MHASIBU
DT SACCO SOCIETY LTD
Your Trusted Partner Since 1986

Mhasibu DT Sacco Society Limited
Regulated by SASRA

ANNUAL REPORT

& FINANCIAL STATEMENTS

20
25

MHASIBU
DT SACCO SOCIETY LTD
Your Trusted Partner Since 1986

“Your Trusted Partner Since 1986!

OUR VISION

The Trusted Financial Partner, Powering Members’ Dreams.

MISSION

Transforming members’ lives through innovative financial solutions and impacting communities for life

CORE VALUES

• Dependability • Responsiveness • Excellence • Accountability • Member-Focus • Sustainability

“Together we make the difference”

MHASIBU DT SACCO SOCIETY LTD

Your Trusted Partner Since 1986

ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2025

MHASIBU DT SACCO SOCIETY LTD

Your Trusted Partner Since 1986

AT 40 years

1986–1991

Foundation & Vision

01

- Official registration on 16 April 1986
- Founded through the vision of the Institute of Certified Public Accountants of K enya (ICPAK)
- ICPAK provided bookkeeping, membership records & office space at Red Cross offices, Parliament Road
- Early membership mobilized from the accounting profession

1992–2003

Institutional Stability

02

- Offices: Westlands Road, Fig Tree Hotel (Ngara), Kensia House (Murang'a Road)
- Introduced loan insurance risk management product
- Strengthened governance systems and operational structures

2004–2009

Expansion & Strategic Growth

03

- Relocated to View Park Towers (6th Floor)
- Opened representative offices in Mombasa, Kisumu & Nyeri
- Increased maximum loan from KES 5M to KES 8M
- Registered Mhasibu Housing Company Limited (MHCL)

2010–2015

Governance & Member Protection

04

- By-laws aligned with Co-operative Societies Act & Regulations
- Increased maximum loan to KES 30M
- Introduced deposit insurance (beneficiaries receive twice member deposits upon demise)

2016–2021

Regulation & Transformation

05

- Regulated by Sacco Societies Regulatory Authority (SASRA) and attained Non-Withdrawable Deposit-Taking (NWDT) status
- Rolled out Strategic Plan
- Introduced alternative collateral (titles, logbooks, shares, insurance policies)
- Launched Mobi Loan
- Relocated to Barclays Plaza, 8th Floor (Head Office)
- Increased maximum loan to KES 50M
- Hosted first Members' Exhibition

2022–2026

Digital Acceleration & Financial Milestones

06

- Strengthened regulation under SASRA as a fully regulated Deposit-Taking (DT) Sacco
- Surpassed KES 1.4 Billion Annual Revenue
- Exceeded KES 12 Billion in Total Assets
- Expanded membership nationally and globally
- Introduced online membership & loan application modules
- Launched Alternative Banking Channels (App, USSD, Portal, Paybill, PesaLink, Pay to FOSA, SaccoLink ATM, B2B/B2C/C2B)
- Implemented automation: EDMS, Microsoft Dynamics 365 upgrade, CRM, 3CX Call Management
- Strengthened Business Continuity, SIEM cybersecurity tools & IPRS integration

40 Years of Progress

From a professional-based Sacco in 1986 to a regulated, digitally enabled institution surpassing KES 12 Billion in Assets and KES 1.4 Billion in Revenue, Mhasibu DT SACCO continues to power members' dreams through resilience, innovation, and member-centered excellence.

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CHAIRMAN'S REPORT, 37TH ANNUAL GENERAL MEETING

It is with great pride that I welcome you to our 37th Annual General Meeting of Mhasibu DT SACCO and present the financial statements and annual reports for the year ended 31st December 2025. Building on the momentum of 2024, the year under review focused on consolidating growth, strengthening governance, deepening digital and FOSA adoption, and enhancing member value. The SACCO continued to advance innovation, regulatory compliance, and prudent risk management, positioning Mhasibu DT SACCO for sustainable growth and long-term stability.

1. MACRO ECONOMIC ENVIRONMENT

The year 2025 was marked by improving macroeconomic stability and steady economic recovery in Kenya, despite ongoing global and domestic pressures. According to KNBS and the Central Bank of Kenya (CBK), real GDP growth averaged about 5%, supported by improved performance in agriculture, services, and industrial activity. This represented a modest recovery from 2024 and reflected stronger private sector participation.

Inflation remained within the CBK target range, averaging approximately 4%, easing pressure on household incomes and business operations. In response, the CBK maintained an accommodative monetary policy stance, gradually easing interest rates to stimulate credit growth, investment, and economic activity, while safeguarding price and exchange rate stability.

These conditions provided a more supportive operating environment for financial institutions. Against this backdrop, Mhasibu DT SACCO focused on consolidation and disciplined growth, strengthening governance, enhancing digital and FOSA utilization, and deepening member access to affordable credit. This strategic focus enabled the SACCO to support members effectively while reinforcing financial resilience and long-term sustainability.

2. THE SACCO SECTOR PERFORMANCE

The SACCO sector in Kenya continued to play a vital role in financial inclusion, savings mobilization, and member-based lending, reinforcing its position within the national financial system. According to the SASRA Annual Supervision Report 2024, which presents the sector's performance for the year ended 31 December 2023, the deposit-taking SACCO subsector recorded steady growth across key indicators, demonstrating resilience despite a challenging operating environment.

In 2024, the deposit-taking SACCO sector recorded stronger growth compared to 2023, according to the SASRA Annual Report 2024. Total sector assets rose to Kshs 1.07 trillion in 2024, up from Kshs 971.96 billion in 2023, representing growth of 10.7%. Membership increased to 7.39 million members from 6.84 million in 2023, reflecting an 8.0% expansion and sustained public confidence in SACCOs. Member deposits grew to Kshs 749 billion, compared to Kshs 682.19 billion in 2023, marking a 9.8% increase and demonstrating continued strength in domestic savings mobilization. In addition, the gross loan portfolio expanded to Kshs 845 billion in 2024 from Kshs 758.57 billion in 2023, reflecting growth of 11.4% and underscoring continued demand for credit to support members' economic activities.

Overall, the SASRA Annual Supervision Report 2024 underscores the sector's resilience and systemic importance, while placing emphasis on governance effectiveness, capital and liquidity adequacy, IFRS 9 compliance, digital lending controls, and the sustainability of FOSA operations as key supervisory priorities.

Within this sector context, Mhasibu DT SACCO continued to demonstrate strong relative performance, supported by prudent lending practices, disciplined financial management, and strategic investments. The SACCO also strengthened collaboration within the cooperative movement to share best practices and enhance service delivery, in line with cooperative principles and regulatory expectations.

3. 2025 SACCO FINANCIAL HIGHLIGHTS

The year 2025 reflected continued growth and consolidation for Mhasibu DT SACCO, underpinned by strong member confidence and prudent financial management. Despite a challenging operating environment, the SACCO delivered solid performance across key indicators, supported by disciplined lending, steady deposit mobilization, and improved contribution from FOSA and digital channels.

During the year, the SACCO's asset base surpassed the KES 12 billion mark, in line with strategic plan projections. Income growth and cost management initiatives strengthened financial sustainability, while continued investment in digital platforms and service delivery enhanced member access and convenience.

Overall, the 2025 performance demonstrates the SACCO's focus on optimizing performance, strengthening governance, and deepening member value, positioning Mhasibu DT SACCO for sustainable growth.

Below is a summary of the SACCO's financial performance for the period 2021–2025.

FINANCIAL STATISTICS						
Parameter/Year	**2021**	**2022**	**2023**	**2024**	**2025**	**5 Year Growth**
Membership	21,707	22,983	25,428	28,196	29,209	35%
Total Assets	7,492,917,343	8,607,605,292	9,779,733,243	11,217,708,771	12,671,733,671	69%
Total Deposits (KES)	5,891,462,630	6,760,220,869	7,622,978,716	8,674,568,131	9,665,870,101	64%
Loans to members	5,365,314,732	6,257,329,701	7,560,941,526	9,180,390,139	10,037,265,978	87%
Total Revenue	774,645,940	889,963,348	1,065,616,588	1,281,036,428	1,432,885,040	85%
Net Surplus	99,623,457	137,013,256	180,301,894	299,430,535	364,635,280	266%
Investments	331,705,922	330,180,422	326,256,138	342,371,484	393,460,179	19%
Total Payout (Interest and Dividends)	549,404,007	619,579,064	740,907,590	782,705,866	872,610,757	59%
Core Capital	541,568,187	719,286,464	848,020,869	1,123,712,003	1,403,207,532	159%
Revenue Reserves	302,656,817	346,204,906	394,849,534	541,036,755	742,841,373	145%

i. TOTAL ASSETS

Mhasibu Sacco's total assets grew by **13%** in 2025, reaching **KES 12.6 billion** compared to **KES 11.2 billion** in 2024. This growth was driven by increased member deposits, loan portfolio expansion, and prudent investment strategies.

ii. MEMBER DEPOSITS

Member deposits increased by **11%**, totaling **KES 9.6 billion** in 2025, up from **KES 8.6 billion** in 2024. This growth reflects the confidence members have in the SACCO as a safe and reliable savings institution.

We encourage members to save more consistently with the SACCO, as savings remain the foundation of both personal financial security and collective strength. By increasing your deposits, you grow your wealth steadily, strengthen your borrowing capacity, and gain access to more affordable and flexible credit options when opportunities or needs arise. Active and committed membership ensures that you continue to enjoy the full benefits of Mhasibu DT SACCO while securing your financial future and that of your family.

During the period under review, Holiday Savings grew by KES 1.48 million (58%), while the Children's Savings Scheme increased by KES 19.07 million (15%). Member Fixed Deposits recorded strong growth of KES 99.49 million (146%), supported by the review of interest rates up to 11%. FOSA Current Accounts expanded by KES 85.35 million (118%), reflecting increased transactional use, while the Member Call

Account grew by KES 2.81 million (100%), indicating rising demand for flexible savings. This strong uptake underscores members' confidence in convenient, accessible, and goal-oriented saving options, while supporting the SACCO's broader strategy of financial diversification and sustainable growth.

iii. MEMBERSHIP

Membership registered steady, albeit moderate, growth during the year under review, with total membership increasing to 29,209 in 2025, up from 28,196 in 2024, reflecting sustained confidence in the SACCO's long-term value proposition. Active membership improved to 24,400 members, compared to 24,036 in the previous year, while new member deposits amounted to Ksh. 108 million, reinforcing the strength of our savings mobilization efforts.

The year was, however, characterized by elevated member exits, with 566 members withdrawing, compared to 395 in 2024, largely due to heightened negative publicity that temporarily affected member confidence. Total refunds paid rose to Ksh. 299 million (2024: Ksh. 188 million). Encouragingly, 100 members rejoined during the year, demonstrating renewed trust in the SACCO.

Dormant membership increased to 4,809 members, up from 4,160, underscoring the need for targeted re-activation initiatives. In response, the Board has strengthened oversight on membership growth strategies, enhanced communication transparency, supported structured reactivation campaigns for dormant members, reinforced referral incentive strategies, and guided outreach efforts to withdrawn members to encourage rejoining under improved service and product offerings.

The Board remains committed to restoring and sustaining member confidence, promoting positive and factual engagement, and driving sustainable membership growth for the long-term stability and prosperity of the SACCO.

The SACCO reviewed its Common Bond Policy in 2019, extending membership to all professionals to support growth and sustainability. While this professionally aligned common bond has served the SACCO well, emerging competition, concentration risk, and the ambitious targets of the new Strategic Plan 2026-2030 call for a broader and more diversified membership base. Accordingly, the Board proposes opening the common bond to the public to enhance membership growth, capital mobilization, risk diversification, and inclusivity, and members will consider and deliberate on this proposal for approval later in this meeting. We note most members on exit have majorly faulted lack of guarantors as the reason they have moved to other saccos, to stem this we are proposing opening to the public so that acquaintances, relatives, friends and neighbors can become members of our SACCO.

iv. PORTFOLIO GROWTH AND SECTORAL IMPACT

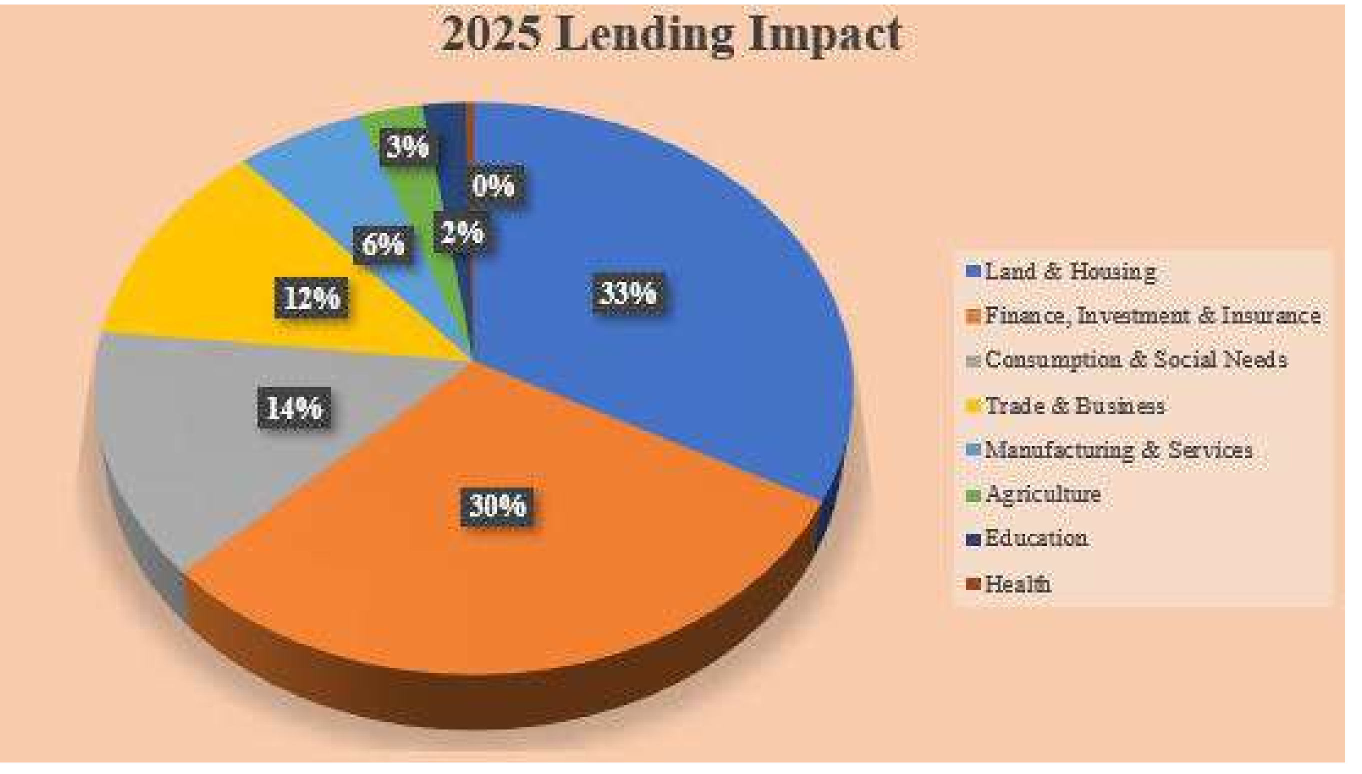
In 2025, the SACCO continued to provide financial support to members through diversified loan products, enabling them to meet personal and business goals while navigating a challenging economic environment.

The net loan book grew by 9% (KES 0.86 billion) from KES 9.18 billion in 2024 to KES 10.04 billion in 2025. Lending during the year was strategically distributed across key sectors to support economic growth, entrepreneurship, and the social well-being of members.

