Year of Cooperatives (IYC 2025), under the theme "cooperatives build a better world". Locally, the 2025 Ushirika day (international day of cooperatives) theme which was "Co-operatives: driving inclusive and sustainable solutions for a better world." This theme emphasizes how member-owned, democratic enterprises foster equity, community resilience, and sustainable development. It further highlights their crucial role in advancing the UN Sustainable Development Goals (SDGs), focusing on inclusive, people-centred economic growth.

Proposed legislative changes introduced through the Sacco Societies (Amendment) Bill, 2025, aim to offer financial protection similar to that which commercial bank depositors already enjoy under the Kenya Deposit Insurance Corporation. These reforms aim to improve governance, prevent fraud, and modernize operations in the sector. The bill went through review and the report by the Committee of experts was presented to Cabinet Secretary for Cooperatives and (MSMEs) Development in December 2025.

At the Sacco level, key institutional activities that touch on governance included a comprehensive Sacco By-laws review and SGM which sanctioned a forensic audit exercise on previous Sacco operations and Wanamataifa projects. The report of the audit is expected to be completed by Q2 2026.

Challenges and Risk Management

Key developments and challenges that affected the Sacco in 2025 which are projected to roll over into 2026 include the following:

- i. **UN@80 realignment initiatives** – These changes resulted in significant budget cuts and job losses which had an adverse effect on the overall performance of the Sacco. At least 658 members holding deposits totalling Kes.1.18 billion closed their accounts in 2025, dampening our loan book and deposits mobilization capacity.
- ii. **Credit risks**- These continue to be exacerbated by economic shocks and the increasingly uncertain labor markets which threaten the incomes and stability across our membership.
- iii. **Implementation of the Risk Based Credit Pricing Model (RBCPM) by commercial banks.** This is expected to standardize loan pricing using the CBR as the reference rate, with institution-specific risk premiums applied and will bring greater transparency in the costs of lending. Likewise, the licensing of 195 Digital Credit Providers, further increases competition in the lending markets for small and medium ticket loans.

Our Vision and Strategic Priorities for 2026

As we march into 2026, our focus will shift from absorbing 2025 shocks to targeted growth intended to build a solid foundation and unlock value for our members around the following:

- i. **Strong Governance and Compliance:** Full alignment with statutory and regulatory requirements and strengthened Board and management effectiveness.
- ii. **Financial Sustainability and member growth:** Prudent financial growth, sound liquidity management, aggressive member recruitment and retention, and innovative member-centric products.
- iii. **Quality Loan Portfolio:** Stronger appraisal process, monitoring, and proactive member engagement to protect our loan book and manage credit risks.
- iv. **Operational Excellence and Digital Enablement:** Smarter ICT systems, streamlined operational processes geared towards providing improved member experiences.
- v. **Member Value and Trust:** Clear communication, transparency, and service delivery that responds to the evolving needs of our members.
- vi. **Forensic audit** – Completion of the member mandate forensic audit process and implementation of any identified control gaps.
- vii. **ESG – In line with the ESG initiatives and climate change, the Sacco plans to transition to renewable energy by transiting from metered electricity to full solar powered energy at the UNSACCO Center.**

In closing, the challenges we experienced in 2025 reaffirmed who we are, a solid resilient, member-owned institution built on trust and shared purpose. In 2026, we will consolidate these gains, embrace reforms, and position the Sacco for sustainable growth.

Acknowledgement

On behalf of Management, I thank the Ministry of Cooperatives, Micro Small and Medium Enterprises Development for setting the legal and operating framework, our regulators for their oversight and guidance, , the Board for its leadership and strategic direction, the Supervisory Committee for strong oversight, to you our esteemed members for your confidence, support and trust in the Sacco and our staff for their dedication in service. Together, we move forward stronger, compliant, and focused on delivering lasting value to our members. May God bless you all and continue to bless UN SACCO now and always!

Chief Executive Officer
CPA. Esther Mailu

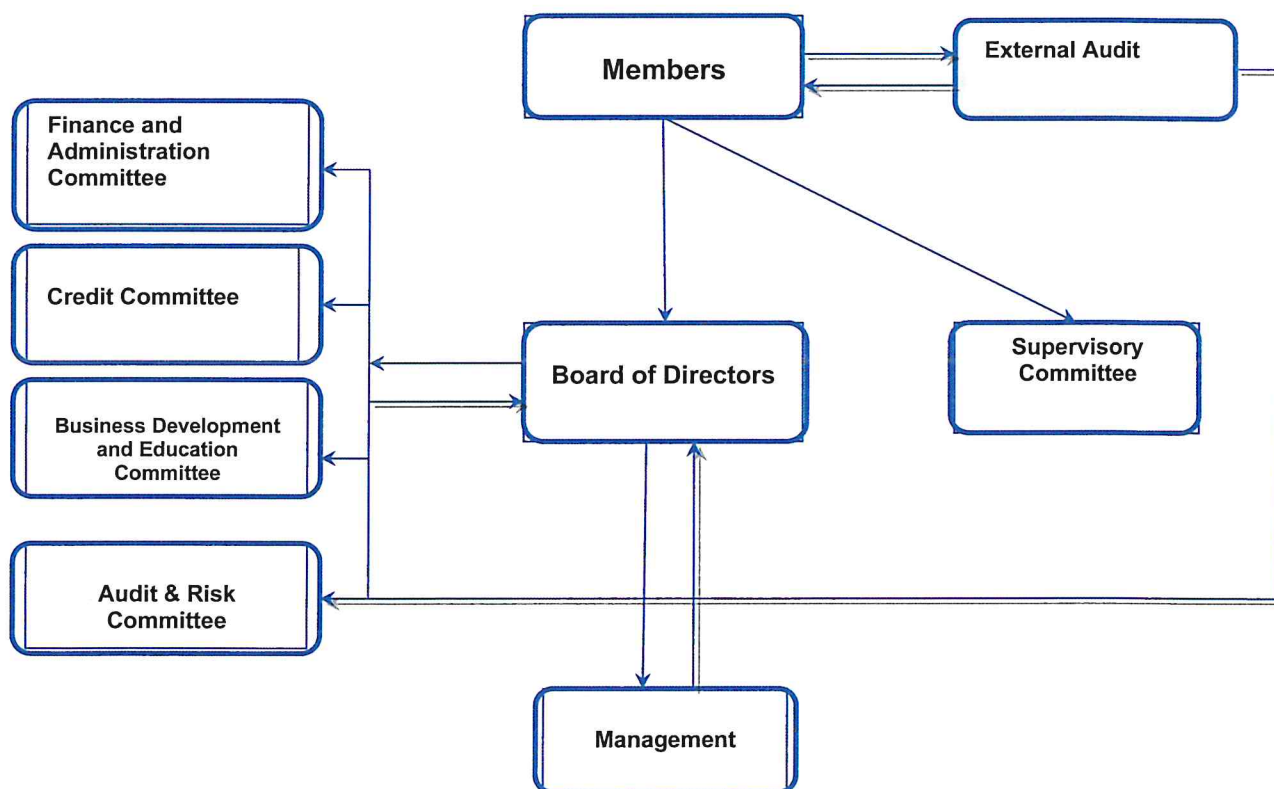
Overview

The board's primary function is to provide strong leadership to the Sacco. The Board, Supervisory Committee, and Management are dedicated to a transparent governance process that instills the highest level of confidence among all stakeholders that the Sacco is managed ethically, within prudent risk parameters, and in accordance with international best practices. It holds collective responsibility for the Sacco's vision, strategic direction, values, and governance.

One of the main reasons for the Sacco's success is its governance structure. To effectively carry out their responsibilities, the board has appointed a CEO and delegated authority to specific functions to optimise operations and ensure informed decision-making. This structure empowers management to run day-to-day operations and make financial decisions within set limits, while the board retains ultimate legal liability, monitoring performance through oversight and reporting. The Sacco is run on the seven pillars of corporate governance namely, **Accountability, Transparency, Fairness, Responsibility, Independence, Integrity and Risk management.**

Good corporate governance is aimed at fostering a culture based on sound business ethics and achieving the long-term strategic goals of the owners. It defines how the power of a Sacco is exercised in managing its resources, with the objective of maintaining and increasing members' value and satisfying other stakeholders as articulated in its corporate mission. The Sacco industry adheres to Co-operative principles, which include voluntary and open membership, democratic member control, economic participation by members, autonomy and independence, education, training, and information sharing, cooperation among Cooperatives, and a commitment to community welfare. As an active participant in the cooperative movement, these principles are embedded in the Sacco's structure and serve as the foundation for the UN DT Sacco By-laws.

The key players in the implementation of corporate governance structure of UN Sacco are as shown in "the chart below:"



Note: Arrows indicate and point to the reporting relationship

Compliance and Statutory Accountability

The Board is keen on Compliance with all statutory and legal requirements with the various bodies governing the Sacco. Towards this end, the Board has incorporated the Enterprise Risk management (ERM) framework, a quarterly review of all risks that the business is exposed. These include compliance with legislative laws, rules and regulations, codes, guidelines, and standards from various bodies that affect operations in the various business units. The Audit, Risk and Assurance department has undertaken a comprehensive analysis of all the relevant laws and regulations that affect the Sacco and maintains a detailed score sheet which is updated quarterly by all the departments.

The Audit, Risk and Assurance team performs quarterly audits on compliance and reports the findings to the Board for corrective action where the findings point to partial or non-compliance. Where the impact of non-compliance with regulations is high like Kenya Revenue Authority, the Board mandates tax compliance audits outsourced to experts or consultants such as the big four accounting firms. Each year, the Sacco conducts a statutory external financial audit which also reviews compliance in all aspects of the business.

Upon completion of the financial audit, the auditors will issue the Sacco with a Management letter which is addressed to the management. It highlights internal control weaknesses, operational inefficiencies, or areas where financial practices and procedures can be improved. The management uses these recommendations to review and improve measures that strengthen controls, compliance, and overall financial management for the Sacco.

Member representation and participation

The annual general meeting of a co-operative society as established under the Co-operatives Societies Act (Cap. 490) is the supreme organ of a Sacco society and this authority is vested in the members who jointly and severally protect, preserve, and exercise it in general meetings. The members, who are also the owners of the Sacco, exercise their democratic right by, ensuring that they elect members to the Board whom they believe are credible. This is in accordance with the Cooperative principle of democratic member control where each bona-fide member has only one vote irrespective of the number of shares that they hold. The elected Directors appoint office bearers for the various positions on the Board from amongst themselves and agree upon who will constitute the various committees.

The Board Chairperson presides over the Annual General Meeting (AGM) or Special General meeting (SGM). In their absence, the Vice Chairperson, or any Board member, elected by a majority of those present, will preside over the General Meeting. The Honorary Secretary is mandated to keep a record of the proceedings of the General Meeting. The final record of the proceedings is signed by both the Secretary and the Chairperson or at least one other Board Member present during the meeting.

By-law 42 of the UN Sacco stipulates the powers and duties of the General Meeting, which among others include the appointment of the external auditors for the subsequent year.

Board of Directors, structure, powers, and functions

Sacco members elect the Board of Directors as the governing body and the Supervisory committee to safeguard their interests. The UN Sacco Board of directors consists of nine non-executive members who include a Chairperson, Vice Chairperson, Treasurer, Honorary Secretary and five members. The duties and powers of the Board are detailed in the By-laws and governance policy (2021) and the Board Charter.

The responsibility of the Board is distinct from that of the CEO and Management. The Board is responsible for all matters touching on corporate governance, Strategic plan and ensuring that the code of conduct is followed as per By- law 47. The UN Dt Sacco Board Charter stipulates that a director is expected to always act;

- i. In good faith, and in a professional manner, having due regard to their fiduciary duties and responsibilities to the Society.
- ii. Independently, in what they personally believe to be the best interests of the Society as a whole.
- iii. With the degree of care, diligence and skill that may reasonably be expected from a person of their knowledge and experience while acting on their own behalf.
- iv. *Intra vires* - i.e., within the scope of their authority as prescribed by the By- Laws of the Society, and as a member of the Board.

Nomination Committee

In the last quarter of each year, the Board appoints a nomination committee with a one-year office tenure to oversee the process of nomination of candidates to the position of Board and Supervisory Committee. It enjoys independence and independence from influence or control by the Board or Management. The committee is guided by the Nominations policy and the Sacco By-law 44 c which is meant to oversee all the activities aimed at ensuring that members offering themselves up for consideration for Board and Supervisory Committee positions have the requisite capabilities (By law 46) to carry out their responsibilities both professionally and ethically.

The 2025 Nomination Committee comprise of the Sacco lawyer, the Westlands Sub County Cooperative officer, an officer of the county cooperative office, the CEO and the Head of Credit. The committee was chaired by the Westlands Sub County Cooperative officer with the CEO serving as the secretary.

Board appointment

Board members are democratically elected in a General Meeting to serve for a three (3) year term with the option to offer themselves up for re-election after the expiry of the term. Prior to election, interested candidates are vetted by the independent nomination committee based on an open vetting criterion that are focused on many facets including professionalism, education, obedience to the law and credit standing with the Sacco. There are no positions on the Board reserved for any member(s) or special groups and candidature is open to all Sacco members who fulfil the nomination requirements as prescribed in By-law 46. Candidates cleared by the nomination committee to vie for office are presented to the members for consideration ahead of the General Meeting.

Members are tasked with to raising any concerns or reservations they may have about the suitability of a cleared candidate directly with the Nomination Committee. The committee will then afterwards evaluate these concerns before making a final determination on the candidate's suitability for election to the position. Successful candidates for the vacant positions are presented to members for the electioneering process in the general meeting. Placement in the election process is pegged on merit based on the total number of votes garnered by each candidate.

The final activity in the election cycle is the appointment of office bearers for the Board positions of Chairperson, Vice Chairperson, Treasurer and Honorary Secretary as well as Chairperson and Secretary to the Supervisory Committee. Within 7 days from the date of the General Meeting, duly elected Board and SC members will hold a meeting, presided over by Officials from the Ministry of Cooperatives, during which they elect office bearers.

Board Induction and training

Duly elected Board and SC members are taken through an induction programme by management in the first week following their election. The induction helps new Board members familiarize themselves with operations of the Sacco during which they develop an appreciation for the different roles of the Board and Management. The new directors receive copies of all updated governance related documents including but not limited to; Board Charter, Sacco by-laws, SASRA Act and regulations, Cooperative Act and other applicable legislative Acts, the Strategic plan, and all Sacco policies. The Board also guides the new members through an interactive induction process which comprises of an in-depth discussion of the Board charter, governance and Board roles and responsibilities.

Following corporate governance best practices, the Sacco communicates with the Commissioner of Cooperatives and the industry regulator SASRA about the new Directors appointed to office within seven days after their election date. The new Directors will thereafter complete and submit various essential documents to the Commissioner of Cooperatives, including:

- ✓ **The Fit and Proper Test Form**
- ✓ **Wealth Declaration Form**
- ✓ **Indemnity Form**

The Sacco is cognisant of the fact that Board Members are individuals from different professions, and some have limited knowledge of Sacco Laws, rules, and procedures.

To bridge this knowledge gap, the Sacco facilitates an annual training program for both new and continuing directors along with supervisory committee members, meant to equip them with the necessary skills required to effectively discharge their duties. The annual training takes at least 5 days and is facilitated by external facilitators and industry experts in the selected field of training. The training program is based on the committee that the member has been appointed to serve in and the knowledge gap that needs to be bridged for the board member to discharge their duties effectively.

Additional short-term training is offered through stakeholder engagement seminars, peer forums and industry specific conferences on areas of interest especially changes in laws and regulations and industry trends. From time to time, Board members undergo inhouse training to acquaint and remind themselves of the policies and procedures in place. It is highly recommended that Board members join professional bodies to ensure they possess relevant expertise, ethical standards, and a commitment to ongoing professional development (CPD). Membership adds credibility, provides access to specialized knowledge, and helps in navigating complex governance, legal, and Sacco-specific challenges.

The various trainings attended by Board and SC in 2025 are as outlined below.

A)	BOARD MEMBERS	Dates	No. Days	Course Title	Institution	Venue
1	Dr. Christine Wanjala	8th -13th June 2025	5	Board induction	Kuscco	Mombasa
2	Boniface Iregi	8th-13th June 2025	5	Board induction	Kuscco	Mombasa
3	Salome Wanjohi	16th-20th June 2025	5	AI & Digital Transformation for Sacco's	Broader Horizons Ltd	Nairobi
4	Monica Mwove	22nd- 27th June 2025	5	Corporate Governance Mastery Course	CCG	Mombasa
5	Julius Kipkoech	20th- 26th July 2025	5	Governance, Risk & Compliance	ID	Mombasa
6	Stanely Alwodi	11th-15th August 2025	5	Leaders Training	Capbuil	Naivasha
7	James Ouka	15th-19th September 2025	5	Fraud prevention crime, Forensic investigation	ID	Mombasa
8	Gabriel Wanga	27th-31st October 2025	5	Governance, Risk & Compliance	CCG	Mombasa
9	James Ouka	17th-21st November 2025	5	4th Cs's Leaders Conference consultative forum	Kuscco	Naivasha
10	Rael Odhiambo	17th-20th December 2025	5	Corporate Governance Mastery Course	CCG	Mombasa
B)	SUPERVISORY COMMITTEE					
1	Charles Wambua	8th- 13th June 2025	5	Board induction	Kuscco	Mombasa
2	Zachariah Atozo	16th-20th June 2025	5	AI & Digital Transformation for Sacco's	Broader Horizons Ltd	Nairobi
3	Peter Wangai	22ndth-27th June 2025	5	AI & Digital Transformation for Sacco's	ACFE	Mombasa

Board annual workplan

A board work plan and schedule are needed to assure the board's work is accomplished. The annual work plan and schedule are used to prepare the board and committee meeting agendas and provide a baseline for the board to measure and evaluate its performance. The board's charter, together with the Sacco's strategic plan, are translated into an annual work plan for the board. The workplan is a schedule of all the functions and tasks the board and its committees must perform during the year. These are allocated to specific board and committee meetings to ensure that matters requiring their attention are addressed in a timely and logical manner.

The Board chair, in consultation with other board members and management, determine what key decisions the board will make during the year and when they must be made. These decisions are allocated to a board meeting schedule based on the Sacco's fiscal year. This work plan also identifies the board's information requirements for each agenda item and confirms who should be accountable for providing the board with that information.

Board and Supervisory Committee Composition

Both the Supervisory Committee and the Board of Directors are non-executive and independent. Their election to the Board is through the supreme organ of the Sacco, the General Meeting but only after a thorough screening and nomination process. At each Annual General meeting, a third of the Directors (3) and Supervisory Committee members (1) retire to ensure succession planning. Retiring directors have the option to offer themselves up for re-election but will equally be required to undergo vetting by the Nomination Committee like other candidates who had not served on the board previously.

Board members serve voluntarily and as such, their professional career/background is not an impediment to their election to the board. However, in line with the weight and responsibilities of this role, a bachelor's degree from an accredited university is a prerequisite for eligibility under the current By-Laws and nomination policy. Once elected to office, board members are assigned to specialised board committees that closely align with their profession and competencies.

The chart below shows the Board composition and the committees each member served during the year:

Name	Responsibility	Credit committee	Audit, Risk & Compliance committee	F&A Committee	BDE committee	Total
James Ouka	Board Chairperson					
Julius Kipkoech	Board Vice Chairperson, Member F&A and Chairperson BDE			✓	✓	2
Gabriel Wanga	Board Treasurer, Chairperson F&A			✓		1
Salome Wanjohi	Board Hon Secretary, Secretary F&A, Member Credit	✓		✓		2
Dr. Christine Wanjala	Secretary Credit, Member BDE	✓			✓	2
Monica Mwove	Chairperson Credit and Secretary BDE	✓			✓	2
Rael Odhiamabo	Member Audit, Risk & Compliance		✓			1
Boniface Iregi	Chairperson Audit, Risk & Compliance		✓			1
Stanley Alwodi	Secretary Audit, Risk & Compliance		✓			1
TOTAL		3	3	3	3	15

Name	Responsibility
Zachariah Atozo	Chairperson, Supervisory Committee
Peter Wangai	Secretary, Supervisory Committee
CPA Charles Wambua	Member, Supervisory Committee
TOTAL	3

Board Composition for Wanamataifa Investment Company Ltd (WILC)

Wanamataifa Investment company which is 100% owned by the Sacco draws its directors from the Board of UN DT Sacco Ltd (The parent Company). The directors for WILC in 2025 were: -

- | | | | |
|----|-------------------------|---|-------------------|
| 1. | Monica Mwove | - | Chairperson |
| 2. | Stanley Alwodi | - | Director |
| 3. | Julius Kipkoech | - | Director |
| 4. | Boniface Iregi | - | Director |
| 5. | Dr. Christine Wanjala | - | Director |
| 6. | Ombonya & Co. Advocates | - | Company Secretary |

Board continuity and succession planning

Once duly elected to office, members of the Board and Supervisory Committee serve an initial three-year term, with the option to seek re-election upon the completion of their initial term, as outlined in the Governance policy and the Sacco By-laws. To facilitate succession planning and maintain continuity, each year, one-third (3) of the Board of Directors (totalling 9) and one member of the Supervisory Committee retire from office. This process guarantees that at any given time, there at least 6 Board members and 2 Supervisory Committee members in office.

Board compensation

Members of the Board and the Supervisory Committee do not receive any monthly salary while in office. As stated in the Board and Supervisory Committee allowances policy, they do, however, draw a sitting allowance for each meeting they attend. They are also entitled to receive; transport allowance (reimbursement), airport transfers, and out-of-pocket allowance in accordance with the policy. Only directors who attend authorized meetings that have been budgeted for in accordance with the annual Board Calendar are eligible for the allowances.

