

Annual Report & Financial Statements

2025

Charting a Path of
Shared Prosperity



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Theme: "Empowering Lives, Securing Futures"

Corporate Profile & Core Values

Karura Community Savings and Credit Co-operative Society Limited (CS NO/11396) is a member-owned financial institution dedicated to fostering economic empowerment and improving the livelihoods of its members. Established with the vision of promoting a culture of saving and responsible borrowing, KCS SACCO provides accessible financial services, including savings accounts, competitive loan products, and investment opportunities tailored to meet diverse financial goals. Our operations are deeply rooted in community development, aiming to uplift members through sustainable financial growth and mutual support. We pride ourselves on sound financial management and an unwavering commitment to our members' prosperity, ensuring that every service and interaction aligns with their evolving needs.

Our Vision

To be the leading community-based financial institution, empowering members to achieve socio-economic prosperity through innovative and accessible financial solutions.

Our Mission

To provide affordable, accessible, and member-focused financial services that promote a culture of saving, responsible borrowing, and sustainable community development.

Our Core Values

Our success is built upon a foundation of deeply held values that guide every decision and action within the SACCO. These principles ensure we remain true to our mission and continuously deliver exceptional service to our members and the wider community.



Integrity

Upholding the highest standards of honesty, fairness, and ethical conduct in all our operations and interactions.



Transparency

Ensuring open communication and clear reporting to build unwavering trust and accountability with our members.



Member-Centricity

Prioritizing the needs and well-being of our members, serving as their trusted financial partner and advocate.



Innovation

Continuously seeking new and improved ways to deliver financial solutions and enhance the member experience.



Community

Fostering a spirit of mutual support and contributing positively to the economic and social development of our community.

SACCO Board & Supervisory Committee



Epainito Kerosio Chahale
Chairman-BOM



Reuben Kimani
Vice Chair-BOM



Esther Kalunde Kinone
Hon. Secretary-BOM



Julius Mugo
Treasurer-BOM



Jennifer Mwangangi
Member-BOM



Kennedy Okoth
Member-BOM



Esther Nina Oloo
Member-BOM



Evans Ngechu
Member_Supervisory Committee



Queenveil N. Mabonga
Member_Supervisory Committee

Chief Executive Officer



Gedeon Gitonga Kigo
Chief Executive Officer



Epainito Chahale: Chairman

CHAIRMAN'S REPORT: A Defining Year of Institutional Maturity

The financial year 2025 marks a defining chapter in the journey of KCS SACCO. It was a year characterized by strategic progress, strengthened governance, technological advancement, and measurable social impact. At the center of this progress remains a simple yet powerful foundation: the trust and confidence of our members. It is this confidence that has enabled the SACCO to grow steadily while maintaining stability, discipline, and strategic clarity.

Crossing the Half-Billion Milestone

During the year under review, KCS SACCO proudly surpassed the half-billion-shilling mark in total assets – a historic achievement in the life of our institution. This milestone represents more than just financial expansion; it reflects institutional credibility, strengthened capital adequacy, prudent financial management, and improved operational resilience. It confirms that the SACCO has entered a new phase of scale and responsibility.

- Despite a dynamic economic environment, the SACCO recorded steady growth across key financial indicators while maintaining disciplined loan management and safeguarding liquidity. Crossing this threshold now demands greater accountability, stronger systems, and sustained strategic focus, responsibilities the Board embraces with commitment and foresight.

Strategic Pillars of Our Progress



Governance and Institutional Integrity

The Board upheld transparency, regulatory compliance, and robust oversight as the SACCO scaled. Governance structures were strengthened accordingly, including the removal of the Supervisory Committee Chairperson – affirming that leadership must align with institutional values and standards.



Technology and Operational Modernization

Sustainable growth requires strong infrastructure and reliable systems. Following the successful implementation of Microsoft Business Central as the core banking system in 2024, 2025 focused on system stabilization and operational optimization. This platform has strengthened reporting capability, enhanced internal controls, and improved financial visibility.

Building on this digital foundation, the SACCO will officially launch an Integrated Call Centre Service in partnership with Safaricom. This service will significantly enhance structured member engagement, improve response times, and elevate overall service delivery standards.



Brand Evolution and Strategic Positioning

The continued strengthening of the KCS SACCO brand reflects a broader institutional evolution. Our refined identity represents professionalism, modernization, and strategic ambition. It signals that KCS SACCO is positioning itself not merely as a community-based financial institution, but as a progressive and well-governed organization with a long-term vision.

Brand evolution, in this context, is a signal of intent — an affirmation that we are raising standards while preserving the cooperative values upon which the SACCO was founded, ensuring our relevance for future generations.



Social Impact: Expanding the Scholarship Program

The Scholarship Program, launched in the previous financial year, has already begun creating meaningful impact within our community. Established on the belief that financial inclusion must extend beyond savings and credit into generational empowerment, the program has supported beneficiary students in continuing their academic journeys.

Building upon its initial success, the Board has approved plans to:

- Increase the number of beneficiary students
- Broaden member and corporate sponsorship participation
- Establish a structured sustainability framework for long-term continuity

Our objective is to grow the Scholarship Program into a flagship pillar of KCS SACCO's social responsibility agenda – a lasting legacy of cooperative impact.

Strategic Priorities for 2026

Having crossed a significant financial milestone, the focus now shifts toward consolidation and sustainable expansion. Key priorities for the coming year include:

- Strengthening capital resilience
- Enhancing loan portfolio quality
- Deepening digital transformation
- Expanding our social impact
- Reinforcing governance and risk oversight frameworks

The Board remains committed to guiding the SACCO into its next phase of growth with discipline, prudence, and strategic clarity.

Appreciation

On behalf of the Board of Directors, I extend sincere appreciation to our members for your continued trust and participation. Your savings and loan repayment culture remain the backbone of this institution. I also acknowledge the Supervisory Committee for their oversight role, Management and staff for their professionalism and execution, and our partners for supporting our modernization journey.

Collectively, your contributions have enabled KCS SACCO to reach this historic milestone. Milestones are not destinations; they are reminders of responsibility.

With unity, discipline, and strategic focus, KCS SACCO is well positioned to build a resilient and enduring legacy for current and future generations.



Signature



Date



Julius Mugo: Treasurer

Treasurer's Report for the Year Ended 31 December 2025

The financial year 2025 marked a significant milestone for KCS SACCO, demonstrating robust growth and enhanced stability. The Sacco recorded strong expansion across key financial indicators, reflecting increased member confidence, prudent financial management, and sustained operational discipline. This report outlines the financial performance and key achievements of the year.