Land and housing recorded the largest share at 33% (KES 2.10 billion), reflecting strong demand for home ownership and real estate investment. Finance, investment, and insurance-related lending accounted for 30% (KES 1.93 billion), supporting financial security and wealth creation. Consumption and social needs represented 14% (KES 868 million), while trade and business lending stood at 12% (KES 755 million), demonstrating continued support for entrepreneurship. Manufacturing and service industries accounted for 6% (KES 373 million), contributing to business sustainability. In key social sectors, education loans were 2% (KES 136 million), agriculture 3% (KES 209 million), and health 0.4% (KES 22 million), supporting essential member needs.

Digital lending continued to gain momentum, with mobile loan disbursements increasing by 14% from KES 1.44 billion to KES 1.64 billion, reflecting strong adoption of digital channels. The SACCO further enhanced efficiency by enabling members to apply for and access loans through digital platforms, with real-time disbursements via PesaLink and M-Pesa, significantly reducing turnaround times.

Mhasibu sectoral lending distribution in the year 2025



v. APPRECIATION TO OUR TOP-RANKING INVESTORS

The 2025 top-ranking member profile demonstrates stronger deposit mobilization, stable share capital commitment, and disciplined credit exposure, reflecting sustained member confidence and alignment with the Board's risk appetite. Deposit growth across leading members strengthened liquidity, while measured loan balances support portfolio sustainability. Increased participation in the Mhasibu Junior category reflects broader uptake, reinforcing long-term member sustainability and financial inclusion.

We extend our sincere appreciation to our top-ranking members whose exceptional commitment across Share Capital, Deposits, Loan Balances, and Mhasibu Junior continues to strengthen Mhasibu SACCO. Your confidence and investment not only underpin our financial resilience but also inspire a culture of growth, trust, and shared prosperity. We thank you for your unwavering support as we advance our vision of building a SACCO of excellence for current and future generations.

2025 TOP RANKING MEMBERS(AMOUNTS) FOR EACH CATEGORY				
	Share Capital	Deposits	Loan Balances	Mhasibu Junior
1	17,500,200	31,019,594	47,368,669	2,741,980
2	15,945,200	30,012,455	45,384,201	2,100,000
3	15,000,000	27,253,711	42,531,948	1,935,657
4	12,909,900	25,108,775	42,395,803	1,929,861
5	12,397,300	20,922,844	40,185,703	1,682,859
6	12,145,320	20,897,243	40,065,142	1,428,338
7	12,000,000	19,321,323	39,950,586	1,379,190
8	11,121,800	19,020,112	38,368,658	1,243,404
9	10,251,380	16,738,200	37,991,734	1,188,974
10	10,010,000	14,717,372	37,370,000	1,129,105

I encourage every member to actively grow with the SACCO by strengthening share capital, increasing deposits, leveraging credit responsibly for productive investment, and securing the next generation through Mhasibu Junior. As we build on the momentum of 2025, our collective commitment will be the foundation for deeper member value, institutional resilience, and shared prosperity in the years ahead. Together, we move forward with confidence into a stronger future.

vi. REVENUE

The SACCO recorded strong revenue growth in 2025, reflecting sustained member activity, improved product utilization, and disciplined financial management. Total revenue increased from **KES 1.28 billion** in 2024 to **KES 1.43 billion** in 2025, representing a growth of approximately 12% year-on-year. This performance was driven primarily by continued strength in interest income from a well-performing loan portfolio, supported by steady loan disbursements and prudent credit management. Importantly, the SACCO continued to offer credit at affordable and member-friendly rates, with minimal charges compared to our peers and the banking sector at prevailing market rates, ensuring that growth in income is achieved without compromising member value.

In addition, FOSA operations made a meaningful contribution in 2025, benefiting from a full year of operations and increased transaction volumes compared to the limited rollout period in 2024. Overall, the 2025 revenue performance underscores the SACCO's focus on income diversification, operational optimization, and sustainable growth, while maintaining affordability and long-term value for members.

vii. DIVIDENDS ON SHARE CAPITAL AND INTEREST ON DEPOSITS PAYOUT

The SACCO continued to deliver strong and sustainable returns to members in 2025, while balancing performance with regulatory compliance. Interest payout on member deposits increased to KES 717.56 million from KES 646.53 million in 2024, while dividends on share capital rose to KES 155.05 million from KES 136.18 million. This brings the total proposed payout to KES 872.61 million, reflecting improved performance and member confidence.

The Board has recommended for members' approval payout rates of 15% on share capital and 8% on member deposits. In making this recommendation, the Board considered the need to retain adequate earnings to progressively comply with SASRA prudential requirements, strengthen capital and liquidity buffers, and support sustainable growth. This balanced approach ensures the SACCO remains strong, compliant, and well-positioned to continue serving members effectively, while ready to absorb any potential shock that could impact the SACCO.

Importantly, the SACCO remains committed to offering credit at affordable rates with minimal charges compared to the market, ensuring that members benefit not only through dividends and interest, but also through access to affordable loans.

Subject to approval later today, dividends and interest will be available immediately through the Mhasibu Member Portal, USSD (*657#), or the Mhasibu Pro Mobile App.

Members are reminded that Mhasibu DT SACCO is member-owned, and all value generated accrues to you. We encourage members to reinvest their earnings in share capital, deposits, or investment accounts to benefit from compounding returns, enhance borrowing capacity, and support future investments in digital services, product innovation, and continued loan affordability.

viii. DELINQUENCY MANAGEMENT

The SACCO remained focused on maintaining the Portfolio at Risk (PAR) within SASRA-prescribed limits through strengthened appraisal, monitoring, and recovery strategies. I am pleased to report that PAR improved to 4.80% in 2025 from 4.96% in 2024, remaining well within regulatory requirements.

The growth in non-performing loans remained lower than the overall expansion of the loan book, reflecting strengthened portfolio resilience and effective credit risk containment measures. The SACCO will continue to intensify recovery efforts on the Loss portfolio while proactively managing the Substandard and Doubtful portfolios to prevent further deterioration, alongside strengthening credit appraisal processes to better control loan exposure and default risk.

Members play a critical role in sustaining this performance. Timely loan repayments reduce PAR, strengthen liquidity, and improve the SACCO's surplus, ultimately supporting better dividends and interest payouts for all members.

We therefore encourage members to honor their loan obligations as they fall due to safeguard the SACCO's long-term sustainability.

ix. RISK MANAGEMENT

Risk Management and Controls

During the year, the Board continued to strengthen the SACCO's risk management framework to safeguard financial stability and support sustainable growth.

Our investment policy has been continuously reviewed to mitigate investment exposures, to cater for concentration and market risks, while credit risk was managed through enhanced loan appraisal processes, strengthened collateral frameworks, and diversified recovery strategies for long-outstanding loans.

Liquidity was prudently managed in line with the SASRA minimum threshold of 15%, ensuring the SACCO's ability to meet short-term obligations and maintain uninterrupted operations.

Operational and ICT Risk Management

Operational risks were mitigated through regular internal and system audits, prompt implementation of audit recommendations, and increased process automation to enhance efficiency and reduce exposure to errors and fraud.

Business continuity and disaster recovery measures were implemented as approved, while ICT controls were strengthened and system audit recommendations addressed to reduce exposure to cyber risks.

Internal policies were also reviewed and updated to align with operational changes, regulatory developments, and evolving sector requirements, supported by continuous capacity-building programs for both the Board and staff.

Risk Fund and Member Support

The SACCO maintained adequate risk fund and insurance cover for member deposits and loans. During the year, 18 members passed on, with benefits amounting to KES 18.3 million, of which KES 15 million was settled through the risk fund and insurance arrangements. The Board extends its support to the affected families and continues to encourage members to regularly update their nominee details to ensure timely settlement of benefits.

Let us rise and take a minute of silence to honor our 18 members who departed during the year 2025

4. SACCO INVESTMENTS

KUSCCO Investment Update

During 2025, the SACCO continued to actively manage and monitor its investment exposure with KUSCCO within its broader investment risk framework. The SACCO's legal case against KUSCCO remains ongoing, with the next court hearing scheduled for June 2026.

During the year 2025, KUSCCO refunded KES 4.3 million, representing partial recovery. The Board remains committed to pursuing full recovery of the outstanding balance through legal, governance, and regulatory avenues.

At the sector level, 2025 was marked by heightened oversight and corrective interventions at KUSCCO following governance and liquidity challenges.

These included strengthened regulatory engagement, governance and leadership realignment, enhanced financial controls, and the implementation of recovery and stabilization measures aimed at restoring confidence and safeguarding member SACCO deposits. Matters arising from ongoing reviews and audits continue to be handled by the relevant authorities.

Membership to SACCO Central Cooperative Society

During the last AGM, members approved the SACCO's admission to SACCO Central Cooperative Society, a strategic initiative recognized in SASRA's 2025 sector reports as critical to strengthening shared infrastructure, resilience, and competitiveness among deposit-taking SACCOs.

Membership provides access to the national payments ecosystem, improves efficiency in deposit mobilization, enhances cybersecurity and data protection through shared services, lowers compliance costs, and strengthens the SACCO's ability to compete effectively within the retail financial services market. It also positions the SACCO to benefit from structured sector support from the Government of Kenya and development partners.

Following Members' approval, the SACCO paid an entrance fee of KES 50,000 and initial share capital of KES 100,000, contributing toward the minimum share capital requirement of KES 860,000 based on the 2022 benchmarks. Subsequently, SACCO Central clarified that the applicable minimum share capital requirement is KES 8.6 million, and the SACCO will settle the balance to fully comply and maintain good standing.

5. TECHNOLOGY ENHANCEMENT AND DIGITAL TRANSFORMATION

The SACCO continued to invest in technology to enhance operational efficiency, improve member experience, and support sustainable growth. These investments strengthened infrastructure, streamlined processes, and reinforced technology as a key enabler of innovation and resilience.

i. **FOSA Processes and Automation; The** rollout of FOSA services and automation of key transactions including loan disbursements, deposits, PesaLink, M-Pesa, and ATM integration significantly reduced turnaround times, enhanced security, and improved member convenience.

ii. **Environmental Sustainability and Digital Efficiency;** Expanded use of EDMS and digital approvals reduced paper usage, improved operational efficiency, and lowered administrative costs while supporting environmental sustainability.

iii. **Enhanced Customer Experience and Service Accessibility;** Digital platforms (Mhasibu Pro, USSD *657#, and the Member Portal), supported by improved call management and payment integrations, enabled seamless access to services, faster transactions, and reduced reliance on physical branches.

iv. **Enhanced Cybersecurity Measures;** The implementation of SIEM and continuous cybersecurity awareness strengthened data protection and ensured a secure and resilient digital environment.

v. **Alternative Channels Usage;** Digital adoption continued to grow, with 8,553 members actively using the Mhasibu Pro App. During the year, digital channels facilitated significant transaction volumes, including KES 31.24 million in successful digital loans, KES 7.90 million via M-Pesa STK Push, KES 10.08 million in FOSA transactions, KES 31.10 million in USSD *657# withdrawals, KES 2.32 million in USSD *657# deposits, and KES 23.96 million in B2C transactions, underscoring strong member uptake and effective digital transformation.

6. SASRA COMPLIANCE

The Board is committed to ensuring compliance with SASRA regulations in order to retain the DT license. In 2025, the SACCO met the required ratios except for one critical ratio i.e. **institutional capital ratio**. The Board has in place a three-year compliance plan. Below is the currents status.

		PROJECTED COMPLIANCE PLAN							
Description	Prudential Standards/ Year	2023	2024 ACTUAL	2025 PLAN	2025 ACTUAL	Explanations	2026	2027	2028
Core capital	10M	848,020,869	1,123,712,003	1,581,854,320	1,403,207,532	Lower than projected membership growth & increase in share capital	2,212,899,773	2,871,468,851	3,784,492,775
% Growth			33%	57%	25%		80%	82%	71%
Core capital to Assets Ratio	10%	8.7%	10%	12.9%	11%	Assets grew by higher than projected by 13%	16.1%	18.7%	22.0%
% Growth			15%	30%	10%		43%	45%	36%
Institutional Capital to Assets Ratio	8%	0.7%	3.1%	3.5%	4.5%	SACCO intentional on retaining	6.5%	8.8%	11.8%
% Growth			341%	244%	45%		204%	149%	82%
Core capital to Deposits Ratio	8%	11.1%	13.0%	15.3%	14.0%	Lower than projected membership growth & increase in share capital	18.1%	19.9%	22.3%

There was improvement during the year and the Board is committed to ensuring the ratio is met within the next three years by increasing reserves for future resilience.

Below is the table showing the revenue retentions annually, as we walk the journey towards compliance.

COMPLIANCE PLAN & STATUS UPDATE									
Year	2023	2024 PLAN	2024 ACTUAL	2025 PLAN	2025 ACTUAL	Change	2026	2027	2028
Statutory Reserve	214,602,554	301,535,162	271,766,052	333,607,936	334,733,238	0.34%	449,102,212	589,194,515	778,032,193
Retained Earnings	180,246,980	259,035,750	269,270,703	367,358,311	402,322,723	9.52%	651,687,855	963,109,753	1,450,532,891
Total Reserves	394,849,534	560,570,912	541,036,755	700,966,246	737,055,961	5.15%	1,100,790,067	1,552,304,268	2,228,565,084
Retention per year	48,644,628	165,721,378	146,187,221	140,395,334	196,019,206	39.62%	399,823,821	451,514,201	676,260,816
Percentage Growth	14%	42%	37%	25%	36%		57%	41%	44%

We are urging members to actively uptake SACCO products and services to contribute to growth and meeting of these requirements. To ensure ongoing compliance, the SACCO will focus on retaining more income to build up capital. The SACCO continues to strengthen its governance and risk management frameworks through audits and assessments, enhancing its credibility and securing members' savings for long-term sustainability

7. THE 2026-2030 STRATEGIC PLAN

Status Update: 2021–2025 Strategic Plan Summary

Below is the SACCO performance for key statistics during the 2021-2025 strategic plan period.

Parameter/Year	2021	2022	2023	2024	2025	5 Year % Growth
Membership						
Total	21,707	22,983	25,428	28,196	29,209	35%
Deposits KShs Millions	5,891,462,630	6,760,220,869	7,622,978,716	8,674,568,131	9,665,870,101	64%
Loans & Advances KShs Millions	5,492,609,114	6,329,020,600	7,599,698,399	9,146,042,426	11,467,969,881	109%
Share Capital	570,617,260	703,261,980	838,980,060	977,865,020	1,100,707,900	93%
Average Deposits Per Member	271,408	294,140	299,787	307,652	330,921	22%
Average Loans Per Member	253,034	275,378	298,871	324,374	392,618	55%
Average Share Capital	26,287	30,599	32,994	34,681	37,684	43%

The 2021–2025 Strategic Plan delivered strong growth and stability for Mhasibu DT SACCO. Membership increased from 21,707 in 2021 to a projected 30,000 in 2025, while revenue grew from Kshs 774.6 million to Kshs 1.41 billion, driven by strong loan uptake, product diversification, and the rollout of FOSA. Deposits expanded to Kshs 9.54 billion, loans to Kshs 10.28 billion, and total assets to Kshs 12.34 billion, reflecting sustained member confidence and effective financial intermediation. Key prudential and performance ratios, core capital adequacy, cost efficiency, member retention, and customer satisfaction were largely met or exceeded as reported in the financial statements.