Board Committees

The Board has established four Board Committees for effective discharge of its duties as detailed in By-law 63 and the governance policy. These committees are set up to handle the different aspects of the business to ease the governance process. The four committees are:

- i. **Credit Committee-**
- ii. **Board Audit Risk and Compliance Committee (BARC)**
- iii. **Finance and Administration (F&A) Committee-**
- iv. **Business Development and Education (BDE) Committee**

The formation of each committee is influenced by the competencies needed for each group, SASRA guidelines, and the Sacco By-laws, which currently dictate the leadership of the F&A and BDE committees (By-law 63.1 and 63.5). Each committee is comprised of 3 directors and the Chief Executive Officer (CEO). In addition, a member of the Sacco Management team is assigned to each committee to provide technical expertise. Management representatives from each committee prepare monthly management papers for discussion, which encompass details of the relevant standard business operations as well as other areas of interest to the committees.

Board Committee independence and oversight

To ensure independence, members of the Board Audit Risk and Compliance committee are not members of any of the other three committees. Similarly, the CEO is not a member of this committee. The Chairperson of the Board is not a member of any board committee and only attends committee meetings on invitation basis in order to maintain their objectivity.

Credit Committee

The duties of the Credit committee are contained in By- law 63.3 and broadly entail overseeing all loan management processes of the Sacco to ensure the Sacco maintains a healthy and growing loan portfolio. These roles generally include:

- ✓ Review and oversight of the overall lending policies of the Sacco.
- ✓ Delegation and review of lending limits to ensure they are within appropriate risk parameters.
- ✓ Ensuring adherence to adequate provisions for bad and doubtful debts in compliance with requirements of the prudential guidelines to manage credit risk.

Operational activities of the committee like loan appraisal, processing and feedback to members are overseen by the secretariat through the Chief Executive Officer and credit department for faster turnaround to the members.

Board Audit Risk and Compliance committee (BARC)

This is an independent committee whose work is guided by the Board Audit Charter which describes its oversight role in detail. For effective independence, the members of the BARC do not sit in any other committee of the Board. The Committee is supported technically by the Head of Audit, Risk and Compliance. To preserve its independence, The CEO does not attend committee sittings nor review the management papers of the committee before they are presented to the board. Its key roles centre on overseeing financial reporting integrity, internal controls, risk management, and compliance and include:

- ✓ Reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the external audit.
- ✓ Reviewing the system of internal controls and compliance to regulatory standards.
- ✓ Monitoring the activities and reviewing the effectiveness of the Internal Audit function
- ✓ Monitoring the Sacco's risk management system, reviewing of the enterprise-wide risks and the management of those risks.

The Chairperson of this committee is required to have extensive accounting or financial management expertise.

Finance and Administration (F&A) Committee

The purpose of the F&A Committee is to provide oversight, on behalf of the Board, over all finance, investment, ICT, human resource, records, and procurement related matters. Their duties include:

- ✓ Financial management role - Financial planning, financial reporting, budgeting, income, and expenditure management and making recommendations to the Board.
- ✓ Investment role - Liquidity management, Investment portfolio management and alignment of Sacco investments with the Strategic plan.
- ✓ ICT role – Develop, monitor, and review the Sacco's ICT strategy, investments, deployment, and impact to maximize on value and effectiveness.
- ✓ Human Resource role - Monitor and evaluate all human resource related matters within the Sacco.

The Chairperson of this committee is the Treasurer as prescribed in the By-laws The CEO. The Head of Finance Investment and Corporate Planning, and the Head of ICT sit in the committee as members to apprise the committee on operational matters and provide technical support to the committee.

Business Development and Education Committee (BDE)

The BDE committee formulates business strategies, develops products, business lines and solutions to address emerging and evolving member needs. The committee is charged with innovation, product development, overseeing world-class member experiences as well as promoting and strengthening the UN Sacco brand. A broad view of the committee's roles includes and is not limited to:

- ✓ Business development roles- develop, review, improve and enhance the business strategies, products, business lines and customer offer in liaison with the management.
- ✓ Member Education- Facilitate member-centred communication, sensitization, and member educational initiatives.
- ✓ Coordinate Sacco participation in Ushirika Day and other member related activities e.g. family Fun day.
- ✓ Corporate Social Responsibility- guide the Sacco's Corporate Social Responsibility (CSR) programmes.

Board Performance

The Board monitors its own performance by undertaking an annual board evaluation exercise This evaluation is overseen by an external management consultant and aims to assess the effectiveness, composition, and dynamics of the board of directors in order to enhance Sacco performance, accountability, and risk management. By identifying skill gaps and improving boardroom culture, this evaluation ensures the board acts as a strategic asset. The evaluation exercise for 2025 was carried out in January 2026 to assess the performance of each Board member as well as the collective performance of the Board.

Supervisory Committee

The Supervisory Committee is an oversight committee elected at the annual general meeting to oversee the operations of the Board on behalf of the members. It is comprised of three members, all elected at a general meeting for a period of three years, with one member retiring annually but eligible for re-election. Committee members are required to meet the same qualifications as their colleagues in the Board of Directors. The functions of the committee are strictly oversight in nature and at no time can they take up any duty or exercise any powers of the Board. Sacco By-law 64(1.c) stipulates that the members of this committee shall be held liable for any loss incurred due to negligence while performing their duties. The UN Sacco supervisory committee is mandated to;

- ✓ Countercheck the effectiveness of the Sacco Society’s internal control systems.
- ✓ Provide accountability and transparency on the internal operations of the Sacco by working with the management to ensure that adequate controls, checks, and balances are established.
- ✓ Prepare reports to be shared with Management and Board of Directors at joint meetings, members during the Annual General Meeting, and the Commissioner and SASRA.
- ✓ Safeguard the well-being of the Sacco society and its members by mitigating risk and loss.

The findings of the Supervisory committee are presented to the Board in quarterly Joint Board and Supervisory Committee meetings as stipulated in the SASRA guidelines 2023.

Board Committee meetings

The Sacco Societies Regulatory Authority (SASRA) issued a guideline in 2023 to Saccos where the Board are required to have at most 15 meetings in a year provided no more than two months have lapsed between the date of one meeting and the date of the next meeting. Quorum at the Board meetings is two thirds of the directors as per By-law 55 (b) and the CEO. While the Board is solely responsible for its agenda, they work closely with the Chief Executive Officer, to come up with the annual Board work plan and set the agenda for the Board meetings as guided by the governance policy. The meetings held by the Board in 2025 to deliberate on normal daily operations were as shown below with “YES” denoting Present and “NO” absent.

No.	DATE	James Ouka	CPA Bernard Koech	Julius Kipkoech	Rael Odhiambo	Philomena Makena	Salome Wanjohi	Dr. Christine Wanjala	Stanley Alwodi	Monicah Mwove	Boniface Iregi	CPA Gabriel Wanga	CPA. Esther Mailu
1	29/01/2025	YES	YES	YES	YES	YES	YES	YES	YES	YES	NO	NO	YES
2	12/02/2025	YES	YES	YES	YES	YES	YES	YES	YES	YES	NO	NO	YES
3	05/03/2025	YES	YES	YES	YES	YES	YES	YES	YES	YES	NO	NO	YES
4	19/03/2025	YES	YES	YES	YES	YES	YES	YES	YES	YES	NO	NO	YES
5	17/06/2025	YES	NO	YES	YES	NO	YES	YES	YES	YES	YES	YES	YES
6	06/08/2025	YES	NO	YES	YES	NO	YES	YES	YES	YES	YES	YES	YES
7	09/09/2025	YES	NO	YES	YES	NO	YES	YES	YES	YES	YES	YES	YES
8	18/09/2025	YES	NO	NO	YES	NO	YES	YES	YES	YES	YES	YES	YES
9	02/10/2025	YES	NO	YES	YES	NO	YES	YES	YES	YES	YES	YES	YES
10	22/10/2025	YES	NO	YES	YES	NO	YES	YES	YES	YES	YES	YES	YES
11	10/12/2025	YES	NO	YES	YES	NO	YES	YES	YES	YES	YES	YES	YES
12	23/12/2025	YES	NO	YES	YES	NO	YES	YES	YES	YES	YES	YES	YES

Board-Management relationship

The expectation placed on Sacco directors continues to grow as they are tasked with increasingly complex and demanding responsibilities. As contemporary challenges at board level continue to arise, stronger partnerships with the management team can help directors create the most value for their organisation. Thus, a strong, well-balanced relationship between the board, CEO and the wider Sacco management team is essential for effective governance and sustained organisational success. The Sacco Board works collaboratively with management to provide mentorship and strategic guidance while also maintaining their oversight role to constructively question, challenge and hold management to account as necessary. Frequent interactions through monthly board committee meetings enable the board to receive updates on various issue regarding the Sacco. Additionally, the CEO serves as the conduit for transparent communication in both directions.

The Sacco has a clear framework outlining how the board and management interact provides the basis for constructive engagement and a shared understanding of roles. Clearly defined decision-making responsibilities in terms of the matters reserved for the board’s decision and matters delegated to the CEO of both a financial and non-financial nature helps prevent the board from becoming too operational, while ensuring appropriate oversight.

Supervisory Committee meetings

The meetings held by the Supervisory Committee in 2025 were as detailed below with “YES” denoting Present and “NO” denoting absent;

No.	Date	Gladys Ogombo	Peter Wangai	Charles Wambua	Zachariah Atozo
1	17/01/2025	YES	YES	NO	YES
2	24/01/2025	YES	YES	NO	YES
3	31/01/2025	YES	YES	NO	YES
4	14/03/2025	YES	YES	NO	YES
5	18/03/2025	YES	YES	NO	YES
6	07/04/2025	NO	YES	YES	YES
7	25/04/2025	NO	YES	YES	YES
8	27/05/2025	NO	YES	YES	YES
9	13/06/2025	NO	YES	YES	YES
10	04/07/2025	NO	YES	YES	NO
11	18/07/2025	NO	YES	YES	YES
12	21/07/2025	NO	YES	YES	YES
13	31/07/2025	NO	YES	NO	YES
14	28/08/2025	NO	YES	YES	YES
15	29/08/2025	NO	YES	YES	YES
16	19/09/2025	NO	YES	YES	YES
17	26/09/2025	NO	YES	YES	YES
18	24/10/2025	NO	YES	YES	YES
19	06/12/2025	NO	YES	YES	YES
20	19/12/2025	NO	YES	YES	YES

Management team

The Board has delegated responsibility for running the organisation to the CEO and management team, with clear delegations of authority, including financial and non-financial limits of authority. The UN DT Sacco Management team comprises the Chief Executive Officer (CEO) and Heads of Departments, who are appointed by the Board of directors on fixed term Contracts. Heads of Departments (HODs) report directly to the CEO and are responsible for the day-to-day management of the Sacco. Administratively, the CEO attends all Board and General Meetings as an ex-officio member and is a signatory to all official society documents. Effective communication and collaboration between the Board and management remain vital to ensuring the Sacco is well-governed and successful in achieving its goals. Collectively, management is responsible for:

- i. Executing the board-endorsed strategic plan and running the day-to-day operations of the Sacco.
- ii. Identifying, managing, and mitigating the risks to the organisation.
- iii. Setting the right tone for the organisation's culture, performance, and risk management
- iv. Keeping the board well informed, with good forward-looking concise reporting.
- v. Monitoring key performance indicators, optimizing resource allocation, resolving operational challenges, and maintaining high productivity while continuously improving workflows.

During the year 2025, the senior management team was comprised of the following.

- | | |
|------------------------|--|
| 1. CPA Esther Mailu | Chief Executive Officer |
| 2. CPA Dianah Rotich | Ag. Head of Finance, Investment & Corporate Planning |
| 3. CPA Joseph Muraguri | Head of Audit Risk and Compliance |
| 4. Moses Amolo | Head of Credit |
| 5. Silas Alumasa | Head of Operations |
| 6. James Mwaniki | Head of ICT |

The position of Head of Risk Audit and Compliance is independent and only reports administratively to the CEO while its Functional reporting is to the Audit, Risk and Compliance Committee.

Internal controls and risk management

The Sacco's Board bears the ultimate responsibility for risk management and internal controls, thereby establishing its role in risk governance and oversight. Although it does not directly engage in daily risk management activities, the board is responsible for ensuring that the Sacco has effective risk management systems and processes in place. Its primary responsibilities in risk management include defining the Sacco's risk appetite, overseeing the development and implementation of risk management policies and procedures, monitoring significant risks that the Sacco faces, and fostering a culture of risk awareness throughout the organization. By fulfilling these duties, the board aids in protecting the Sacco's assets, reputation, and long-term sustainability.

Authority over this oversight function has been delegated to the Board Audit Risk and Compliance committee, which is charged with overseeing the Sacco's internal controls, ensuring the integrity of financial reporting, risk management, and compliance with regulations. They evaluate the effectiveness of the systems established by management, conduct quarterly internal audits, and oversee external audits; all aimed at safeguarding assets and ensuring reliable, accurate financial disclosures and corporate governance.

Finally, the Board has developed a comprehensive Enterprise Risk Management (ERM) policy, which serves as an organization-wide framework for identifying, assessing, managing, and monitoring risks, operational, financial, strategic, and compliance that could impact strategic objectives. Additionally, it has formulated a Business Continuity Plan (BCP) policy designed to enable the Sacco to maintain essential operations, protect employees, and minimize financial losses before, during, and after any disruptions to operations.

Conflict of interest

Conflicts of interest introduce unique challenges at the Board level, as board members have substantial decision-making authority and fiduciary responsibilities. They often possess extensive networks, business interests, or roles in other organizations that can result in actual or perceived conflicts. These conflicts can detract from a director's duty of loyalty, compromise trust and effective decision-making, and increase the risk of litigation and enforcement. It is vital for directors to identify, disclose, and manage any conflicts of interest to preserve the board's integrity and effectiveness.

The onboarding process for directors is specifically designed to initially identify any existing or potential conflicts, but this is just the starting point. Directors, Management, and Sacco staff also complete disclosure forms at least once a year and update their disclosures whenever their circumstances change. Governance training programs ensure that new directors are briefed on their fiduciary duties and the conflict-of-interest policy during onboarding.

The Board has cultivated a culture where directors identify potential conflicts before they escalate into problems, placing a brief disclosure statement at the top of every meeting agenda to affirm the importance of disclosing any material conflicts. Whenever a conflict arises where a director's interest could reasonably be expected to influence their judgment, that director is immediately recused. They are excluded from deliberations (meetings), decisions (voting), and information (minutes), although they may receive a redacted version of the proceedings. Diligent documentation of conflicts of interest, and the actions taken to address them in official board minutes is essential for the protection of both the Sacco and its directors.

Statutory and regulatory compliance

Core compliance in SACCOs involves strictly adhering to the industry regulator, SASRA, (Sacco Societies Regulatory Authority) regulations, focusing on capital adequacy, liquidity, licensing, and reporting. Key requirements include submitting timely monthly/quarterly reports, annual audits, maintaining "fit-and-proper" board members, complaints handling and complying with Data Protection, and AML laws to avoid penalties and license revocation. Additional operational compliance touches on lending policies (adhering to the 2/3 rule), strict limits and disclosures on insider lending, and the use of technology to manage operations and member data with appropriate internal controls and audit trails.

External auditors provide an additional professional layer of assurance on the compliance of the Sacco. They are appointed to examine the financial records of the Sacco and issue an unbiased opinion on whether the books are properly kept and reflect the true and fair state of the Sacco affairs for the period under audit. They verify accuracy, assess fraud risk, and report findings to stakeholders to ensure transparency.

Employee Welfare

The Sacco employs a holistic strategy that prioritizes the physical, mental, and emotional well-being of its employees. It has set up a range of services, facilities, and amenities in the workplace to enable employees to perform their roles in a healthy and supportive environment. These efforts enhance employee health, uplift morale, and foster pride in being associated with the Sacco. A key component of this is the competitive compensation and benefits package, which includes fair salaries, healthcare benefits, and retirement plans.

Additionally, the Sacco ensures a safe and supportive work environment with optimal working hours that facilitate a balanced work-life relationship. To promote capacity building, we provide employees with opportunities for career advancement and professional growth through regular internal and external training programs designed to meet individual training needs and address knowledge gaps within departments and the organization. By investing in continuous learning, we equip our employees to face evolving business challenges and achieve their professional goals.

Ultimately, the Sacco has made significant strides in enhancing employee welfare by fostering a positive work culture that encourages community and collaboration among employees. It promotes open communication and feedback while recognizing and rewarding employee contributions. This is evidenced

by low employee turnover and a supportive, engaging workplace where employees feel valued, cared for, and respected.

Non-Core activities

In the modern business landscape, organisations are under constant pressure to optimize operations, reduce costs, and improve customer experiences. Outsourcing non-core service functions to external providers has helped the Sacco to free up valuable internal resources to focus on core competencies while benefiting from specialized expertise at a lower cost. Among the services the Sacco has outsourced are cleaning services, security, transport and logistics, conveyancing, valuation and legal services and specialised ICT related services.

Responsible Procurement

Sacco's procurement process is crafted to ensure the acquisition of high-quality goods and services while maximizing cost efficiency, shortening lead times, and nurturing strong, mutually beneficial relationships with suppliers. The procurement activities are aligned with the specific needs of each business unit, and sourcing is performed either from a pool of pre-qualified vendors or through an open competitive tendering process for specialized services. Successful bidders from the tendering process receive contracts or Local Purchase Orders (LPOs) for the supply of goods or services. Payment is strictly dependent on the delivery of the procured goods/services, satisfactory confirmation of the quality of the goods/services/project milestones by the users, and the verification of all supporting documentation. Sacco functions with a 30-day credit period, except for contracts that have predetermined payment terms based on the completion of agreed-upon project milestones.

Environmental, Social, and Governance (ESG) Commitment

The Sacco is committed to responsible practices that align with our broader Environmental, Social, and Governance (ESG) commitment. Among these initiatives include integrating sustainability into our core operations through lending to eco-friendly projects (solar initiatives, agro-forestry, and climate-smart agriculture), enhancing governance via transparent reporting and strengthening social impact through member education and community development. By funding member projects that contribute to environmental sustainability, we play an active role in mitigating climate change and responsible resource utilization. Additionally, our continued investment in digital channels has reduced the carbon footprint of our operations and yielded both financial and environmental benefits. These actions continue to build resilience, attract increased investment by members, and align with regulatory, social, and environmental goals.

We prioritize working with vendors and partners who demonstrate sustainable practices, ensure compliance with environmental regulations, and contribute positively to their communities. Socially, we aim to support businesses that uphold fair labour practices and contribute to diversity, equity, and inclusion in their operations. Our governance framework ensures that all procurement decisions are made with transparency, ethical conduct, and compliance with relevant laws and regulations.

Today, customers gauge an organization's value beyond the quality of their services and products. Our members expect the Sacco to use its resources responsibly to make a positive impact, on more than the Sacco's financial bottom line. Consequently, our CSI policy is geared to ensure that we operate our business in a responsible manner for the benefit of our members, staff, business partners, and the wider community.

During the year 2025, UN DT SACCO continued with its partnership with *Mji wa Huruma*, a home for the elderly, as part of our Corporate Social Investment (CSI) initiatives. The Sacco signed a three-year Memorandum of Understanding (MOU) with the Nairobi County Government (NCCG) to initiate a Corporate Social Responsibility (CSR) project aimed at transforming *Mji Wa Huruma* home in 2024 through tangible actionable projects that improve the quality of life for the residents. This far, we have donated food items, personal care items, and household essentials and spent numerous hours interacting with the residents to uplift their spirits. To improve the facility, we completed a perimeter wall to address the security needs for the home in 2025, adding to the ablution block completed in 2024 which has improved the health and sanitation needs of the residents.

The Sacco is resolute in its mission to cultivate an inclusive and nurturing environment for senior citizens through this CSR endeavour, ensuring they experience happiness and respect in their lives. We are

passionate about improving the lives of our elderly population and are committed to serving our community.

Environmental involvement

UN DT Sacco advocates for the incorporation of environmental, social, and governance principles across all facets of its operations, especially through its member digital services. In line with our sustainability efforts, we have embedded sustainability considerations into our ICT strategy. This encompasses interactive channels that enable members to conduct a wide array of transactions through self-directed processes via the online banking portal, mobile application, and USSD platform. Over time, this digital transformation has led to a decrease in the costs associated with stationery, the infrastructure needed to store physical documents, and the resources expended by our members when visiting our branches for transactions. Furthermore, our subsidized water tank initiative empowers our members to encourage sustainable water usage and rainwater harvesting for both residential and agricultural purposes.

Internship

The UN DT Sacco internship program is designed to provide students pursuing undergraduate programs and recent graduates with hands-on experience that lays the foundation for their professional journey. The interns gain valuable insights into the Sacco's operations, processes, and innovative practices. This allows them to work on impactful projects, attend training sessions, participate in team meetings, and showcase their progress. In 2025, the Sacco successfully empowered two graduates through this program. We take pride in being a responsible and sustainable business and remain committed to fostering a better future for all.

Going Concern

The Board of Directors has assessed the Sacco's ability to continue operating as a going concern and is satisfied that it has adequate financial resources to continue in business for the foreseeable future. In making this assessment, the Board considered Sacco's financial performance, cash flow projections, capital adequacy, risk management frameworks, and the prevailing macroeconomic and microeconomic environment. Accordingly, the financial statements have been prepared on a going-concern basis.