Ksh 501.2M

Total Assets

Grew from Ksh 351.9M in 2024

Ksh 374.4M

Member Deposits

Up from Ksh 274.1M in 2024

Ksh 72.7M

Total Revenue

Driven by interest income from members' loans

Ksh 5.1M

Net Surplus

Transferred to retained earnings after statutory transfers

31.34%

Expense-to-Revenue Ratio

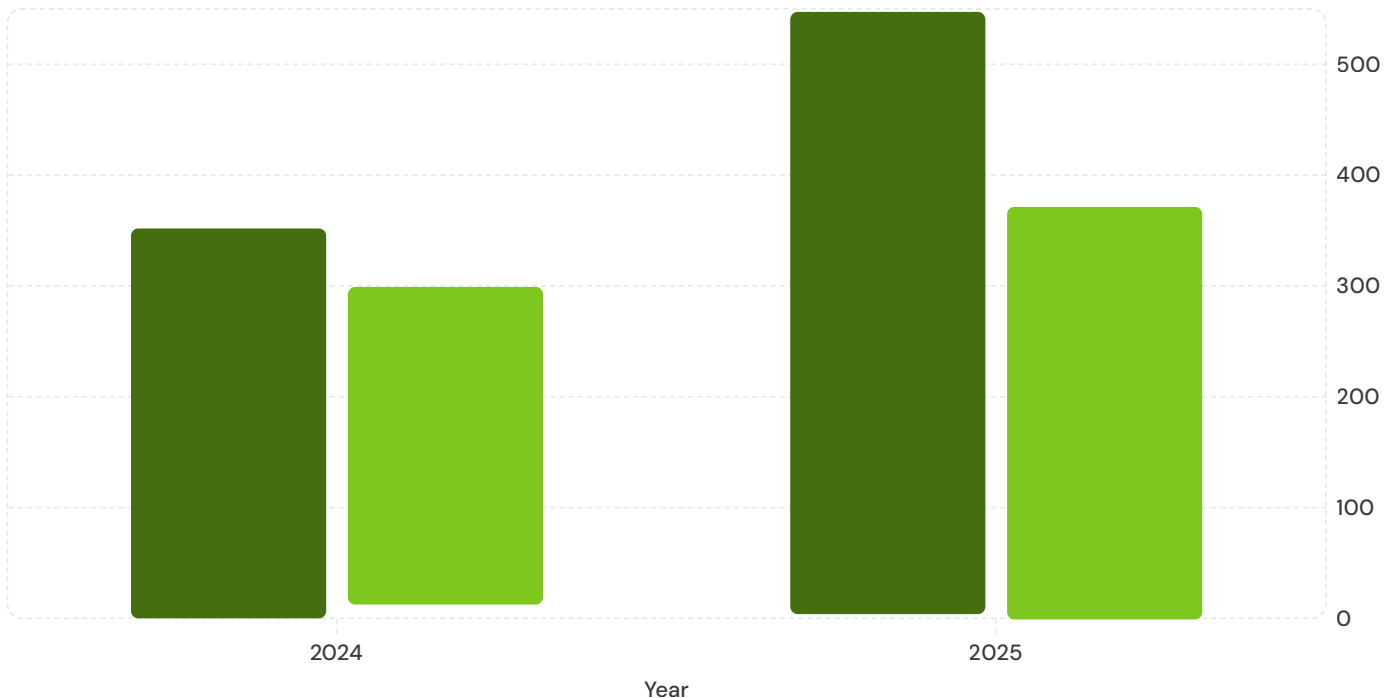
Improved from 36.02% in 2024

13.27%

Liquidity Ratio

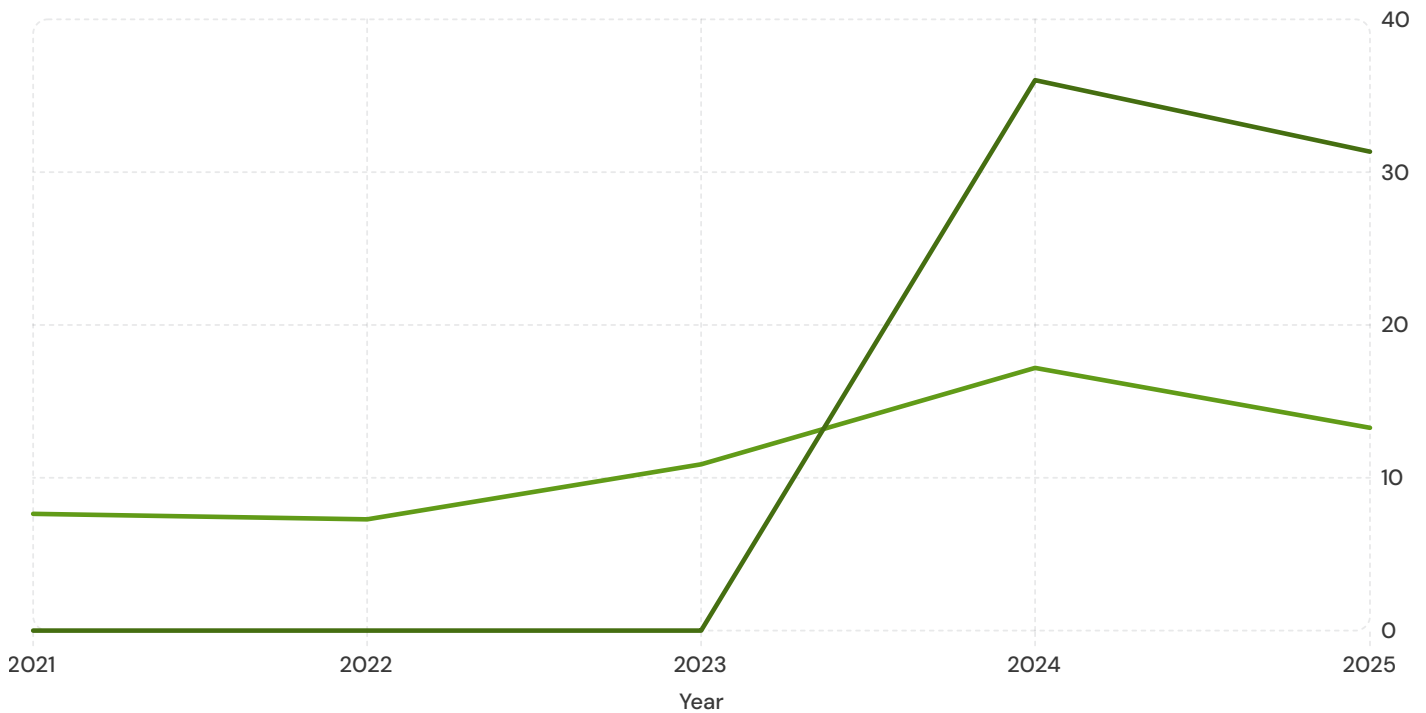
Up from 17.19% in 2024, maintaining adequate short-term obligations coverage.

■ Total Assets ■ Member Deposits



Liquidity Ratio

Expense-to-Revenue Ratio



Operational efficiency significantly improved during the year, with the expense-to-revenue ratio decreasing to 31.34%, reflecting enhanced cost management and scale efficiencies. This was complemented by a strengthened core capital base of Ksh 68.5 million, ensuring capital adequacy ratios remained well within regulatory requirements. The Sacco's ability to achieve this expansion without external borrowing underscores its financial independence and robust balance sheet strength.

The year also marked an important phase in the Sacco's institutional evolution, including the strengthening of the KCS SACCO brand identity. This transition reflects both modernization and strategic repositioning, built upon the financial stability and operational maturity demonstrated in these results. For members, the Board has recommended an 8% interest rate on deposits and a 15% dividend on share capital, balancing rewarding members with preserving long-term sustainability.

Looking ahead, the Sacco enters the 2026 financial year with a strengthened balance sheet, improved capital position, and enhanced operational efficiency, poised for sustainable growth and continued value creation for all members.

Signature

26/02/2026

Date



Gedeon Gitonga Kigo: CEO

Chief Executive Officer Report: Navigating Growth and Transformation

FY2025 was a defining year for KCS SACCO — we surpassed the half-billion-shilling mark in total assets, driven by strengthened liquidity management, disciplined credit administration, and robust internal controls.

Despite a core banking system failure and a tough economic climate, the SACCO maintained stability, protected member funds, and upheld institutional confidence — a testament to our operational maturity.



Membership Growth

Our membership expanded from **4,586** to **5,416**, a significant increase demonstrating renewed trust and strengthened service delivery.



Digital Strengthening

Successful implementation of **Microsoft Business Central** transformed our core banking system, ensuring stability and advanced functionality.



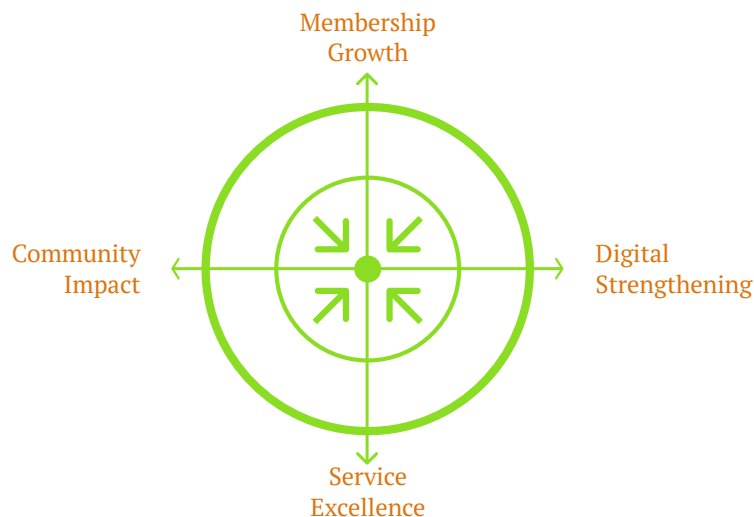
Service Excellence

The **AI-powered Integrated Call Centre** with Safaricom is set to enhance communication and member experience across all channels.



Community Impact

Our Scholarship Program is now supporting nearly **20 students**, with over **Ksh 600,000** mobilized for community empowerment.



One of the most critical operational events of the year was the unexpected failure of our previous core banking system. The subsequent transition to Microsoft Business Central, while challenging, has significantly strengthened our technological foundation. This new platform now provides enhanced reporting capabilities, improved controls, SASRA-aligned templates, and a fully branded mobile application. This difficult period ultimately positioned the SACCO with a more robust and scalable system, proving our ability to adapt and innovate.

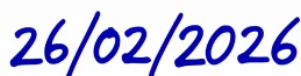
- ❑ The integrated Call Centre, launched in partnership with Safaricom, marks a pivotal step towards service excellence. This AI-powered platform will streamline member engagement across various channels, with plans to roll out 24-hour service by the third quarter of the year.

Innovation remains a core tenet of our strategy. The Bid Bond product continues to support members in procurement, and we are actively developing Sharia-compliant loan services to foster inclusivity. Strategic partnerships in areas like overseas job placement, real estate, and renewable energy further expand member value, embodying our commitment to holistic empowerment.

Looking ahead, KCS SACCO has successfully transitioned from recovery to renewed strength. With a stabilized core banking platform, structured communication infrastructure, growing membership, and an expanding product portfolio, the SACCO is exceptionally well-positioned for sustainable growth. Technology will remain central to our strategy as we continue to leverage digital innovation to enhance efficiency, improve service delivery, and scale responsibly. The foundation is strong, the systems are in place, and our ambition is clear as KCS SACCO confidently enters its next phase of disciplined focus.



Signature



Date

Karura Community Savings and Credit Co-operative Society Limited : CS NO/11396

Corporate Governance Report 2025

KCS SACCO is committed to the highest standards of corporate governance, protecting member interests and enhancing long-term value in full compliance with the Sacco Societies Act (2008) and the Co-operative Societies Act.

1. Statement of Governance Principles

The Board upholds transparency, accountability, and fiduciary responsibility as core governance pillars, ensuring all operations align with Kenya's cooperative legal framework.

2. The Board of Management & Supervisory Committee Composition & Diversity

The Board is responsible for the overall strategic direction, risk management, and financial integrity of the SACCO. The Board comprises 9 members with diverse professional backgrounds — 44% Female and 56% Male, exceeding the statutory gender inclusion threshold.

Board of Management as of December 31, 2025:

Role	Name
Chairman-BOM	Epainito Kerosio Chahale
Vice Chair-BOM	Reuben Kimani
Hon. Secretary-BOM	Esther Kalunde Kinone
Treasurer-BOM	Julius Mugo
Member-BOM	Jennifer Mwangangi
Member-BOM	Kennedy Okoth
Member-BOM	Esther Nina Oloo
Member Supervisory Committee	Evans Ngechu
Member Supervisory Committee	Queenveil Namaemba Mabonga
Chief Executive Officer	Gedeon Gitonga Kigo

3. Staff Diversity & Human Capital

Beyond the Board, the SACCO's internal operational team reflects a vibrant and inclusive workforce.

3:7

Gender Ratio

30% Male, 70% Female among 10 permanent staff

90%

Youth Inclusion

Of the workforce is under the age of 35

Gender Ratio: The permanent staff consists of 10 individuals with a ratio of 3:7 (30% Male, 70% Female).

Youth Inclusion: 90% of the workforce is under the age of 35, positioning the SACCO as a **youth-empowerment leader** in the cooperative sector.

4. The Supervisory Committee

The Supervisory Committee acts as the independent "check and balance" for the Board, representing the internal audit function for the members.

Mandate




To ensure the Management Committee operates within the SACCO By-laws and the legal framework of Kenya.