The period also recorded major institutional milestones, including expansion of the common bond, strengthened SASRA compliance, significant ICT investments, improved digital access, and high staff and member satisfaction. However, some initiatives experienced delays, notably FOSA rollout, ICT project completion, ISO certification, market visibility activities, and capital and liquidity strengthening. These gaps, together with elevated portfolio risk and communication and innovation needs highlighted by stakeholders, have informed the next strategic phase, with a sharper focus on execution discipline, risk management, capital strengthening, digital optimization, and deeper member value.

Introduction to the 2026–2030 Strategic Plan

Building on over three decades of service to professionals and the strong foundations laid during the 2021–2025 period, Mhasibu DT SACCO has adopted the 2026–2030 Strategic Plan to guide the next phase of growth, resilience, and long-term sustainability.

The SACCO has continued to record steady growth in membership, assets, and service offerings, supported by a strong culture of integrity, professionalism, prudent financial management, and sound corporate governance.

The 2026–2030 Strategic Plan provides a clear roadmap to reposition Mhasibu as a digitally enabled, inclusive, and competitive financial cooperative. The Plan places deliberate emphasis on youth engagement, expansion of public membership, and technology-driven service delivery, while preserving Mhasibu's strong professional identity.

The Strategic Plan was developed through a consultative and evidence-based process involving the Board of Directors, Management, staff, members, and key stakeholders. It was informed by a comprehensive assessment of the internal and external operating environment, performance trends, regulatory and macro-economic dynamics, competitive pressures, and emerging risks and opportunities.

Below is the Vision, Mission and Core values;

1. Vision; **The Trusted Financial Partner, Powering Members' Dreams.**
2. Mission; **Transforming members' lives through innovative financial solutions and impacting communities for life.**
3. Core Values (D.R.E.A.M.S); **Dependability • Responsiveness • Excellence • Accountability • Member-Focus • Sustainability**

Strategic Focus Areas (2026–2030)

The Plan is anchored on six strategic focus areas:

- Safeguarding financial sustainability
- Delivering competitive, Innovative, and member-centric financial solutions
- Strengthening the Mhasibu brand
- Deepening member relationships
- Enhancing automation, digitalization for operational efficiency and service excellence
- Attracting, developing, and retaining a skilled and motivated workforce
- Strengthening leadership, risk management, and corporate governance.

As the SACCO transitions into this new strategic phase, the Board and Management look forward to formally launching the 2026–2030 Strategic Plan later in the year, where members will be engaged in greater detail on priorities, flagship initiatives, and implementation milestones.

Members are encouraged to actively support the strategy by continuing to save and borrow responsibly, embracing digital channels, participating in governance processes, and acting as ambassadors of the Mhasibu brand. Through shared ownership and adherence to cooperative values, we are confident this Plan will deliver stronger performance, enhanced returns, and lasting value for current and future generations.

8. PERFORMANCE EXCELLENCE AND CORPORATE RECOGNITION

In 2025, Mhasibu SACCO continued to build on its strong performance, translating strategy into measurable excellence. The SACCO was recognised during the Ushirika Day celebrations for Risk Management and Technology Optimization, and further acknowledged among the Top Professional SACCOs at the Top Star Brands Awards 2025. These recognitions affirm our commitment to sound governance, innovation, and member-focused growth.

9. MEMBER ENGAGEMENT & EMPOWERMENT

Member education and empowerment remain at the heart of Mhasibu DT SACCO, guided by the cooperative principles of education, democratic participation, and concern for community. We remain intentional in ensuring that every engagement and interaction strengthens member understanding, inclusion, and shared ownership of the SACCO.

In 2025, we advanced financial literacy, member participation, and governance awareness through targeted education programmes, engagement forums, and community initiatives. Key platforms included the New Members Orientation Forum, the 36th AGM, Family Sports Day, Mombasa and Kisumu Hybrid Forums, the Nairobi Hybrid Webinar, the Chairman's Forum, the High Savers Forum, and three Delegate System Forums.

These initiatives fostered informed participation, strengthened relationships between members and leadership, and reinforced the cooperative spirit. I thank all members for their active involvement, which enriched our decision-making and reaffirmed the strength of unity.

As we look ahead, we remain committed to continuous member education and inclusion. I encourage all members to continue participating in our forums and governance processes as we build an informed, empowered, and united membership that safeguards the long-term success of our SACCO.

Various Member Education days during the year; Kisumu, Mombasa, High Savers, New Members forum, Family Sports Day







10. CORPORATE SOCIAL RESPONSIBILITY

i. Partnership with (NiE) program Newspapers in Education

We remain a socially responsible SACCO committed to the greater good of society. To support the vision 2030 that ensures inclusive and equitable quality education and promote lifelong learning opportunities for all, we partnered with the Nation Media -Newspapers in Education (NiE) by contributing to the advancement of education of 5 needy schools. Through this initiative, the pupils were able to access revision content every week for one year for improved performance in their education. The beneficiaries included Aquinas Boys High School, Huruma Girls High School, Kariobangi North Primary School, Nembu Primary School and Kahawa Primary School.

ii. Support for the less fortunate

During the year, Mhasibu supported the less fortunate homes MJI WA SALAMA CHILDREN'S HOME in Mombasa, and New Life Home in Kisumu

iii. Environment conservation and sustainability

We believe in the promise of a greener, cleaner future. As part of our sustainability strategy on ESG, we planted over 100 trees at City Park last year. This year, we are embarking on an ambitious initiative to plant 10,000 trees. We warmly welcome and encourage each of you to join hands in making this vision a reality. Together, we can create lasting impact for our environment and future generations.

CSR - Mhasibu DT Sacco Partners with Nation Media Group to Launch CBE Connect at Kariobangi North Primary June 20, 2025.

CSR - On Friday, 6th June, we participated in a meaningful CSR activity at New Life Home Trust Kisumu!

CSR –July 25, 2025 – At City Park, more than **100** trees were planted , a promise for a greener, cleaner future.

11. GOVERNANCE

Mhasibu DT SACCO remains steadfast in its commitment to maintaining and ensuring that internal systems and processes that govern the SACCO are in place.

Annual General Meeting

The supreme authority of the SACCO rests with the members, exercised through the Annual General Meeting. The AGM is the highest decision-making forum, where members set direction, approve key resolutions, and uphold democratic control and accountability at the SACCO.

Proposed Delegates System

During the year, the Board undertook an extensive, transparent, and member-driven process to review and refine the proposed Delegates System of governance in response to regulatory guidance and the Society's growing and geographically diverse membership. Through a series of member education forums and webinars, members actively engaged, provided candid feedback, and shaped the Draft Delegates Policy Framework, resulting in clearer roles and accountability for delegates, stronger safeguards for member voice, enhanced inclusivity across regions and the diaspora, and firm alignment with SASRA guidelines, Ministry directives, and emerging co-operative law.

The Commissioner for Co-operatives granted the Society an extension to complete consultations, affirming the SACCO's commitment to quality, consensus, and full member ownership of the process. The Board is satisfied that the proposed framework preserves democratic control while strengthening representation and decision-making efficiency, and therefore presents the resolution on adoption of the Delegates System for members' consideration and approval later in this meeting, as a critical step toward safeguarding sustainable growth and good governance for our SACCO.

Board of Directors structure, powers, and functions

To promote the board of directors' independence, manage governance risks, and ensure accountability, the board has put in place Strong governance structures and policies, including transparent reporting, ethical business practices, and robust oversight mechanisms. The Board and Supervisory Committee members are elected during the annual general meeting.

The primary responsibility of the Board is to exercise their business judgement to act in what it believes to be the best interests of MHASIBU SACCO and its members. The Board consists of 9 directors who include the Chairman, the Vice Chairman, the Treasurer, and the Honorary Secretary. The powers and functions of the Board are provided for in the SACCO Bylaws and we always ensure compliance.

Board appointment and induction.

The SACCO has a Vetting Board whose mandate is to vet and present individual members eligible to join the SACCO Board and Supervisory Committee for election during the annual general meeting. The Vetting Board ensures all candidates meet the eligibility criteria as defined in the Vetting and Elections policy. Members during the AGM have the mandate to elect new directors.

The nomination and election processes are free and fair to all. The board has in place an induction program as defined in the Board charter for newly elected directors. All new directors normally complete and submit the Fit and Proper Test forms, Declaration of Wealth forms and sign the code of conduct as part of the induction process. I encourage all members to exercise their right to governance. We encourage the youth and women to participate in governance by expressing interest when the call for nominations is sent out. Today, we have also provided guidance on some of the common reasons for disqualification and how to address them, and we encourage members to familiarize themselves and ensure compliance with the process in line with the policies and the Bylaws.

Standard practices and code of ethics.

The SACCO has been at the forefront in promoting transparency, accountability, and adherence to laws and regulations. The SACCO has in place a code of conduct that guides the operations, and all officers are required to always comply. The code of conduct is aimed at assisting the board, management, and staff of the society to uphold the highest level of legal, ethical, and moral standards in carrying out their respective roles. The code is binding and expects all stakeholders to conduct business in accordance with all the relevant laws; refrain from any illegal, dishonest, or unethical conduct; act in a professional, business-like manner; and treat all stakeholders with respect and dignity. The SACCO, in its annual marketing plan formulation and implementation, ensures ethical marketplace practices. All marketing activities are practiced in compliance with the marketing policy, ethically, honestly, and fairly to spur business growth and manage costs. During the year, we ensured that all the advertising done was in line with ethical standards.

Suspension of Board Member

The Board wishes to inform members that during the year under review, it addressed a governance matter relating to one of its directors. In line with its fiduciary responsibilities, the Board considered the matter and resolved to suspend the Director, pending formal presentation to members at this Annual General Meeting.

In keeping with the principles of transparency, accountability, and member participation, a detailed report on this matter will be presented later in the meeting for members' consideration, in accordance with the Society's Bylaws and applicable law.

Upholding Members' and Stakeholders' Rights

The SACCO conducts its affairs in compliance with applicable laws, regulations, the Society's By-laws, and internal policies to safeguard the rights and interests of its members and stakeholders. The Board provides oversight to ensure fairness, transparency, accountability, and sustainability in all operations.

The SACCO treats all stakeholders equitably and maintains appropriate governance structures, internal controls, and engagement mechanisms to support ethical conduct and long-term value creation.

i. Members remain the SACCO's primary stakeholders, with a continued focus on service excellence, quality products, value for money, effective communication, and accessible feedback and support systems.

ii. Employees are recognized as key enablers of performance. The SACCO promotes a professional and inclusive work environment through training, wellness initiatives, competitive remuneration, and compliance with the one-third gender rule.

iii. The SACCO operates ethically within a competitive environment, maintaining fair relations with competitors and business partners, with no disputes reported during the year.

iv. The SACCO contributes to community development through initiatives aligned with cooperative principles and promotes environmental sustainability through responsible resource use guided by the 3Rs principle (Reduce, Reuse/Recycling, and Replenish).

Stakeholder Mapping

Stakeholder	Engagement Focus
Members	Service quality, value, communication, participation
Employees	Development, wellness, inclusion, performance
Board & Committees	Governance, oversight, compliance
Regulators	Statutory compliance and reporting
Business Partners	Ethical procurement and transparency
Competitors	Fair competition
Community	Social and economic development
Environment	Sustainability and conservation

Employees during previous SACCO activities;

12. SUBSIDIARIES

MHASIBU HOUSING COMPANY LIMITED - MHCL

MHCL has, since its inception in 2009, played a central role in supporting members to access and acquire affordable land. During this time, the company has remained operational, consistently evolving to meet emerging challenges. Over the years, the company has undertaken various initiatives aimed at strengthening its operations and addressing legacy matters.

Following the SACCO Board's Members briefing on MHCL's performance and the efforts underway to resolve long-standing challenges during the 2023 Special General Meeting (SGM), members approved a three-year period for MHCL to restore profitability and address outstanding issues. Despite the measures taken, the company's performance has continued to decline, underscoring the need for a more definitive strategic intervention. In alignment with the mandate provided by members, and in view of the persistent downward trend, the SACCO Board has resolved to proceed with the divestiture of MHCL as part of its broader restructuring and compliance strategy.

MHCL PERFORMANCE

The company's performance, as mentioned above, has been on the decline, and there is an urgent need to take action on the members' resolution to exit the subsidiary.

Below is a summary of performance for the period between 2020 and 2025

	2025	2024	2023	2022	2021	2020
	Kshs (Millions)	Kshs (Millions)	Kshs (Millions)	Kshs (Millions)	Kshs (Millions)	Kshs (Millions)
Revenues	500	843	507	330	137	100
Expenses	(429)	(747)	(433)	(293)	(131)	(94)
Net profit after tax	**0.9**	**11**	**8**	**37**	**6**	**6**
Dividends	**-**	**10**	**8**	**17**	**3**	**-**

During the year, the company was highly leveraged, with outstanding loans amounting to Kshs 425 million. This constrained working capital availability, limiting the company's ability to undertake large-scale acreage projects. Consequently, the company experienced a decline in revenue, reducing opportunities to achieve economies of scale.

High interest costs adversely affected gross margins on financed projects. As a mitigation measure, the company transitioned to smaller projects in 2026 with improved gross margin profiles, albeit at reduced revenue levels.

MHCL SACCO EXIT

The exit process is underway, and we are focused on ensuring a smooth transition with minimal disruption. The SACCO continue to oversee the divestiture process and has engaged a consultant to provide transaction advisory support. During a recent review meeting with the consultant, the Boards received an update on the development of the Information Memorandum, the assessment of the buyer universe, and the status of key duediligence activities. Further updates will be presented during the meeting.

MHASIBU PROPERTIES LIMITED – MPL

Mhasibu Properties Limited, a subsidiary of the SACCO established in 2012, was mandated to develop an office block to host SACCO operations and generate additional income through the sale or leasing of surplus space. This objective was not achieved, and over time, the company experienced declining performance, legal claims, and continued financial losses. These challenges culminated in the members' resolution to dispose of the property and apply the proceeds toward settling outstanding obligations.

MPL Operations

The MHCL Board maintains oversight of MPL operations and the implementation of the members' resolution. MPL's performance has continued to deteriorate due to persistent challenges in attracting tenants, which has significantly affected rental income, the company's primary revenue stream.

Below is the performance for the period ending 2025:

	2025	2024	2023	2022	2021	2020
Rental Income	1,020,000	1,020,000	1,020,000	1,024,220	1,770,000	5,435,000
Other Income			-	-	-	31,563
Operating Profit/(Loss) before tax	**371,478**	**132,674**	**(916,951)**	**(4,078,595)**	**(560,323)**	**480,654**
Tax expense	200,117	1,632,376	274,451	1,219,302	168,097	(120,164)
Transferred to Reserves	**171,361**	**1,765,050**	**(642,500)**	**(2,859,293)**	**(392,226)**	**360,491**

Based on the audited financial statements for 2025, the company's accounts were prepared on a non–goingconcern basis, reflecting the need for a renewed strategic approach. Moreover, the SACCO, in its role as a secured creditor, has initiated steps to recover outstanding obligations. The property also requires improvement to enhance its value, and occupancy levels are below expectations. In addition, the company has been largely unsuccessful in the legal matters in which it is involved.

Disposal of MPL Property

The SACCO's debt was secured by the MPL property. The SACCO in exercise of its statutory right, called its debt, and the disposal process started through appointed realtors. This was, however, faced with challenges due to market dynamics and arising legal claims by the main creditors in 2024. The case was ruled on 19th February 2026 that the order of attachment of property was merited and the property was to be sold to recover the debt, and the balance be paid to the unsecured creditors. The Board is following through the disposal of property and will update members.

Implementation of Forensic Audit Findings

The Board continues to engage with the formative Board members, and a mediation process is currently underway to obtain additional information and determine individual or collective culpability. A settlement agreement will be finalised and signed upon the conclusion of this mediation process, in line with the findings of the forensic audit and in the best interest of all of the SACCO and its members.