United Nations Deposit Taking Savings and Credit Co-operative Society Limited
Management information
For the year ended 31 December 2025

Assets	2021 Kes	2022 Kes	2023 Kes	2024 Kes	2025 Kes
Loans to members	8,686,477,474	10,034,205,855	11,096,582,690	13,050,547,747	13,767,041,393
Cash and cash equivalents	6,327,065,988	5,999,447,810	6,248,340,583	5,488,966,317	5,219,712,049
Long term assets	37,493,785	400,464,426	374,136,655	376,429,641	373,820,155
Other assets	96,283,320	175,052,500	249,495,257	238,170,884	305,001,610
Total assets	15,147,320,567	16,609,170,591	17,968,555,185	19,154,114,589	19,665,575,206
Liabilities					
Member deposits	11,437,862,918	12,560,463,103	13,703,700,025	14,615,514,564	15,082,074,079
Interest on members' deposits	1,053,233,129	1,147,653,623	1,210,453,229	1,308,478,261	1,102,878,211
Other liabilities	133,861,615	168,863,983	110,589,797	121,434,238	88,515,563
Total liabilities	12,624,957,662	13,876,980,709	15,024,743,051	16,045,427,063	16,273,467,853
Shareholders' equity	2,522,362,905	2,732,189,882	2,943,812,134	3,108,687,526	3,392,107,353
Total liabilities & equity	15,147,320,567	16,609,170,591	17,968,555,185	19,154,114,589	19,665,575,206
SACCO STATEMENT OF PROFIT OR LOSS					
Total income	1,725,173,616	1,944,379,472	2,197,907,612	2,501,144,947	85,540,719
Loan Interest income	1,172,851,375	1,319,035,009	1,456,823,717	1,651,138,516	25,977,676
Total member deposit costs	1,073,121,422	1,169,211,689	1,229,403,698	1,333,623,257	16,699,454
Net loan interest income	99,729,953	149,823,320	227,420,019	317,515,259	1,278,222
Other income	552,322,242	625,344,463	741,083,895	850,006,431	559,563,043

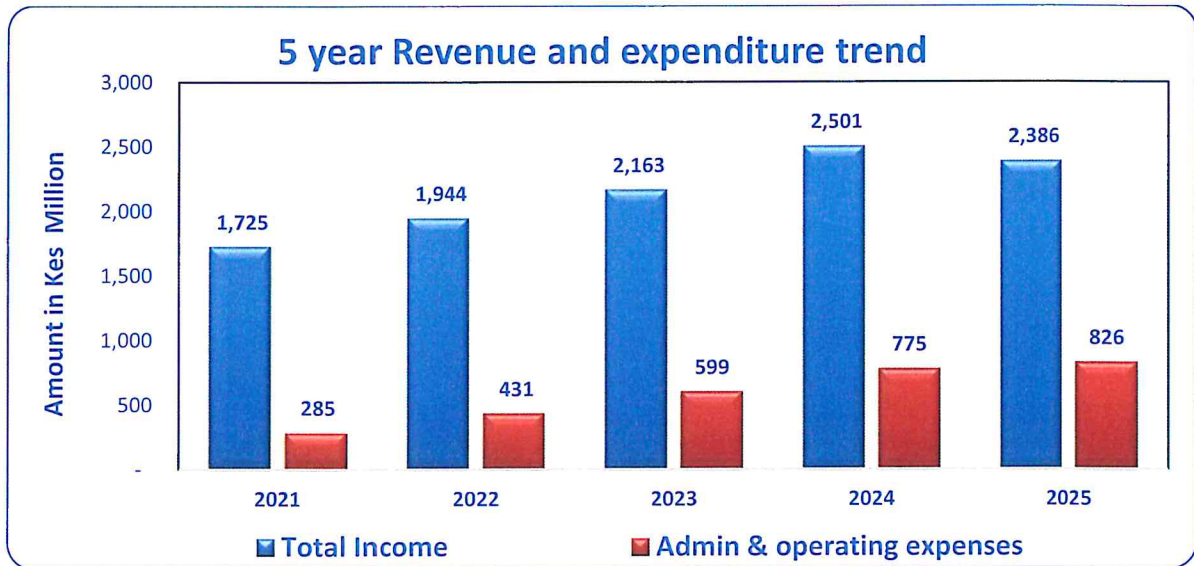
United Nations Deposit Taking Savings and Credit Co-operative Society Limited
Management information
For the year ended 31 December 2025

	2021	2022	2023	2024	2025
	Kes	Kes	Kes	Kes	Kes
Operating expenses		431,147,604	559,359,759	775,151,288	826,063,815
EBITDA	278,091,888	364,850,954	448,577,985	420,758,378	481,540,459
Depreciation & amortization	14,153,222	20,830,775	39,433,830	28,387,975	38,763,009
EBIT	366,752,146	344,020,179	409,144,156	392,370,403	442,777,451
Tax expense	83,843,482	91,461,355	106,047,104	124,832,609	82,233,054
PAT	282,908,664	252,558,824	303,097,052	267,537,794	360,544,397
Other disclosures					
Interest on deposit rate	10.5%	10.5%	10.0%	10.0%	8.0%
Dividend rate	13.0%	13.0%	15.0%	13.0%	14.0%
Non-performing loans to total loans	1.9%	2.3%	2.5%	2.7%	4.1%
Capital adequacy ratios					
Core capital/total assets	15.2%	15.2%	14.9%	15.3%	16.3%
Core capital/total deposits	20.1%	20.1%	19.6%	20.1%	21.2%
Institutional capital/Total assets	8.4%	8.4%	8.2%	8.7%	9.3%
Liquidity ratio					
Growth rate (%)					
Total income	6.8%	12.7%	13.0%	13.8%	(4.6%)
Total assets	7.4%	7.3%	8.2%	6.6%	2.7%
Member deposits	6.8%	9.8%	9.1%	6.7%	3.2%
Loans to members	5.1%	15.5%	10.6%	17.6%	5.5%
Share capital	3.8%	10.5%	6.6%	6.3%	6.7%
No. of employees	31	38	36	40	39
Key performance indicators					
Non-member interest income to total income	31.9%	32.2%	33.7%	34.0%	23.5%
Cost to income ratio	78.7%	82.3%	81.4%	84.3%	81.4%

FIVE YEAR KEY PERFORMANCE METRICS (CONTINUED)

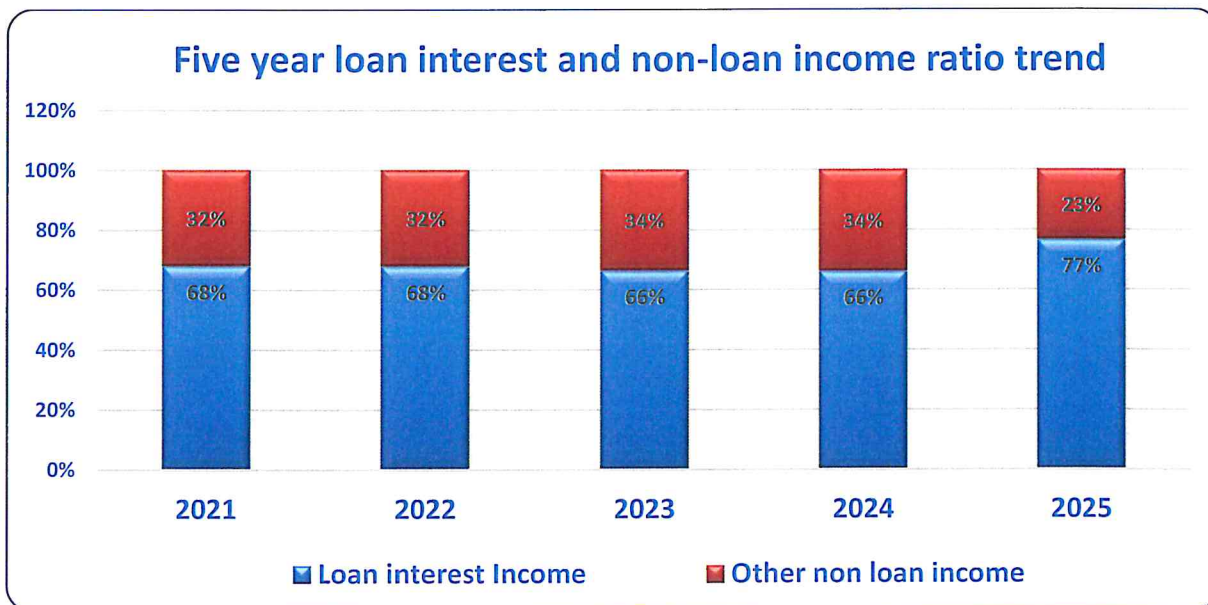
Total income, Administration and operating Expenses

Total Sacco income decreased by 4.6% (Kes 115Million) from prior year to Kes 2.386 Billion in 2025 mainly due to a low loan uptake.



Share of interest and non-interest income

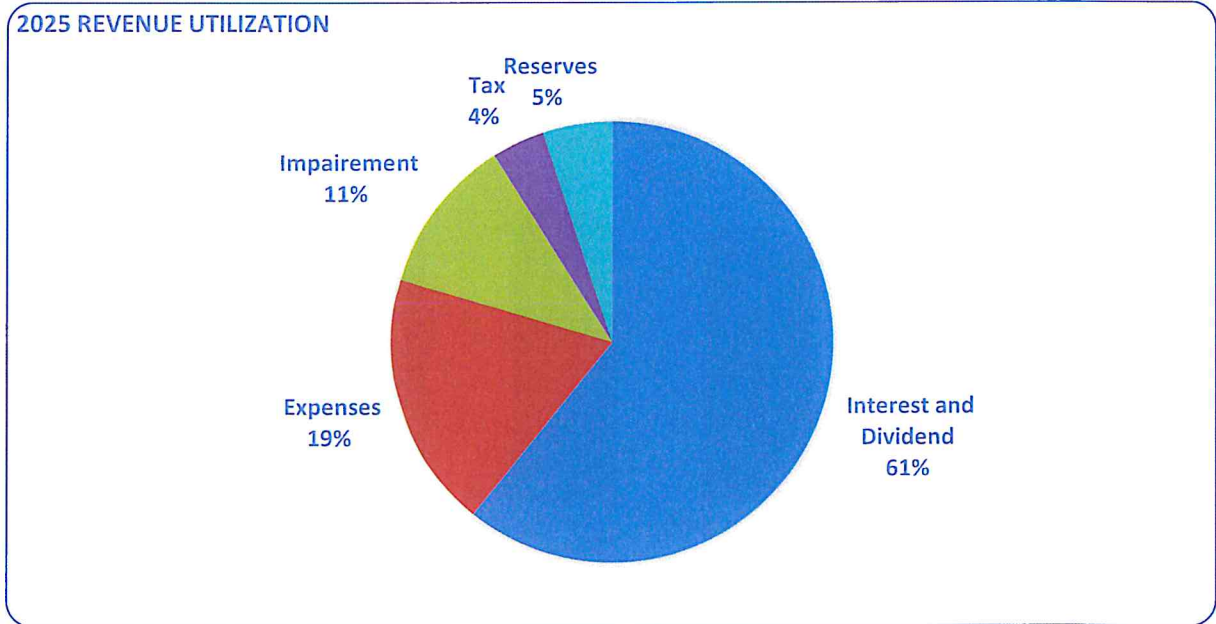
The balance of cash remaining after loan disbursements is invested in income-generating avenues, primarily fixed deposits with Tier One banks and government securities. Over the years, the proportion of loan interest income relative to other income streams has continued to narrow, closing 2025 at a ratio of 77% to 23%. Members are encouraged to continue patronising Sacco products to support sustained growth and improved return.



FIVE YEAR KEY PERFORMANCE METRICS (CONTINUED)

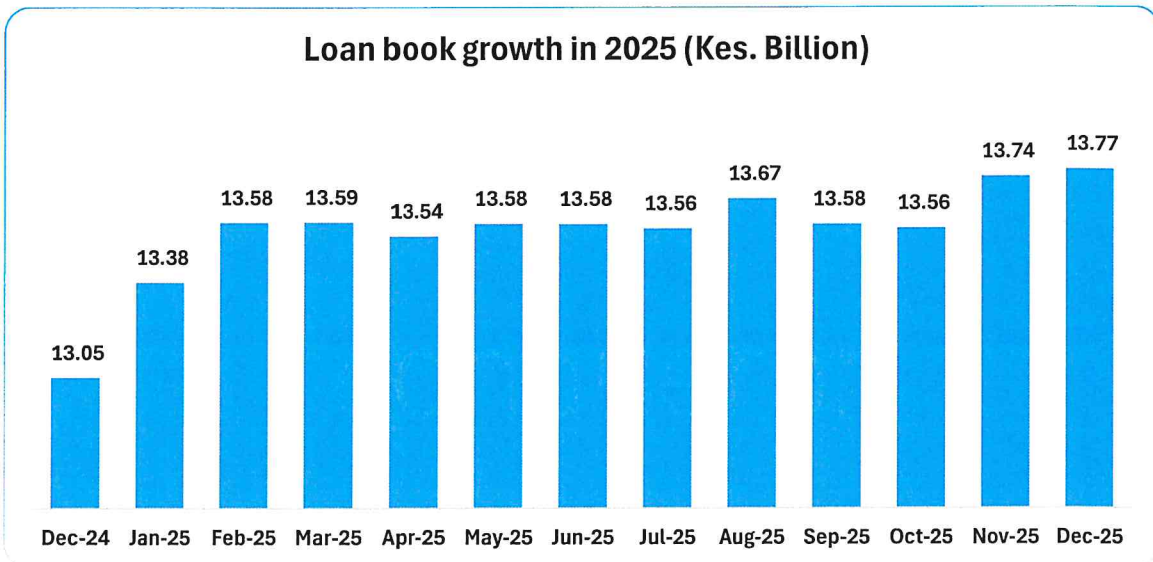
2025 Revenue distribution

At least 61% (Kes1.29B) of the total revenue has been rebated to the members in the form of interest on member deposits and dividend on shares capital signifying the commitment of the Board and management to give back to the members.



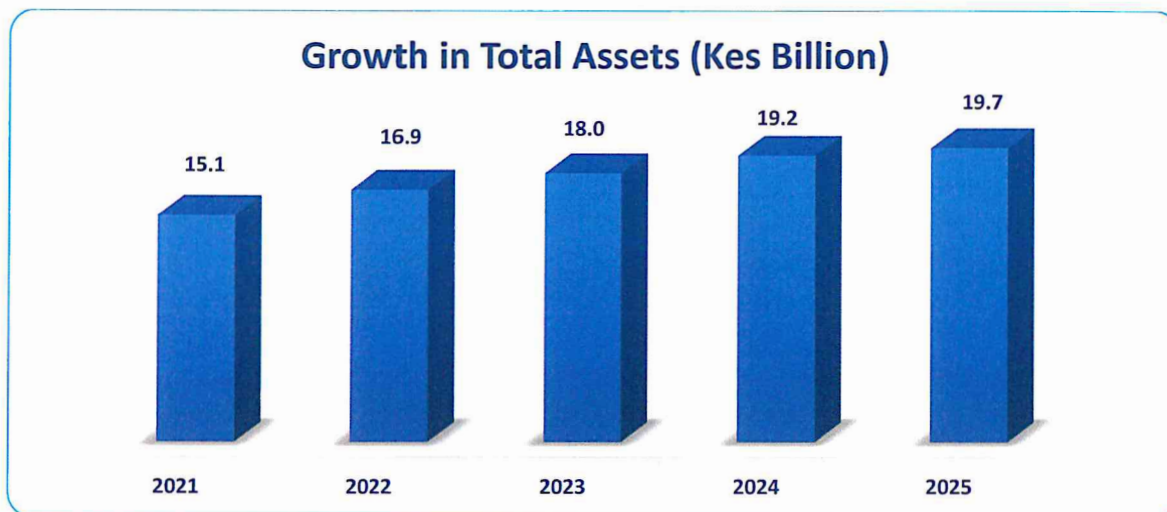
Growth in Loans to members

There was a 5.5% (Kes.716,493,646) increase in the loan book in December 2025 as shown below:



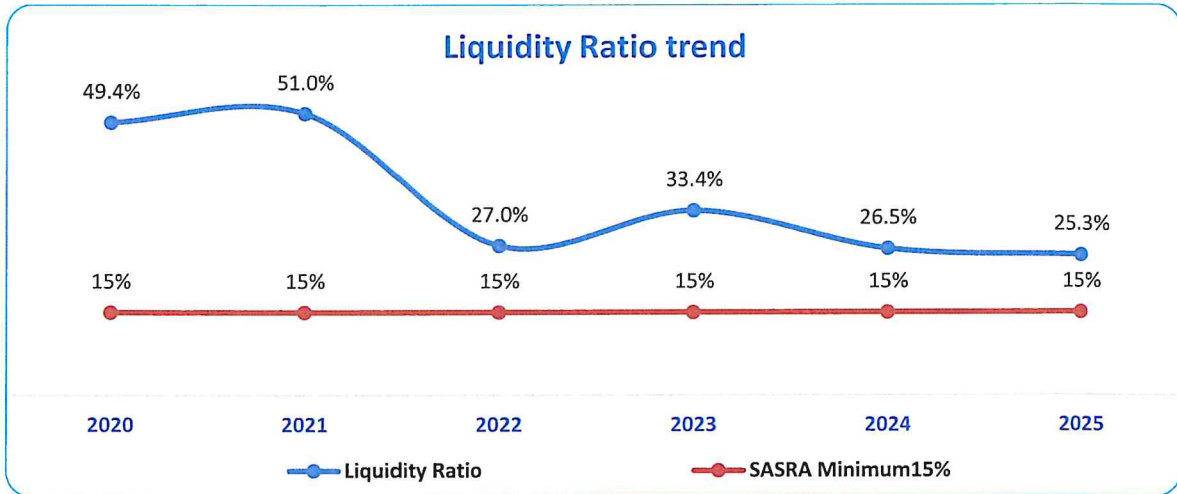
Total assets

Our asset base in 2025 increased by Kes. 511 Million (2.7%) from Kes 19.2 Billion to Kes 19.7 Billion. This growth was mainly as a result of the growth in loan book.



Liquidity ratio

One of the key mandates for the Sacco is lending to its members. The Sacco is keen to build a strong liquidity position to guard against any unexpected negative cash flow challenges. In 2025, the liquidity ratio reduced to 25.3% from 26.5% in the previous year due to the increase in loan disbursement amounts.

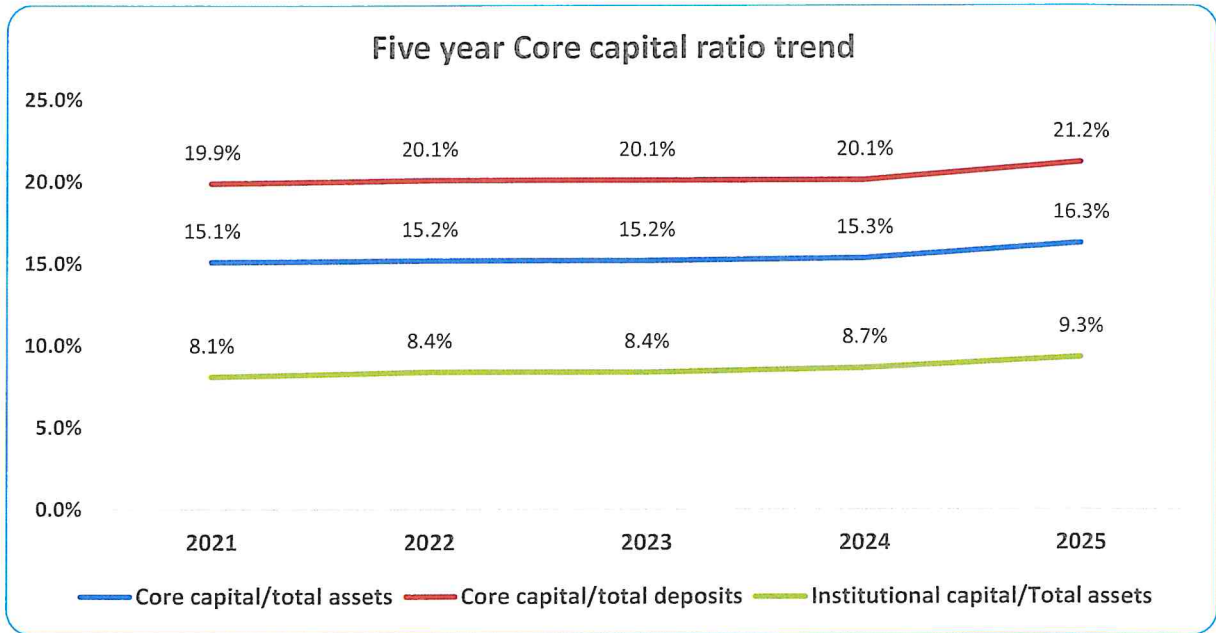


Core capital ratios

The Sacco has complied with all core capital ratios as below:

- i. The Society maintained a core capital to total assets ratio of 16.3% against the minimum SASRA requirement of 10%.
- ii. The Society maintained a core capital to total deposits ratio of 21.2% against the minimum SASRA requirement of 8%.
- iii. SASRA has set a minimum requirement of 8.0% for institutional capital and the Sacco attained 9.3%.