2025 Focus

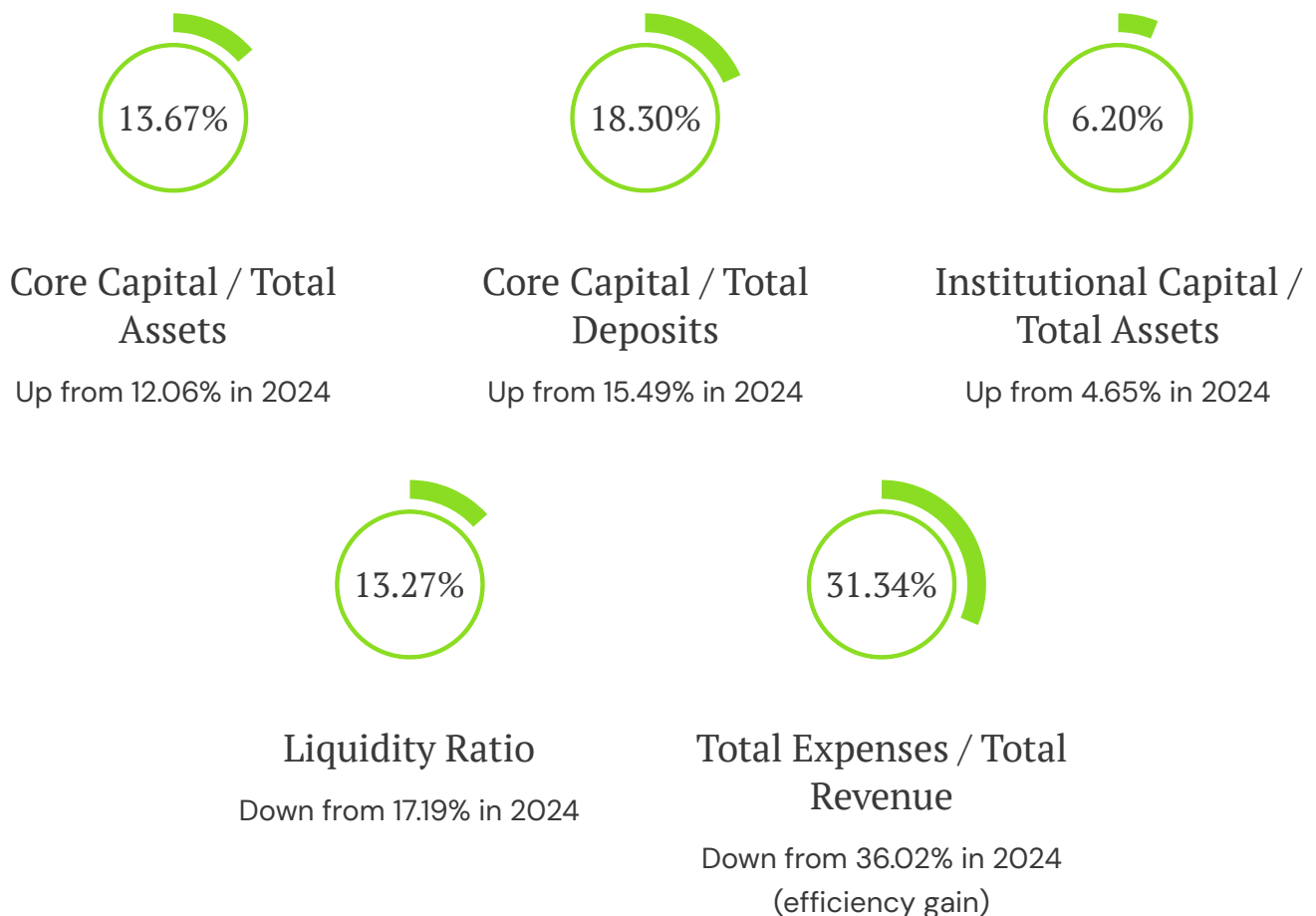
Oversight of the digital credit disbursement systems and ensuring that the 162% growth in digital adoption maintained strict compliance with internal control protocols.

5. Statutory Compliance & Risk Management

The SACCO maintained robust compliance with all statutory and regulatory requirements throughout the year ended 31st December, 2025.

 <h3>Credit Risk</h3> <p>A KES 10.2M provision for bad debts (Note 15) ensures the loan book is realistically valued per IFRS 9.</p>	 <h3>Capital Adequacy</h3> <p>The SACCO maintains a share capital base of KES 37.5 Million and member deposits totaling KES 374 Million.</p>	 <h3>Assessment</h3> <p>The Board undergoes annual performance evaluations to ensure each director contributes effectively to the SACCO's strategic goals.</p>
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Key Financial Ratios Supporting Governance



Both the Capital Adequacy Ratio and Liquidity Ratio have shown consistent year-on-year improvement from 2021 to 2025, reflecting the Board's prudent governance and financial stewardship.

6. Ethics and Internal Controls

The Board is committed to ethical conduct and zero tolerance for fraud. Internal controls are reviewed annually to ensure the reliability of financial information and the safeguarding of SACCO assets.



Statement of the Management Committee Responsibilities

The management committee is responsible for the preparation of the financial statements which give a true and fair view of the state of the Society as at the end of the financial year and of its surplus or deficit for the period. The management committee is responsible for:

1. The maintenance of accounting records which can be relied upon in preparation of annual financial statements which comply with applicable accounting standards.
2. Selecting suitable accounting policies and applying them consistently.
3. Maintaining adequate systems of internal control for the prevention and detection of fraud, material errors and other irregularities and safeguarding the assets of the society.
4. Making estimates that are reasonable and prudent.

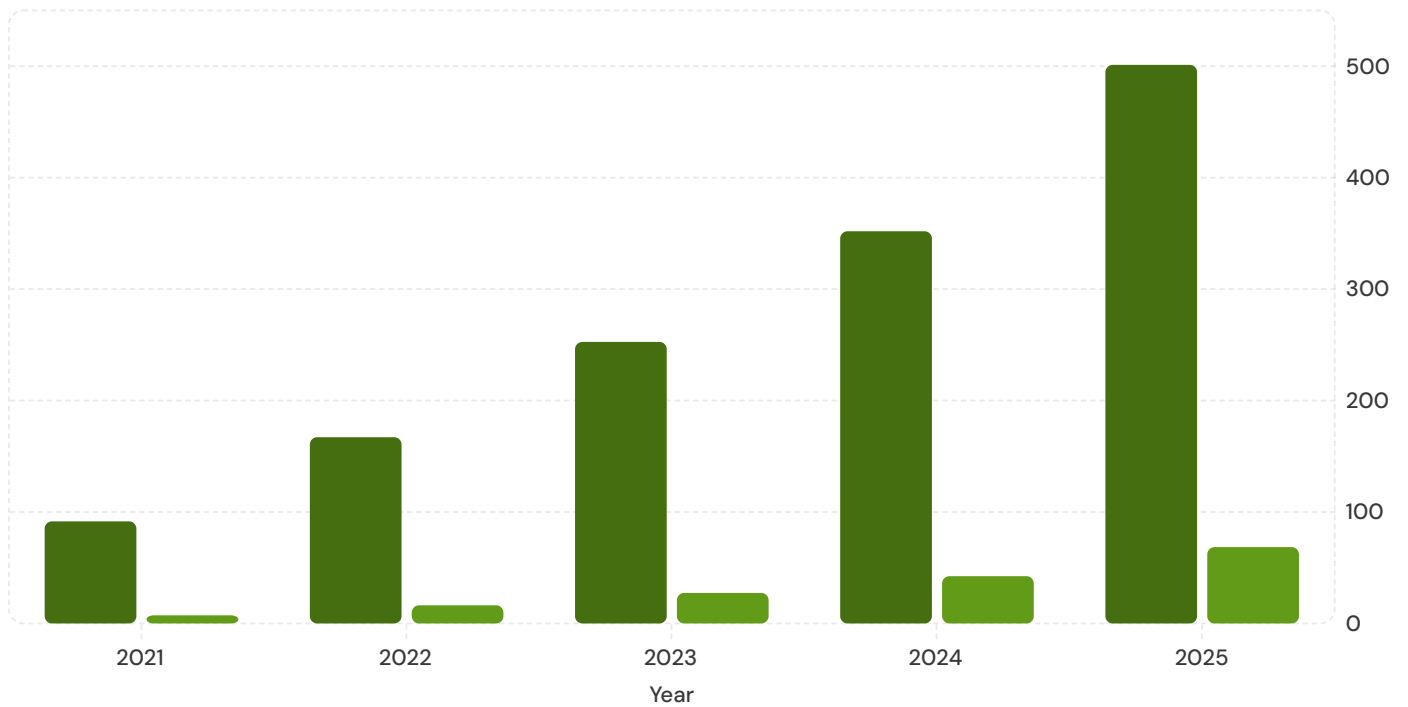
The management committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the society and to ensure that the accounts comply with Co-operative Societies Act and Society's by-laws.

7. Going Concern

☐ The Board confirms that KCS SACCO has adequate resources to continue in operational existence for the foreseeable future, supported by a strong core capital and a growing membership of **5,416**.

Nothing has come to the attention of the management committee to indicate the society will not remain a going concern for at least twelve months from the date of this statement.

■ Total Assets (KES M) ■ Core Capital (KES M)



The consistent growth in total assets and core capital over the five-year period from 2021 to 2025 underscores the SACCO's financial resilience and the effectiveness of its governance framework.

Signed on behalf of the Board:

Chairman

Hon. Secretary

Auditors: Maina Francis Kamau & Company, Certified Public Accountants, P.O. Box 13965, 00400, Nairobi

Statistical Information — Five Year Performance Summary

This is the official statistical information from the audited report of Karura Community Savings and Credit Co-operative Society Limited (CS No. 11396).

KES 68.5M

Core Capital

KES 68.5M (2025) vs KES 42.4M (2024) — 61% growth

KES 23.7M

Retained Surplus

KES 23.7M (2025) vs KES 11.8M (2024) — 101% growth

5,416

Total Members

5,416 (2025) vs 4,586 (2024) — 18% growth

830

Net Member Growth

Net increase in membership during 2025 (4,586 → 5,416)

KES 446.5M

Total Loan Book

KES 446.5M (2025) vs KES 300.6M (2024) — 49% growth

KES 31.1M

Total Reserves

KES 31.1M (2025) vs KES 16.4M (2024) — comprising Statutory Reserve KES 7.4M & Retained Earnings KES 23.7M

Key Performance Indicators at a Glance

501M

Total Assets
(42% ↑)

72.7M

Total Revenue
(32% ↑)

14.0M

Profit Before Tax
(48% ↑)

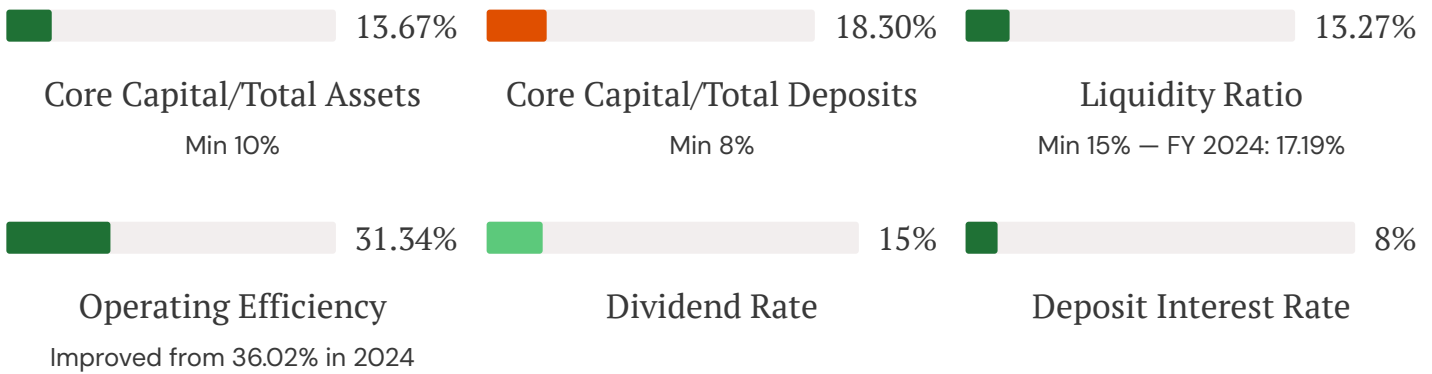
446.5M

Loan Portfolio
(49% ↑)