13. CHALLENGES

As we celebrate our achievements, it is equally important to reflect candidly on the challenges that continue to face our SACCO and the wider cooperative movement. These challenges are not obstacles to fear, but opportunities to strengthen our systems, sharpen our strategies, and reaffirm our cooperative values.

One of the key challenges remains *member engagement and financial literacy*. Despite deliberate efforts to educate and engage our members, gaps persist in awareness and utilization of some SACCO products and services. Active participation in SACCO affairs is essential for informed decision-making and optimal member benefit. We therefore encourage members to take an active interest in SACCO matters, even as we continue to invest in inclusive empowerment and education programmes to ensure that we grow together.

Loan defaults continue to pose a risk to liquidity and to the security of guarantors' funds. While credit remains a core service, responsible borrowing and timely repayment are critical to protecting both individual members and the collective pool of resources. The SACCO has responded through continuous member education, flexible loan structures, longer repayment periods, and affordable interest rates, all aimed at balancing member access to credit with portfolio quality and sustainability.

We also continue to experience *account dormancy*, where some members fail to meet their share capital and regular contribution obligations. Dormancy limits members' access to SACCO benefits and weakens long-term financial security. To address this, the SACCO introduced flexible savings options, including daily deposits of as low as KES 100, to encourage consistent saving and financial discipline. Members are reminded that financial security is built through commitment, planning, and regular participation.

Regulatory and compliance requirements continue to evolve, with stricter standards and higher capital adequacy thresholds. Compliance is not optional; it is fundamental to credibility, stability, and long-term sustainability. The SACCO remains committed to aligning fully with regulatory expectations and calls upon members to support this journey as we strengthen governance, transparency, and institutional resilience.

Finally, as we continue to digitize our services, *cybersecurity* remains a critical concern. Protecting member data and transactions is paramount to maintaining trust. The SACCO has invested in secure systems, continuous monitoring, and cybersecurity awareness initiatives. Members are equally encouraged to take personal responsibility in safeguarding their credentials and practicing safe digital behavior.

These challenges are real and affect us all, directly or indirectly, but they are not insurmountable. They are the very reason the cooperative movement exists to pool resources, share risks, and empower one another. By confronting these challenges collectively, we will not only safeguard our SACCO but also unlock new opportunities for growth, inclusion, and shared prosperity. I therefore call upon every member to continue walking with us in the spirit of cooperation, shared responsibility, and unity of purpose, as we work together to realize our vision and secure a stronger future for Mhasibu DT SACCO.

14. 2026 FOCUS: OPTIMIZING PERFORMANCE, DEEPENING MEMBER VALUE

As we step into 2026, we do so with renewed focus and clarity of purpose under our theme: "**Optimizing Performance, Deepening Member Value.**" This theme captures our commitment to raising internal standards while ensuring that every improvement we make delivers clear, measurable value to our members.

Optimizing performance means strengthening our systems, streamlining operations, and embedding efficiency across all functions. It is about leveraging technology, improving productivity, and ensuring our services are reliable, secure, and delivered to the highest standards of cooperative excellence.

Deepening member value goes beyond transactions. It is about empowering members through financial literacy, inclusive products, responsive service, and meaningful engagement. We are focused on listening to our members, acting on feedback, and building long-term relationships anchored in trust, transparency, and shared prosperity.

In 2026, our priorities include:

i. Digital transformation and automation to deliver seamless, secure, and convenient services.

ii. Member education and engagement forums to promote informed participation and financial empowerment.

iii. Innovation and technology investment to enhance service excellence and deliver a 360-degree member-centric experience.

iv. Strong governance, compliance, and risk management to safeguard sustainability and confidence.

v. Open and authentic communication to strengthen relationships, collaboration, and informed decision-making.

vi. Operational excellence through continuous process improvement to drive membership growth, loan uptake, deposit mobilization, and productivity.

vii. Exceptional member experience by delivering quality products, quick response times, and consistent service across multiple channels.

We remain firmly focused on financial sustainability, competitive returns, service efficiency, and long-term member empowerment. Our success depends not only on the Board and Secretariat, but equally on the active participation and support of our members. Together, we are well-positioned to sustain growth and deliver greater impact in the years ahead.

15. ACKNOWLEDGEMENT & APPRECIATION

The progress and achievements we celebrate today would not have been possible without the trust, commitment, and continued support of our members. Together, we have navigated a challenging and dynamic operating environment, embraced technological change, and continuously evolved to remain relevant and resilient.

The challenges we encountered did not weaken us; they strengthened our resolve and sharpened our focus. Your unwavering support has been instrumental in shaping Mhasibu Sacco into the strong, innovative, and forward-looking institution it is today.

I extend my sincere appreciation:

To our members, for your loyalty, feedback, and confidence in our vision.

To our staff, for your dedication, professionalism, and commitment to service excellence.

To the Board of Directors, for your servant leadership, strategic oversight, and stewardship.

To our founders, for laying a strong foundation that continues to inspire progress and transformation.

As we look ahead, we remain committed to building a stronger, more sustainable SACCO that delivers lasting value to members and the communities we serve. With the right team, a clear strategy, and shared purpose, we are confident in our ability to achieve even greater milestones together.

We are not just growing a SACCO we are driving transformation, innovation, and shared prosperity. The future is promising, and together, we are ready to shape it.

On behalf of the Board of Directors, I wish you success and the best for the rest of 2026.

Warm regards,

CPA Hillary Atito

Chairman, Mhasibu Regulated DT SACCO Society LTD

CEO'S STATEMENT

Distinguished Members and Stakeholders,

The year 2025 was guided by our theme, "Driving Excellence Through Customer-Centric Solutions." Throughout the year, Management remained focused on strengthening service delivery, enhancing responsiveness, and aligning our products and services to the evolving needs of our members.

As we prepare to mark 40 years since our founding in 1986 in 2026, we reflect with pride on a journey built on prudence, resilience, and unity of purpose. I am delighted to be associated with Mhasibu DT Sacco and to have witnessed the deliberate steps that have shaped it into the strong and regulated institution it is today. I sincerely appreciate our Members, Board of Directors, Management, and Staff for their collective efforts in building the SACCO to where we stand.

2025 marked one full year since the operationalization of our banking services. This was a bold strategic move into enhanced member services. Seeing FOSA grow into an integral part of our members' daily financial lives has been a great achievement. It has strengthened convenience, improved liquidity management, and expanded transactional capability. Its steady uptake affirms that this the right strategic decision.

In line with our theme, we streamlined workflows, strengthened compliance and risk management frameworks, and improved turnaround times across key service areas. Digital self-service capabilities were enhanced through the Member Portal, USSD *657#, and the M-Hasibu Pro App, enabling members to transact, access statements, apply for loans, and monitor accounts securely from anywhere.

As we transition to our 2026 theme, "Optimizing Performance, Deepening Member Value," members should expect faster service delivery, deeper automation of credit processes, enhanced digital functionality, and strengthened service accountability. Operational excellence will be driven by data-led decision-making, tighter internal controls, and continuous process improvement. A key milestone in 2026 will be the consideration of expanding our membership base. This strategic step will position the SACCO for responsible growth, with a strong focus on onboarding youth and to enhance intergenerational sustainability and long-term value.

On behalf of Management, I thank the Board for strategic oversight, our staff for their dedication, and our members for their continued trust and confidence as we build a stronger, more efficient, and future-ready Deposit Taking SACCO for everyone.

Together we make the difference

....

Eunice Kanyi

Chief Executive Officer, Mhasibu Regulated DT SACCO Society LTD

TREASURER'S REPORT FOR THE YEAR 2025

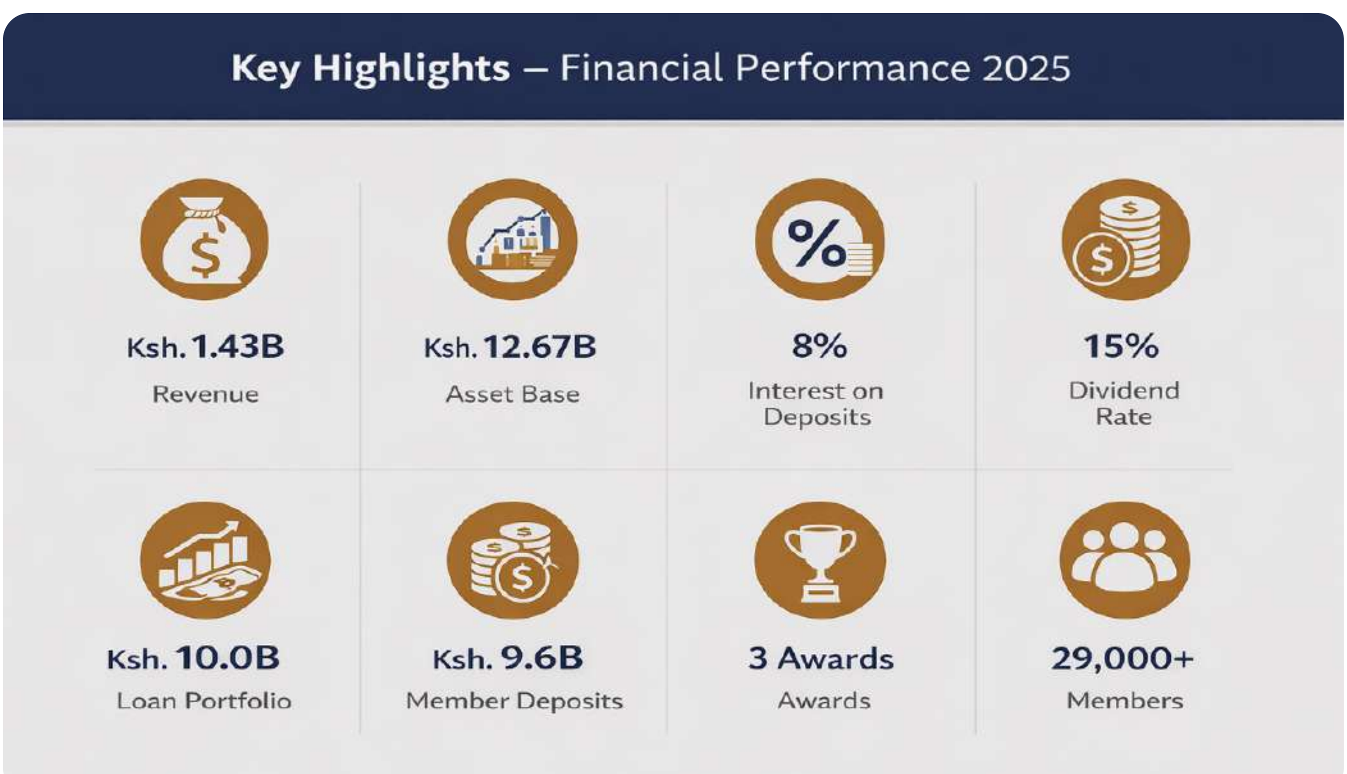
PREAMBLE

Distinguished members of our great Mhasibu SACCO. As we reflect on the past financial year. Am honored to present to you the financial report for the past financial year. Highlighting our performance and stewardship.

Mhasibu Regulated DT Savings and Credit Co-operative Society Ltd continued to register strong growth for the year ended 31 December 2025. Our sustained focus on profitability, liquidity, and operational efficiency underscores our commitment to delivering value to our members and stakeholders, and we remain enthusiastic about building on this positive momentum.

We take pride in being one of the best-managed DT SACCOs. Since the inception of FOSA operations, we have embraced innovation through USSD, PesaLink, ATMs, and online loan applications to enhance convenience and accessibility for our members. These initiatives have strengthened service delivery, promoted financial inclusion, and ensured the continued circulation of resources within the Sacco.

Esteemed members, I am proud to present to you the great achievements registered over the last 5 years. This year our SACCO attained significant growth of our Asset base, to close at Ksh.12.6 billion as of 31st December 2025. This has been made through concerted efforts from the SACCO management and staff, Board of Directors as well as dedicated backing and patronage by you, our members.



MHASIBU CAPITALS FOR YEAR ENDED 31ST DECEMBER 2025

The following bullets indicate the continued growth of the SACCO as demonstrated above;

1. Mhasibu SACCO Asset portfolio grew by 13% to Ksh. 12.6 billion, as of 31st December 2025 (2024 Ksh. 11.2 billion).
2. Total revenue increased by 12% to Ksh. 1,432,885,040 as of 31st December 2025, driven by increased interest income from improved loan disbursements. Out of which, Ksh. 872,610,757 (61% of revenue) will go back to you members as returns on your investments as compared to the year 2024 where our revenue stood at Ksh. 1,281,036,428 and Ksh. 782,705,866 returns on our investments respectively.
3. Interest on members' deposits has been proposed at a rate 8% translating to (Ksh. 717,563,966) compared to 8% translating to (Ksh. 646,528,711) in 2024 and the dividend rate is proposed at 15% (Ksh. 155,046,791) compared to 15% in 2024 (Ksh. 136,177,155). This is after taking into account impairments arising out of MPL & KUSSCO. However, our pay out on to members has increased by Ksh 89,904,891 which is a commendable achievement by our board and secretariat team.
4. Share capital grew by 13% to Ksh. 1,100,707,900 as of 31st December 2025 up from Ksh. 977,865,020 in 2024 showing continued investor confidence in our Sacco.
5. Our loan book has grown by 9% by (Ksh 856,875,839), from Ksh. 9,180,390,139 in 2024 to close at Ksh. 10,037,265,978 as of 31st December 2025.
6. Deposits grew by 11% (Ksh 991,301,970) to Ksh.9,665,870,101 for the period ended 31st December 2025, up from Ksh. 8,674,568,131 as at 31st December 2024.
7. Membership increased by 3% (1,013) to close the year 2025 at 29,209 total memberships, (2024 was 28,196 members).

Allow me to now proceed to demonstrate our Sacco's sustained good performance with statistical analysis which is supported by the audited financial statements for year 2025.

a) PERFORMANCE ANALYSIS

1. TOTAL ASSETS

The Society's Asset portfolio as at 31st December 2025 grew by 13% (Ksh. 1,454,024,900) to close at Ksh. 12,671,733,671 up from Ksh. 11,217,708,771 of 31st December 2024. This increase is attributed to consistent growth in loans and advances to members and member's deposits during the year resulting in improved members lives. Our Society's Asset base has grown by 69% over the last 5 years since 2021 to 31st December 2025, due to the consistent growth in loans and deposits, improvement in core capital and improved liquidity and prudential asset management.

A Graphical Presentation of Total Assets over the last five (5) years

2. MEMBERS' DEPOSITS

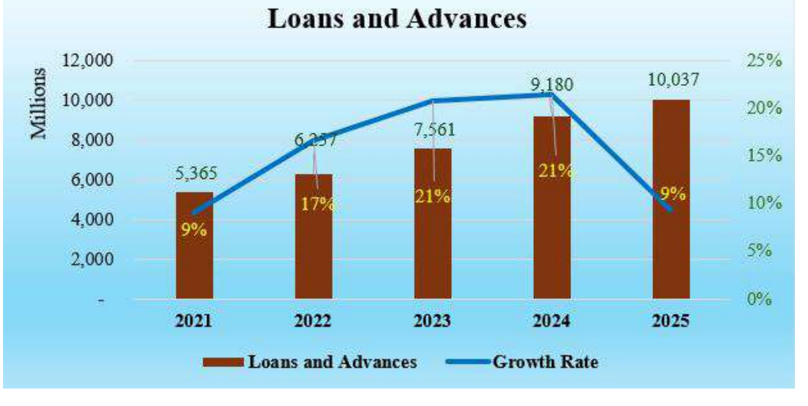
Sacco's deposits grew by 11% to stand at Ksh. 9,665,870,101 for the period ended 31st December 2025, compared to Ksh. 8,674,568,131 as at 31st December 2024. Deposits to members have grown by 69% over the last 5 years since 2021 showing continued trust in our institution with their hard- earned money, members we are thankful for the trust you have placed in our Sacco.