FIVE YEAR KEY PERFORMANCE METRICS (CONTINUED)



BOARD OF DIRECTORS

Mr. James Ouka	Chairman
Mr. Julius Kipkoech	Vice Chairman
Ms. Salome Wanjohi	Honorary Secretary
Mr. Gabriel Wanga	Treasurer
Ms. Rael Odhiambo	Director
Mr. Stanley Alwodi	Director
Dr. Christine Wanjala	Director
Mr. Boniface Iregi	Director
Ms. Monica Mwove	Director

SUPERVISORY COMMITTEE

Mr. Zachariah Atozo	Chairman
Mr. Peter Wangai	Secretary
Mr. Charles Wambua	Member

REGISTERED OFFICE

United Nations DT Savings and Credit Co-operative
Society Limited
United Nations Sacco Centre, UN Crescent Road
P. O. Box 2210 – 00621
Nairobi, Kenya

PRINCIPAL BANKERS

KCB Bank Kenya Limited
UN Gigiri Branch
P. O. Box 39402 – 00623

Cooperative Bank of Kenya Limited
Gigiri Branch
P.O Box 38764 – 00600

Citibank NA Kenya
Upper Hill Branch
P.O Box 39402 - 00623

LAWYERS

Ombonya & Company Advocates
7th Floor, Harambee Co-operative Plaza
P.O. Box 53781-00200
Nairobi, Kenya

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
PwC Tower, Waiyaki Way/Chiromo Road, Westlands
P.O Box 43963-00100
Nairobi, Kenya

SUBSIDIARY

Wanamataifa Investments Company Limited
United Nations Complex, UN Avenue, Gigiri
P.O. Box 2210 – 00621
Nairobi

1. MEMBERSHIP BONAFIDE-SACCO	2025	2024
Active members	6,376	6,280
Dormant members	1,293	1,175
Total	7,669	7,455

2. FINANCIAL SUMMARY	KShs '000	KShs '000
Total assets	19,665,574	19,154,116
Total member deposits	15,082,075	14,615,516
Loans and advances to members	13,767,041	13,050,548
Expected credit losses	430,349	353,678
Core capital	3,196,809	2,939,897
Share capital	1,368,904	1,282,644
Institutional capital	1,827,905	1,657,254
Total revenue	2,385,541	2,501,146
Total interest income	2,263,981	2,419,537
Total expenses	1,942,763	2,108,777
Impairment of financial assets	(166,972)	(177,073)

3. EMPLOYEES OF THE SOCIETY	2025	2024
Female Employees	18	19
Male Employees	21	21
Total	39	40

4. KEY RATIOS

	Regulatory requirement	2025	2024
4.1 Capital adequacy ratios			
Core capital / Total assets	10%	16.3%	15.3%
Core capital / Members' deposits	8%	21.2%	20.1%
Institutional capital / Total assets	8%	9.3%	8.7%
4.2. Liquidity ratio			
Liquid assets/total deposits and short-term liabilities	15%	25.3%	26.5%
4.3. Operating efficiency / Loan quality ratios			
Total expenses / Total revenue		81.4%	84.3%
Interest on member deposits / Total revenue		46.8%	53.3%
Interest rate on members' deposits		8%	10%
Dividend rate on members share capital		14%	13%
Total delinquency loans/Gross loan portfolio (SASRA based)		4.1%	2.69%

The directors submit their annual report together with the audited consolidated and separate financial statements for the year ended 31 December 2025 which disclose the state of affairs of the Sacco together with its subsidiary, Wanamataifa Investments Company Limited, together referred as "the Group".

INCORPORATION

The Sacco, which is the parent to the group, is incorporated in Kenya under the Co-operatives Societies Act Cap 490 and is licensed under the Sacco Societies Act No. 14 of 2008 and is domiciled in Kenya.

PRINCIPAL ACTIVITY

The principal activity of the Sacco continues to be deposit-taking from and disbursement of loans to its members.

The principal activity of the subsidiary (Wanamataifa Investment Company Limited) is buying and selling properties.

Group Results

	2025 KShs'000	2024 KShs'000
Profit before income tax	467,378	419,021
Income tax charge	(89,586)	(132,839)
	<hr/>	<hr/>
Profit for the year	377,792	286,182
	<hr/>	<hr/>
Interest on members' deposits	1,102,878	1,308,484
Proposed dividends on members shares	189,960	165,199

DIVIDEND AND INTEREST ON MEMBERS' DEPOSITS

The Board of Directors recommends payment of 8% interest on members' deposit amounting to KShs.1,102,878,210 (2024: 10% amounting to KShs 1,308,484,000) and 14% dividend per share amounting to KShs. 189,960,471(2024: 13% amounting to KShs 165,198,954).

DIRECTORS

The directors who held office during the year and to the date of this report are shown on page 1.


INDEPENDENT AUDITOR

The Society's auditor is PricewaterhouseCoopers LLP.

The directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the members.

By order of the Board

Honorary Secretary

 2026 6th March.

The Sacco Societies Act (the "Act") and the United Nations Deposits Taking Savings and Credit Co-operative Society Limited by-laws (the "by-laws") require the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Society as at the end of the financial year and of its profit or loss for that year. They also require the directors to ensure that the Society maintains proper accounting records that show and explain the transactions of the Society, disclose with reasonable accuracy the financial position of the Society and enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Sacco Societies Act. The directors are also responsible for safeguarding the assets of the Society, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards and in the manner required by the Sacco Societies Act, 2008. They also accept responsibility for:

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

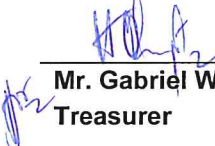
Having assessed the Society's ability to continue as a going concern, the Directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Society's ability to continue as a going concern.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the board of directors on 6^m March 2026 and signed on its behalf by:



James Ouka
Chairman



Mr. Gabriel Wanga
Treasurer



Salome Wanjohi
Hon. Secretary



Independent auditor's report to the members of United Nations Deposit Taking Savings and Credit Co-operative Society.

Report on the audit of the financial statements

Qualified Opinion

We have audited the accompanying financial statements of United Nations Deposit Taking Savings and Credit Co-operative Society (the "Sacco") and its subsidiary (together, the Group) set out on pages 44 to 115, which comprise the consolidated statement of financial position at 31 December 2025 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, together with the separate statement of financial position of the Society at 31 December 2025 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Society for the year then ended, and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion* section of our report, the financial statements present fairly, in all material respects, the financial position of the Group and the Society as at 31 December 2025 and of their financial performance and their cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Sacco Societies Act, 2008..

Basis for qualified opinion

The Society's investment in Kenya Union of Savings & Credit Co-operative Limited (KUSCCO) are carried in the balance sheet at Shs 180,960,510. KUSCCO has since been declared insolvent indicating the financial assets held are credit impaired in line with IFRS 9 requirements. The Society had invested Shs 554,253,942 in unsecured deposit with KUSCCO. Management has performed an impairment assessment and noted the deposit is fully impaired but only taken up a provision of Shs 365,711,824 with the remaining provision balance to be taken up in the next one year. This is contrary to the requirement of IFRS 9 that requires full provision to be accounted for in the year when the loss is incurred. An additional provision of Shs 180,960,510 would have been required to write down the investment to nil. Accordingly, impairment charge on 'other financial asset expense' would have been increased by Shs 180,960,510 and net income and shareholders' equity would have been reduced by Shs 180,960,510 and Shs 180,960,510 respectively.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

PricewaterhouseCoopers LLP. PwC Tower, Waiyaki Way/Chiromo Road,
Westlands P O Box 43963 – 00100 Nairobi, Kenya
T: +254 (20) 285 5000 F: +254 (20) 285 5001

Partners: J Aroi E Kerich P Kiambi B Kimacia M Mugasa F Muriu P Ngahu R Njoroge S O Norbert's
B Okundi K Saiti



Independent auditor’s report to the members of United Nations Deposit Taking Savings and Credit Co-operative Society (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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	How the matter was addressed in the audit
<p>Expected credit losses on loans to members</p> <p>Loans to members comprise a significant portion of the Society’s total assets. The estimation of expected credit losses (ECL) on loans to members requires management judgment in the assumptions that are applied in the models used to calculate ECL. The policies for estimating ECL are explained in notes 1 (j), 2 and 3 (b) of the financial statements. The key areas where significant judgement has been exercised and therefore, an increased level of audit focus applied, include:</p> <ul style="list-style-type: none"> • the assumptions applied in deriving the probabilities of default (PDs), loss given default (LGD) and exposures at default (EAD); • the judgments made to determine the staging of facilities in line with IFRS 9. In particular, the identification of Significant Increase in Credit Risk (“SICR”) and default requires consideration of quantitative and qualitative criteria, and segmentation of the loan book. This determines whether a 12-month or lifetime PD is used; and • the relevance of forward-looking information used in the models. <p>Due to the significant impact of management judgements applied in calculating the ECL, we designated this is a key audit matter in our audit.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • we reviewed the Society’s methodology for determining ECL and evaluated this against the requirements of IFRS 9; • we tested how the Society extracts ‘days past due (DPD)’ applied in classifying the loan book into the three stages required by IFRS 9. For a sample of loans, we recalculated the DPD applied in the model and agreed these to the DPD as per the Society’s IT system and the respective customer statements; • we obtained an understanding of the basis used to determine the PDs. We tested the completeness and accuracy of the historical data used in derivation of PDs and LGDs, and re-calculated the same on a sample basis; • we tested, on a sample basis, the reasonableness of EAD; • for forward-looking assumptions considered in the ECL calculations, we corroborated the assumptions using publicly available information; and • we assessed whether the disclosures in the financial statements on the key judgements and assumptions were adequate.



Independent auditor's report to the members of United Nations Deposit Taking Savings and Credit Co-operative Society (continued)

Other information

The other information comprises Society Information, Abbreviation Used, Corporate Information, Chairman's report, CEO's Report, Corporate Governance Report, Management Information, Directors' Report, Statistical Information, Statement of Directors' responsibilities which we obtained prior to the date of this auditor's report but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sacco's internal control.



Independent auditor's report to the members of United Nations Deposit Taking Savings and Credit Co-operative Society (continued)

- 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 management's 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 Sacco'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 Sacco to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

CPA Stephen Ochieng' Norbert's, Practising Number P/1819
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

6 March 2026



UNIQUE CODE: 57994260306

Consolidated Statement of profit or loss and other comprehensive income

	Notes	2025 KShs '000	2024 KShs '000
Interest on loans and advances	6(a)	1,825,978	1,651,139
Other interest income	6(b)	439,370	776,368
Total interest income		2,265,348	2,427,507
Interest expense	7	(1,116,699)	(1,333,624)
Net interest income		1,148,649	1,093,883
Impairment charge on loans and advances	10(c)	(76,671)	(63,402)
Net interest income after credit loss expense		1,071,978	1,030,481
Net fee and commission income	8	94,985	45,099
Other operating income	9a	208,083	165,219
Other administrative expenses	10(a)	(231,450)	(169,394)
Other operating expenses	10(b)	(184,060)	(182,199)
Impairment charge on other financial assets	10(c)	(166,786)	(176,800)
Governance expenses	10(d)	(98,938)	(76,103)
Staff costs	10(e)	(226,434)	(217,282)
Surplus before taxation		467,378	419,021
Income tax expense	11(a)	(89,586)	(132,839)
Surplus for the year		377,792	286,182
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Gain /(loss) on financial assets classified as fair value through other comprehensive income	23(iii)	1,813	(42)
Total comprehensive income		379,605	286,140






Society Statement of profit or loss and other comprehensive income

	Notes	2025 Ksh '000	2024 Ksh '000
Interest on loans and advances	6 a)	1,825,978	1,651,139
Other interest income	6(b)	438,003	768,398
Total interest income		2,263,981	2,419,537
Interest expense	7	(1,116,699)	(1,333,624)
Net interest income		1,147,282	1,085,913
Impairment charge on loans and advances	10(c)	(76,671)	(63,402)
Net interest income after credit loss expense		1,070,611	1,022,511
Net fee and commission income	8	87,017	36,747
Other operating income	9	34,542	44,862
Other administrative expenses	10(a)	(86,470)	(69,677)
Other operating expenses	10(b)	(183,056)	(181,075)
Impairment charge on other financial assets	10(c)	(166,972)	(177,073)
Governance expenses	10(d)	(91,917)	(70,952)
Staff costs	10(e)	(220,981)	(212,974)
Surplus before taxation		442,774	392,369
Income tax expense	11(a)	(82,233)	(124,833)
Surplus for the year		360,541	267,536
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Gain /(loss) on financial assets classified as fair value through other comprehensive income	23(iii)	1,813	(42)
Total comprehensive income		362,354	267,494
Dividend:			
Proposed final dividend for the year 14% (2024: 13%)	23(iv)	189,960	165,199

Consolidated statement of financial position

	Notes	As at 31st December 2025 Kshs' 000	As at 31st December 2024 Kshs' 000
ASSETS			
Cash and cash equivalents	12	3,940,417	3,879,365
Term deposits in financial institutions	13 (a)	201,590	372,328
Term deposits (Over 90 days maturity)	13 (b)	25,949	4,523
Government securities	14	1,073,538	1,239,847
Prepayments and other receivables	15	101,583	107,992
Loans and advances to members	16	13,767,041	13,050,548
Investments in equity instruments	17	4,337	2,524
Property and equipment	20(b),21	337,332	295,524
Investment property	22	109,216	109,852
Inventory	18	136,638	272,322
Intangible assets	20(a)	31,933	87,539
Current income tax	11 (b)	89,245	-
Total assets		19,818,819	19,422,364
LIABILITIES			
Trade and other payables	28	171,068	333,967
Interest due to members	27	1,102,878	1,308,478
Members' deposits	26	15,082,074	14,615,516
Current income tax	11 (b)	-	2,270
		16,356,020	16,260,231
EQUITY			
Share capital	24	1,368,904	1,282,644
Retained earnings	25	948,987	910,910
Statutory reserve	23 (i)	909,596	801,433
Credit risk reserve	23 (ii)	41,592	-
Fair value reserve	23 (iii)	3,760	1,947
Proposed dividend	23 (iv)	189,960	165,199
		3,462,799	3,162,133
Total Equity and liabilities		19,818,819	19,422,364

The annual financial statements on page 42 to 81 were approved by the board of directors on the ___ February 2026 and were signed on its behalf by:

		
James Ouka Chairman	CPA Gabriel Wanga Treasurer	Salome Wanjohi Honorary Secretary
 CEO	 Head of Finance	

Designation	Name	Signature
Chairman	James Ouka	J.O
Secretary	Salome Wanjiku	S.W
Treasurer	Gabriel Wanga	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Society statement of financial position

	Notes	2025 KShs '000	2024 KShs '000
ASSETS			
Cash and cash equivalents	12	3,939,264	3,875,094
Term deposits in financial institutions	13(a)	180,961	369,503
Term deposits (Over 90 days maturity)	13(b)	25,949	4,523
Government securities	14	1,073,538	1,239,847
Trade and other receivables	15	101,526	107,994
Loans to members	16	13,767,042	13,050,548
Due from related parties	15	10,603	13,167
Investments in equity instruments	17	4,337	2,524
Intangible assets	20(a)	31,933	87,517
Property and equipment	20(b),21	336,109	295,318
Investment property	22	105,045	107,081
Investment in subsidiary	19	1,000	1,000
Current income tax	14(b)	88,266	-
Total assets		19,665,573	19,154,116
LIABILITIES			
Trade and other payables	28	88,516	118,309
Interest payable	27	1,102,878	1,308,478
Current income tax	11(b)	-	3,125
Members' deposits	26	15,082,075	14,615,516
Total liabilities		16,273,469	16,045,428
EQUITY			
Share capital	24	1,368,905	1,282,644
Retained income	25	878,291	857,465
Statutory reserve	23(i)	909,596	801,433
Fair value reserve	23(iii)	3,760	1,947
Credit risk reserve	23(ii)	41,592	-
Proposed dividends	23iv	189,960	165,199
Total equity		3,392,104	3,108,688
Total equity and liabilities		19,665,573	19,154,116

APPROVED
 for publication and presentation
 for GM or ADM subject to observations Issued
 06 MAR 2026
 SIGN: [Signature]
 THE SACCO SOCIETIES REGULATORY
 AUTHORITY

Designation	Name	Signature
Chairman	James Ouka	J.O
Secretary	Salome Wanjiku	S.W
Treasurer	Gabriel Wanga	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

United Nations Deposit Taking Savings and Credit Co-operative Society Limited
Financial statements
For the year ended 31 December 2025

Consolidated statement of changes in equity

	Notes	Share Capital KShs'000	Retained Earnings KShs'000	Statutory Reserve KShs'000	Credit Risk reserve KShs'000	Fair value reserve KShs'000	Dividend KShs'000	Total KShs'000
Year ended 31 December 2025								
At start of year		1,282,643	910,910	801,433	-	1,947	165,199	3,162,132
Surplus for the year		-	377,792	-	-	-	-	377,792
Other comprehensive income, net of tax	23 (iii)	-	-	-	-	1,813	-	1,813
Total comprehensive income for the year		-	377,792	-	-	1,813	-	379,605
Transfer to statutory reserve	23 (i)	-	(108,163)	108,163	-	-	-	-
Transfer from credit risk reserve	23 (ii)	-	(41,592)	-	41,592	-	-	-
Transaction with owners:								
Contribution on share capital	23 (v)	86,261	-	-	-	-	-	86,261
Dividends:								
- Proposed 2025	23 (iv)	-	(189,960)	-	-	-	189,960	-
- Paid 2024	23 (iv)	-	-	-	-	-	(165,199)	(165,199)
At end of year		1,368,904	948,987	909,596	41,592	3,760	189,960	3,462,799

Designation	Name	Signature
Chairman	James Ouka	J.O
Secretary	Salome Wanjiku	S.W
Treasurer	Gabriel Wangari	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

United Nations Deposit Taking Savings and Credit Co-operative Society Limited
 Financial statements
 For the year ended 31 December 2025

Consolidated statement of changes in equity

Year ended 31 December 2024	Notes	Share Capital KShs'000	Retained Earnings KShs'000	Statutory Reserve KShs'000	Credit Risk reserve KShs'000	Fair value reserve KShs'000	Dividend KShs'000	Total KShs'000
At start of year		1,206,224	840,665	721,185	29,511	1,989	179,040	2,978,614
Surplus for the year		-	286,182	-	-	-	-	286,182
Other comprehensive income, net of tax	23 (iii)	-	-	-	-	(42)	-	(42)
Total comprehensive income for the year		-	286,182	-	-	(42)	-	286,140
Transfer to statutory reserve	23 (i)	-	(80,249)	80,249	-	-	-	-
Transfer from credit risk reserve	23 (ii)	-	29,511	-	(29,511)	-	-	-
Transaction with owners:								
Contribution on share capital	23(v)	76,419	-	-	-	-	-	76,419
Dividends:								
- Proposed 2024	23 (iv)	-	(165,199)	-	-	-	165,199	-
- Paid 2023	23 (iv)	-	-	-	-	-	(179,040)	(179,040)
At end of year		1,282,643	910,910	801,434	-	1,947	165,199	3,162,133

Designation	Name	Signature
Chairman	James Ouka	J.O
Secretary	Salome Wanjiku	S.W
Treasurer	Gabriel Wanga	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

United Nations Deposit Taking Savings and Credit Co-operative Society Limited
Financial statements
For the year ended 31 December 2025

* Statutory reserve represents transfers at a rate of 30% (Regulatory: 20%) of net operating surplus in compliance with the provision of section 47 (1& 2) of the Co-operative Societies Act, Cap 490.

**The Credit Risk Reserve represents the difference between the loan loss provision required by the SACCO Societies Regulatory Authority (SASRA) and the provision calculated under International Financial Reporting Standards (IFRS). For the year ended 31 December 2024, the SASRA provision was lower than the IFRS provision, resulting in release of the credit reserve.

*** Fair value reserve represents the changes in the fair value on equity instruments designated at fair value through other comprehensive income.

****Other reserves are an appropriation from retained earnings. The reserves are un-distributable, unencumbered, and able to absorb losses, and designed by directors to enable the Society to meet required capital ratios. Amounts transferred from retained earnings to other reserves are approved by the Board of Directors.