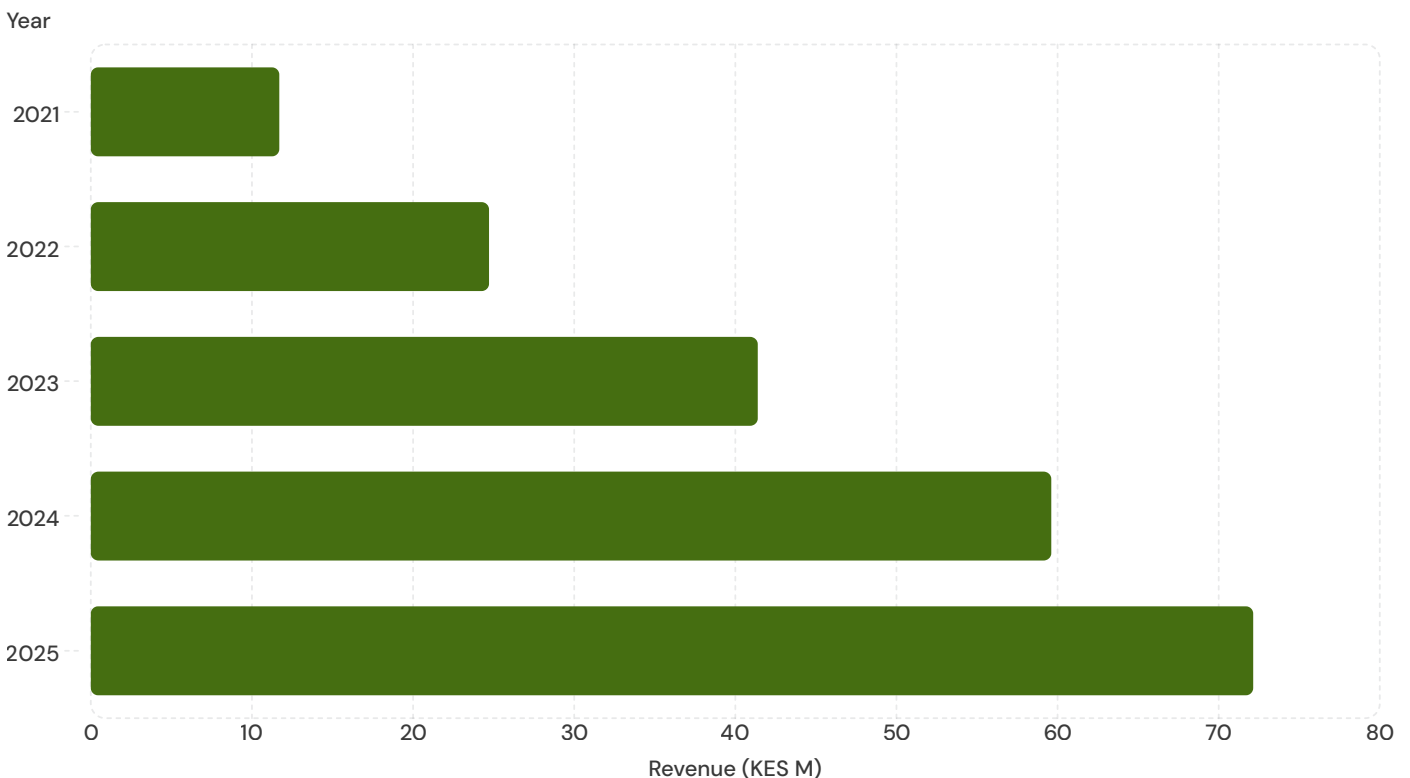
374.4M

Member Deposits
(37% ↑)

Critical Ratios Dashboard

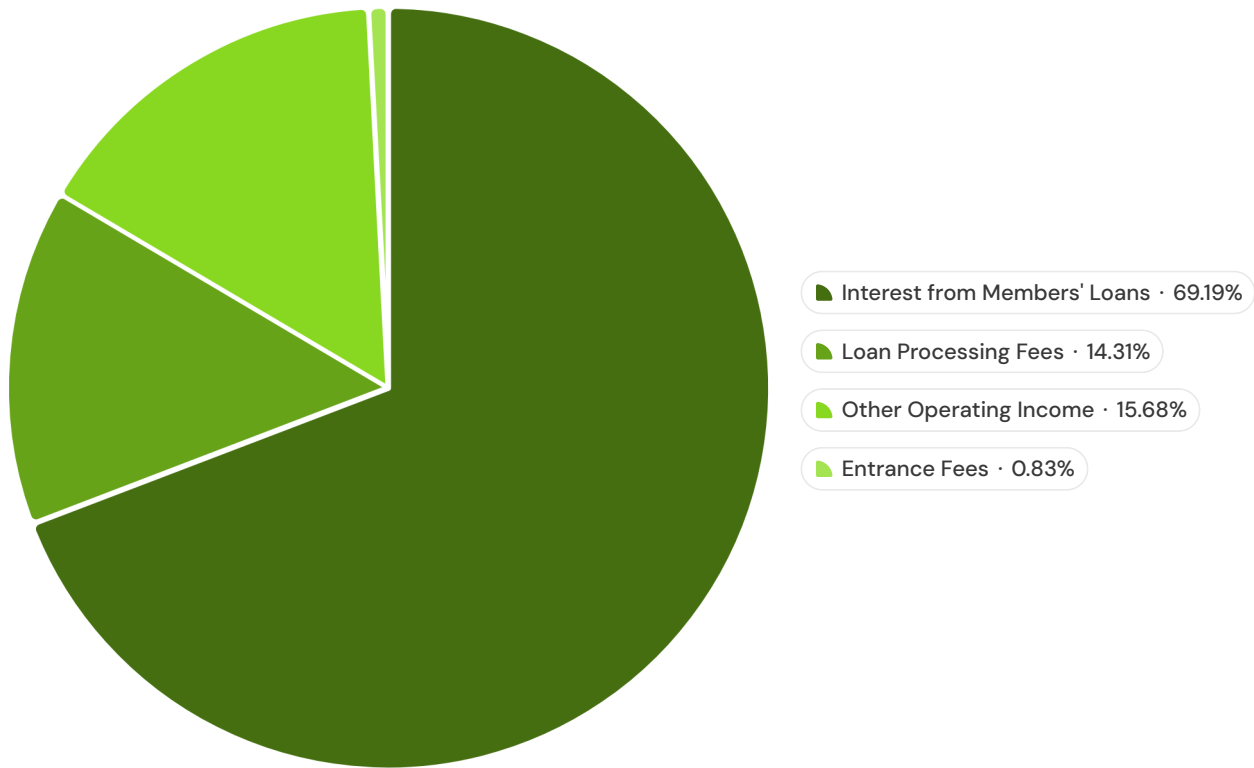


5-Year Revenue Growth Trajectory



Revenue Composition & Growth Trends

Understanding where our revenue comes from helps members appreciate the SACCO's diversified income strategy. The following charts illustrate revenue composition and multi-year growth.



Key Revenue Insights

- **Interest from members' loans** is the dominant revenue stream at 69%, reflecting the strength of our credit operations.
- **Loan processing fees** contributed KES 10.4M, driven by strong loan uptake with KES 358.6M disbursed during the year.
- **Other operating income** of KES 11.4M reflects diversified non-interest income streams.
- **Entrance fees** of KES 0.6M reflect continued membership growth, with 830 new members joining in 2025.

This year-on-year trajectory across our most critical financial metrics, confirm that KCS SACCO sustained double-digit growth in every major category.

CSR & Sustainability Report — Overview

KCS SACCO's 2024–2025 CSR report documents structured, results-based achievements across four key areas — aligned with UN SDGs, SASRA requirements, and GRI principles.

Our framework covers Environmental Performance, Social Responsibility, Corporate Citizenship, and Economic Impact.

The KCS Scholarship Program

The KCS Scholarship Program, officially launched at the 2025 Annual General Meeting, evolved from the informal Tumaini scholarship in 2024 into a structured initiative. It represents a landmark investment in education and a direct expression of the cooperative principle of concern for community.

1

Students Supported
(FY2024)

Informal support through Tumaini
Scholarship

7

Students Supported
(FY2025)

Under the newly structured
program

600%

Increase in Students
Supported

From FY2024 to FY2025

KES 41,170

Funds Disbursed (FY2024)

For education support

KES 240,232

Funds Disbursed (FY2025)

For comprehensive scholarship
provisions

484%

Increase in Funding

From FY2024 to FY2025

Now fully operational with structured selection criteria, the KCS Education Program, aligned with SDG 4 (Quality Education), provides tuition support, mentorship, and educational supplies to children of KCS SACCO members and selected community youth from underserved backgrounds. An independent Scholarship Committee, reporting to the Board, administers the program with full transparency. The SACCO has committed to increasing the scholarship fund by 30% annually for the next three years. Looking ahead, we plan for expansion to Grade 1–9 scholarships through member & partner sponsorship in 2026.

- 📌 **2026 Scholarship Commitment:** KCS SACCO has committed **KES 1.2 Million** to support **22 students** under the KCS Education Program in 2026 — representing a 400% increase in funding and a 214% increase in beneficiaries from 2025.

A Walk Toward Destiny

"As people strode into the eagerly awaited meeting, I stood at a distance, taking in the excitement this day always brought. I could bet a thousand times over that they would never see that day in KCS Sacco."

As members took their posts to register their presence, I continued ushering others in. Then, a sight caught my eye. A boy in a school uniform walked in. His uniform was worn beyond imagination—tattered, threadbare. His head was bent low, avoiding eye contact, but I could tell—he was handsome. Yet, his posture spoke volumes. Lack had stolen his confidence, forcing him into the shadows of shame for something beyond his control.

He walked in beside his mother, their presence quiet but heavy with meaning. As they approached, I smiled in reassurance, silently letting them know they were welcome here. When I led him to the front—where the students' reserved seats were—I felt a pang of sorrow. But deep inside, I knew—the same feet that carried him today would one day walk him through a path of honor. I saw beyond the moment. I saw a leader being molded in the anguish of poverty. A young man whose story was about to change.

Then, after the scholarship awards had been issued, a quiet but urgent signal called me to the front stage. A whisper reached my ear: "Please ensure that young man has everything he needs for his uniform." A blessed soul had lacked peace at the sight of the young man. A week later, we would be seen at the stores, happily fitting uniforms and shoes.

"God was making something beautiful. The introduction of the sponsorship program was already taking root. One child's life was changing today — but this was just the beginning."

[Read the full story](#) → Visit the website for full story

Member Care – Benevolence & Last Expense

KCS SACCO's Member Care program is the embodiment of cooperative solidarity, demonstrating our commitment to being a vital "Social Safety Net" for our members. Through the Benevolence Fund and Last Expense Scheme, we walk alongside our members during life's most challenging moments – ensuring no member faces hardship alone. This aligns with SDG 1 (No Poverty) and SDG 3 (Good Health and Well-being), and exceeds SASRA member protection standards.

Benevolence Fund

In FY 2024, KES 10,000 was disbursed. By FY 2025, disbursements dramatically increased to KES 339,000, reflecting a 3,290% year-on-year growth in support from FY 2024 to FY 2025.



YoY Increase

In benevolence disbursements

Last Expense Scheme

A major policy enhancement in 2025 saw the introduction and approval of Last Expense benefits, now included as part of our Credit Life Insurance Policy. This scheme offers immediate financial relief upon the death of a member or their registered dependant, with an average payout turnaround time of 2 days (48 hours), ensuring excellent and timely service during critical times.