A Graphical Presentation of Members deposits for the last five years

3. LOANS & ADVANCES TO MEMBERS

Our Society's Loans and advances to members (net book value) increased by 9% (Ksh 856,875,839) from Ksh. 9,180,390,139 in 2024 to close at Ksh. 10,037,265,978 in the year 2025. The improved performance in net Loan Book Value in the year 2025 was attributed to increased loan patronage from members due to the adoption of digital platforms where members can access their loans instantly. Members are also able to access loans more efficiently through our online channels; PesaLink and M-Pesa.

A Graphical Presentation of Members loans and advances for the last five years



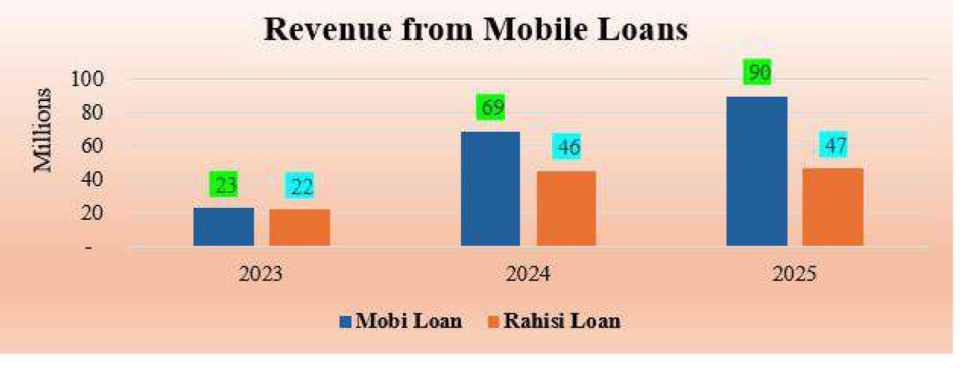
4. REVENUE

The Society's revenue grew by 11.6% (Ksh. 151,848,612) to close at Ksh. 1,432,885,040 for the year ending 31st December 2025. The increase is attributed to growth in interest income on loans and advances to members which grew by 20% (Ksh.211,350,092). Our revenue has improved steadily over the last five (5) years, recording a cumulative growth of 85% since 2021. Dividend income contributed significantly to this performance, including Ksh. 21 million earned from our investment in Co-operative Holdings, up from Ksh. 12 million in the previous year.

A graphical representation of the Sacco's revenue performance and trend over the last 5 years

The adoption of technology has played a significant role in driving revenue growth during the year. The Sacco introduced PesaLink on the portal to enable members to transfer funds conveniently to their preferred destinations, thereby enhancing accessibility to funds. Members are continually encouraged to utilize their FOSA current accounts, which allow for instant deposits and withdrawals.

Members also continued to actively use the Mobile App, USSD, and the portal to access funds and borrow Rahisi and Mobi loan products. Income generated from these products recorded a growth of 19%, contributing significantly to overall revenue growth.



5. TOTAL EXPENSES

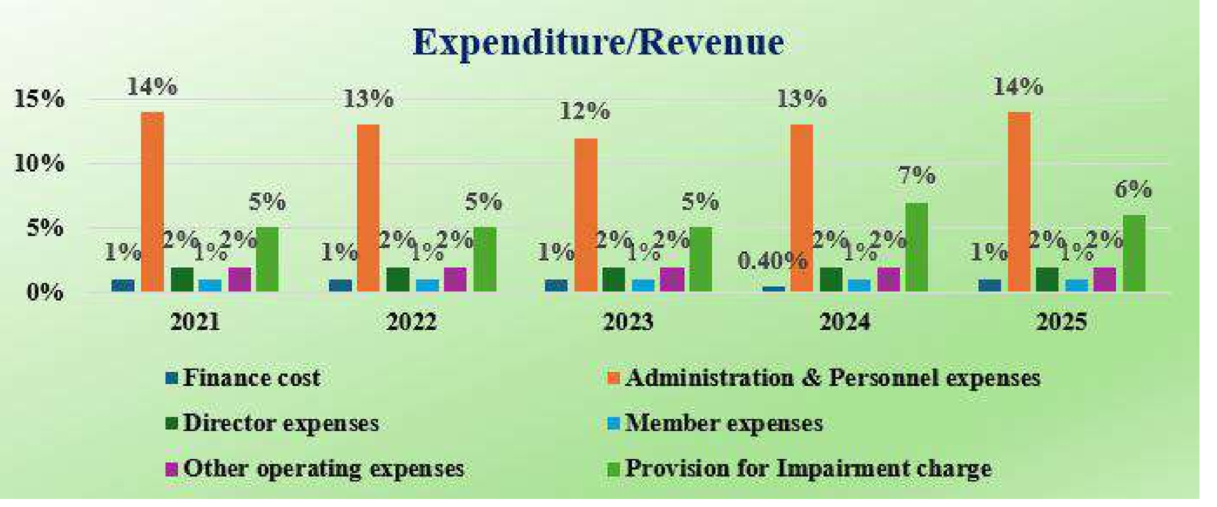
The Sacco's total operating expenses for the year ended 2025 amounted to Ksh. 366,843,468 representing 26% of total income, compared to the industry benchmark of 30% (2024: Ksh. 323,497,660, equivalent to 25% of total income). The Board remains committed to maintaining operating costs at prudent and sustainable levels.

The increase in expenses was largely driven by provisions for impairment in compliance with IFRS 9 requirements, including Mhasibu Properties Limited investments (Ksh. 9 million), KUSCCO receivables (Ksh. 34 million), and loans loss provisions (Ksh. 40 million). With regard to the Mhasibu Properties Limited and KUSCCO impairments, the Board is implementing recovery strategies, including the disposal of charged property and pursuing legal remedies, which are expected to reduce the Sacco's exposure.

Administrative and personnel costs increased mainly due to staff capacity enhancement initiatives and salary reviews implemented in line with recommendations from Human Resource consultants. Additionally, digitization costs rose because of annual software renewals and system maintenance licenses.

Below is an analysis of operating expenses expressed as a percentage of total revenue for the year 2024 compared to the period 2020–2023.

A graphical representation of the Sacco's expenditure trend over the Sacco Revenue.



Expenditure Category	2021	2022	2023	2024	2025
Finance cost	1%	1%	1%	0.40%	1%
Administration & Personnel expenses	14%	13%	12%	13%	14%
Director expenses	2%	2%	2%	2%	2%
Member expenses	1%	1%	1%	1%	1%
Other operating expenses	2%	2%	2%	2%	2%
Provision for Impairment charge	5%	5%	5%	7%	6%
Total	25%	24%	23%	25%	26%

6. INTEREST ON MEMBER DEPOSITS & DIVIDENDS OVER INCOME

Interest on member deposits and dividends continues to constitute the largest portion of the Sacco's income disbursements. For the year 2025, the Directors declared a rate of return of 8%, amounting to Ksh. 717,563,966 payable to members, compared to Ksh. 646,528,711 in 2024 at the same rate. This represents an increase in interest and dividend payouts of Ksh. 71,035,255.

The decision to maintain the payout rate was informed by the Sacco's strategy to enhance member retention while aligning with the compliance plan submitted to SASRA aimed at improving the Institutional Capital Ratio. In line with this strategy, the Sacco retained reserves amounting to Ksh. 201 million from the year's surplus to support capital adequacy requirements applicable to Deposit-Taking SACCOs.

The table below shows surplus retention over the last five years.

Distribution of Interest	2021	2022	2023	2024	2025
Interest on Member's Deposits/Revenue	60%	58%	57%	50%	50%
Dividends/Revenue	11%	12%	12%	11%	11%
Interest on Member's Deposits Rate	8.15%	8.25%	8.60%	8%	8%
Dividend Rate	15%	15%	15.50%	15%	15%

7. KEY RATIOS

Mhasibu Sacco was licensed as a Deposit-Taking SACCO in late 2024 and is therefore regulated under the Sacco Societies (Deposit-Taking Sacco Business) Regulations, 2010. As a result, the Sacco is required to comply with enhanced prudential and capital adequacy ratios compared to non–Deposit-Taking SACCOs.

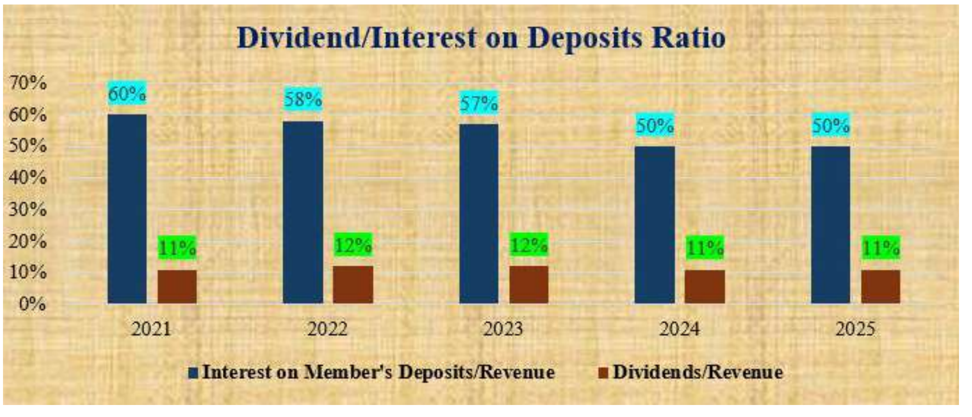
a) Capital Adequacy Ratios

An analysis of the Sacco's prudential ratios indicates compliance with the prescribed capital adequacy requirements, except for the Institutional Capital to Total Assets ratio, which stood at 4.5% against the minimum requirement of 8%. During the FOSA licensing process, the Sacco agreed on a compliance plan with the regulator to achieve full compliance within a three-year period up to 2027. During this transition period, the Sacco remains committed to strengthening its capital base through increased retention of surplus, in line with the approved plan.

The Sacco engaged EY Consultants and is actively identifying potential buyers for MHCL, as approved by members. In addition, the Sacco expects to dispose of the MPL property, which will further enhance its capital position. Once these initiatives are actualized, they are expected to have a positive impact on the Institutional Capital Adequacy (ICA) ratio.

By meeting the minimum capital requirements across all prudential ratios, the SACCO will be well positioned to access new opportunities that are beneficial to members. These include partnerships and funding facilities such as KMRC and other products that require full compliance with minimum capital thresholds as a prerequisite for participation.

A graphical representation of Sacco's Capital Adequacy Compliance plan

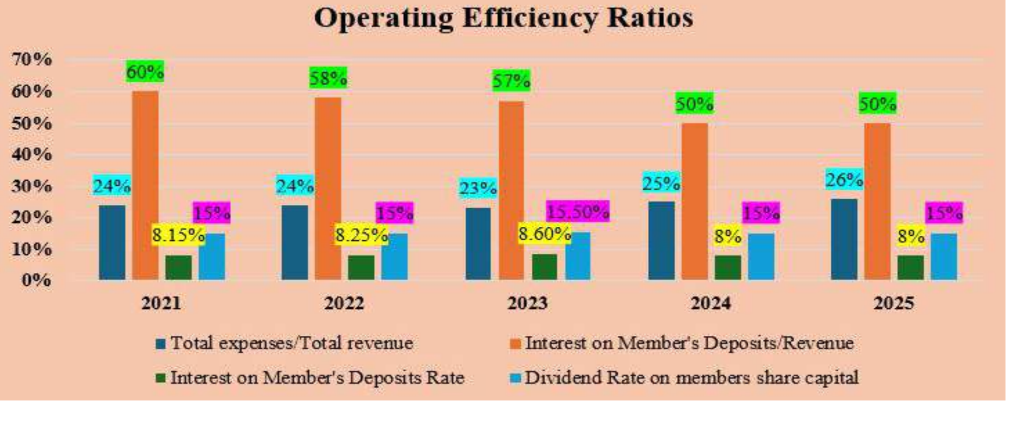


CAPITAL ADEQUACY COMPLIANCE PLAN	ACTUALS	PROJECTIONS		
Ratios/Year	2025	2026	2027	2028
Core Capital to Assets	11.00%	16.00%	19.00%	22.00%
Institutional Capital to Assets	4.50%	6.50%	8.80%	11.80%
Core Capital to Deposits	14.00%	18.10%	19.90%	22.30%

b) Operating Efficiency Ratios

Operating costs have been well controlled over the last five years at below 30% of total revenue.

A graphical representation of the Sacco's Operating Efficiency Ratios.



c) Liquidity ratio

Members, our Society's liquidity position has continued to strengthen, improving from 11% in 2024 to 16% in 2025, which is above the minimum regulatory requirement of 15%. This improvement is largely attributable to your continued patronage of our savings products, reflecting the trust and loyalty you have placed in the Society. To further enhance funds mobilization, the Board has implemented various measures, including improved rates on the Zao Fixed Deposit, which members have positively embraced.

The Sacco experienced a significant reduction in deposits during 2025 due to a high level of withdrawals, largely attributed to negative publicity. We wish to reassure members that the Sacco remains committed to providing quality services and safeguarding members' interests. We also encourage our members to continue supporting the Sacco and to act as brand ambassadors as we work together to restore confidence and drive future growth.

A graphical representation of the Saccos' Liquidity

d) Loan Portfolio at Risk(PAR)

We have continued to manage our loan portfolio and for the second year running our Portfolio at Risk (PAR) remained within the statutory maximum of 5%. We closed the year with PAR of 4.8% (2024, 4.91%). This demonstrates effective credit risk management in line with SASRA guidelines.

CONCLUSION

Esteemed Members, I would like to conclude by thanking God for the tremendous achievements and growth of the SACCO for the year 2025. Allow me also to extend my appreciation to all of you members for your continued patronage and support of the SACCO. The board and management give assurances that Mhasibu Sacco is on a strong growth trajectory, demonstrating significant financial performance in 2025.

We remain focused on improving our Institutional Capital ratio, strengthening credit risk oversight, diversifying revenue streams, and maintaining strict cost control to further enhance profitability.

To my fellow Board of Directors under the leadership of our able Chairman and the Secretariat team led by our C.E.O, thank you for your hard work, effort and results that we have witnessed today. I pray that we continue to work together to take Mhasibu SACCO to greater heights for "Together we make the difference".

God bless you all, God bless Mhasibu DT SACCO.


……………………………..

CPA PHILIP WAHOME

TREASURER, MHASIBU REGULATED DT SACCO LTD

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

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2025

THE SACCO SOCIETY REGULATORY AUTHORITY
RECEIVED
19 FEB 2026
(SASRA)
P. O. Box [illegible]-00100, NAIROBI

Ronalds

CORPORATE INFORMATION

Our Vision;

To be a Sacco of excellence among the best managed in the World.

Mission;

To mobilize savings and economically empower members to attain financial independence.

Core Values

Customer focus;	We strive to creating long term and profitable relationships with our customers.
Accountability;	We uphold honesty, transparency & disclosure in all our operations.
Professionalism;	We are a Sacco for professionals maintain a high level of work ethics and service excellence.
Integrity;	We are committed to being truthful, and responsible to all our actions.
Teamwork;	We are committed to an environment where every person is a valued.
Innovation;	We are open to ideas that challenge our normal ways and drive innovation.