***** Proposed dividend reserve is the amount set aside by the Board for payment of dividend.

Designation	Name	Signature
Chairman	James Ouka	J.O
Secretary	Salome Wanjiku	S.W
Treasurer	Gabriel Wanga	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

United Nations Deposit Taking Savings and Credit Co-operative Society Limited
 Financial Statements
 For the year ended 31 December 2025

Society statement of changes in equity

Notes	Share Capital KShs'000	Retained Earnings KShs'000	Statutory Reserve KShs'000	Credit Risk reserve KShs'000	Fair value reserve KShs'000	Dividend KShs'000	Total KShs'000
Year ended 31 December 2025							
At start of year	1,282,644	857,463	801,433	-	1,947	165,199	3,108,686
Surplus for the year	-	360,543	-	-	-	-	360,543
Other comprehensive loss, net of tax	-	-	-	-	1,813	-	1,813
Total comprehensive income for the year	-	360,543	-	-	1,813	-	362,356
Transfer to statutory reserve	-	(108,163)	108,163	-	-	-	-
Transfer from credit risk reserve	-	(41,592)	-	41,592	-	-	-
Transaction with owners:							
Contribution on share capital	86,261	-	-	-	-	-	86,261
Dividends:							
- Proposed 2025	-	(189,960)	-	-	-	189,960	-
- Paid 2024	-	-	-	-	-	(165,199)	(165,199)
At end of year	1,368,905	878,291	909,596	41,592	3,760	189,960	3,392,104

Designation	Name	Signature
Chairman	James Ouka	J.O
Secretary	Salome Wanjiku	S.W
Treasurer	Gabriel Wanga	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

United Nations Deposit Taking Savings and Credit Co-operative Society Limited
Financial Statements
For the year ended 31 December 2025

Society statement of changes in equity

	Notes	Share Capital KShs'000	Retained Earnings KShs'000	Statutory Reserve KShs'000	Credit Risk reserve KShs'000	Fair value reserve KShs'000	Dividend KShs'000	Total KShs'000
Year ended 31 December 2024								
At start of year		1,206,225	805,866	721,184	29,511	1,989	179,040	2,943,815
Surplus for the year		-	267,536	-	-	-	-	267,536
Other comprehensive loss, net of tax		-	-	-	-	(42)	-	(42)
Total comprehensive income for the year		-	267,536	-	-	(42)	-	267,494
Transfer to statutory reserve	24(i)	-	(80,249)	80,249	-	-	-	-
Transfer from credit risk reserve	24(ii)	-	29,511	-	(29,511)	-	-	-
Transaction with owners:								
Contribution on share capital		76,419	-	-	-	-	-	76,419
Dividends:								
- Proposed 2024	23(iv)	-	(165,199)	-	-	-	165,199	-
- Paid 2023	23(iv)	-	-	-	-	-	(179,040)	(179,040)
At end of year		1,282,644	857,465	801,433	-	1,947	165,199	3,108,688

Designation	Name	Signature
Chairman	James Ouka	J.O
Secretary	Salome Wanjiku	S.W
Treasurer	Gabriel Wang'a	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Consolidated statement of cash flows

	Notes	2025 Kshs '000	2024 Kshs '000
Operating activities			
Interest income	6 (a)	1,825,978	1,651,139
Other interest income	6 (b)	439,370	776,368
Net fee and charge income	8	94,985	45,099
Other operating income (excluding income from sale of land)	9	35,113	165,219
Interest payments	7	(1,327,279)	(1,234,594)
Payment to employees and suppliers		(681,286)	(460,617)
Net cash from operating activities		386,881	942,614
Increase in operating assets			
Loans and advances to members	16	(793,164)	(2,017,367)
Increase in operating liabilities			
Member's savings	27	466,599	924,301
Net cash from operating activities before income taxes			
Income tax paid	11 (b)	(181,101)	(121,304)
Net cash from operating activities		(120,825)	(271,756)
Investing activities			
Cash paid for purchase of property and equipment	20(b)	(28,929)	(11,176)
Cash paid for improvement of investment property	20(a)	(1,400)	-
Cash paid for purchase of WIP and intangible assets		-	(65,096)
Building improvements	21	(1,575)	(6,500)
Term deposits in other entities	13	16,691	(63,587)
Investment in government securities	14	161,772	11,378
Purchase of inventory	18	-	(212,270)
Sale of inventory	18	135,684	110,656
Net cash used in investing activities		282,243	(236,595)
Financing activities			
Increase in share capital	23(v)	86,260	76,419
Dividend paid	23(iv)	(165,199)	(179,040)
Loan paid	32	-	-
Net cash used in financing activities		(78,939)	(102,621)
Movement in cash and cash equivalents			
Increase/decrease in cash and cash equivalents		82,479	(610,972)
Cash and cash equivalents at start of year		3,883,887	4,494,860
Cash and cash equivalents as at end of the year	12 (e)	3,966,366	3,883,888

Designation	Name	Signature
Chairman	James Ouka	J.O
Secretary	Salome Wanjiku	S.W
Treasurer	Gabriel Wang'a	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Society statement of cash flows

	Notes	2025 Kshs '000	2024 Kshs '000
Operating activities			
Interest income	6 (a)	1,825,978	1,651,139
Other interest income	6 (b)	438,003	768,398
Net fee and charge income	8	87,017	36,747
Other operating income	9(a)	34,542	44,862
Interest payments		(1,327,279)	(1,234,594)
Payment to employees and suppliers		(525,884)	(475,108)
Net cash from operating activities		532,378	791,444
Increase in operating assets			
Loans and advances to members	16	(793,164)	(1,953,965)
Increase in operating liabilities			
Member's savings	27	466,559	911,815
Net cash from operating activities before income taxes		205,773	(314,108)
Income tax paid	11 (b)	(173,624)	(110,171)
Net cash from/(used in) operating activities		32,149	(424,279)
Investing activities			
Cash paid for purchase of property and equipment	20(b)	(27,811)	(9,656)
Cash paid for purchase of intangible assets	20(a)	-	(65,096)
Building improvements	21/22	(1,575)	(6,500)
Investment in government securities	14	161,772	11,378
Net cash used in investing activities		132,385	(69,874)
Financing activities			
Increase in share capital	23(v)	86,260	76,419
Dividend paid	23(iv)	(165,199)	(179,040)
Net cash used in financing activities		(78,939)	(102,621)
Movement in cash and cash equivalents			
Increase in cash and cash equivalents		85,596	(596,774)
Cash and cash equivalents at start of year		3,879,617	4,476,391
Cash and cash equivalents as at end of the year	12 (e)	3,965,213	3,879,617

Designation	Name	Signature
Chairman	James Ouka	J.O
Secretary	Salome Wanjiku	S.W
Treasurer	Gabriel Wanga	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Notes

1 General information

United Nations Deposit Taking Savings and Credit Co-operative Society Limited (the "Society") is a Sacco domiciled in Kenya. The registered address of the Society is as set out on page 1.

2 Summary of material accounting policies

The principal accounting policies applied 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) Compliance with IFRS Accounting Standards

The financial statements of the Sacco have been prepared in accordance with IFRS Accounting Standards and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS Accounting Standards. The financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

(b) Basis of preparation

The financial statements have been prepared on a historical cost basis, except for equity instruments at fair value through other comprehensive income (FVOCI) and land and buildings which have been measured under the revaluation model.

The preparation of financial statements in conformity with IFRS accounting standards requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Society's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Going Concern

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

Changes in accounting policies and disclosures

(i) New and amended standards adopted by the Society

The Society has applied the following standards and amendments for the first time. However, they did not have material impact on the Society:

- Amendments to IAS 1, 'Presentation of Financial Statements' – Non-current liabilities with covenants.
- Amendment to IFRS 16, 'Leases' – sale and leaseback; and
- Amendment to Supplier Finance Arrangements (IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosure').

Designation	Name	Signature
Chairman	James Ouka	J.O
Secretary	Salome Wanjiku	S.W
Treasurer	Gabriel Wanga	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Notes (continued)

2 Summary of material accounting policies (continued)

(b) Basis of preparation (continued)

Changes in accounting policies and disclosures (continued)

(ii) New and amended standards not yet adopted by the Society

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Society.

- Amendments to IAS 21, 'The Effect of Changes in Foreign Exchange Rates' – Lack of exchangeability;
- Amendment to IFRS 9 "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" – Classification and Measurement of Financial Instruments;
- IFRS 18 'Presentation and Disclosure in Financial Statements'; and
- IFRS 19 'Subsidiaries without Public Accountability'.

The Directors do not plan to apply the above standards, until they become effective. The standards are not expected to have a material impact to the Society.

(c) Consolidation

The consolidated financial statements include the Society and its subsidiary, Wanamataifa Investment Company Limited, made up to the end of the financial year.

i) Subsidiary

Subsidiaries are investees controlled by the Society. The Society 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

Intra-group balances and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(d) Revenue recognition

Revenue is derived substantially from the Group and Society business and related activities and comprises net interest income and non-interest income.

i) Interest

Interest income and expense for all interest-bearing instruments are recognised in profit or loss as it accrued considering the effective interest rate of the asset or an applicable floating rate.

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

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Notes (continued)

2 Summary of material accounting policies (continued)

(d) Revenue recognition (continued)

i) Interest (continued)

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

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

Revenue is derived substantially from the Group and Society business and related activities and comprises net interest income and non-interest income.

ii) Fees and commission income

Fees and commission income are recognized either at a point in time or overtime when the service is provided.

This income comprises of commissions charged on use of channels, transaction costs on services and withdrawal charges levied on savings accounts.

iii) Dividend income

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

iv) Income from plot sales

Sale of land is recognised in the period in which the customer make full payment of the purchase price. The amount of the revenue recognised is the amount the Company is entitled to in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties.

Any deposit made on the purchase of land is recognized as deferred income in the period the payment is received.

(e) Financial instruments

(i) Classification

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

- Measured at Amortized Cost.
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVTPL)

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Notes (continued)

2 Summary of material accounting policies (continued)

(e) Financial instruments (continued)

Amortised cost

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

- I. it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- II. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and Interest (SPPI) on the principal amount outstanding.
- III. The Group recognises cash and balances with banks, loans and advances to members, government securities and other assets at amortised cost.

Fair Value through other comprehensive income (FVOCI) – Equity

On initial recognition of an equity investment that is not held for trading, the Sacco may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by investment basis. All equity instruments held by the entity have been recognised at FVOCI.

Fair value through profit or loss (FVTPL)

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

The Group does not have financial assets classified at FVTPL.

A financial asset is classified into one of these categories on initial recognition.

Assessment of whether contractual cash flows are solely payments of principal and Interest (SSPI)

To determine whether a financial asset should be classified as measured at amortised cost, FVOCI or FVTPL, an entity assesses whether the cash flows from the financial asset represent, on specified dates, solely payments of principal and interest on the principal amount outstanding - i.e., the SPPI criterion. A financial asset that does not meet the SPPI criterion is always measured at FVTPL, unless it is an equity instrument for which an entity applies the FVOCI election.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. The definition of principal reflects the economics of the financial asset from the perspective of the current holder. This means that an entity assesses the asset's contractual cash flow characteristics by comparing the contractual cash flows to the amount that it actually invested.

'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

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Notes (continued)

2 Summary of material accounting policies (continued)

(e) Financial instruments (continued)

Assessment of whether contractual cash flows are solely payments of principal and Interest (SSPI) (continued)

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

- ✓ contingent events that would change the amount and timing of cash flows.
- ✓ leverage features.
- ✓ prepayment and extension terms.
- ✓ terms that limit the Company's claim to cash flows from specified assets – e.g., non-recourse asset arrangements; and
- ✓ features that modify consideration for the time value of money – e.g., periodic reset of Interest rates.

Contractual features that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, give rise to contractual cash flows that do not meet the SPPI criterion.

Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of assets.
- how the performance of the portfolio is evaluated and reported to the Sacco's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.
- the frequency, volume, and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Sacco's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

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Notes (continued)

2 Summary of material accounting policies (continued)

(e) Financial instruments (continued)

Business model assessment (continued)

The Sacco's financial assets are all held within a business model whose objective is to hold assets to collect contractual cash flows.

Reclassification

The Society only reclassifies financial assets when management changes the business model for managing the financial assets. In that instance all affected financial assets are reclassified. Such changes are expected to be very infrequent and are determined by the Group's senior management as a result of external or internal changes.

(f) Financial liabilities

Financial liabilities are measured at fair value on initial recognition and subsequently measured at amortised cost using the effective interest rate method.

(i) Derecognition and contract modification

The Sacco derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Sacco is recognised as a separate asset or liability.

However, when the modification of a financial instrument not measured at FVTPL does not result in derecognition, the Sacco will recalculate the gross carrying amount of the financial asset (or the amortised cost of the financial liability) by discounting the modified contractual cash flows at the original effective interest rate and recognise any resulting adjustment as a modification gain or loss in profit or loss.

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

(ii) Write-off

The Society directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

(ii) Offsetting

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a Group of similar transactions such as in the Group's trading activity

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Notes (continued)

2 Summary of material accounting policies (continued)

(f) Financial liabilities (continued)

(iv) impairment

The Group recognises loss allowance at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date shorter period if the expected life of a financial instrument is less than 12 months), weighted by the probability of that default occurring.

The Group recognises loss allowances at an amount equal to lifetime ECLs, except in the cases where credit risk has not increased significantly since initial recognition. Loss allowances for trade and lease receivables will always be measured at an amount equal to lifetime ECLs applying the simplified approach. The impairment requirements of IFRS 9 are complex and require management judgements, estimates and assumptions, particularly in the following areas, which are discussed in detail below and in note 4.1:

- assessing whether the credit risk of an instrument has increased significantly since initial recognition; and
- incorporating forward-looking information into the measurement of ECLs.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses and will be measured as follows:

- **Financial assets that are not credit-impaired at the reporting date:** the present value of all cash shortfalls – i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive.
- **Financial assets that are credit-impaired at the reporting date:** the difference between the gross carrying amount and the present value of estimated future cash flows.

An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset. The following are examples of such events:

- significant financial difficulty of the issuer or the borrower.
- a breach of contract - e.g., a default or past-due event.
- a lender having granted a concession to the borrower - for economic or contractual reasons relating to the borrower's financial difficulty - that the lender would not otherwise consider.
- it becoming probable that the borrower will enter bankruptcy or any other form of financial reorganisation.
- the disappearance of an active market for that financial asset because of financial difficulties; or the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

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Notes (continued)

2 Summary of material accounting policies (continued)

(g) Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in-first-out (FIFO) basis and comprises all costs attributable to bringing the properties to their current location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less costs of completion and the selling expenses.

The type of inventory held by the Group is parcels of land for sale, which is held by the subsidiary, Wanamataifa Investment Company Limited.

(h) Impairment for non-financial assets

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

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

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

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

(g) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate ruling at the reporting date.

Resulting exchange differences are recognised in profit or loss in the year in which they arise.

Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the transaction date.

(h) Land and Buildings, Property, and equipment

(i) Recognition and measurement

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

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Notes (continued)

2 Summary of material accounting policies (continued)

(h) Land and Buildings, Property, and equipment (continued)

(i) Depreciation

Depreciation is recognised on a straight-line basis over the estimated useful lives of the assets. The rates of depreciation used are based on the following estimated useful lives applicable to the current and prior year:

Furniture and fittings	12.5%
Office equipment	12.5%
Computer equipment	25%
Building	Remaining lease life (of land)

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

(ii) Subsequent costs

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

(iii) Disposal of property and equipment

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

(i) Intangible assets – Software

Computer software licenses are stated at cost less accumulated amortisation and accumulated impairment. The cost incurred to acquire and bring to use specific computer software licences are capitalised. The costs are amortised on a straight-line basis over the expected useful lives, for a period not exceeding three years and are recognised in profit or loss. Costs associated with maintaining software are recognised as an expense as incurred.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed when incurred. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The rate of amortization used on the intangible assets is 33.33%.

(j) Leases

The SACCO applies lessor accounting for its operating leases, recognizing lease payments as income on a straight-line basis over the lease term. As the SACCO engages only in operating leases, it does not engage in finance leases. Expenses related to earning lease income, including depreciation on leased assets, are recognized in the period in which they are incurred.

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Notes (continued)

2 Summary of material accounting policies (continued)

(j) Leases (continued)

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Sacco recognises a right-of-use asset and a lease liability

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Sacco's incremental borrowing rate is used.

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

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

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

(k) Income tax expense

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

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of a previous year.

Deferred tax is recognised on all temporary differences between the carrying amounts of financial assets and financial liabilities for financial reporting purposes and the amounts used for taxation purposes, except differences relating to the initial recognition of assets or liabilities which affect neither accounting nor taxable profit.

Deferred tax is calculated based on the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their assets and liabilities will be realised simultaneously.

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Notes (continued)

2 Summary of material accounting policies (continued)

(l) Employee benefits

The majority of the Group's employees are eligible for retirement benefits under a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Contributions to the defined contribution plan are recognised in profit or loss as incurred. Any difference between the amount recognised in profit or loss and the contributions payable is recognised in the statement of financial position under other receivables or other payables.

The Group also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). NSSF Contributions are determined by local statute, and as of December 2025, the contribution was capped at KES 4,320 per employee per month. Employers are required to match this contribution, bringing the total monthly contribution to KES 8,640 per employee.

(i) Termination benefits

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

(ii) Short term employee benefits

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

(m) Cash and cash equivalents

For the purpose of presentation of the cash flows in the financial statements the cash and cash equivalents include cash and balances with banks available to finance the Group's day-to-day operations and treasury bills and bonds which mature within 90 days or less from the date of acquisition. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(n) Related parties

In the normal course of business, transactions have been entered into with certain related parties.

(o) Contingent liabilities

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

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Notes (continued)

2 Summary of material accounting policies (continued)

(p) Comparatives

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

(q) Share capital

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

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

The minimum share capital for one to be termed a bona fide member is Kes.50,000

(r) Reserves

(i) Retained earnings

Retained earnings relate to the cumulation of the Society's net income after transfer to reserves and payment of dividend.

(ii) Statutory reserve

Transfers are made to the statutory reserve fund at a rate of not less than 20% of net operating surplus after tax in compliance with the provision of section 47 (1 & 2) of the Co-operative Societies Act, Cap 490. This reserve is not distributable. In 2024, the rate of transfer to statutory reserves used was 30% (2024: 30%).

(iii) Credit risk reserve

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

(iv) Fair value reserve

The fair value reserve arises on the revaluation of financial assets classified as 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 profit or loss. Where a revalued financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in profit or loss.

(v) Dividend

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 distributable.

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Notes (continued)

3 Critical accounting estimates and judgments in applying accounting policies

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The directors also need to exercise judgment in applying the Sacco's accounting policies.

All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on experience and other factors, including expectations with regard to future events.

This note provides an overview of the areas that involve a higher degree of judgment or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

Measurement of expected credit losses

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 assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

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

- Determining criteria for significant increase in credit risk;
- Choosing the appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL;
- Determining the relevant period of exposure to credit risk when measuring ECL for credit cards and revolving credit facilities; and
- Determining the appropriate business models and assessing the "solely payments of principal and interest (SPPI)" requirements for financial assets. Further details on ECL measurement are on note 4.

4 Financial risk management

Although the Society is exposed to various risks, the major risks exposures arise due to use of financial instruments and can be categorized as follows:

- Credit risk
- Liquidity risk
- Market risks
- Operational risks

The Society is continuously putting measures in place to help manage these risks every day. These measures include setting appropriate strategic and operational objectives, policies and processes geared towards identification and effective management of the risks identified.

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Notes (continued)

4 Financial risk management (continued)

The Directors have overall responsibility for the establishment and oversight of the Sacco's risk management framework. The Society's risk management policies are established to identify and analyse the risks faced by the Society, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management framework

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Society, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Directors are responsible for monitoring compliance with the Society's risk policies and procedures, and for reviewing their adequacy. The Board is assisted in these functions by Internal Audit which undertakes both regular and ad-hoc reviews of risk controls and procedures, the results of which are reported to the Board Audit committee.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Society, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Directors are responsible for monitoring compliance with the Society's risk policies and procedures, and for reviewing their adequacy. The Board is assisted in these functions by Internal Audit which undertakes both regular and ad-hoc reviews of risk controls and procedures, the results of which are reported to the Board Audit committee.

4.1 Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligation resulting in financial loss to the Society. The Society's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers and balances held on deposits with other financial institutions. The Society considers all elements of credit risk exposure such as counterparty default risk, geographical risk, and sector risk for risk management purposes.

4.1.1 Credit risk management

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

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

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Notes (continued)

4 Financial risk management (continued)

4.1 Credit risk (continued)

4.1.1 Credit risk management (continued)

- Developing and maintaining the Society's risk grading to categorize exposure according to the degree of risk of default. Risk grades are subject to regular reviews.
- Developing and maintaining the Society's risk processes for measuring Expected Credit Loss including monitoring of credit risk, incorporating forward looking information and the method used to measure ECL.
- Ensuring the Society has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools, and data to assess credit risk to account for ECL. Providing advice, guidance, and special skills to 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 Sacco will measure the loss allowance based on the lifetime rather than 12 - months ECL.

Internal credit risk rating

The Society takes on exposure to credit risk which is the risk of financial loss to the Sacco 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, approval, and disbursement roles are segregated.

To aid credit managers in portfolio management, regular internal risk management reports contain information on key environmental and economic trends across major portfolios, portfolio delinquency and loan impairment performance as well as information on migration across credit grades and other trends. Expected loss is the long-run average credit loss across a range of typical economic conditions.

It is used in the delegation of credit approval authority and must be calculated for every transaction to determine the appropriate level of approval. To assist risk officers in monitoring the portfolio, various internal risk management reports are available on a regular basis, providing individual counterparty, counterparty Society and portfolio exposure information, the status of accounts showing signs of weakness or financial deterioration and updates on credit markets.

Designation	Name	Signature
Chairman	James Ouka	J.O
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Treasurer	Gabriel Wanga	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Notes (continued)

4 Financial risk management (continued)

4.1 Credit risk (continued)

4.1.1 Credit risk management (continued)

Internal credit risk rating (continued)

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

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

- 1. Performing loans:** being loans, which are well documented and performing according to contractual terms. Such loans are considered under stage 1 for purposes of the ECL calculation.
- 2. Watch loans:** being loans whose principal or interest have remained un-paid for one day to thirty days or where one instalment is outstanding for less than 30 days. Such loans are also classified as stage 1 for purposes of the ECL calculation.
- 3. Substandard loans:** being loans not adequately protected by the current repayment capacity and the principal or interest have remained un-paid between thirty-one to one eighty days or where two to six instalments have remained outstanding. Under this category, loans past due between 31 – 180 days (or 2-3 pending instalments) are classified under stage 2 - significant increase in credit risk for purposes of the ECL calculation. Loans aged beyond 180 days are classified as stage 3 – credit impaired.
- 4. Doubtful loans:** being loans not adequately protected by the current repayment capacity and the principal or interest have remained un-paid between one hundred and eighty-one to three hundred and sixty days or where seven to twelve instalments have remained outstanding. Such loans are classified as stage 3 for purposes of the ECL calculation; and
- 5. Loss loans:** being loans which are considered uncollectible or of such little value that their continued recognition as receivable assets is not warranted, not adequately protected, and have remained un-paid for more than three hundred and sixty days or where more than twelve instalments have remained outstanding. Such loans are also classified as stage 3 for purposes if the ECL calculation.