Average Payout

Turnaround time

- 📌 The Board recommends increasing the benevolence fund allocation by 25% in the 2026 budget to meet growing demand and expand coverage to include mental health support.

Partnerships & Community Engagement

In 2025, KCS SACCO shifted from traditional sponsorships to broader community partnerships, achieving a 150% increase in community investment. This aligns with SDG 17 (Partnerships for the Goals) and SDG 11 (Sustainable Cities and Communities).

1

Evolving Investment

From KES 50,000 in golf sponsorships in **FY 2024**, our community investment grew to **KES 125,000 in FY 2025**. This 150% increase reflects a strategic shift towards broader community engagement.

2

Diverse Community Initiatives

We sponsored a **Church Concert** and supported the **Friends of Karura Forest**, connecting with diverse groups across environmental conservation and sports development.

3

Enhanced Brand Presence

Community partnerships boosted KCS SACCO's visibility, increasing media mentions and public awareness of our local well-being commitment.

4

Employer Partnerships

Two new check-off employers were onboarded in 2025, with the SACCO actively pursuing licensing to extend partnerships to civil servants — broadening our membership pipeline significantly.

Ethical Procurement Partnership — Tendersoko



KCS SACCO participated in the **Ethical Procurement & Business Partnerships Forum 2025** alongside Tendersoko, Kingdom Bank, and BDO, training entrepreneurs on ethical procurement practices.

This reflects our commitment to **ethical business conduct** and **sustainable procurement** (SDG 16 & 17), with policies being formalized to embed these standards institutionally.

Looking Ahead: KCS SACCO is formalizing an Ethical Procurement Policy to institutionalize these standards across all operations and supplier engagements.

Economic & Environmental Impact

KCS SACCO is committed to fostering both economic growth and environmental stewardship through key initiatives. Our efforts align with SDG 8 (Decent Work and Economic Growth), SDG 12 (Responsible Consumption and Production), and SDG 13 (Climate Action), demonstrating a holistic approach to sustainable development.

The Pig Project: Community Economic Empowerment

The KCS Pig Project continues to drive community economic empowerment, focusing on sustainable growth and quality support for beneficiary households rather than rapid expansion. This ensures lasting impact and skill development within each group.

FY 2024: Foundational Growth

We registered 4 new groups and supported 4 direct beneficiary households. Our focus was on establishing strong foundations and providing comprehensive training to ensure project viability and success.

1

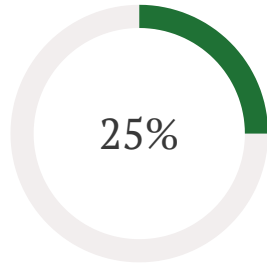
2

FY 2025: Consistent Support & Quality

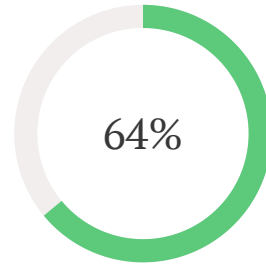
Maintaining a steady pace, another 4 new groups were registered, and 4 direct beneficiary households received support. This period emphasized consistent quality in mentorship and resources, ensuring robust development over swift scale.

Staff Diversity, Inclusion & Capacity Building

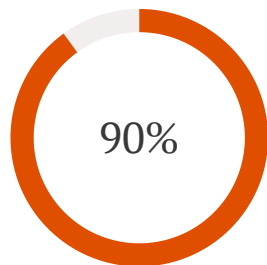
KCS SACCO fosters a diverse, inclusive workforce of 11 employees, with a focus on gender equality, youth empowerment, and continuous professional development. Beyond permanent staff, the SACCO actively supports youth through structured industrial attachments and internship programmes.



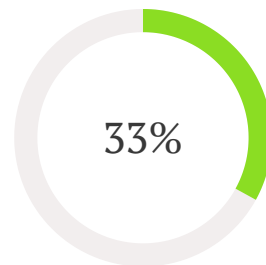
Staff Growth — 8 → 10 permanent staff (+ 1 additional)



Female Representation — 7 Female : 4 Male out of 11 staff



Youth Workforce — Under 35 years



Training Growth — 15 → 20 hours per staff

Youth Engagement & Capacity Development

Industrial Attachees

7 industrial attachees engaged during 2025, each on 3-month rotational placements — providing hands-on industry exposure and supporting SACCO operations.

Internship Programme

2 interns engaged during 2025 on 6–12 month placements, contributing to operational capacity while gaining professional development experience.

Aligning with Global & Regulatory Standards

- **SDG 5:** Gender Equality
- **SDG 8:** Decent Work and Economic Growth
- **SDG 10:** Reduced Inequalities

Our workforce practices align with SDG 5, 8 & 10, and support SASRA good governance standards..

Corporate Governance & Sustainability Reporting Excellence

Adherence to Best Practice Reporting Criteria

KES 624,400

Staff Training & Member Education

Invested in capacity building in partnership with ACCOCA (African Cooperative Alliance), covering staff development and member financial literacy.

KES 7.73M

Staff Wages

Supporting 10 permanent employees

This report demonstrates comprehensive adherence to corporate governance and sustainability reporting excellence through documented achievements grounded in real audited financial data.

Strategic Priorities for 2026:

Having met international sustainability reporting standards for 2024–2025 achievements documented in this report, KCS SACCO now sets ambitious targets for continued sustainability leadership in 2026.



Education Expansion

- 25+ students (from 7)
- Grade 1–9 program
- Partner sponsorship



Digital Sustainability

- 75% digital adoption
- Paperless operations
- Enhanced mobile services



Reporting Excellence

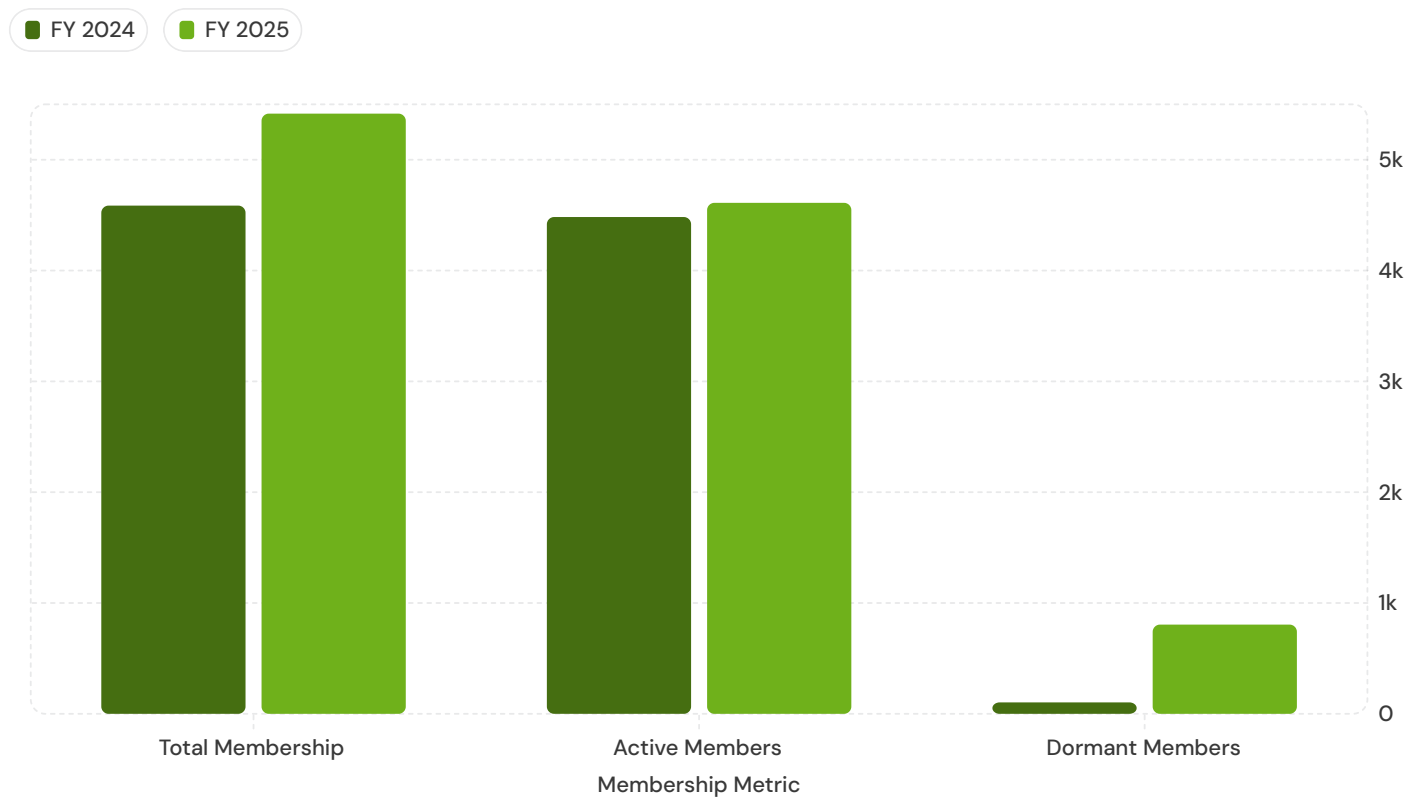
- Enhanced IFRS practices
- Comprehensive ESG reporting
- Third-party sustainability audit

Member Growth & Organizational Performance

This card presents key SASRA and SACCO sector KPIs, reflecting audited financial data:

Membership Overview (FY 2024 vs FY 2025)

- Total Membership: 4,586 (2024) → 5,416 (2025) (18% growth)
- Active Members: 4,483 (2024) → 4,611 (2025)
- Dormant Members: 103 (2024) → 805 (2025) (This increase needs attention)



Analysis:

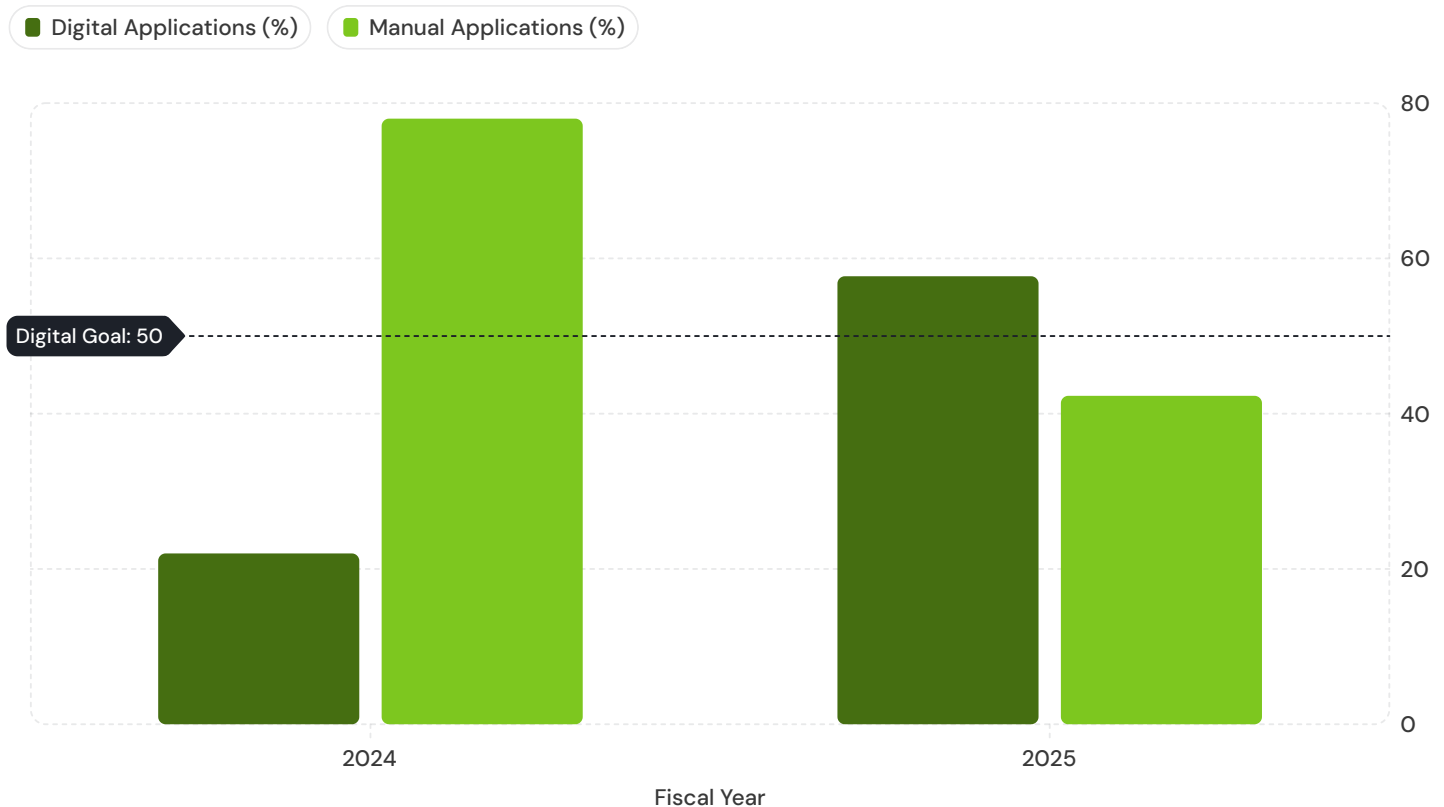
KCS SACCO achieved significant total membership growth, expanding by 18% in 2025. While active membership saw a modest increase, the notable rise in dormant members indicates an area requiring strategic intervention. This highlights the need to re-engage inactive members alongside continued efforts in retention and new member acquisition.

Digital Transformation & Environmental Sustainability

KCS SACCO is deeply committed to reducing its environmental footprint through strategic digitization, reflecting our dedication to a sustainable future and adherence to **SASRA digital transformation guidelines**.

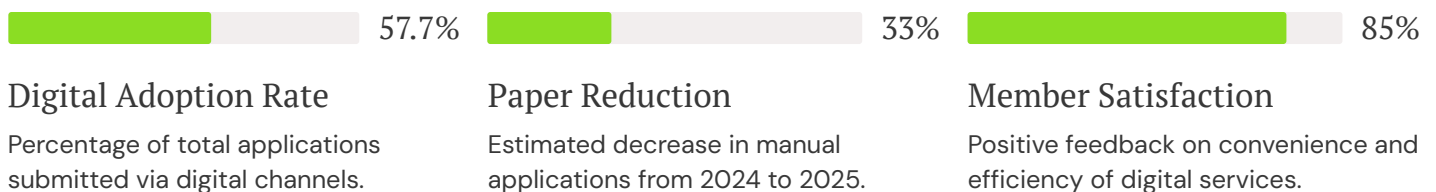
Our initiatives focus on leveraging technology to minimize paper consumption and reduce carbon emissions, driving both operational efficiency and ecological responsibility.

Digital vs. Manual Applications Overview



The shift towards digital applications has shown a remarkable **162% increase in digital adoption** from FY 2024 to FY 2025. This transition has led to an estimated **33% decrease in manual (paper) applications**, significantly reducing our carbon footprint and contributing to our environmental sustainability goals. Key drivers of this success include the launch of our **mobile app**, the efficient ***720# USSD service**, and the introduction of the **Member Portal** – providing members with 24/7 self-service access to their accounts online.

Sustainability Scorecard & Impact Metrics



Growth & Recognition – Key Achievements & Regulatory Standing

2025 was a breakthrough year for KCS SACCO's corporate reputation, marked by significant growth, innovation, and adherence to best practices. Our commitment to member value and robust governance has positioned us as a leader in the cooperative sector.



Awards & Recognition

KCS SACCO was proudly recognized at the 2025 Cooperative Alliance of Kenya (CAK) Awards, achieving **2nd place in Best in Member Management** and **3rd place in Most Improved SACCO**.



Membership & Global Reach

From **5 founding members**, KCS SACCO has rapidly grown to serve **over 5,000 members** across more than **10 countries**, reflecting our expansive community impact.



Regulatory Excellence

We achieved full compliance across all 14 SASRA prudential guidelines, with core capital and liquidity ratios exceeding regulatory minimums.

These achievements validate KCS SACCO's commitment to world-class governance, inspire confidence among members, regulators, and partners, and underscore our dedication to sustainable growth.

Additional Information & Innovations

Beyond the headline achievements, 2025 was rich with milestones that reflect the vibrancy and innovation within KCS SACCO. These stories deserve recognition as they represent the spirit of our cooperative community.



Diverse Product Portfolio

Expanded our offerings to cater to varied member needs, including **Mavuno Holiday Savings, Suluhisho Pap instant loan, School Fees Loan, Asset Financing, Junior Account, and Jiinue Mdogo Mdogo**.



Enhanced Reach & Engagement

Cultivated a strong online presence on **Facebook, LinkedIn, and Instagram**, fostering vibrant community interactions. Our physical presence extends through offices at **Ruaka Square** and **Rosslyn Riviera**, ensuring accessibility for all members.

Other Achievements & Year in Review

A visual summary of the unique milestones, awards, and moments that defined KCS SACCO in 2025 — from boardroom to community, from innovation to impact.



CAK Awards — 2nd Place

Best in Member Management — Cooperative Alliance of Kenya 2025



CAK Awards — 3rd Place

Most Improved SACCO — Cooperative Alliance of Kenya 2025



500+ Trees Planted

Staff-led environmental initiative across 4 counties



Zero Downtime

Core banking system achieved 99.97% uptime in 2025

Thank You — Together We Grow

"The strength of a cooperative lies not in its balance sheet alone, but in the trust, solidarity, and shared purpose of its members. Thank you for your unwavering commitment to KCS SACCO."

On behalf of the Board of Directors, management, and staff, we extend our deepest gratitude to every member, partner, and stakeholder who contributed to making 2025 a landmark year for KCS SACCO. Your continued engagement is vital as we look forward to even greater achievements.



Trust

Your confidence in our stewardship drives us to uphold the highest standards.



Growth

Every deposit, every loan, every product — built to grow your wealth.



Impact

From scholarships to sustainable farming — our impact reaches beyond finance.



Future

2026 and beyond — we are poised for even greater achievements together.

KCS SACCO Limited

Registered under the Co-operative Societies Act

Regulated by the SACCO Societies Regulatory Authority (SASRA)


Visit Us: Ruaka Square & Rosslyn Riviera

Call Us: [+254741888000](tel:+254741888000)

Email Us: info@karurasacco.or.ke

Stay Connected Digitally:

Download the KCS SACCO mobile app or dial *720# USSD service

 Member Portal (sign up / log in): members.karurasacco.or.ke

Visit our website: karurasacco.or.ke

Follow us on [Facebook](#), [LinkedIn](#) (@karurasacco), and [Instagram](#) (@kcs_sacco)

Annual Report 2025 — Presented at the Annual General Meeting

SUPERVISORY COMMITTEE REPORT

Dear Members,

On behalf of the Supervisory Committee of KCS Sacco, we are pleased to present our report for the financial year ended 31st December 2025. This report outlines our independent oversight activities and key findings, ensuring transparency and accountability to all members.

Mandate and Role

The Supervisory Committee derives its mandate from the Sacco Societies Act, the Sacco By-laws, and resolutions of the AGM. Our core responsibility is to independently oversee the operations of the Sacco and report to members on governance, internal controls, risk management, and overall compliance. We act as an independent internal audit function, safeguarding member interests.

Committee Composition

Chairperson

Leading the committee's strategic direction and oversight functions.

Secretary

Ensuring accurate record-keeping and communication of committee activities.

Member

Contributing expertise and insights to diverse oversight areas.

The Committee held regular meetings as required by the by-laws and conducted oversight activities independently of the Board and Management, ensuring an impartial review of the Sacco's operations.

Scope of Work and Activities Undertaken (FY 2025)

During the period under review, the Committee undertook a comprehensive range of activities to ensure robust governance and compliance:

- Examined quarterly internal audit reports and followed up on the implementation of audit recommendations.
- Reviewed financial statements prior to the external audit and verified selected member accounts and reconciliations.
- Assessed the performance of the loan portfolio, including provisioning levels, and monitored key prudential ratios (liquidity, capital adequacy).
- Confirmed compliance with the Sacco Societies Act, relevant Regulations, Society's By-laws, and other statutory obligations.
- Paid particular attention to key risk areas such as credit risk, operational risk, ICT systems, and fraud prevention mechanisms.

Key Observations for FY 2025

The Sacco recorded impressive growth and maintained a strong financial footing during the year:

5,416

Membership Growth

Up from 4,586 in 2024, reflecting sustained member confidence.

374.4M

Member Deposits (Ksh)

Significant growth from Ksh 274.1M in 2024, strengthening liquidity.

501.2M

Total Assets (Ksh)

Up from Ksh 351.9M in 2024, demonstrating substantial overall growth.

446.5M

Loan Portfolio (Ksh)

Up from Ksh 300.6M in 2024, underscoring commitment to accessible credit.

72.7M

Total Revenue (Ksh)

Up from Ksh 55.2M in 2024, indicating enhanced operational performance.

Internal control systems were found to be generally adequate, though continuous strengthening is needed, particularly in loan documentation and account reconciliations. Board resolutions were properly documented, and key policies, including the Board Ethics Policy and Credit Policy, were reviewed and updated.

Areas Requiring Improvement in 2026

To sustain growth and enhance resilience, the Supervisory Committee recommends the following key areas for improvement:

Credit Monitoring

Strengthen mechanisms to reduce Non-performing loans and safeguard loan portfolio quality.

Automation & Digitization

Enhance services to improve efficiency, accuracy, member experience, and reduce operational risks.

Member Education

Intensify financial literacy and responsible loan management to promote informed borrowing and timely repayments.

Disaster Recovery Planning

Improve planning to ensure resilience against unforeseen disruptions, learning from past experiences like KWARA.