About Us

Mhasibu DT SACCO is a Regulated Deposit Taking Savings and Credit Co-operative Society (SACCO) for all Professionals. Mhasibu Sacco's name is derived from the word Mhasibu, a Swahili word which means 'accountant'. The formation of Mhasibu Sacco was spearheaded by ICPAK on 16th April 1986 with the purpose of providing savings and credit facilities to our members. The SACCO has since grown to accommodate all professionals. Our success is attributed to our Vision, Mission and Core Values. Our performance-driven spirit is felt everywhere, from our sustainability, consistent growth and results, our stakeholders, our competitive products portfolio, our strong market positioning, and digital presence and being among the leading SACCOs in Kenya. Our focus remains to enhance member convenience through excellent customer experience.

In the last 39 years, our membership has grown from a paltry 37 to 29,209 members globally. The SACCO is licenced by the Sacco Societies Regulatory Authority (SASRA) and has transitioned from a non-withdrawable deposit taking to deposit taking SACCO as from August 2024. The growth of the SACCO has been tremendous registering an asset base of over 12 billion, Loan portfolio of over 10 billion during the year under review.

The Sacco operates and is governed by the Co-operative Societies Act 2004 and its revised Act of 2012 and the Sacco Societies Regulatory Authority (SASRA) regulations. Sacco members have approved Sacco bylaws that also govern operations. Mhasibu Sacco members elect the Board of Directors whose role is to direct Sacco Affairs while the Supervisory Committee is the oversight arm for the members. The Board has put in place policies that guide operations and they are updated from time to time.

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Chairman	Treasurer	Honorary Secretary	CEO	HOF

Sacco Performance and Stability

Mhasibu DT Sacco's sustainability strategy is aligned to Kenya's evolving macroeconomic and microeconomic environment, with a strong focus on digital transformation to enhance member services, improve operational efficiency, and support sustainable growth.

Economic conditions in 2025 show resilience, with Sub-Saharan Africa growth projected at 3.8%-4.1% and Kenya's GDP expected to rebound to 4.8%-5.2%. Inflationary pressures have eased significantly, remaining within the government's target range, creating a more stable operating environment.

With over 39 years of service, Mhasibu Sacco has consistently balanced growth, investments, and competitive member returns through dividends and interest on deposits. In 2025, the Sacco demonstrated resilience by recording growth in revenue, assets, loans, deposits, and membership, supported by a strong financial position and strategic use of technology, despite economic pressures and rising competition.

Innovation remains central to our sustainability approach. Through continuous member engagement and feedback, we enhance products and services, streamline operations, and improve service delivery using digital solutions.

Looking ahead, Mhasibu Sacco will prioritize expanding digital platforms, automating processes, and leveraging data analytics to deliver personalized financial solutions. Our members remain at the core of our mission as we optimize resources and build a sustainable, digitally empowered future.

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Chairman	Treasurer	Honorary Secretary	CEO	HOF

FINANCIAL AND STATISTICAL INFORMATION

		Group		Sacco	
		2025	2024	2025	2024
		Numbers	Numbers	Numbers	Numbers
Membership	Active	24,400	24,036	24,400	24,036
	Dormant	4,809	4,160	4,809	4,160
Total		**29,209**	**28,196**	**29,209**	**28,196**
Financial				`	
		Shs	Shs	Shs	Shs
Total Assets		13,498,986,104	12,285,313,465	12,671,733,671	11,217,708,771
Members' Deposits		9,665,870,101	8,674,568,131	9,665,870,101	8,674,568,131
Loans and advance to members		10,037,265,978	9,180,390,139	10,037,265,978	9,180,390,139
Financial Investments		203,460,179	152,371,484	203,460,179	152,371,484
External Borrowings		265,675,841	178,483,974		
Core Capital		1,733,343,461	1,452,599,437	1,403,207,532	1,123,712,003
Share Capital		1,100,707,900	977,865,020	1,100,707,900	977,865,020
Institutional Capital		679,517,123	527,552,705	552,841,373	351,036,755
Total revenue		1,506,324,098	1,370,236,847	1,432,885,040	1,281,036,428
Total interest income		1,394,725,960	1,251,097,736	1,394,725,960	1,249,920,346
Total expenses		425,145,185	397,039,044	366,843,468	323,497,660
Interest on member deposits		717,563,966	646,528,711	717,563,966	646,528,711
Dividend on share capital		155,046,791	136,177,155	155,046,791	136,177,155
Employees of the Sacco	Male	34	32	26	24
	Female	34	36	25	27
		68	**68**	**51**	**51**
Key ratios:	**Statutory require-ment**	**2025**	**2024**	**2025**	**2024**
	%	%	%	%	%
Capital adequacy ratios					
Core capital/Total Assets	10*	13	12	11.07	10.02
Core capital/Total Deposits	8*	18	17	14.52	12.95
Institutional Capital/Total Assets	8*	5.2	4.3	4.5	3.1
				`	`

.... Chairman .... Treasurer .... Honorary Secretary .... CEO .... HOF

		Group		Sacco	
		2025	2024	2025	2024
		Numbers	Numbers	Numbers	Numbers
Liquidity ratio					
Liquid assets/Total Deposits and short-term liabilities					
	15*	15.8	10	16.3	11
Liquid assets/Short-term savings & liabilities	15*	119	96	118	94
Operating efficiency/ loan quality ratios					
Net loans/ Total Assets	70-80	74	75	79	82
Deposit/Total Assets	70-80	72	71	76	77
Total expenses/Total revenue		28	29	26	25
Interest to members deposits/Total revenue		48	47	50	50
Interest rate on members' deposits		8	8	8	8
Dividend rate on members share capital		15	15	15	15
Total deliquent loans/ gross loan portfolio	<5%	4.80	4.96	4.80	4.96

Chairman	Treasurer	Honorary Secretary	CEO	HOF

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors has the pleasure to submit their annual report together with the audited consolidated financial statements for the year ended 31st December 2025, which disclose the state of affairs of the Sacco and the group.

Incorporation

The society is incorporated in Kenya under the Cooperative Societies Act, Cap 490 and Licensed under the Sacco Societies Act No. 14 of 2008.The Society is domiciled in Kenya

Principal Activities

The principal activity of the society continued to be that of receiving savings from and providing loans to its members.

Results

	Group		Sacco	
	2025	2024	2025	2024
	Shs	Shs	Shs	Shs
Surplus before tax	351,585,789	321,099,629	344,765,235	311,010,057
Income tax expense	(29,399,292)	(33,211,739)	(24,143,893)	(25,192,566)
Net surplus for the year after tax	322,186,497	287,887,889	320,621,342	285,817,491
Other comprehensive income, net of tax	44,013,938	14,944,711	44,013,938	13,613,044
Total comprehensive income for the year	366,200,435	304,464,976	364,635,280	299,430,535
Interest on members deposits and savings	717,563,966	646,528,711	717,563,966	646,528,711

Business Review

During the financial period the society's turnover increased by **Shs. 151,848,612** and profit before tax increased by **Shs. 33,755,179** majorly due to increase in interest from loans and other operating income.

Investment shares

The issued and paid up share capital of the society increased during the year from **Shs.977,865,020** to **Shs. 1,100,707,900**

Dividend/Interest on members' deposits

The Directors recommend interest on members' deposits at **8%** **(2024: 8.0%)** and dividends on share capital at **15% (2024: 15%**) subject to approval by members during the Annual General Meeting (AGM).

SACCO Officials

The officials who served during the year and to the date of this report are listed on page 52.

Chairman	Treasurer	Honorary Secretary	CEO	HOF

Report of the directors (continued)

Independent Auditor

Ronalds LLP (CPA) were Re-appointed in 2025 and have expressed their willingness to continue in office, under the terms of section 43(1) of Sacco Societies Act 2008 and 25(4) of the Cooperative Societies Act, No. 12 of 1997 as amended ‘in 2004. The Society Board of Directors monitor the effectiveness, objectivity and independence of the auditor.

The Board of Directors also approve the annual audit engagement contract which sets out the terms of the auditors appointment and the related fees.

By Order of the Board

....

Hon.Secretary

9th February 2026

....	....	....	....	....
Chairman	Treasurer	Honorary Secretary	CEO	HOF

CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process and structure used to manage business affairs of the Sacco towards enhancing prosperity and corporate accountability with the ultimate objective of realizing members' long term values while taking into account the interest of other stakeholders.

The Board of Directors is responsible for the corporate governance practices of the Sacco. This statement sets out the main practices in operation during the year under review, unless otherwise indicated, the Sacco is committed to business integrity and professionalism in all its activities.

Annual General Meeting

The supreme authority for the Sacco is vested in members through the annual general meeting held annually.

Board of Directors

The Board has members and a Chief Executive Officer as ex-official. The separate roles of the Chairman and the Chief Executive Officer as exofficial are practised and are clearly defined in the by-laws that are regularly revised to be in line with legislation and statutes.

The Board meets monthly to deliberate on the Sacco's Financial performance and to discuss reports from each sub-committee and deal with any strategic issues and opportunities for the Sacco.

Board Committees

The Sacco had the following sub-committees in place during the year with terms of reference clearly defined in the by-laws to facilitate decision making of the Board in the execution of its powers, duties and authorities.

Standing Committees

1.	Finance & Administration Committee	Chaired by : Philip Wahome
2.	Business Development & Education Committee	Chaired by : Jennifer Mburu
3.	Credit & Risk Committee	Chaired by : Alice Kario

The above Sub-Committees meet regularly at most once a month to deliberate on issues that fall under their mandate.

Internal Controls

The Sacco has systems and processes in place to ensure that requisite controls, physical security of assets and reporting of accurate and up-to date information with a comprehensive accounting system is in place.

Risk Management and Internal Controls

The Society has systems and processes to ensure that requisite controls, security of assets and accurate financial reporting through an effective and reasonable accounting system is in place.

The role of the Board and Management is to ensure that the adequate internal controls and risk management strategies are maintained continuously to provide assurance on effectiveness and efficiency of operations, safeguarding of society assets, compliance with laws and regulations and business stability.

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Chairman	Treasurer	Honorary Secretary	CEO	HOF

Corporate Governance (Cont'd)

Business standards and Code of Ethics

At Mhasibu SACCO, we are committed to ethical financial reporting by upholding integrity, transparency, and accountability. Our financial statements reflect accurate data, comply with standards, and ensure confidentiality, fostering trust and professionalism among all stakeholders.

The Society is committed to adherence to the highest standards of integrity, behavior and ethics in dealing with all its stakeholders through enforcement of formal code of ethics for both the Board and Staff.

Corporate Social Responsibility

The Society is involved in social responsibility as a way of appreciating partnerships with its stakeholders and supporting cases within environment and industry in which it operates subject to its approved annual budget provisions. Supporting or participating in these activities has helped in enhancement of the Society image thus brand visibility among stakeholders and does not conflict with its core objectives.

In line with the strategic plan, the Board and management are committed to impacting positively on the Society by participating economically, environmentally and socially. The Sacco actively co-operates with the community locally, regionally, nationally and internationally to better serve the interests of the members and the community. We also demonstrate concern to the community in which we exist and operates through CSR activities annually.

Communication With Members and Stakeholders

The Society provides information regarding its performance by distribution of annual reports and financial statements to all members as discussed at the Annual General Meeting (AGM). Members and stakeholders' access relevant information about the Sacco through various publications including the newsletter, monthly E-Bulletins, the society's website, notices, print and social media among others.

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Chairman	Treasurer	Honorary Secretary	CEO	HOF

Corporate Governance (Cont'd)

SUSTAINABILITY AND ESG

Regulatory context and reporting status (IFRS S1 and IFRS S2)

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures became effective for annual reporting periods beginning on or after 1 January 2024. These standards require disclosure of sustainability and climate-related risks and opportunities that could reasonably be expected to affect an entity's financial position, performance, cash flows or long-term prospects.

During the year ended 31 December 2025, the Society initiated structured processes to strengthen the identification, assessment and governance of sustainability- related matters. This represents the Society's initial sustainability disclosure within the financial statements and provides a foundation for enhanced reporting in future periods.

Governance and oversight

The Board of Directors has overall responsibility for oversight of sustainability-related risks and opportunities, supported by its Board Committees and the Supervisory Committee. Management is responsible for implementation through the Risk & Compliance, Operations, ICT and Human Resource functions. The Society operates established governance frameworks, including a Code of Conduct and Ethics, anti-fraud and anti-corruption policies, a whistleblowing policy, responsible lending practices and an enterprise risk management framework, which support ethical conduct, regulatory compliance and sustainable operations.

Strategy and sustainability approach

Sustainability considerations are embedded within the Society's digital transformation and operational efficiency initiatives. During the year, the Society expanded digitisation of member onboarding, loan processing and internal workflows, including the adoption of electronic signatures and paperless systems. These initiatives improve service efficiency and accessibility while reducing reliance on physical documentation and associated resource consumption.

Risk management and financial statement impacts

Sustainability-related risks are considered within the Society's enterprise risk management and credit risk assessment processes, including environmental, social, regulatory and reputational risks that may affect member activity, repayment capacity and operations. Where relevant, such risks are assessed for potential financial statement impacts. For the year ended 31 December 2025, the Board did not identify any sustainability or climate-related matters requiring specific adjustments to amounts recognised in the financial statements beyond existing IFRS requirements, including IFRS 9 expected credit loss assessments.

Environmental impact

The Society's direct environmental impact primarily arises from administrative and branch operations. Increased digital service delivery and paperless processes have reduced paper usage, storage requirements and document transportation. From the adoption of electronic signatures and paperless workflows, the Society recorded estimated environmental benefits during the year as follows:

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Chairman	Treasurer	Honorary Secretary	CEO	HOF

Carbon emissions reduced:	94,226 lbs
Water conserved:	118,201 gallons
Paper saved:	299,069 pages
Trees conserved (equivalent):	120 trees
Solid waste eliminated:	6,523 lbs

The Society did not incur any environmental penalties, claims or remediation obligations during the reporting period.

Social Impact on Members, Employees and Communities

As a member-owned deposit-taking SACCO, the Society's social impact is delivered through financial inclusion, responsible lending, member education, accessible digital services and community investment initiatives. Related community expenditures are recognised as operating expenses. During the year, no material employee disputes, discrimination claims or significant community grievances were reported.

Future focus

The Board intends to progressively enhance ESG governance and disclosures through the development of measurable sustainability metrics, expanded environmental performance tracking, strengthened sustainability risk screening and improved data collection processes. The Society believes that strong governance, digital innovation and sustainable operations support long-term resilience and value creation for members.

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Chairman	Treasurer	Honorary Secretary	CEO	HOF

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Sacco Societies Act No. 14 of 2008 requires the directors to ensure that the management maintains proper and accurate records that reflect the true and fair position of the society's financial condition, establish adequate and effective internal control systems and policies, safeguard the assets of the society and take reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for the production of annual audited financial statements.

The directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Sacco Societies Act No. 14 of 2008. They also accept responsibility for:

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

ii. Selecting and applying appropriate accounting policies; and

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

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the society as at 31st December 2025 and of the society's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Sacco Societies Act No. 14 of 2008.