The key inputs used for measuring ECL are:

- Probability of default (PD)
- Loss given default (LGD)
- 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

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Notes (continued)

4 Financial risk management (continued)

4.1 Credit risk (continued)

4.1.1 Credit risk management (continued)

Internal credit risk rating (continued)

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 the contractual maturities. 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.

Measurement of ECL

The LGD models for secured assets consider collateral valuation taking into account, collateralisation and seniority of claim, cost of realisation of collateral, haircut, cure rates and EAD. The calculation is on a discounted cash flow basis, where the original Effective Interest Rate (EIR) of the loan discounts the cash flows.

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 Sacco 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 cancelled only when the Society becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Society expects to take to mitigate ECL, e.g., reduction in limits or cancellation of the loan commitment.

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Notes (continued)

4 Financial risk management (continued)

4.1 Credit risk (continued)

4.1.1 Credit risk management (continued)

Measurement of ECL (continued)

The ECL calculation for accounting purposes is different to the provision's calculation for regulatory purposes. The Society and group have ensured that the appropriate methodology is used when calculating ECL for both accounting and regulatory purposes. The main differences between the methodologies used to measure ECL in accordance with IFRS 9 versus the ones applied for regulatory purposes are as disclosed on Note 15 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 (Credit risk reserve).

Groupings based on shared risks characteristics

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

- Instrument type.
- Credit risk grade.
- Collateral type
- Remaining term to maturity and.
- Employment status i.e., UN agency employees and non-agency employee.

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

The credit quality of the portfolio of loans and advances can be assessed by reference to the internal rating system adopted by the Society based on the guidelines provided by SASRA with their respective ECL provisions.

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

Contagion risk

The implementation of the UN80 Initiative in 2025 (an extensive reform program within the United Nations system) triggered significant organizational restructuring and job rationalization across UN agencies. Because a substantial proportion of the Sacco's membership is drawn from the UN and affiliated institutions, these reforms had a direct contagion effect on the Sacco's financial stability. During the year, job losses among members led to heightened financial distress, prompting part of the members to fully withdraw their deposits, alongside a marked decline in loan uptake.

The Sacco remains exposed to similar external institutional reforms that may adversely affect member stability and, consequently, its financial performance. As a result, the management performed a stress - based test on the ECL model to reflect the impact of the development within the UN on the IFRS 9 model, and noted an immaterial impact on the both current and future credit risk.

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Notes (continued)

4 Financial risk management (continued)

4.1 Credit risk (continued)

4.1.2 Credit risk exposure

	2025	2024
	Shs'000	Shs'000
Maximum exposure to credit risk before collateral held		
On-balance sheet items – Group		
Cash and cash equivalents (Note 12)	3,940,271	3,879,094
Deposits and balances due from banking institutions (Note 13a, 13b)	227,539	376,851
Loans and advances to members (Note 16)	13,767,041	13,050,548
Investment securities at amortised cost (Note 14)	1,073,538	1,239,847
Investment securities at fair value through other comprehensive income (Note 17)	4,338	2,524
Other receivables – excludes prepayments	32,806	40,372
	<hr/>	<hr/>
	19,045,533	18,589,236
	<hr/>	<hr/>
On-balance sheet items - Society		
Cash and cash equivalents (Note 12)	3,939,264	3,875,094
Deposits and balances due from banking institutions (Note 13a, 13b)	206,909	374,027
Loans and advances to members (Note 16)	13,767,041	13,050,548
Investment securities at amortised cost (Note 14)	1,073,538	1,239,847
Investment securities at fair value through other comprehensive income (Note 17)	4,338	2,524
Other receivables – excluding prepayments	32,749	40,372
Related party	10,603	13,167
	<hr/>	<hr/>
	19,034,442	18,595,579
	<hr/>	<hr/>

The above table represents a worst-case scenario of credit risk exposure to the Society at 31 December 2025 and 2024, without taking account of collateral held or other credit enhancements attached.

Loans and advances to customers are secured by collateral in form of charges over land and member deposit and other collateral acceptable under the Kenyan law. Before disbursing any unsecured loan, the Society undertakes stringent credit risk assessment.

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Notes (continued)

4 Financial risk management (continued)

4.1 Credit risk (continued)

4.1.2 Credit risk exposure (continued)

Financial assets that are past due or impaired

The Society aligns the classification of assets that are past due or impaired in line with SASRA prudential guidelines. In determining the classification of an account, performance is the primary consideration. Classification of an account reflects judgement about the risk of default and loss associated with the credit facility. Accounts are classified into five categories as follows:

SASRA Guidelines	Days past due	IFRS 9 Stage allocation
Normal	0	1
Watch	1-30	1
Substandard	31-180	2
Doubtful	181 – 360	3
Loss	Over 360 or considered uncollectible	3

Loans and advances less than 30 days past due date are not considered to be impaired unless other information is available to indicate otherwise.

Loans and advances are summarised as follows:

Group and society	2025 KShs'000	2024 KShs'000
Stage 1: Neither past due nor impaired	12,587,900	12,723,500
Stage 2: Past due but not impaired	1,255,636	460,387
Stage 3: Impaired	353,854	220,339
	14,197,390	13,404,226
Less: allowance for impairment (Note 16)	(430,349)	(353,678)
	13,767,041	13,050,548

No other financial assets are either past due or impaired.

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Notes (continued)

4 Financial risk management (continued)

4.1 Credit risk (continued)

4.1.2 Credit risk exposure (continued)

Collateral on loans and advances

The Society routinely obtains collateral and security to mitigate credit risk. The Society ensures that any collateral held is sufficiently liquid, legally effective, enforceable and regularly reassessed.

Before attaching value to collateral, business holding approved collateral must ensure that they are legally perfected devoid of any encumbrances. Security structures and legal covenants are subject to regular review, to ensure that they remain fit for purpose and remain consistent with accepted local market practice.

The principal collateral types held by the Society for loans and advances are:

- Charge over property (land and properties); and
- Member's and Guarantors Deposits;

Valuation of collateral taken will be within agreed parameters and will be conservative in value. The valuation is performed only on origination and after three years. Collateral for impaired loans is reviewed regularly to ensure that it is still enforceable, and that the impairment allowance remains appropriate given the current valuation.

The Society will consider all relevant factors, including local market conditions and practices, before any collateral is realized. The current values of collateral held by the Sacco as at year end is summarized as follows;

		2025 KShs'000	2024 KShs'000
Stage			
1	Against collectively impaired:		
	Property	2,220,698	4,150,554
	Member Deposits	10,367,202	7,633,530
Stage			
2	Against past due but not impaired		
	Property	433,777	323,250
	Member Deposits	821,859	241,801
Stage			
3	Against individually impaired:		
	Property	210,269	394,825
	Member Deposits	143,585	29,347

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Notes (continued)

4 Financial risk management (continued)

4.1 Credit risk (continued)

4.1.2 Credit risk exposure (continued)

Inputs, assumptions, and techniques used for estimating impairment

Loss allowance

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to the relevant financial assets is as follows:

Year ended 31 December 2025	Stage 1 KShs '000	Stage 2 KShs '000	Stage 3 KShs '000	Total KShs '000
As of 1 January	174,643	17,349	161,686	353,678
New assets originated or purchased	85,861	11,358	12,310	109,529
Payments and asset derecognized	(61,590)	19,844	(63,557)	(105,303)
Transfers to stage 1	75,941	(2,080)	(1,322)	72,539
Transfers to stage 2	(23,979)	6,863	(788)	(17,904)
Transfers to stage 3	(85,673)	(10,346)	113,829	17,810
On 31 December	165,203	42,988	222,158	430,349
Year ended 31 December 2024	Stage 1 KShs '000	Stage 2 KShs '000	Stage 3 KShs '000	Total KShs '000
As of 1 January	147,662	20,225	122,389	290,276
New assets originated or purchased	92,229	7,857	16,454	116,540
Payments and asset derecognized	(155,043)	(5,928)	(68,112)	(229,083)
Transfers to stage 1	95,102	(9,224)	(4,206)	81,672
Transfers to stage 2	(3,030)	5,066	-	2,036
Transfers to stage 3	(2,277)	(647)	95,161	92,237
On 31 December	174,643	17,349	161,686	353,678

Designation	Name	Signature
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Notes (continued)

4 Financial risk management (continued)

4.2 Liquidity risk

Liquidity risk is the risk that the Society is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn.

Designation	Name	Signature
Chairman	James Ouka	J.O
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Notes (continued)

4 Financial risk management (continued)

4.2 Liquidity risk (continued)

The table below presents the undiscounted cash flows payable by the Sacco under financial liabilities by remaining contractual maturities at the balance sheet date. All figures are in thousands of Kenya Shillings

Group At 31 December 2025	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 Year	Total
Assets	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Cash and cash equivalents (Note 12)	3,921,177	-	-	-	-	3,921,177
Deposits and balances due from banking institutions (Note 13)	20,630	-	-	-	180,961	201,591
Loans and advances to members (Note 16)	101	68,163	116,572	93,815	13,981,541	14,260,192
Investment securities at amortised cost (Note 14)	-	-	103,500	-	970,038	1,073,538
Investment securities at fair value through other comprehensive income (Note 17)	-	-	-	-	4,338	4,338
Other receivables – exclude prepayments	32,806	-	-	-	-	32,806
Total financial assets	3,974,714	68,163	220,072	93,815	15,136,878	19,493,642
Liabilities						
Trade and other payables	171,068	-	-	-	-	171,068
Interest due to members	-	-	-	-	1,102,878	1,102,878
Member deposits	1,926,706	-	-	-	13,155,368	15,082,074
Total financial liabilities (Contractual maturity dates)	2,097,774	-	-	-	14,258,246	16,356,020
Net liquidity gap	1,876,940	68,163	220,072	93,815	878,632	3,137,622

United Nations Deposit Taking Savings and Credit Co-operative Society Limited
Financial statements
For the year ended 31 December 2025

Notes (continued)

4 Financial risk management (continued)

4.2 Liquidity risk (continued)

Group At 31 December 2024	Up to 1 month KShs'000	1-3 months KShs'000	3-6 months KShs'000	6-12 months KShs'000	Over 1 Year KShs'000	Total KShs'000
Assets						
Cash and cash equivalents (Note 12)	3,856,342	-	-	-	-	3,856,342
Deposits and balances due from banking institutions (Note 13)	2,833	-	-	-	374,018	376,851
Loans and advances to members (Note 16)	19	71,725	140,879	118,378	13,122,422	13,453,423
Investment securities at amortised cost (Note 14)	-	215,251	-	-	1,768,133	1,983,384
Investment securities at fair value through other comprehensive income (Note 17)	-	-	-	-	2,524	2,524
Other receivables – exclude prepayments	40,372	-	-	-	-	40,372
Total financial assets	3,899,566	286,976	140,879	118,378	15,267,097	19,712,896
Liabilities						
Trade and other payables (Note 28)	333,976	-	-	-	-	333,976
Interest due to members (Note 27)	-	1,308,478	-	-	-	1,308,478
Member deposits (Note 26)	27,174	-	-	-	14,588,343	14,615,517
Total financial liabilities (Contractual maturity dates)	361,150	1,308,478	-	-	14,588,343	16,257,971
Net liquidity gap	3,538,416	(1,021,502)	140,879	118,378	678,754	3,454,935

Designation	Name	Signature
Chairman	James Ouka	J.O
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Treasurer	Gabriel Wangari	G.W
CEO	Esther Maitu	E.M
Head of Finance	Dianah Rotich	D.R

United Nations Deposit Taking Savings and Credit Co-operative Society Limited
Financial statements
For the year ended 31 December 2025

Notes (continued)

4 Financial risk management (continued)

4.2 Liquidity risk (continued)

Society At 31 December 2025	Up to 1 month KShs'000	1-3 months KShs'000	3-6 months KShs'000	6-12 months KShs'000	Over 1 Year KShs'000	Total KShs'000
Assets						
Cash and cash equivalents (Note 12)	3,920,170	-	-	-	-	3,920,170
Deposits and balances due from banking institutions (Note 13)	-	-	-	-	180,961	180,961
Loans and advances to members (Note 16)	101	68,163	116,572	93,815	13,981,541	14,260,192
Investment securities at amortised cost (Note 14)	-	-	103,500	-	970,038	1,073,538
Investment securities at fair value through other comprehensive income (Note 17)	-	-	-	-	4,338	4,338
Other receivables – excluding prepayments	32,749	-	-	-	-	32,749
Related party	-	-	-	-	10,603	10,603
Total financial assets	3,953,120	68,163	220,072	93,815	15,147,481	19,482,551
Liabilities						
Trade and other payables	88,516	-	-	-	-	88,516
Interest due to members	-	-	-	-	1,102,878	1,102,878
Member deposits	1,926,706	-	-	-	13,155,632	15,082,338
Total financial liabilities (Contractual maturity dates)	2,015,222	-	-	-	14,258,510	16,273,732
Net liquidity gap	1,937,798	68,163	220,072	93,815	888,971	3,208,819

Designation	Name	Signature
Chairman	James Ouka	J.O.
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Treasurer	Gabriel Wang'a	G.W.
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Head of Finance	Dianah Rotich	D.R.

United Nations Deposit Taking Savings and Credit Co-operative Society Limited
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Notes (continued)

4 Financial risk management (continued)

4.2 Liquidity risk (continued)

Society At 31 December 2024	Up to 1 month KShs'000	1-3 months KShs'000	3-6 months KShs'000	6-12 months KShs'000	Over 1 Year KShs'000	Total KShs'000
Assets						
Cash and cash equivalents (Note 12)	3,852,071	-	-	-	-	3,852,071
Deposits and balances due from banking institutions (Note 13)	-	-	-	-	369,503	369,503
Loans and advances to members (Note 16)	19	71,725	140,879	118,378	13,122,422	13,453,423
Investment securities at amortised cost (Note 14)	-	215,251	-	-	1,768,133	1,983,384
Investment securities at fair value through other comprehensive income (Note 17)	-	-	-	-	2,524	2,524
Other receivables – excluding prepayments	40,372	-	-	-	-	40,372
Related party	13,167	-	-	-	-	13,167
Total financial assets	3,905,629	286,976	140,879	118,378	15,262,582	19,714,444
Liabilities						
Trade and other payables (Note 28)	118,309	-	-	-	-	118,309
Interest due to members (Note 27)	-	1,308,478	-	-	-	1,308,478
Member deposits (Note 26)	27,174	-	-	-	14,588,343	14,615,517
Total financial liabilities (Contractual maturity dates)	145,483	1,308,478	-	-	14,588,343	16,042,304
Net liquidity gap	3,760,146	(1,021,502)	140,879	118,378	674,239	3,672,140

Designation
Chairman
Secretary
Treasurer
CEO
Head of Finance

Name
James Ouka
Salome Wanjiku
Gabriel Wangi
Esther Mailu
Dianah Rotich

Signature
J.O
S.W
G.W
E.M
D.R

Notes (continued)

4 Financial risk management (continued)

4.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign exchange rates will affect the fair value or the future cash flows of the Sacco's financial instruments. The objective of market risk is to manage and control market risk exposures to within acceptable parameters while optimising the return on risk

Interest risk

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

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

The table below summarises the effect on post-tax profit had interest rates been 5 percentage point higher, with all other variables held constant. If the interest rates were lower by 5 percentage point, the effect would have been the opposite.

Designation	Name	Signature
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Notes (continued)

4 Financial risk management (continued)

4.3 Market risk (continued)

Interest rate risk

The Society takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Management sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily.

At 31 December 2025 - Group Assets	Up to 1 month KShs'000	1-3 month KShs'000	3-6 month KShs'000	6-12 month KShs'000	Over 1 year KShs'000	Non-interest bearing		Total KShs'000
						KShs'000	KShs'000	
Cash and cash equivalents (Note 12)	2,885,668	1,035,665	-	-	-	-	19,094	3,940,417
Deposits and balances due from banking institutions (Note 13)	-	-	-	-	180,961	-	-	180,961
Loans and advances to members (Note 16)	101	68,163	116,572	93,815	13,981,541	-	-	14,260,192
Investment securities at amortised cost (Note 14)	-	-	103,500	-	970,038	-	-	1,073,538
Investment securities at fair value through other comprehensive income (Note 17)	-	-	-	-	-	-	4,338	4,338
Other receivables – excluding prepayments	32,806	-	-	-	-	-	-	32,806
Total assets	2,918,565	1,103,828	220,072	93,815	15,132,540	23,432	19,492,252	
Liabilities								
Trade and other payables							171,068	171,068
Interest due to members	1,102,878							1,102,878
Member deposits	1,770,584	-	-	-	13,311,490	-	-	15,082,074
Total liabilities	2,873,462	-	-	-	13,311,490	171,068	16,356,020	
Interest rate sensitivity gap	45,103	1,103,828	220,072	93,815	1,821,050	(147,636)		3,136,232

Designation	Name	Signature
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CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Notes (continued)

4 Financial risk management (continued)

4.3 Market risk (continued)

Interest rate risk (continued)

At 31 December 2024 - Group	Up to 1 month KShs'000	1-3 month KShs'000	3-6 month KShs'000	6-12 month KShs'000	Over 1 year KShs'000	Non-interest bearing KShs'000	Total KShs'000
Assets							
Cash and cash equivalents (Note 12)	-	-	-	-	-	3,879,365	3,879,365
Deposits and balances due from banking institutions (Note 13)	2,833	-	-	-	369,495	-	372,328
Loans and advances to members (Note 16)	18	71,725	212,456	168,898	12,597,451	-	13,050,548
Investment securities at amortised cost (Note 14)	-	-	6,521	-	1,233,326	-	1,239,847
Investment securities at fair value through other comprehensive income (Note 15)	-	-	-	-	-	2,524	2,524
Other receivables – excluding prepayments	-	-	-	-	-	40,372	40,372
Total assets	2,851	71,725	218,977	168,898	14,200,272	3,922,261	18,584,984
Liabilities							
Trade and other payables	-	-	-	-	-	333,966	333,966
Interest due to members	1,308,478	-	-	-	-	-	1,308,478
Member deposits	14,615,515	-	-	-	-	-	14,615,515
Total liabilities	15,923,993	-	-	-	-	333,966	16,257,959
Interest rate sensitivity gap	(15,921,142)	71,725	218,977	168,898	14,200,272	3,588,29	2,327,025

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Notes (continued)

4 Financial risk management (continued)

4.3 Market risk (continued)

Interest rate risk (continued)

Society

At 31 December 2025	Up to 1 month	1-3 month	3-6 month	6-12 month	Over 1 year	Non-interest bearing	Total
Assets	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Cash and cash equivalents (Note 12)	2,912,665	835,665	-	-	-	190,934	3,939,264
Deposits and balances due from banking institutions (Note 13)	-	-	-	-	180,961	-	180,961
Loans and advances to members (Note 16)	101	68,163	116,572	93,815	13,981,541	-	14,260,192
Investment securities at amortised cost (Note 14)	-	-	103,500	-	970,038	-	1,073,538
Investment securities at fair value through other comprehensive income (Note 17)	-	-	-	-	-	4,338	4,338
Other receivables – exclude prepayments	32,749	-	-	-	-	-	32,749
Related party	-	-	-	-	10,603	-	10,603
Total assets	2,945,515	903,828	220,072	93,815	15,143,143	195,272	19,501,645
Liabilities							
Trade and other payables	-	-	-	-	-	88,516	88,516
Interest due to members	1,102,878	-	-	-	-	-	1,102,878
Member deposits	1,770,321	-	-	-	13,311,753	-	15,082,074
Total liabilities	2,873,199	-	-	-	13,311,753	88,516	16,273,468
Interest rate sensitivity gap	72,316	903,828	220,072	93,815	1,831,390	106,756	3,228,177

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Notes (continued)

4 Financial risk management (continued)

4.3 Market risk (continued)

Interest rate risk (continued)

Society

At 31 December 2024	Up to 1 month	1-3 month	3-6 month	6-12 month	Over 1 year	Non-interest bearing	Total
Assets	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Cash and cash equivalents (Note 12)	-	-	-	-	-	3,875,094	3,875,094
Deposits and balances due from banking institutions (Note 13)	-	-	-	-	369,503	-	369,503
Loans and advances to members (Note 16)	18	71,725	212,456	168,898	12,597,451	-	13,050,548
Investment securities at amortised cost (Note 14)	-	-	6,521	-	1,233,326	-	1,239,847
Investment securities at fair value through other comprehensive income (Note 17)	-	-	-	-	-	2,524	2,524
Other receivables – exclude prepayments	-	-	-	-	-	40,357	40,357
Related party	-	-	-	-	-	13,167	13,167
Total assets	18	71,725	218,977	168,898	14,200,280	3,931,142	18,591,040
Liabilities							
Trade and other payables	-	-	-	-	-	118,309	118,309
Interest due to members	1,308,478	-	-	-	-	-	1,308,478
Member deposits	27,173	-	-	-	14,588,343	-	14,615,516
Total liabilities	1,335,651	-	-	-	14,588,343	118,309	15,923,994
Interest rate sensitivity gap	(1,335,633)	71,725	218,977	168,898	-1,621,389	3,931,142	2,667,046

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Notes (continued)

4 Financial risk management (continued)

4.3 Market risk (continued)

Interest rate risk (continued)

Interest rates risk sensitivity analysis

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

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

The table below summarises the effect on post-tax profit had interest rates been 5 percentage point higher, with all other variables held constant. If the interest rates were lower by 5 percentage point, the effect would have been the opposite.