Continuous Staff Training

Focus on regulatory compliance and customer service to enhance professionalism and service delivery.

Opinion of the Supervisory Committee

Based on our oversight activities, reviews, and reports received throughout the year, the Supervisory Committee is satisfied that the books of accounts present a true and fair view of the financial position of the Sacco as at 31st December 2025. The financial statements were prepared in accordance with applicable standards and supported by appropriate records. We are further satisfied that the internal control systems in place are reasonably effective and continue to support prudent financial management. Overall, the Sacco remains financially stable, well-governed, and operationally sound, with adequate structures to sustain its continued growth and performance.

Conclusion and Appreciation

We sincerely thank our members for their continued trust and loyalty, the Board of Directors for cooperation, Management and staff for their professionalism, and regulators and partners for their guidance and support.

As we move into 2026, the Supervisory Committee remains fully committed to strengthening governance structures, enhancing transparency, and safeguarding the interests of all members. We encourage members to increase their share capital and deposits, borrow responsibly, honor their repayment obligations, and actively participate in Sacco affairs to promote collective ownership, sustainability, and long-term prosperity.

Signed on behalf of the Supervisory Committee:



Chairperson



Secretary

Date: 28th February 2026

Audited
Financial
Statements:
For the Year Ended
31 December 2025

CS NO/11396

KARURA COMMUNITY SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST DECEMBER, 2025**

**Maina Francis Kamau & Company
Certified Public Accountants
P.O. Box 13965, 00400
NAIROBI**

CS NO/11396

KARURA COMMUNITY SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

REPORTS AND ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2025

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Statement of Financial Position	6
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KARURA COMMUNITY SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2025

STATISTICAL INFORMATION

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Membership	5,416	4,586	3,654	2,551	1,209
Active	4,611	4,483	3,349	2,249	1,065
Dormant	805	103	302	302	143

<u>FINANCIAL</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>
Total assets	501,166,760	351,939,443	252,582,664	167,100,363	91,624,470
Core capital	68,526,164	42,441,762	27,359,472	16,250,352	7,285,670
Share capital	37,465,973	26,080,999	16,440,525	9,767,920	4,559,443
Institutional capital	31,060,191	16,360,763	10,918,948	6,482,432	2,726,227
Members deposit	374,419,433	274,069,102	204,000,635	132,757,287	73,891,595
External borrowing	-	-	4,666,667	6,266,667	4,374,999
Investments	1,764,102	6,788,716	4,572,358	2,607,039	1,412,198
Total Revenue	72,673,154	55,228,734	38,738,818	24,173,132	11,710,893
Growth rate (YoY)	32%	43%	60%	106%	83%
Total interest income	50,287,541	38,216,486	26,093,676	16,252,520	9,097,650
Total expenses	22,772,466	19,893,510	14,994,985	9,467,124	4,141,767
Statutory reserve fund	7,353,877	4,544,720	2,645,211	1,587,908	686,667
Retained Surplus	23,706,315	11,816,043	8,273,737	4,894,524	2,039,560
Non current assets	4,954,383	4,243,264	2,591,508	3,471,870	1,420,472
Current assets	496,212,377	347,696,178	249,991,156	163,628,493	90,203,998
Loan and advances to members	446,536,779	300,573,065	227,283,058	153,503,889	84,224,454

Key ratios:

Capital Adequacy Ratio

Core capital/Total assets	13.67%	12.06%	10.83%	9.72%	7.95%
Core capital/Total Deposits	18.30%	15.49%	13.41%	12.33%	9.86%
Institutional capital/Total assets	6.20%	4.65%	4.32%	3.88%	2.98%
Liquidity ratio					
Liquid assets/Total deposits& shortterm lia	13.27%	17.19%	10.88%	7.28%	7.64%
Operating Efficiency/Loan quality ratios					
Total expenses/Total revenue	31.34%	36.02%	38.71%	39.16%	35.37%
Interest on members deposits/Total revenue	42%	40%	43%	67.29%	77.69%
Interest rate on members deposits	8%	8%	8%	7%	7%
Dividend rate on members sharecapital	15%	15%	13%	10%	10%

CS/NO 11396

KARURA COMMUNITY SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2025

SACCO INFORMATION

EXECUTIVE COMMITTEE

Epainito Chahale Kerosio : Chairman
Reuben Kimani : Vice chairman
Julius Mugo : Treasurer
Esther Kalunde : Secretary
Esther Oloo : Member
Jeniffer Mwangangi : Member
Kennedy Odhiambo : Member

SUPERVISORY COMMITTEE

Queenveil Mabonga : Chairperson
Evans Ngechu : Member

Auditors : Maina Francis Kamau & Company
: Certified Public Accountants
: P.O. Box 13965, 00400
: Nairobi

Principal Bankers : Co-operative Bank of kenya-Gigiri Branch
: SBM Bank -Village Market Branch
: Equity Bank of kenya-Ruaka Branch

Registered Office : Karura Community Chapel
: P.O BOX 663-00621
: Village Market

STATEMENT OF THE MANAGEMENT COMMITTEE RESPONSIBILITIES;

The management committee is responsible for the preparation of the financial statements which give a true and fair view of the state of the Society as at the end of the financial year and of its surplus or deficit for the period. The management committee is responsible for ;

1. The maintenance of accounting records which can be relied upon in preparation of annual financial statements which comply with applicable accounting standards.
2. Selecting suitable accounting policies and applying them consistently.
3. Maintaining adequate systems of internal control for the prevention and detection of fraud, material errors and other irregularities and safeguarding the assets of the society, and;
4. Making estimates that are reasonable and prudent.

The management committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the society and to ensure that the accounts comply with Co-operative Societies Act and Society's by-laws.

Nothing has come to the attention of the management committee to indicate the society will not remain a going concern for at least twelve months from the date of this statement.

SIGNED BY: CHAIRMAN..........DATE 5/2/2026

TREASURER..........DATE 5/2/2026

SECRETARY..........DATE 5/2/2026

CS/NO 11396

**KARURA COMMUNITY SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2025
REPORT OF THE INDEPENDENT AUDITOR**

SCOPE

We have audited the attached financial statements which have been prepared on the basis of the accounting policies set out in Note 1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and to provide a reasonable basis for our opinion. The financial statements are in agreement with the books of accounts.

RESPECTIVE RESPONSIBILITIES OF THE COMMITTEE AND AUDITORS

Under the provision of the Act, the co-operative societies management committee are responsible for the preparation of financial statements which give a true and fair view of the society's state of affairs and its operating results. Our responsibility is to express an independent opinion on the financial statements based on our audit and report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on auditing. These standards require that we plan and perform our audit to obtain reasonable assurance that the accounts are free from material misstatement. An audit includes an examination, on a test basis of evidence relevant to the amounts and disclosure in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the management committee as well as evaluation of the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion, subject to our observations, the financial statements give a true and fair view of the state of the affairs of the society as at 31st December, 2025, and of the result of its operations and its cash flow for the year then ended in accordance with International Financial Reporting Standards and comply with the Co-operative Societies Act No. 12 of 1997 as amended in 24.

Report on other legal requirements

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

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) in our opinion proper books of account have been kept by the society, so far as appears from our examination of those books; and
- (iii) The society's business was conducted in accordance with the provisions of the Co-operative Societies Act Cap 490, the Sacco Societies Act No. 14 of 2008 and in accordance with sacco's By-Laws and and any other resolutions made by the society at General/ Annual Delegates Meeting.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Maina Francis Kamau P/773.

MAINA FRANCIS KAMAU & COMPANY

Maina Francis Kamau & Company
Certified Public Accountants
P.O. Box 13965, 00400
NAIROBI

..... 06th February 2026



CS/NO 11396

KARURA COMMUNITY SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2025

STATEMENT OF COMPREHENSIVE INCOME

	<u>Notes</u>	<u>2025</u> <u>Kshs</u>	<u>2024</u> <u>Kshs</u>
Revenue			
Interest from Members loans	2	50,287,541	38,216,486
Interest expense	3	(35,854,906)	(25,837,678)
Net interest income		14,432,635	12,378,807
Other operating Income	4	22,385,613	17,012,248
Net revenue		36,818,248	29,391,056
Expenditure			
Administration expenses	5	(22,386,931)	(18,855,081)
Other operating expenses	6	(385,535)	(1,038,429)
		(22,772,466)	(19,893,510)
Profit before tax		14,045,782	9,497,546
Statutory Reserve		2,809,156	1,899,509
Retained earnings		11,236,626	7,598,037
Provision for doubt debts(1%)		(4,465,368)	(3,005,731)
Provision for Honoraria		(1,000,000)	(500,000)
Provision for Staff bonuses		(650,000)	(550,000)
Profit to Retained earnings		5,121,258	3,542,306

CS/NO 11396

KARURA COMMUNITY SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2025

STATEMENT OF FINANCIAL POSITION

	<u>Notes</u>	2025 Kshs	2024 Kshs
ASSETS			
Current Assets			
Cash and cash equivalent	7	31,319,090 ✓	27,938,749 ✓
Trade and other Receivables	8	15,894,213 ✓	11,871,134 ✓
Loans to members	9	446,536,779 ✓	300,573,065 ✓
Other financial assets	10	1,764,102 ✓	6,788,716 ✓
Inventory		698,192 ✓	524,514 ✓
		<u>496,212,377 ✓</u>	<u>347,696,178 ✓</u>
Property and equipment	11	4,954,383 ✓	4,243,264 ✓
TOTAL ASSETS		<u><u>501,166,760 ✓</u></u>	<u><u>351,939,443 ✓</u></u>
LIABILITIES			
Member Deposits	12	374,419,433 ✓	274,069,102 ✓
Interest On Deposits	13	37,074,598 ✓	26,827,186 ✓
Trade and other payables	14	21,146,565 ✓	8,601,394 ✓
TOTAL LIABILITIES		<u>432,640,596 ✓</u>	<u>309,497,682 ✓</u>
SHAREHOLDERS' FUND			
Share Capital	16	37,465,973 ✓	26,080,999 ✓
Reserves	17	31,060,191 ✓	16,360,763 ✓
TOTAL SHAREHOLDERS' FUND		<u>68,526,164 ✓</u>	<u>42,441,762 ✓</u>
TOTAL LIABILITIES AND SHAREHOLDERS' FUND		<u><u>501,166,760 ✓</u></u>	<u><u>351,939,443 ✓</u></u>

REGISTERED
 SEC. 25(7) Co-operative Societies
 ACT CAP 490 (Amended 2004)
20 FEB 2026
 Sign.....
JAVEL M. MURIRA
 FOR: COMMISSIONER OF CO-OPERATIVES

The financial statements on pages 7 to 15 were authorized for issue by the Management Committee on.....day of..... 2026 and signed on its behalf by:-

CHAIRMAN.....
 HON. SECRETARY.....
 TREASURER.....