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

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

The Financial statements were approved at a meeting of the Board of Directors held on Held on **9th February 2026** signed on its behalf by:

Chairman **Treasurer** **Hon Secretary**

CEO **HOF**

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31ST DECEMBER 2025

		Group		Sacco	
		2025	2024	2025	2024
	Notes	Shs	Shs	Shs	Shs
Revenue					
Interest income	2(a)	1,308,604,880	1,130,411,926	1,308,604,880	1,130,411,926
Other interest income	2(b)	86,121,080	120,685,810	86,121,080	119,508,420
Total interest income		**1,394,725,960**	**1,251,097,736**	**1,394,725,960**	**1,249,920,346**
Interest expenses	2(c)	(725,624,814)	(652,098,174)	(725,624,814)	(652,098,174)
Net interest income		**669,101,146**	**598,999,562**	**669,101,146**	**597,822,171**
Other operating income	2(d)	111,598,139	119,139,111	38,159,080	31,116,082
Impairment charges	2(e)	(83,000,000)	(94,437,691)	(83,000,000)	(94,437,691)
Administrative expenses	2(f)	(215,345,907)	(190,273,319)	(172,803,452)	(144,173,775)
Financial Expenses	2(g)	(3,968,311)	(3,030,126)	(3,712,371)	(2,696,102)
Governance expenses	3(a)	(27,239,884)	(27,233,580)	(21,528,796)	(20,572,613)
Member expenses	3(b)	(21,035,940)	(16,439,690)	(20,822,226)	(16,199,491)
Marketing expenses	3(c)	(35,284,396)	(33,649,146)	(24,938,625)	(20,567,696)
Other operating expenses	3(d)	(43,239,057)	(35,005,617)	(35,689,521)	(21,976,932)
Profit before tax		**351,585,789**	**321,099,629**	**344,765,235**	**311,010,057**
Income tax expense	23	(29,399,292)	(33,211,739)	(24,143,893)	(25,192,566)
Tax income	13	-	1,632,376	-	-
Net operating surplus after tax		**322,186,497**	**289,520,265**	**320,621,342**	**285,817,491**
Other comprehensive income					
Items that may be reclassified subsequently					
to profit or loss					
Fair value (loss)/gain on financial assets	24(vi)	51,774,988	17,347,013	51,774,988	16,015,346
"Deferred tax on fair value"	24(vi)	(7,761,049)	(2,402,302)	(7,761,049)	(2,402,302)
Total comprehensive income for the year		**366,200,435**	**304,464,976**	**364,635,280**	**299,430,535**

The notes on pages 75 to 126 form an integral part of these financial statements.

Report of the independent auditor - pages 64 to 67.

Chairman	Treasurer	Honorary Secretary	CEO	HOF

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2025.

		Group		Sacco	
		2025	2024	2025	2024
	Notes	Shs	Shs	Shs	Shs
Assets					
Cash and cash equivalents	4	1,606,589,330	1,006,865,475	1,596,074,466	993,925,987
Prepayments and receivables	5	839,067,199	886,386,723	485,024,553	522,028,036
Tax recoverable	6	33,462,016	31,764,266	28,499,454	31,109,098
Loans and advances	7	10,037,265,978	9,180,390,139	10,037,265,978	9,180,390,139
Financial assets	8	203,460,179	152,371,484	203,460,179	152,371,484
Inventories	9	454,506,301	686,651,148	-	-
Right-of-use assets	10	9,360,481	19,998,047	1,501,877	9,019,072
Property and equipment	11	287,692,726	295,138,817	21,459,169	25,727,356
Intangible assets	12	21,895,279	18,587,514	21,887,389	18,576,994
Deferred tax asset	13	5,686,614	7,159,853	-	-
Amount due from subsidiaries	14	-	-	86,560,606	94,560,606
Investment in subsidiaries	15	-	-	190,000,000	190,000,000
Total Assets		**13,498,986,104**	**12,285,313,465**	**12,671,733,671**	**11,217,708,771**
Liabilities					
Interest due to members	16	717,563,966	646,528,711	717,563,966	646,528,711
Members' deposits	17-18	9,665,870,101	8,674,568,131	9,665,870,101	8,674,568,131
Borrowings	19	265,675,841	178,483,974	-	-
Lease liabilities	20	10,803,270	20,560,872	1,649,894	9,461,449
Trade and other payables	21	512,434,841	839,200,235	124,529,820	121,322,713
Deferred tax liability	22	14,254,824	6,465,184	14,226,233	6,465,184
		11,186,602,843	**10,365,807,107**	**10,523,840,015**	**9,458,346,187**
Financed by:-					
Share capital	24(i)	1,100,707,900	977,865,020	1,100,707,900	977,865,020
Statutory reserve	24(ii)	336,944,190	272,506,891	335,890,320	271,766,052
Revenue reserve	24(iii)	499,151,549	354,599,009	360,069,491	216,452,415
Credit risk reserve	24(iv)	46,881,562	52,818,288	46,881,562	52,818,288
Proposed dividends and honorarium	24(v)	161,046,791	141,177,155	161,046,791	141,177,155
Fair value reserve	24(vi)	144,629,259	100,615,321	143,297,592	99,283,654
Equity attributable to parent		**2,289,361,252**	**1,899,581,685**	**2,147,893,656**	**1,759,362,584**
Non controlling interest	24(vii)	23,022,009	19,924,673	-	-
Total liabilities and capital		**13,498,986,104**	**12,285,313,465**	**12,671,733,671**	**11,217,708,771**

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

The financial statements on pages 68 to 126 were approved and authorised for issue by the Board of Directors on **9th February 2026** and were signed on its behalf by:

Chairman **Treasurer** **Hon Secretary** **CEO** **HOF**

The notes on pages 75 to 126 form an integral part of these financial statements.
Report of the independent auditor - pages 64 to 67.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31st December 2025	Notes	Share Capital Shs	Revaluation Reserve Shs	Statutory Reserve Shs	Revenue Reserve Fund Shs	Credit Risk Reserve Shs	Proposed Dividends Shs	Total Shs
At start of year								
As previously stated		977,865,020	100,615,321	272,506,891	354,599,010	52,818,288	141,177,155	1,899,581,685
Prior year adjustment(s)	24 (iii&v)				45,295,415		(1,000,000)	44,295,415
		977,865,020	**100,615,321**	**272,506,891**	**399,894,425**	**52,818,288**	**140,177,155**	**1,943,877,100**
Changes in Equity								
Transfer to Credit Risk Reserve	24(iv)				5,936,726	(5,936,726)		
Profit for the year	24(iii)	-	-	-	322,186,497	-	-	322,186,497
Fair value of gain /loss	24(vi)		51,774,988					51,774,988
Deferred tax on fair value loss	24(vi)	-	(7,761,049)	-	-	-	-	(7,761,049)
Transfer to minority interest								-
Transfer to statutory reserve	24(ii)	-	-	64,437,299	(64,437,299)	-	-	-
Transactions with owners:								
Issue of investment shares	24(i)	122,842,880	-	-	-	-	-	122,842,880
2024-Proposed Honararium	24(v)	-	-	-		-	(4,000,000)	(4,000,000)
2024-Proposed Dividends	24(v)	-	-	-		-	(136,177,155)	(136,177,155)
2025-Proposed Honararium	24(v)				(6,000,000)	-	6,000,000	-
2025-Proposed Dividends	24(v)				(155,046,791)	-	155,046,791	
Minority interest	24(vii)		-	-	(3,382,009)	-	-	(3,382,009)
At end of year		**1,100,707,900**	**144,629,259**	**336,944,190**	**499,151,549**	**46,881,562**	**161,046,791**	**2,289,361,252**

Chairman   Treasurer   Honorary Secretary   CEO   HOF

Year ended 31 December 2024	Notes	Share Capital Shs	Revaluation Reserve Shs	Statutory Reserve Shs	Revenue Reserve Fund Shs	Credit Reserve Shs	Proposed Dividends Shs	Total Shs
At start of year		**838,980,060**	**85,670,610**	**214,602,838**	**259,696,970**	**59,552,588**	**135,261,336**	**1,391,704,636**
Prior year adjustment					**1,546,885.00**		**(800,000)**	
		838,980,060	**85,670,610**	**214,602,838**	**261,243,855**	**59,552,588**	**134,461,336**	**1,594,511,287**
Changes in Equity								
Transfer to Credit Risk Reserve	24(iv)	-	-	-	6,734,300	(6,734,300)	-	-
Profit for the year	24(iii)	-	-	-	289,520,265	-	-	289,520,265
Fair value of gain /loss	24(vi)		17,347,013					17,347,013
Deferred tax on fair value loss	24(vi)	-	(2,402,302)	-	-	-	-	(2,402,302)
Transfer to statutory reserve	24(ii)	-	-	57,904,053	(57,904,053)	-	-	-
Transactions with owners:								
Issue of investment shares	24(i)	138,884,960	-	-	-	-	-	138,884,960
2023 - Proposed honorarium	24(v)	-	-	-	-	-	(4,200,000)	(4,200,000)
2023 - Proposed dividend	24(v)	-	-	-	-	-	(130,261,336)	(130,261,336)
2024-Proposed Honararium	24(v)	-	-	-	(5,000,000)	-	5,000,000	-
2024-Proposed Dividends	24(ii)	-	-	-	(136,177,155)	-	136,177,155	-
Minority interest	24(vii)	-	-	-	(3,818,202)	-	-	(3,818,202)
At end of year		**977,865,020**	**100,615,321**	**272,506,891**	**354,599,010**	**52,818,288**	**141,177,155**	**1,899,581,685**

Chairman Treasurer Honorary Secretary CEO HOF

SACCO STATEMENT OF CHANGES IN EQUITY

Year ended 31st December 2025	Notes	Share Capital Shs	Revaluation Reserve Shs	Statutory Reserve Shs	Revenue Reserve Fund Shs	Credit Risk Reserve Shs	Proposed Dividends Shs	Total Shs
At start of year		**977,865,020**	**99,283,654**	**271,766,052**	**216,452,415**	**52,818,288**	**141,177,155**	**1,759,362,584**
'Prior year adjustment(s)	24(iii&v)	-	-	-	42,230,068	-	(1,000,000)	41,230,068
Total		**977,865,020**	**99,283,654**	**271,766,052**	**258,682,482**	**52,818,288**	**140,177,155**	**1,800,592,652**
Changes in Equity								
Transfer to Credit Risk Reserve	24(iv)	-	-	-	5,936,726.32	(5,936,726)	-	-
Profit for the year	24(iii)	-	-	-	320,621,342	-	-	320,621,342
Fair value of gain /loss	24(vi)	-	51,774,988	-	-	-	-	51,774,988
Deferred tax on fair value loss	24(vi)	-	(7,761,049)			-	-	(7,761,049)
Transfer to statutory reserve	24(ii)	-	0.00	64,124,268	(64,124,268)	-	-	-
								-
Transactions with owners:								**-**
Issue of investment shares	24(i)	122,842,880	-	-	-	-	-	122,842,880
2024 - Honararium paid	24(v)	-	-	-	-	-	(4,000,000)	(4,000,000)
2024 - Dividends Paid	24(v)	-	-	-	-	-	(136,177,155)	(136,177,155)
2025 - Proposed honorarium	24(v)	-	-	-	(6,000,000)	-	6,000,000	-
2025 - Proposed dividend	24(v)	-	-	-	(155,046,791)	-	155,046,791	-
At end of year		**1,100,707,900**	**143,297,592**	**335,890,320**	**360,069,491**	**46,881,562**	**161,046,791**	**2,147,893,656**

....	....	....	....	....
Chairman	Treasurer	Honorary Secretary	CEO	HOF

Year ended 31 December 2024	Notes	Share Capital	Revaluation Reserve	Statutory Reserve	Revenue Reserve Fund	Credit Reserve	Proposed Dividends	Total
		Shs	Shs	Shs	Shs	Shs	Shs	Shs
At start of year		838,980,060	85,670,610	214,602,554	120,694,392	59,552,588	135,261,335	1,248,756,715
Prior year adjustment					1,546,885.00		(800,000)	
Total		**838,980,060**	**85,670,610**	**214,602,554**	**122,241,277**	**59,552,588**	**134,461,335**	**1,455,508,424**
Changes in Equity								
Transfer to Credit Risk Reserve	24(iv)	-	-	-	6,734,300	(6,734,300)	-	-
Profit for the year	24(iii)	-	-	-	285,817,491	-	-	285,817,491
Fair value of gain /loss	24(vi)	-	16,015,346	-	-	-	-	16,015,346
Deferred tax on fair value loss	24(vi)	-	(2,402,302)	-	-	-	-	(2,402,302)
Transfer to statutory reserve	24(ii)	-	-	57,163,498	(57,163,498)	-	-	-
								-
Transactions with owners:								-
Issue of investment shares	24(i)	138,884,960	-	-	-	-	-	138,884,960
2023 - Honararium paid	24(v)	-	-	-	-	-	(4,200,000)	(4,200,000)
2023 - Dividends Paid	24(v)	-	-	-	-	-	(130,261,335)	(130,261,335)
2024 - Proposed honorarium	24(v)	-	-	-	(5,000,000)	-	5,000,000	-
2024 - Proposed dividend	24(v)	-	-	-	(136,177,155)	-	136,177,155	-
At end of year		**977,865,020**	**99,283,654**	**271,766,052**	**216,452,415**	**52,818,288**	**141,177,155**	**1,759,362,584**

Chairman	Treasurer	Honorary Secretary	CEO	HOF

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31ST DECEMBER 2025

		Group		Sacco	
		2025	2024	2025	2024
	Notes	Shs	Shs	Shs	Shs
Cash flows from operating activities					
Interest income	2(a)	1,308,604,880	1,130,411,926	1,308,604,880	1,130,411,926
Other interest income	2(b)	80,280,238	120,685,810	80,280,238	119,508,420
Other operating income	2(d)	88,356,912	105,140,196	14,917,853	17,117,167
Interest payments	2(c)	(646,528,711)	(614,668,832)	(646,528,711)	‘
Payment to employees and suppliers	2f - 3d	(330,278,617)	(429,492,245)	(268,322,057)	(349,467,595)
Honorarium paid	24(v)	(4,000,000)	(4,200,000)	(4,000,000)	(4,200,000)
		496,434,702	307,876,854	484,952,203	298,701,085
Changes in operating assets					
Loans and advances to members	7	(853,824,661)	(1,619,448,613)	(853,824,661)	(1,619,448,613)
Receivables and prepayments	5	13,319,523	(575,416,271)	3,003,483	(403,331,283)
Inventories	9	232,144,847	(127,993,979)	-	-
Due from subsidiaries	14	-	-	8,000,000	(18,000,000)
Changes in operating liabilities					
Members deposits	17-18	991,301,971	1,051,589,414	991,301,971	1,051,589,415
Trade and other payables	21	(335,765,394)	90,639,255	(5,792,893)	27,655,553
Lease liabilities	20	(8,249,739)	(7,643,904)	(8,249,739)	(7,643,904)
Net cash from operating activities before income taxes		535,361,248	(880,397,244)	619,390,363	(670,477,747)
Income tax paid	23	(25,603,549)	25,192,566	(17,985,932)	25,192,566
Net cash from operating activities		**509,757,699**	**(855,204,678)**	**601,404,431**	**(645,285,181)**
Investing activities					
Purchase of property and equipment	11	(10,255,939)	(24,402,025)	(9,874,197)	(20,313,952)
Proceeds from disposal of assets & Shares		3,863,250	522,317	1,451,267	-
Dividends received		22,501,252	13,998,915	22,501,252	13,998,915
Net cash used in investing activities		**16,108,564**	**(9,880,793)**	**14,078,323**	**(6,315,037)**
Financing activities					
Proceeds from issue investment shares	24(i)	122,842,880	138,884,960	122,842,880	138,884,960
Net movement in borrowing	19	87,191,867	178,483,974	-	-
Dividend paid	24(v)	(136,177,155)	(130,261,336)	(136,177,155)	(130,261,335)
Net cash from financing activities		**73,857,592**	**187,107,598**	**(13,334,275)**	**8,623,625**
Net cash inflows		599,723,855	(677,977,873)	602,148,478	(642,976,593)
Cash and cash equivalents as at start of year		1,006,865,475	1,684,843,349	993,925,987	1,636,902,580
Cash and cash equivalents as at end of year	4	**1,606,589,330**	**1,006,865,475**	**1,596,074,466**	**993,925,987**

The notes on pages 75 to 126 form an integral part of these financial statements.