	Group		Society	
	2025	2024	2025	2024
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Effect on profit	40,203	44,144	40,155	44,642

Price risk

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

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

Group and society	Impact on other comprehensive income	
	2025	2024
	Kshs '000	Kshs '000
Fair Value through OCI	<u>4,337</u>	<u>2,524</u>
	152	88

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Notes (continued)

4 Financial risk management (continued)

4.3 Market risk (continued)

Foreign currency risk

The Group holds bank accounts denominated in foreign currencies. At 31 December 2025, if the currency had weakened/strengthened by 5% (2024: 5%) against the US dollar with all other variables held constant, surplus before profit for the year and equity would have been Shs 2,197,500 (2024: Shs 2,197,500 higher/lower, mainly as a result of US dollar denominated bank balances).

4.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Society's processes, personnel, technology, and infrastructure, and from external factors other than credit, market, and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all the Society's operations and are faced by all business units.

The Society's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Society's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit

This responsibility is supported by the development of overall Society standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the yearly assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- requirements for the reporting of operational losses and proposed remedial action.
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with SASRA regulations is supported by a programme of regular reviews undertaken by the Internal Audit department. The results of Internal Audit reviews are discussed with the Board and Senior management of the Sacco.

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Notes (continued)

4 Financial risk management (continued)

4.5 Financial assets and liabilities and their fair values

(i) Accounting classifications and fair values

The table below sets out the group's classification of each class of financial assets and liabilities, and their fair values (excluding accrued interest):

Group and Society		2025	2024
		Kshs '000	Kshs '000
As at January		2,524	52,581
Write off-KUSCCO shares		-	(50,015)
Fair value loss		1,813	(42)
		<hr/>	<hr/>
		4,337	2,524
		<hr/>	<hr/>
Available for sale financial assets	No. of shares	2025	2024
Co-operative Insurance Society Limited	1,173,322	4,107	2,293
Co-op Holdings Co-operative Society Limited	27,216	231	231
KUSCCO Limited	500,150	-	-
		<hr/>	<hr/>
		4,338	2,524
		<hr/>	<hr/>

Income from Financial assets classified as fair value through other comprehensive income (42)

The fair values of financial assets are categorised as follows based on the information set out on accounting policy (a). There was no reclassification between the classes.

At 31 December 2025	Level 1	Level 2	Level 3	Total balance
Assets	KShs'000	KShs'000	KShs'000	KShs'000
Fair value through OCI	-	4,338	-	4,338
- Equity investments	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	4,338	-	4,338
	<hr/>	<hr/>	<hr/>	<hr/>

At 31 December 2024	Level 1	Level 2	Level 3	Total balance
Assets	KShs'000	KShs'000	KShs'000	KShs'000
Fair value through OCI	-	2,524	-	2,524
- Equity investments	-	-	-	-

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Notes (continued)

4 Financial risk management (continued)

4.5 Financial assets and liabilities and their fair values (continued)

(ii) *Accounting classifications and fair values (continued)*

Measurement of fair values

Cash and cash equivalents

The fair value of cash and cash equivalents approximates their carrying amount.

Loans to members

Loans to Members are net of provisions for impairment. The estimated fair value of loans represents the discounted amount of future cash flows expected to be received, including assumptions relating to prepayment rates. A substantial proportion of loans re-price within 12 months and hence the carrying amount is a good proxy of the fair value.

Members' deposits and provision for interest on members' deposits

The estimated fair value of deposits with no stated maturity is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits without quoted market prices is based on discounting cash flows using the prevailing market. A substantial proportion of deposits mature within 6 months and hence the carrying amount is a good proxy of the fair value.

Financial instruments

Financial instruments consist of quoted and unquoted equity instruments. Quoted instruments are fair valued at each reporting period based on quoted prices at securities exchanges. Unquoted shares are also fair valued every year based on the discounted incomes arising from the investee company.

4 Capital risk management

The group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to members through the optimisation of the deposits and equity balance.

The capital structure of the group consists of net deposits calculated as member's deposit (as shown in the statement of financial position) less cash and cash equivalents and term deposits in other entities.

The directors review the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. To maintain the capital structure, the group may adjust the amounts of dividends paid to members.

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Notes (continued)

4 Capital risk management (continued)

The group deposits-to-capital ratios were as follows:

	2025	2024
	Kshs '000	Kshs '000
Total members deposits	15,082,074	14,615,516
Total cash and bank balances	(3,966,366)	(3,883,888)
Term deposits in other entities	(201,590)	(372,328)
	<hr/>	<hr/>
Net deposits	10,914,118	10,359,300
	<hr/>	<hr/>
Total equity	3,462,800	3,162,134
	<hr/>	<hr/>
Gearing ratio	3.2	3.3
	<hr/>	<hr/>

Externally imposed capital requirements. The Sacco Societies Act has established certain guidelines for the management of capital and working capital for deposit taking Sacco's.

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

	2025	2024
	KShs'000	KShs'000
(a) Core capital of not less than Kes 10 million		
Core Capital (As per statement of financial position)	3,196,809	2,939,897
(b) Core capital of not less than 10% of total assets;		
Total Assets	19,665,575	19,154,117
Core Capital Ratio	16.3%	15.3%
(c) Institutional capital of not less than 8% of total assets		
Institutional Capital	1,827,905	1,657,254
Total Asset	19,665,575	19,154,117
Institutional Capital Ratio	9.3%	8.7%

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Notes (continued)

4 Capital risk management (continued)

(d) Core capital of not less than eight percent of total deposits

Core capital	3,196,809	2,939,897
Total deposit	15,082,074	14,615,516
Core capital ratio	21.2%	20.1%

(e) Maintain fifteen percent of its savings deposits and short-term liabilities in liquid assets

	2025	2024
	Kshs '000	Kshs '000
Liquid Assets	4,120,225	4,244,597
Savings Deposits & short-term Liabilities	15,082,074	14,615,516
Liquidity Ratio	25.3%	26.5%

6 Interest income calculated using effective interest rate

	Group		Society	
	2025	2024	2025	2024
(a) Interest income on loans and advances	Kshs '000	Kshs '000	Kshs '000	Kshs '000
BOSA loans	1,772,221	1,608,101	1,772,221	1,608,101
FOSA loans and advances	53,757	43,038	53,757	43,038
	1,825,978	1,651,139	1,825,978	1,651,139
(b) Other interest income				
Interest income from fixed deposits	305,422	608,551	304,056	600,581
Income from government securities	133,933	167,771	133,933	167,771
Interest income from bank accounts	15	46	14	46
	439,370	776,368	438,003	768,398
Total interest income	2,265,348	2,427,507	2,263,981	2,419,537

Notes (continued)

7 Interest Expense	Group		Society	
	2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
Interest on FOSA accounts	15,534	18,751	15,534	18,751
Interest on Junior accounts	2,190	2,453	2,190	2,453
Interest on fixed deposit accounts	1,070	3,872	1,070	3,872
Chama Savings Account Interest	-	64	-	64
Interest on member deposits	1,097,905	1,308,484	1,097,905	1,308,484
	1,116,699	1,333,624	1,116,699	1,333,624
8 Net fees and commission income				
Withdrawal commission (FOSA)	669	879	669	879
Fosa Bankers Cheque Commission	79	104	79	104
Dividend processing fee	1,537	1,395	1,537	1,395
Penalty/commission charges	594	137	594	137
Bridging Interest	48,507	29,131	48,507	29,131
ATM Fees - FOSA	52	82	52	82
Insurance related commissions	11,962	8,373	3,994	21
Loan Insurance Fund	25,007	-	25,007	-
Loan processing fee	1,540	-	1,540	-
EFT Commission-Members	1,311	1,512	1,311	1,512
Mobile Transactions Commission	3,727	3,486	3,727	3,486
	94,985	45,099	87,017	36,747
9 (a) Other operating income				
Account closing charge	4,737	3,760	4,737	3,760
Share transfer charge	214	202	214	202
Water tanks charge	232	29	232	29
Benevolent fund subscription	25,343	23,725	25,343	23,725
Statement or official letter	59	54	59	54
Safe custody	66	97	66	97
Membership subscription	2,019	2,057	2,019	2,057
Dividend income	(2,243)	1,197	(2,243)	1,197
Income from sale of plots	172,970	120,250	-	-
Other miscellaneous income	571	6,121	-	6,014
Rental Income	4,115	7,727	4,115	7,727
	208,083	165,219	34,542	44,862

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Notes (continued)

**9 Other operating income
 (continued)**

* Income on sale of plots:

	Group	
	2025	2024
	Kshs '000	Kshs '000
Sale of Kantafu plots	2,390	30,310
Sale of Starehe plots	100,000	89,000
Sale of Namanga plots	470	940
Sale of Ngong plots	70,110	-
	172,970	120,250

**10 (a) Other administrative
 expenses**

	Group		Society	
	2025	2024	2025	2024
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Marketing expenses	2,723	11,519	2,155	9,738
Printing and stationery	1,933	1,911	1,859	1,813
Courier, Postage and Telephone	3,335	1,502	3,108	1,370
License and fees	26,843	7,527	26,843	7,527
Corporate Social Responsibility	4,242	2,524	4,242	2,524
Public relations	12,079	1,644	12,079	1,644
CRB Fees	50	-	50	-
Foreign Exchange Gain/(loss)	(3,981)	6,858	(3,981)	6,858
Legal and professional fees	4,188	3,284	4,188	3,284
Audit fees	6,639	6,110	6,558	6,040
UNON common service	-	6,004	-	5,854
Office expenses	8,276	8,796	7,837	8,307
Professional fees	18,437	9,512	18,437	9,307
Gain/Loss On disposal	(89)	87	(89)	87
Navision annual Maintenance	2,325	4,283	2,325	4,283
Bank charges	914	1,100	857	1,041
Cost of land held for sale	143,536	96,733	-	-
	231,450	169,394	86,468	69,677

**Reconciliation of cost of
 plots held for sale**

	Group	
	2025	2024
	Kshs '000	Kshs '000
Direct cost for plots sold		
Kantafu plots sold	2,013	23,195
Namanga Plots sold	238	71,563
Starehe Plots sold	81,896	485
Ngong Plots sold	54,293	-
Insurance and land commissions expense	5,096	1,490
	143,536	96,733

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Notes (continued)

10 (b) Other operating expenses

	Group		Society	
	2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
SASRA and other statutory levies	10,050	10,050	10,050	10,050
Rent and rates	5,599	4,794	5,212	4,249
Repair and maintenance	1,730	3,680	1,644	3,502
Water, fuel, and electricity	2,618	2,731	2,486	2,595
Insurance	73,291	72,281	73,126	72,122
IT Accessories and Consumables	1,022	461	1,022	461
Amortisation of intangible assets (Note 20)	24,491	18,311	24,471	18,293
Depreciation on property and equipment (Note 20 (b), 21 and 22)	14,394	8,111	14,292	8,025
Excise duty	50,753	59,708	50,753	59,708
Others	112	2,072	-	2,070
	<u>184,060</u>	<u>182,199</u>	<u>183,056</u>	<u>181,075</u>

10 (c) Impairment charge on loans and advances

Impairment charge on loans and advances (Note 16)	76,671	63,402	76,671	63,402
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Impairment charge/(recovery) on other financial assets

Cash and cash equivalents (Note 12)	14,022	47,511	13,989	47,239
Other term deposits (Note 13)	(180,961)	(173,978)	(180,961)	(173,979)
Impairment on KUSCCO Shares	-	(50,015)	-	(50,015)
Government securities (Note 14)	40	(318)	40,	(318)
	<u>(166,786)</u>	<u>(176,800)</u>	<u>(166,972)</u>	<u>(177,073)</u>

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Notes (continued)

10 (d)Governance expenses	Group		Society	
	2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
Board and supervisory expenses	48,784	49,220	42,082	44,254
Member education	1,053	640	1,053	640
AGM and SGM expenses	49,101	26,243	48,782	26,058
	98,938	76,103	91,917	70,952
10 (e)Staff cost				
Salaries and wages	137,945	132,274	132,672	128,022
Contribution to retirement benefit schemes	25,508	24,321	25,328	24,265
Other staff cost	62,981	60,687	62,981	60,687
	226,434	217,282	220,981	212,974
11 (a)Income tax expense				
Current income	89,586	132,839	82,233	124,833

The tax on the Sacco's operating profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

Reconciliation of the expense

Profit before tax	467,378	419,021	442,776	392,369
Theoretical tax 30%	140,213	125,706	132,833	117,721
Tax effects of Expenses not deductible for tax purposes:	37,864	134,732	37,848	134,721
Income not subject to tax	(87,873)	(127,599)	(87,873)	(127,599)
	89,586	132,839	82,233	124,833

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Notes (continued)

11 Income tax expense (continued)

**(b) Tax Payable /
(Receivable)**

	Group		Society	
	2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
At start of year	(2,270)	9,265	(3,125)	11,537
Income tax expense	(89,586)	(132,839)	(82,233)	(124,833)
Tax paid	149,909	116,785	142,433	105,652
Withholding tax certificates	31,192	4,519	31,191	4,519
	89,245	(2,270)	88,266	(3,125)

Management has assessed the Sacco's deferred tax assets and deem them to be immaterial for disclosure.

12 Cash and cash equivalent

The Society holds transactional accounts with three different banks notably KCB Bank Group Plc, Co-operative Bank Ltd and Citibank N.A. As at the close of the year, the Society also held fixed deposit accounts in these banks and with Equity Bank, and Stanbic Bank. The details of each bank and the amounts held at each bank is as below;

a) Cash and cash equivalents at the end of the year comprise -

	Group		Society	
	2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
Cash and term deposit balance	3,967,248	3,920,115	3,966,025	3,915,844
Expected credit loss on bank balances	(26,977)	(40,750)	(26,761)	(40,750)
	3,940,271	3,879,365	3,939,264	3,875,094
Cash in hand	19,094	23,023	19,094	23,023
Cash at bank (Note 12 b)	2,912,273	389,743	2,911,266	385,472
Short term deposits (note 12 c)	1,008,904	3,466,599	1,008,904	3,466,599
	3,940,271	3,879,365	3,939,264	3,875,094

Designation	Name	Signature
Chairman	James Ouka	J.O
Secretary	Salome Wanjiku	S.W
Treasurer	Gabriel Wanga	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Notes (continued)

12	b) Cash and cash equivalents	Group		Society	
		2025 Kshs '000	2024 Kshs '000	2025 Kshs '000	2024 Kshs '000
	Citibank N.A Kenya, Upper Hill Branch	2,554,982	12,289	2,554,982	12,289
	Citibank N.A Kenya, Upper Hill Branch	25,114	43,935	25,114	43,935
	KCB Bank Kenya Ltd, Gigiri Branch	261,261	216,060	261,261	216,060
	KCB Bank Kenya Ltd, Gigiri Branch	2,709	-	2,709	-
	Cooperative Bank of Kenya Ltd, Gigiri Branch	5,713	10,836	5,713	10,836
	UN SACCO Ltd Safaricom Account	36,153	89,907	36,153	89,907
	Cooperative Bank of Kenya Ltd, Gigiri Branch	25,310	12,422	25,310	12,421
	SBM Bank, Ngara Branch	24	23	24	24
	KCB Bank Kenya Ltd Gigiri Branch	75	491	-	-
	Cooperative Bank Gigiri Branch	928	3,780	-	-
	Cash in hand	4	-	-	-
	Total cash at bank	2,912,273	389,743	2,911,266	385,472
	c) Short term deposit				
	Stanbic, Warwick Branch	111,111	98,540	111,111	98,540
	Equity Bank,	-	92,343	-	92,343
	Equity Bank	-	203,965	-	203,965
	Cooperative Bank of Kenya Ltd, Gigiri Branch	81,223	1,405,863	81,223	1,405,863
	NCBA Bank, Village Market	488,463	-	488,463	-
	Citibank	-	1,665,888	-	1,665,888
	I&M Bank, Village Market	328,107	-	328,107	-
	Total deposit	1,008,904	3,466,599	1,008,904	3,466,599
	d) Movement in cash and cash ECL				
	Opening cash ECL	40,750	87,717	40,750	87,989
	Decrease/ Increase in ECL	(14,135)	(46,967)	(13,989)	(46,938)
	Closing cash ECL	26,615	40,750	26,761	40,750

Designation	Name	Signature
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CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Notes (continued)

12 e) Cash and cash equivalents (continued)

For the purpose of cashflows, Group and Sacco bank balances comprise the following:

	Group		Society	
	2025	2024	2025	2024
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Cash and bank balances	2,931,194	412,766	2,930,360	408,495
Short term bank deposits maturing within 91 days	1,008,904	3,466,599	1,008,904	3,466,599
Term deposits maturing after 90 days but within 365 days (Note 13 (b))	25,949	4,523	25,949	4,523
Gross	3,966,047	3,883,888	3,965,213	3,879,617

The carrying amounts of the group's cash and cash equivalents are denominated in the following currencies:

	2025	2024
	Kshs '000	Kshs '000
Kenya Shilling	3,958,020	3,839,953
US Dollar	27,822	43,935
	3,985,842	3,883,888

The weighted average effective interest rate on term deposits at year-end was 7.5% (2024: 12.50%)

13 (a) Term deposit and other financial institution

Group and Society	Group		Society	
	2025	2024	2025	2024
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
KUSCCO	554,254	554,254	554,254	554,254
KUSCCO deposits repayment	(7,582)	-	(7,582)	-
CIC Unit trust	20,629	2,833	-	-
Expected credit loss on term deposits	(365,711)	(184,759)	(365,711)	(184,751)
	201,590	372,328	180,961	369,503

The Sacco had invested KES 554 million in KUSCCO as of December 2024. After forensic audit which was ordered by the Ministry of Co-operatives, Micro, Small and Medium Enterprise, KUSCCO was declared insolvent and the Board resolved to impair the investment amount over three years at KES 184 million per year, beginning in 2024.

In December 2025, KUSCCO refunded KES 7.5 million. The Board subsequently recognized an impairment of KES 181 million (2024: KES 184 million) on the outstanding balance of KES 362 million.

13 (b) Term deposits at amortized costs

	Kshs '000	Kshs '000
ABSA Bank Group Plc	25,949	4,523

Designation	Name	Signature
Chairman	James Ouka	J.O
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Treasurer	Gabriel Wanga	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Notes (continued)

14 Government securities

The regulator requires a liquidity of at least 15%. The Society has been relatively liquid and in 2022 decided to invest in government securities mainly due to their risk-free nature and improved returns. The government securities (Treasury bonds) are carried at amortised cost.

Group and Society government securities

	2025	2024
	Kshs '000	Kshs '000
Treasury bonds	921,082	1,240,165
Treasury bills	152,734	-
Expected credit loss	(278)	(318)
	<hr/>	<hr/>
	1,073,538	1,239,847

Movement in ECL

Opening balance	318	-
Decrease/ increase	(40)	318
	<hr/>	<hr/>
Closing balance	278	318

Government security movement

	Bonds		Bills	
	2025	2024	2025	2024
Opening balance	1,240,165	1,215,351	-	-
Additions	-	-	150,278	-
Disposals	(312,050)	-	-	-
Accrued Interest	(7,033)	24,814	2,456	-
	<hr/>	<hr/>	<hr/>	<hr/>
	921,082	1,240,165	152,734	-

15 Prepayments and other receivables

	Group		Society	
	2025	2024	2025	2024
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Prepayments	68,777	67,621	68,777	67,623
Staff advances	140	46	140	46
Other receivables	32,666	40,325	32,609	40,325
	<hr/>	<hr/>	<hr/>	<hr/>
	101,583	107,992	101,526	107,994
	<hr/>	<hr/>	<hr/>	<hr/>
Receivable from related party (Note 29(v))	-	-	10,603	13,167
	<hr/>	<hr/>	<hr/>	<hr/>
	101,583	107,992	112,129	121,161

Designation	Name	Signature
Chairman	James Ouka	J.O
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Treasurer	Gabriel Wanga	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Notes (continued)

Prepayments and other receivables (continued)

Prepayments mainly comprise of rent deposits and prepaid insurance. In the opinion of the directors, the carrying amounts of prepayments and other receivables approximates to their fair value.

16 Loan to members

Group and society	2025 Kshs '000	2024 Kshs '000
At 1 January	13,404,226	11,386,859
Issued during the year	7,357,152	9,560,263
Interest received during the year	1,825,978	1,651,139
Principal repayment during the year	(8,389,966)	(9,194,035)
	<hr/>	<hr/>
Total gross loans	14,197,390	13,404,226
Expected credit loss allowance	(430,349)	(353,678)
	<hr/>	<hr/>
	13,767,041	13,050,548

16 Loan to members (continued)

Movement in expected credit loss	2025 Kshs '000	2024 Kshs '000
At start of year	353,678	290,276
Impairment charge for the year (Note 10(c))	76,671	63,402
	<hr/>	<hr/>
	430,349	353,678

The effective interest rate on loans and advances 13.22% (2024: 12.32%)

Loans and advances to members at amortised cost.

The society groups its loans and advances based on the contractual credit period which range from loans to be repaid within 12 months to loans to be repaid within 180 months. Performing and watch loans are categorised as Stage 1, substandard loans are categorised as stage 2 while doubtful and loss loans are categorised as Stage 3.