CS/NO 11396

KARURA COMMUNITY SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2025

STATEMENT OF CHANGES IN EQUITY

	Share Capital <u>Kshs</u>	Statutory Reserve <u>Kshs</u>	Retained Earnings <u>Kshs</u>	Total <u>Kshs</u>
As at 1st January, 2024	16,440,525	2,645,211	8,273,737	27,359,473
Changes in the year				
Contributions for the year	9,640,474	1,899,509	6,491,815	18,031,798
Transfer to statutory reserve	-	-	(1,899,509)	(1,899,509)
Proposed honoraria	-	-	(500,000)	(500,000)
Staff bonus	-	-	(550,000)	(550,000)
As at 31st December, 2024	26,080,999	4,544,720	11,816,043	42,441,762
As at 1st January, 2025	26,080,999	4,544,720	11,816,043	42,441,762
Changes in the year				
Prior year adjustment	-	-	6,769,014	6,769,014
Contributions for the year	11,384,974	-	9,580,414	20,965,388
Transfer to statutory reserve	-	2,809,156	(2,809,156)	-
Proposed honoraria	-	-	(1,000,000)	(1,000,000)
Staff bonus	-	-	(650,000)	(650,000)
As at 31st December, 2025	37,465,973	7,353,877	23,706,315	68,526,164

CASHFLOW STATEMENT

	2025	2024
	<u>Kshs</u>	<u>Kshs</u>
Cashflow from Operating activities		
Interest receipts	50,287,541	38,216,486
Other operating income	22,385,613	17,012,248
Interest expense	(25,607,494)	(17,467,810)
Payments to employees and suppliers	(31,408,919)	(19,809,198)
	<u>15,656,741</u>	<u>17,951,726</u>
Increase/Decrease in operating assets		
Loans to members	(145,963,714)	(73,290,007)
Trade and other Receivables	(4,023,079)	(8,530,565)
Inventory	(173,678)	(196,060)
	<u>(150,160,471)</u>	<u>(82,016,632)</u>
Increase/ decrease in operating liabilities		
Member deposits	100,350,331	70,068,467
Trade payables and accrued expenses	22,792,583	5,719,996
	<u>123,142,914</u>	<u>75,788,463</u>
Net Cash from operating activities before taxes	<u>(11,360,817)</u>	<u>11,723,556</u>
Net cashflow from operating activities	<u>(11,360,817)</u>	<u>11,723,556</u>
Cashflow from Investing activities		
Increase in investments & deposits	5,024,614	(2,216,358)
Purchase of fixed assets	(1,668,430)	(1,008,974)
Net cashflow from Investing activities	<u>3,356,184</u>	<u>(3,225,332)</u>
Net cashflow from Financing activities		
Increase/Decrease in Share Capital	11,384,974	9,640,474
Interest bearing liabilities	-	(4,666,667)
	<u>11,384,974</u>	<u>4,973,807</u>
Net increase/Decrease in cash and cash equivalent	<u>3,380,341</u>	<u>13,472,032</u>
Cash and cash equivalent at the beginning of the year	<u>27,938,749</u>	<u>14,466,717</u>
Cash and cash equivalent at the end of the year	<u><u>31,319,090</u></u>	<u><u>27,938,749</u></u>

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting Policies****a) Basis of accounting**

The accounts have been prepared under historical cost convention.

b) Depreciation

Fixed assets are depreciated on the reducing balance method at rates estimated to write off the value of each individual asset over its estimated useful life.

The rates so used are:-

Motor vehicle	25.00%
Computers	25.00%
Equipment	10.00%
Software	20.00%

b) Comparatives

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

	2025	2024
	<u>Kshs</u>	<u>Kshs</u>
2. Revenue		
Interest		
Interest from members' loans	<u>50,287,541</u>	<u>38,216,486</u>
	<u>50,287,541</u>	<u>38,216,486</u>
3) Interest expenses		
Provision for interest on members' savings 8%	30,235,010	21,925,528
Provision for Dividend 15%	<u>5,619,896</u>	<u>3,912,150</u>
	<u>35,854,906</u>	<u>25,837,678</u>
4) Other Operating income		
Entrance Fee	579,990	1,110,527
Other operating income	11,360,248	4,931,680
Loan Processing fee	10,445,375	8,239,800
Annual Loan maintenance fee	-	<u>2,730,242</u>
Total	<u>22,385,613</u>	<u>17,012,248</u>

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NOTES TO THE FINANCIAL STATEMENTS (Cont...)

	2025	2024
	<u>Kshs</u>	<u>Kshs</u>
5. Administration Expenses		
a) Staff Expenses		
Salaries and wages	7,730,004	6,443,953
Other staff expense	658,280	260,508
	<u>8,388,284</u>	<u>6,704,461</u>
b) Governance Expenses		
Committee sitting allowance	469,000	422,000
AGM expenses	1,425,860	1,102,840
	<u>1,894,860</u>	<u>1,524,840</u>
c) Operating Expenses		
Audit fees	150,000	100,000
Supervision fee	15,200	10,200
Marketing and Communication	1,994,793	1,704,317
Printing and stationery	191,694	175,384
Transport & communication	1,455,977	1,349,682
Rent expenses	574,297	636,357
Repairs & maintenance	347,886	190,640
Provision for bad debts	195,838	99,249
Insurance	2,228,673	1,156,068
Depreciation	957,312	957,090
CSR expenses	406,232	101,170
Hospitality/Meeting Expenses	1,039,399	734,491
Legal and Other Subscription fees	1,590,249	2,261,037
New Member Referral Fees	221,400	262,700
Training and Education	124,400	528,390
Utility bills	418,935	359,005
Tracking fees	191,501	-
	<u>12,103,787</u>	<u>10,625,780</u>
Total	<u>22,386,931</u>	<u>18,855,081</u>
6. Other Operating Expenses		
Bank charges	313,906	329,591
Interest on bank loan	-	640,448
Interest on savings account	71,629	68,390
Total	<u>385,535</u>	<u>1,038,429</u>

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NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2025	2024
	<u>Kshs</u>	<u>Kshs</u>
7. Cash and Cash Equivalent		
M-Pesa Paybill	2,415,871	2,540,427
M-Pesa 0741888000	89,110	65,815
M-Pesa B2C	1,091,768	728,178
SBM Bank	956,843	391,643
Co-operative-current Account	1,873,665	5,788,882
Petty cash &teller	30,000	18,656
Equity(KES)	1,094,595	18,209,371
Equity bank USD	1,670,488	195,777
Nabo Capital MMF account	21,122,843	
Cooperative bank USD	973,907	-
Total	<u>31,319,090</u>	<u>27,938,749</u>
8. Trade and other Receivables		
Interest receivable	7,047,384	6,600,043
Fees receivables	-	4,188,647
Prepayments	647,163	847,922
Late payment fees	-	183,258
Check-off receivable	3,236,013	-
Penalties receivable	4,963,653	51,265
Total	<u>15,894,213</u>	<u>11,871,134</u>
9. Loans to Members		
Balance brought forward	300,573,065	227,283,058
Loan issued during the year	358,602,513	330,472,151
Repayments for the year	<u>(212,638,799)</u>	<u>(257,182,144)</u>
Total debts	<u>446,536,779</u>	<u>300,573,065</u>
Provision for doubtful debts	-	-
Bal c/f	<u>446,536,779</u>	<u>300,573,065</u>
10. Other financial assets		
Investment Shares		
Bal B/F(Nabo Capital & KUSSCO)	6,788,716	4,572,358
Nabo Money Market Fund	-	5,019,551
Injections	-	829,178
Withdrawal(Nabo Capital)	<u>(5,024,614)</u>	<u>(3,632,371)</u>
	<u>1,764,102</u>	<u>6,788,716</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

11. Property, Plant and Equipment

	Motor Vehicle	Software System	Computer & Accessories	Office Equipments	Furniture & Fittings	Totals
Rate	25%	20%	25%	10%	10%	
	<u>Kshs.</u>	<u>Kshs.</u>	<u>Kshs.</u>	<u>Kshs.</u>	<u>Kshs.</u>	<u>Kshs.</u>
Cost						
As at 1st January, 2024	1,415,624	208,219	341,997	-	821,493	2,591,508
Additions	1,189,294	29,672	461,100	906,954	1,241,625	3,828,645
Disposal	(1,415,624)	-	-	-	-	(1,415,624)
As at 31st December, 2024	1,189,294	237,891	803,097	906,954	2,063,118	5,200,354
Depreciation						
As at 1st January, 2024	-	-	-	-	-	-
Charge for the year	297,324	47,578	240,929	113,369	257,890	957,090
As at 31st December, 2024	297,324	47,578	240,929	113,369	257,890	957,090
Net Book Value						
As at 31st December, 2024	891,971	190,313	562,168	793,585	1,805,228	4,243,264
Cost						
As at 1st January, 2025	1,189,294	237,891	803,097	906,954	2,063,118	5,200,354
Additions	-	1,106,000	122,600	366,130	73,700	1,668,430
Disposal	-	-	-	-	-	-
As at 31st December, 2025	1,189,294	1,343,891	925,697	1,273,084	2,136,818	6,868,784
Depreciation						
As at 1st January, 2025	297,324	47,578	240,929	113,369	257,890	957,090
Charge for the year	222,993	259,263	171,192	115,971	187,893	957,312
As at 31st December, 2025	520,316	306,841	412,121	229,341	445,783	1,914,401
Net Book Value						
As at 31st December, 2025	668,978	1,037,050	513,576	1,043,743	1,691,035	4,954,383

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NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2025	2024
	<u>Kshs</u>	<u>Kshs</u>
12. Member Deposits		
Balance brought forward	274,069,102	204,000,635
Net Contributions during the year	108,890,881	80,274,315
Refunds during the year	(8,540,550)	(10,205,847)
	<u>374,419,433</u>	<u>274,069,102</u>
13. Interest on Member Deposits		
Bal B/F	26,827,186	18,457,318
Payments during the year	(25,607,494)	(17,467,810)
Provision for the year	35,854,906	25,837,678
	<u>37,074,598</u>	<u>26,827,186</u>
14. Trade and other Payables		
Audit fee	150,000	100,000
Supervision fee	15,200	10,200
Payrol liabilities	233,895	174,006
KCS Wallet	5,035,076	-
Other payable	207,207	-
Accumulated provision for Bad debts(note 15)	10,219,142	5,753,775
Pending disbursement	3,636,045	1,513,413
Honoraria payable	1,000,000	500,000
Staff bonus payable	650,000	550,000
Total	<u>21,146,565</u>	<u>8,601,394</u>

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NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2025	2024
	<u>Kshs</u>	<u>Kshs</u>
<u>15. Provision for bad debts</u>		
Balance brought forward	5,753,775	2,748,044
Provision during the year	4,465,368	3,005,731
Balance carried forward	<u>10,219,142</u>	<u>5,753,775</u>
16. Share Capital		
Balance brought forward	26,080,999	16,440,525
Net contributions in the year	11,384,974	9,640,474
Balance Carried forward	<u>37,465,973</u>	<u>26,080,999</u>
17. Reserves		
Statutory reserve	7,353,877	4,544,720
Retained earnings	23,706,315	11,816,043
Total	<u>31,060,191</u>	<u>16,360,763</u>