IFRS 9 provision	Gross amount	ECL allowance	Carrying Amount
Year ended 31 December 2025	Kshs '000	Kshs '000	Kshs '000
Stage 1	12,587,901	(165,203)	12,422,698
Stage 2	1,255,635	(42,988)	1,212,647
Stage 3	353,854	(222,158)	131,696
	<hr/>	<hr/>	<hr/>
	14,197,390	430,349	13,767,041

Designation	Name	Signature
Chairman	James Ouka	J.O
Secretary	Salome Wanjiku	S.W
Treasurer	Gabriel Wang'a	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Notes (continued)

16 Loan to members (continued)

Year ended 31 December 2024

Stage 1	12,723,500	(174,643)	12,548,857
Stage 2	460,387	(17,349)	443,038
Stage 3	220,339	(161,686)	58,653
	<u>13,404,226</u>	<u>(353,678)</u>	<u>13,050,548</u>

Movement in expected credit losses against statutory provision:

Group and Society	Provision as per statutory regulations Kshs '000	Impairment provision as per IFRS 9 Kshs '000	Credit risk reserve Kshs '000	Annual transfer from/to credit risk reserve Kshs '000
Year end 31 December 2025				
Loans and Advances	<u>471,941</u>	<u>430,349</u>	<u>41,592</u>	<u>(41,592)</u>
Year end 31 December 2024				
Loans and advances	<u>349,120</u>	<u>353,678</u>	<u>-</u>	<u>29,511</u>

IFRS 9 provisions

	Stage 1 12-month ECL Kshs '000	Stage 2 Lifetime ECL Kshs '000	Stage 3 Lifetime ECL Kshs '000	2025 Total Kshs '000	2024 Total Kshs '000
At start of year	174,643	17,349	161,686	353,678	290,276
Increase in loss allowance	(9,440)	25,639	60,472	76,671	63,402
At end of year	<u>165,203</u>	<u>42,988</u>	<u>222,158</u>	<u>430,349</u>	<u>353,678</u>

Regulatory Provision (SASRA)

	2025 Kshs '000	2024 Kshs '000
0 days (Performing – 1%)	121,807	126,751
1 – 30 days (Watch – 5%)	75,019	20,769
Substandard (Substandard – 25%)	95,328	47,299
Doubtful (Doubtful – 50%)	18,033	18,934
Loss (Loss – 100%)	<u>161,754</u>	<u>135,341</u>
	<u>471,941</u>	<u>349,121</u>

Notes (continued)

16 Loan to members (continued)

Regulatory provisions (SASRA)	2025	2024
	Kshs '000	Kshs '000
Group and society		
0 Days (Performing - 1%)	121,807	126,751
1- 30 Days (Watch -5%)	75,019	20,796
31 - 180 Days (Substandard- 25%)	95,328	47,299
181- 360 Days (Doubtful - 50%)	18,033	18,934
Over 361 Days (Loss - 100%)	161,754	135,341
	<u>471,941</u>	<u>349,121</u>

Regulatory provisions (SASRA)	2025	2024
	Kshs '000	Kshs '000
Group and Society		
IFRS 9 Provision	430,349	353,679
Regulatory provision	471,941	349,121
	<u>(41,592)</u>	<u>-</u>

Insider lending

The regulator SASRA, defines insiders as directors (including supervisory committee members) and employees of the society. In the period under review, the following loans were granted to insiders.

	2025	2024
	Kshs '000	Kshs '000
Total loans advanced during the year	97,276	86,077

Reconciliation of loan balances held by insiders at the end of the year.

	Opening Balance	Loans advanced	Amounts paid	Total
	January 2025	2025	2025	
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Board	74,221	23,711	(33,564)	64,368
Supervisory	22,430	19,975	(7,539)	34,866
Management	34,961	23,705	(3,427)	55,239
Other Staff	56,759	29,885	(28,244)	58,400
As at December 2025	<u>188,371</u>	<u>97,276</u>	<u>(72,774)</u>	<u>212,873</u>
As at December 2024	<u>228,778</u>	<u>86,077</u>	<u>(126,484)</u>	<u>188,371</u>

Designation	Name	Signature
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Treasurer	Gabriel Wanga	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Notes (continued)

16 Loan to members (continued)

Classification	2025 Kshs '000	2024 Kshs '000
Performing	12,180,680	12,675,107
Watch	1,500,378	415,915
Substandard	381,313	189,195
Doubtful	36,067	37,867
Loss	161,754	135,341
	<u>14,260,192</u>	<u>13,453,425</u>

17 Equity Investment

Equity investments are carried at fair value as below;

(a) Quoted investments at fair value

Group and Society Available for sale financial assets	Number of shares	2025 Kshs '000	2024 Kshs '000
Co-operative Insurance Society Limited@4.57	1,173,322	4,107	2,293
Co-op holdings Co-operative Society Limited@8.5	27,216	231	231
		<u>4,338</u>	<u>2,524</u>
Fair value gain/(loss)		1,813	(42)

(b) Unquoted investments at fair value

Group and Society Available for sale financial assets	Number of shares		
KUSSCO		-	50,015
Impairment charge/(recovery) on other financial assets		-	(50,015)
		<u>-</u>	<u>-</u>
Total investments		<u>4,338</u>	<u>2,524</u>

The Sacco holds (500,150 shares @Kshs.100) worth Kes 50 million in KUSSCO. Following a forensic audit KUSSCO, the apex body, was declared insolvent with a deficit of Kshs 12.5 billion. In accordance with IFRS 9 and SASRA guidelines, the Sacco had fully impaired the Kshs 50 million in 2024.

Designation	Name	Signature
Chairman	James Ouka	J.O
Secretary	Salome Wanjiku	S.W
Treasurer	Gabriel Wanga	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Notes (continued)

18 Inventory

Group and Society	2025 Kshs '000	2024 Kshs '000
Reconciliation of inventory		
As at January 1st	272,322	170,708
Purchase during the year	-	212,270
Disposal during the year	(135,684)	(110,656)
	136,638	272,322
31st December	136,638	272,322

The property inventory is held at lower of cost and net realisable value and relates to: land held for sale situated at Kajiado County (Namanga) and Ngong in Kajiado county. The Subsidiary (Wanamataifa Investments Company Ltd) buys land in viable locations and subdivides the land into smaller portions which are then valued and sold to the members at fair prices.

In the opinion of the directors, the above inventory would, if sold, realize not less than the amounts at which they are stated and so no adjustment has been made on the cost value.

19 Investment in subsidiary

The Sacco fully owns the Subsidiary, Wanamataifa Investment Company Ltd. The Subsidiary has issued 10,000 ordinary shares of Kes,100 each which have been fully issued and paid up. The Shareholding of the Sacco is 99 shares while the 1 share is held by the Chairman of the Sacco on behalf of the Sacco.

Society

At 1 January and 31st December

		1,000,000	1,000,000
	No Shares	Share Value KShs	Amount KShs
Authorised Share capital	100	100	1,000,000
Issued shares	100	100	1,000,000
Issued and paid-up shares	100	100	1,000,000
Name	Reporting year end	Country of incorporation	Principal activity
Wanamataifa Investments Company Limited	31-Dec	Kenya	Real estate
			% Held
			99%

Designation	Name	Signature
Chairman	James Ouka	J.O
Secretary	Salome Wanjiku	S.W
Treasurer	Gabriel Wanga	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Notes (continued)

19 Investment in subsidiary (continued)

The summarised financial information of Wanamaitaifa Investments Company Limited is detailed below:

Summarised financial information	Assets	Equity and liabilities	Revenue	Profit/Loss for the year
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
31 December 2025	159,309	159,309	182,875	17,167
31 December 2024	280,273	280,273	136,680	18,644

20 (a) Intangible assets

Cost	Group				Society			
	Software	2025 Work in progress	Totals	2024 Software	Software	2025 Work in progress	Totals	2024 Software
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
At start of year	83,748	53,412	137,160	72,064	83,708	53,412	137,120	72,024
Reclassification to PPE	(5,878)	(44,989)	(50,867)	-	(5,878)	(44,989)	(50,867)	-
Additions	19,754	-	19,754	65,096	19,754	-	19,754	65,094
At end of the year	97,624	8,423	106,047	137,160	97,584	8,423	106,007	137,120
Amortisation								
At start of year	(49,621)	-	(49,621)	(31,310)	(49,603)	-	(49,603)	(31,312)
Amortization charge	(24,491)	-	(24,471)	(18,311)	(24,471)	-	(24,471)	(18,291)
Transfers								
At end of year	(74,112)	-	(74,092)	(49,621)	(74,074)	-	(74,074)	(49,603)
Net book value	23,512	8,423	31,955	87,539	23,510	8,423	31,933	87,517

Designation	Name	Signature
Chairman	James Ouka	J.O
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CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Notes (continued)

20(b) Property and equipment

Depreciation is recognised on a straight-line basis over the estimated useful life of the asset at; 12.5% for furniture and fittings, 12.5% for office equipment, buildings over the remaining lease life and 25% for computer equipment.

Group Year Ended 31 December 2025	Furniture and fittings Kshs '000	Office equipment Kshs '000	Computer equipment Kshs '000	Total Kshs '000
Cost				
At start of year	7,771	21,647	41,328	70,746
Reclassification from W.I.P	-	23,660	-	23,660
Additions	349	26,701	1,879	28,929
At end of year	8,120	72,008	43,207	123,335
Accumulated Depreciation				
At start of year	4,160	7,248	33,163	44,571
Charge for the year				
Write off	574	5,641	3,994	10,209
At end of year	4,734	12,889	37,157	54,780
Net book value	3,386	59,118	6,050	68,555
Group Year Ended 31 December 2024	Furniture and fittings Kshs '000	Office equipment Kshs '000	Computer equipment Kshs '000	Total Kshs '000
Cost				
At start of year	9,203	17,690	42,497	69,390
Disposal	(3,322)	(2,990)	(3,508)	(9,820)
Additions	1,890	6,947	2,339	11,176
At end of year	7,771	21,647	41,328	70,746
Accumulated Depreciation				
At start of year	6,879	8,619	32,751	48,249
Charge for the year	501	1,555	3,920	5,976
Write off	(3,220)	(2,926)	(3,508)	(9,654)
At end of year	4,160	7,248	33,163	44,571
Net book value	3,611	14,399	8,165	26,175

Designation	Name	Signature
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CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Notes (continued)

20(b) Property and equipment

Year ended 31 December 2025

Society

	Furniture and fittings KShs '000	Office equipment KShs '000	Computer equipment KShs '000	Total KShs '000
Cost				
At start of year	7,743	21,446	41,085	70,274
Reclassification from Work in Progress	-	23,660	-	23,660
Additions	293	25,769	1,749	27,811
At end of year	8,036	76,753	42,834	121,745
Accumulated Depreciation				
At start of year	4,158	7,136	33,011	44,305
Charge for the year	569	5,615	3,923	10,107
Disposal				
At end of year	4,727	12,751	36,934	54,412
Net book value	3,309	58,124	5,900	67,333

Society

Year ended 31 December 2024

	Furniture and fittings KShs '000	Office equipment KShs '000	Computer equipment KShs '000	Total KShs '000
Cost				
At start of year	9,203	17,543	42,253	68,999
Disposal	(3,323)	(2,990)	(3,508)	(9,821)
Additions	1,863	6,894	2,339	11,096
At end of year	7,743	21,447	41,084	70,274
Accumulated Depreciation				
At start of year	6,879	8,529	32,661	48,069
Charge for the year	499	1,533	3,858	5,890
Write off	(3,220)	(2,926)	(3,508)	(9,654)
Disposal				
At end of year	4,158	7,136	33,011	44,305
Net book value	3,586	14,310	8,073	25,969

21 Land and buildings

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Designation	Name	Signature
Chairman	James Ouka	J.O
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CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Notes (continued)

In the last quarter of 2022, the Society bought property LR. No. NAIROBI BLOCK9I/80 on UN Avenue drive (0. 298500. Hectares) and moved in June 2023. The remaining lease life is 51 years 8 months as at 31st December 2025

The use of the building has been split into 2

- **Office block**
This is where the Sacco offices are situated and is accounted for as property plant and equipment under IAS 16
- **Building for rental space**
This is accounted for under IAS 40 – Investment property which deals with property (land and/or buildings) held to earn rentals or for capital appreciation (or both). The Sacco uses the cost model of valuation where the investment property is measured at cost less accumulated depreciation and any accumulated impairment losses.

Group and Society

As at December	Buildings KShs '000	Prepaid operating lease rentals KShs '000	Total 2025 KShs '000	Total 2024 KShs '000
At start of year	114,769	158,786	273,555	269,004
Transfer to investment property at cost				-
Additions	1,575	-	1,575	4,550
At end of year	116,344	158,786	275,130	273,554
Accumulated Depreciation				
At start of year	(4,205)	-	(4,205)	(2,070)
Charge for the year	(2,149)	-	(2,149)	(2,135)
At end of year	(6,354)	-	(6,354)	(4,205)
December carrying values	109,990	158,786	268,776	269,349

Designation	Name	Signature
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Treasurer	Gabriel Wanga	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Notes (continued)

22 Investment property

Group As at December	Buildings KShs '000	Land KShs '000	2025 Total KShs '000	2024 Total KShs '000
At start of year	111,150	2,771	113,921	111,971
Additions		1,400	1,400	1,950
At end of year	111,150	4,171	115,321	113,921
Accumulated Depreciation				
At start of year	(4,069)	-	(4,069)	(1,997)
Charge for the year	(2,036)		(2,036)	(2,072)
At end of year	(6,105)		(6,105)	(4,069)
Carrying values	105,045	4,171	109,216	109,852

Investment Property Society As at December	Buildings KShs '000	2025 Total KShs '000	2024 Total Ksh.'000
At start of year	111,150	111,150	109,200
Transfer from Addition			1,950
At end of year	111,150	111,150	111,150
Accumulated Depreciation			
At start of year	(4,069)	(4,069)	(1,997)
Charge for the year	(2,036)	(2,036)	(2,072)
At end of year	(6,105)	(6,105)	(4,069)
Carrying values	105,045	105,045	107,081

Notes (continued)

23 Reserve

Designation	Name	Signature
Chairman	James Ouka	J.O
Secretary	Salome Wanjiku	S.W
Treasurer	Gabriel Wanga	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Notes (continued)

23 Reserve

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

	Group		Society	
	2025 KShs '000	2024 KShs '000	2025 KShs '000	2024 KShs '000
i) Statutory reserve				
At start of year	801,433	721,184	801,433	721,184
Transfer from retained earnings	108,163	80,249	108,163	80,249
At end of year	909,596	801,433	909,596	801,433
ii) Credit risk reserve				
At start of year	-	29,511	-	29,511
Transfer to/from retained earnings	41,592	(29,511)	41,592	(29,511)
At end of year	41,592	-	41,592	-
iii) Fair value reserve				
At start of year	1,947	1,989	1,947	1,989
Fair value gain for the year	-	(42)	-	(42)
At end of year	1,813	1,947	1,813	1,947
iv) Dividend				
	2025	2024	2025	2024
	KShs '000	KShs '000	KShs '000	KShs '000
At start of year	165,199	179,040	165,199	179,040
Current year proposed	189,960	165,199	189,960	165,199
Prior year paid	(165,199)	(179,040)	(165,199)	(179,040)
At end of year	189,960	165,199	189,960	165,199

The board has proposed 14% dividend pay-out on share capital. Dividend is paid only to members who hold not less than Kes 50,000 (bona fide shareholders). The total proposed dividend is KShs. 189,960,471(2024: 165,198,954 at 13%).

Designation	Name	Signature
Chairman	James Ouka	J.O
Secretary	Salome Wanjiku	S.W
Treasurer	Gabriel Wanga	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Notes (continued)

v) Share capital	2025	2024
	Kshs '000	Kshs '000
Group and society		
At start of year	1,282,643	1,206,225
Contributions for the year	86,261	76,419
	1,368,904	1,282,644

24 Reconciliation and distribution of share capital

Group and Society	2025		2024	
	No.	KShs '000	No.	KShs '000
Shareholding category	Members	Total Share capital	Members	Total Share capital
Active Bonafide members	6,376	1,180,809	6,280	1,012,135
Dormant Bonafide members	1,293	111,258	1,175	199,849
Withdrawn Bonafide members	514	36,444	439	28,666
Deceased Bonafide members	98	28,349	114	30,111
Non Bonafide members	742	12,044	715	11,883
Total	9,023	1,368,904	8,723	1,282,644

No single member holds more than 25% of the Society's share capital

25 Retained earnings

Group and Society	2025		2024	
	KShs '000	KShs '000	KShs '000	KShs '000
Retained earnings				
At start of year	910,910	840,665	857,465	805,866
Profit for the year	377,792	286,182	360,541	267,536
Transfer to statutory reserve	(108,163)	(80,249)	(108,163)	(80,249)
Transfer from credit risk reserve	(41,592)	29,511	(41,592)	29,511
Proposed dividends	(189,960)	(165,199)	(189,960)	(165,199)
At end of year	948,987	910,910	878,291	857,465

Transfers were made to the statutory reserve at a rate of 30% (2024: 30%) of the surplus after tax in compliance with the provisions of the Sacco Societies Act whose minimum transfer to reserves is 20%. These reserves are not distributable.

Designation	Name	Signature
Chairman	James Ouka	J.O
Secretary	Salome Wanjiku	S.W
Treasurer	Gabriel Wanga	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Notes (continued)

26 Members' deposits Group and Society	Group		Society	
	2025 KShs '000	2024 KShs '000	2025 KShs '000	2024 KShs '000
Savings deposits				
At start of year	13,532,810	12,618,753	13,532,810	12,618,753
Withdrawals	(1,736,486)	(767,819)	(1,736,486)	(767,819)
Additional deposits during the year	2,210,255	1,681,876	2,210,255	1,681,876
Total	14,006,579	13,532,810	14,006,579	13,532,810
Short term deposits				
At start of year	27,174	73,117	27,174	73,117
Withdrawals	(41,488)	(56,621)	(41,488)	(56,621)
Additional deposits during the year	36,165	10,678	36,165	10,678
Total	21,851	27,174	21,851	27,174
FOSA deposits				
At start of year	1,055,532	1,011,831	1,055,532	1,011,831
Withdrawals	(15,362,563)	(26,103,155)	(15,362,563)	(26,103,155)
Additional deposits during the year	15,360,676	26,146,856	15,360,676	26,146,856
Total	1,053,645	1,055,532	1,053,645	1,055,532
Total member savings	15,082,075	14,615,516	15,082,075	14,615,516

No member holds more than 1% of the total member deposits.

27 Provision for interest on members' deposits

(a) Statement of financial position

Group and Society	Group		Society	
	2025 KShs '000	2024 KShs '000	2025 KShs '000	2024 KShs '000
At January	1,308,478	1,147,654	1,308,478	1,147,654
Provision for the year	1,102,878	1,308,478	1,102,878	1,308,478
Paid during the year	(1,308,478)	(1,147,654)	(1,308,478)	(1,147,654)
	1,102,878	1,308,478	1,102,878	1,308,478

Designation	Name	Signature
Chairman	James Ouka	J.O
Secretary	Salome Wanjiku	S.W
Treasurer	Gabriel Wanga	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Notes (continued)

27 Provision for interest on members' deposits (continued)

(b) Statement of comprehensive income

The Board of Directors recommend payment of interest on deposits at a rate of 8% (Kes. 1,102,878,210) of non-withdrawable deposits prorated over the period that the Society held the deposits. This has been charged through the Statement of Comprehensive Income.

28 Trade and other payables

Group and Society	Group		Society	
	2025 KShs '000	2024 KShs '000	2025 KShs '000	2024 KShs '000
Trade Payables	156,808	215,889	87,016	117,512
Deposits for plots	12,760	117,281	-	-
Other payables and provisions	1,500	797	1,500	797
	<u>171,068</u>	<u>333,967</u>	<u>88,516</u>	<u>118,309</u>

In the opinion of the directors, the carrying amounts of trade payables approximate their fair value. The average credit period on purchases from suppliers is 30 days. No interest is charged on payables. The carrying amounts of the group's payables are denominated in the Kenya Shillings (Kes).

29 Related party disclosure Group and Society

	2025 Kshs '000	2024 Kshs '000
i) Insider transactions		
Interest income	23,948	25,816
Interest expense	66	22
ii) Insider deposits		
Total deposits outstanding at end of year:		
Due to management	22,764	29,027
Due to directors	32,059	34,620
Due to supervisory committee members	17,183	10,789
Due to other employees	23,622	25,339
	<u>95,628</u>	<u>99,775</u>
iii) Key management personnel remuneration		
Short term employee benefits	54,391	56,098

Designation	Name	Signature
Chairman	James Ouka	J.O
Secretary	Salome Wanjiku	S.W
Treasurer	Gabriel Wanga	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

Notes (continued)

29 Related party disclosure Group and Society (continued)

iv) Board of directors and supervisory committee

Committee allowances	42,082	35,704
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v) Receivable from related parties (Note 15)

Wanamataifa Investments Company Limited	10,603	13,167
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30 Contingent liability

The SACCO has an ongoing tax matter with KRA arising from a historical filing error that resulted in an additional assessment. A valid objection was lodged and remains unresolved, and the matter is still under dispute. Based on the technical position and advice received, the exposure is not considered substantive, and the Board continues to address the issue. As the likelihood of the liability crystallising is assessed as low, no provision has been recognised.

The Society is a defendant in legal action from members of the Society arising from actions taken by the Society on recovery of defaulted loans. The Society is also involved in other legal matters which arise in the ordinary course of business. In the opinion of the directors, adequate provisions have been recognised for the quantifiable extent of such matters and no further material loss is likely to be incurred.

31 Events after the reporting date

No material events or circumstances have arisen between the accounting date and the date of this report.

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Designation	Name	Signature
Chairman	James Ouka	J.O
Secretary	Salome Wanjiku	S.W
Treasurer	Gabriel Wanga	G.W
CEO	Esther Mailu	E.M
Head of Finance	Dianah Rotich	D.R

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