Report of the independent auditor - pages 64 to 67.

Chairman ... Treasurer ... Honorary Secretary ... CEO ... HOF

NOTES

1. Material Accounting Policies

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

a) Basis of preparation

The financial statements have been prepared under the historical cost basis, except where otherwise stated in the accounting policies below and are in accordance with International Financial Reporting Standards. The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is the the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the society takes into account the characteristics of the asset or liability if market participants would take those characteristics into consideration when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 on 'Inventories' or value in use in IAS 36 on Impairment of Assets.

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

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

Going concern

The financial performance of the society is set out in the report of the directors and in the statement of profit or loss and other comprehensive income. The financial position of the society is set out in the statement of financial position. Disclosures in respect of risk and capital management are set out in notes 26 and 27, respectively.

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 forseeable future and as a result the financial statements are prepared on a going concern basis.

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

Chairman	Treasurer	Honorary Secretary	CEO	HOF

New and amended standards adopted by the society

The society applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The society has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Society. The Society intends to use the practical - expedients in future periods if they become applicable.

....	....	....	....	....
Chairman	Treasurer	Honorary Secretary	CEO	HOF

1 Accounting policies(continued)

a) Changes in accounting policy and disclosures(continued)

ii. Standards, interpretations and amendments issued but not effective and have not been early adopted by the Society.

Title	Key requirements	Effective date
The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability- Amendments to IAS 21	The amendment to IAS 21 clarifies on when a currency is exchangeable into another currency and also how a company estimates a spot rate when a currency lacks exchangeability. The amendments also includes additional disclosure requirements to help users to assess the impact of using an estimated exchange rate on the financial statements.	1-Jan-25
Presentation and Disclosure in Financial Statements-IFRS 18	IFRS 18 replaces IAS 1, introducing structured financial statement changes. It defines new subtotals like 'operating profit' and mandates categorization of income and expenses into operating, investing, and financing. Companies must present operating expenses clearly, using nature, function, or a mixed approach, with new disclosures for function-based reporting. IFRS 18 also regulates Management- defined Performance Measures (MPMs), requiring explanations and reconciliations. The standard enhances information disaggregation, discouraging vague labels like 'other.' Additional changes impact cash flow classification and goodwill presentation. Transitioning entities must provide reconciliations for restated profit or loss figures compared to previous IAS 1 presentations.	1-Jan-27
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non- current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.	1 January 2022 [possibly deferred to 1 January 2024]

Chairman Treasurer Honorary Secretary CEO HOF

1 Accounting policies(continued)
a) Changes in accounting policy and disclosures(continued)

ii. Standards, interpretations and amendments issued but not effective and have not been early adopted by the Society.

Title	Key Requirements	Efffective Date
Classification and Measurement of Financial Instruments- Amendments to IFRS 9 and IFRS 7	Amendments to IFRS 9 introduce clarifications on financial instruments. For liabilities settled via electronic payments, derecognition typically occurs on the settlement date, but earlier derecognition is allowed if payments are irrevocable, cash is inaccessible, and settlement risk is minimal. Financial assets with contingent features, such as ESG-linked instruments, may now meet the SPPI test for amortised cost if their cash flows are not significantly different from similar assets without such features. Contractually Linked Instruments (CLIs) are further defined, distinguishing them from non-recourse financial assets and specifying assessment criteria for cash flows. Additionally, new disclosure requirements apply to equity investments measured at fair value through other comprehensive income (FVOCI), enhancing transparency in financial reporting	1-Jan-26
Subsidiaries without Public Accountability Disclosures- IFRS 19	IFRS 19 allows eligible subsidiaries without public accountability to apply IFRS standards with reduced disclosures. They can use it in consolidated, separate, or individual financial statements if their parent issues IFRS-compliant consolidated statements. Subsidiaries must explicitly state their adoption of IFRS 19 in their compliance statement.	1-Jan-27
Annual Improvements to IFRS Standards- Volume 11	Changes to IFRS 9 resolve conflicts with IFRS 15 on trade receivable measurement and clarify lease liability derecognition. Trade receivables without significant financing are measured per IFRS 15, and lease liability differences are recognized in profit or loss.	1-Jan-26
Sale or contribution of assets between an investor and its associate or joint venture- Amendments to IFRS 10 and IAS 28	The amendments clarify how gains or losses are recognized in transactions involving an associate or joint venture. A full gain or loss is recognized when the transferred assets constitute a business, whether housed in a subsidiary or not. If the assets do not constitute a business, only a partial gain or loss is recognized, even if housed in a subsidiary. This distinction ensures consistency in financial reporting by differentiating between business transfers and asset sales, aligning with accounting principles for associates and joint ventures.	N/A

....	....	....	....	....
Chairman	Treasurer	Honorary Secretary	CEO	HOF

1 Accounting policies(continued)
a) Changes in accounting policy and disclosures(continued)

ii. Standards, interpretations and amendments issued but not effective and have not been early adopted by the Society.

Title	Key requirements	Effective date
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognize the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. ** In December 2015 the IASB decided to defer the application date of this amendment until such time as the IASB has finalized its research project on the equity method.	N/A
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	The amendments require that an entity discloses its material accounting policies, instead of its material accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.	1 January 2024
Definition of Accounting Estimates - Amendments to IAS 8	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.	'1 January 2024

.... Chairman
.... Treasurer
.... Honorary Secretary
.... CEO
.... HOF

1. Material Accounting Policies (Cont'd)

b) Critical accounting estimates and judgements

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Measurement of expected credit losses (ECL):

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

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

- Determining criteria for significant increase in credit risk; ‘
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of of product/market and associated ECL; and
- Establishing the number and relative weightings of forward-looking scenarios for each type of of product/market and associated ECL;

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

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

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

- Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.
- Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.
- When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

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1. Material Accounting Policies (Cont'd)

b) Critical accounting estimates and judgement (continued)

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

Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instrument's credit risk or PD at the reporting date and the credit risk or PD at the date of initial recognition. However, IFRS 9 includes rebuttable presumptions that contractual payments that are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3).

The society uses these guidelines in determining the staging of its financial assets unless there is persuasive evidence available to rebut these presumptions.

For trade receivables, the group has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognised on the basis of a provisioning matrix.

The carrying amounts of the society's financial assets that are subject to impairment assessment are disclosed in note 8

- Useful lives, depreciation methods and residual values of property and equipment and intangible assets.

Useful lives, depreciation methods and residual values of property, plant and equipment, intangible assets and right-of-use E42 assets Management reviews the useful lives, depreciation methods and residual values of the items of property, plant and equipment, intangible assets and right-of-use assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values. The carrying amounts of property, plant and equipment, right-of-use assets and intangible assets are disclosed in notes 11, 10 and 12, respectively..

Accounting for leases under IFRS 16 Management has made various judgements and estimates under IFRS 16 as detailed notes 10 and 20

Incremental borrowing rate: To determine the incremental borrowing rate, the society:

where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third party financing; and

makes adjustments specific to the lease, e.g. term, country, currency and security. Lease term/period: In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods a fter termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). For leases of warehouses, retail stores and equipment, the following factors are normally the most relevant:

If there are significant penalties to terminate (or not extend), the society is typically reasonably certain to extend (or not to terminate).

If any leasehold improvements are expected to have a significant remaining value, the society is typically reasonably certain to extend (or not terminate).

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1. Material Accounting Policies (Cont'd)
b) Critical accounting estimates and judgement (continued)

Otherwise, the society considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices and vehicles leases have not been included in the lease liability,business. disruption. because the society could replace the assets without significant cost or

The lease term is reassessed if an option is actually exercised (or not exercised) or the society becomes event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. The carrying amounts of right-of-use assets and lease liabilities are disclosed in notes 10 and 20, respectively.

Other judgements and estimates may also require explanation in accounting for leases under IFRS 16 depending on the individual circumstances of the entity and the materiality of the amounts involved. These include:

(i) how the entity has determined whether a contract is, or contains, a lease

(ii) what is considered to be an index or rate in determining lease payment

(ii) how to account for costs incurred in connection with a lease that are not part of the cost of the right-of-use asset

(iv) the interpretation of what constitutes a penalty in determining the lease term/period.

Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the society is not yet committed to or significant future investments that will enhance the performance of the assets of the cash-generating unit (CGU) being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growthrate used for extrapolation purposes. The carrying amounts of right-of-use assets, property, plant and equipment and intangible assets are disclosed in notes 10, 11 and 12, respectively.

c) Recognition of interest income, dividend and interest expense

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

Interest on offset of loans

Interest is charged on members at the rate of 5% on the balance of offset loans.

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1. Material Accounting Policies (Cont'd)

Fee and commission income

Fees and commission income, including account servicing fees and custody fees are generally recognized on an accrual basis when the service has been provided.

Other income

i) Entrance fee is recognised when a new member joins the society;

ii) Dividend is recognised when the right to receive income is established. Dividend are reflected as a component

of other operating income based on the underlying classification of the equity instrument;

iii) Rental income is accrued by reference to time on a straight line basis over the lease term.

iv) Insurance charges on members loans is the excess of member's contribution over insurance premium 'payments.

Property and equipment

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

Freehold land and buildings are subsequently measured at open market value.

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

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

Increases in the carrying amount arising on revaluation are recognised to other comprehensive income income and credited to revaluation reserve in equity except to the extent that the increase reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed.Decreases that offset previous increases of the same asset are charged against the to other comprehensive income; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserveto the retained earnings .

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

d) Investment property

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

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NOTES (CONTINUED)

1. Material Accounting Policies (Cont'd)

m) Financial instruments (continued)

- ***Liabilities (continued)***

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

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially completed for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from he borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

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

Offsetting financial instruments

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

n) Inventories

Inventories comprise consumables and are valued at the lower of cost and net realisable value. Cost is determined on a first-in-first-out (FIFO) basis and comprises all costs attributable to bringing the consumables to their current location and condition. Net realizable value is the estimated purchase price to replace an item of consumables from a supplier.

o) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and financial assets with maturities of less than 3 months, net of bank overdrafts and money market lines. Restricted cash balances are those balances that the society cannot use for working capital purposes and are reduced from cash and cash equivalents. In the statement of financial position, bank overdrafts are included within borrowings in current liabilities.

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NOTES (CONTINUED)

		Group		Sacco	
2.	**Revenue**	**2025**	**2024**	**2025**	**2024**
		KShs	**KShs**	**KShs**	**KShs**
a)	**Interest income**				
	Interest from members loans				
	Interest from normal loans	692,016,694	643,254,969	692,016,694	643,254,969
	Interest on loan repurchase	104,606,890	69,742,460	104,606,890	69,742,460
	Interest from refinancing loans	61,587,443	46,776,651	61,587,443	46,776,651
	Interest on Defaulter loan	-	6,976,626	-	6,976,626
	Interest on restructure loan	45,031,060	38,852,552	45,031,060	38,852,552
	Interest on gold loan	54,679,516	63,334,032	54,679,516	63,334,032
	Interest from emergency loan	2,132,184	2,722,746	2,132,184	2,722,746
	Interest on premier staff loan	7,344	22,467	7,344	22,467
	Interest from asset financing loans	14,583,390	9,625,325	14,583,390	9,625,325
	Interest on staff loans	2,256,066	1,701,528	2,256,066	1,701,528
	Interest on Mobi Loans	91,990,692	68,941,349	91,990,692	68,941,349
	Interest from short term loans	319,154	224,977	319,154	224,977
	Interest on plot buying loan	31,093,620	29,287,892	31,093,620	29,287,892
	Interest on Mortgage loan	23,088,217	12,326,173	23,088,217	12,326,173
	Interest on self guaranteed Loan	45,910,449	37,451,519	45,910,449	37,451,519
	Home care products Interest	3,828	2,408	3,828	2,408
	Interest Rahisi Loan	42,926,002	35,537,007	42,926,002	35,537,007
	Interest on Jazilia Loan	1,565,010	1,831,664	1,565,010	1,831,664
	Interest on Equity Release Loan	88,120,503	54,140,070	88,120,503	54,140,070
	Interest from Guarantor Liability loan	845,975	429,854	845,975	429,854
	Interest on dividend advance	5,840,842	4,278,073	5,840,842	4,278,073
	Total interest income	**1,308,604,880**	**1,130,411,926**	**1,308,604,880**	**1,130,411,926**
b)	**Other interest income**				
	Interest on fixed deposits and call deposits	74,893,175	115,900,373	74,893,175	114,722,983
	Interest from Government securities	11,227,905	4,785,437	11,227,905	4,785,437
	Total Other interest income	**86,121,080**	**120,685,810**	**86,121,080**	**119,508,420**
c)	**Interest expenses**				
	Interest on member deposits	717,563,966	646,528,711	717,563,966	646,528,711
	Interest on members fixed deposit/Call Accounts	8,060,848	5,569,463	8,060,848	5,569,463
	Total interest expense	**725,624,814**	**652,098,174**	**725,624,814**	**652,098,174**
	Net interest income	**669,101,146**	**598,999,562**	**669,101,146**	**597,822,171**

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NOTES (CONTINUED)

		Group		Sacco	
		2025	2024	2025	2024
d)	**Other operating income**	KShs	KShs	KShs	KShs
	Sale of land	71,087,359	96,724,629	-	-
	Dividend income	22,501,252	13,998,915	22,501,252	23,998,915
	Rent income	1,020,000	1,020,000	-	-
	Members entrance fees	1,972,913	2,266,000	1,972,913	2,266,000
	Miscelleneous income	963,800	629,400	444,100	351,000
	Interest on lumpsum	3,659,730	5,077,658	3,659,730	5,077,658
	Interest on Instant	780,644	998,754	780,644	998,754
	Upfront Interest on Loans	2,778,246	-	2,778,246	-
	Convenience Interest on Rahisi Loan	1,858,352	1,153,245	1,858,352	1,153,245
	Fosa fees and Commissions	3,423,869	222,094	3,423,869	222,094
	Gain/Loss on Sale of Shares	739,975		739,975	
	Other Incomes	812,000			
	Total other operating income	**111,598,139**	**119,139,111**	**38,159,080**	**31,116,082**
e)	**Impairment Provisions**				
	Impairment charge on loans	40,000,000	51,437,691	40,000,000	51,437,691
	Provision for Impairment of MPL Investment	9,000,000	9,000,000	9,000,000	9,000,000
	Provision for Impairment of KUSCCO Investment	34,000,000	34,000,000	34,000,000	34,000,000
	Total Impairment charge on loans and advances	**83,000,000**	**94,437,691**	**83,000,000**	**94,437,691**
f)	**Administration expenses**				
	Personnel expenses				
	Salaries and wages	105,320,462	90,909,969	90,550,250	72,600,361
	Staff insurances	12,482,869	11,847,071	9,316,001	8,928,652
	Staff bonus	7,993,580	7,427,533	7,993,580	7,427,533
	Pension contribution - defined benefit scheme	6,312,872	5,255,932	5,543,577	4,127,487
	Staff training	10,329,350	9,551,675	7,458,682	6,571,487
	Staff travelling allowance	1,767,672	2,264,031	1,194,819	800,000
	Recruitment costs	366,070	958,358	366,070	958,358
	Staff welfare	2,166,494	1,948,104	2,062,382	1,718,029
	Social security benefits	3,023,372	1,547,014	2,361,093	1,103,211
	Housing Levy	1,610,629	1,143,676	1,353,545	939,511
	Total Personnel expenses	**151,373,371**	**132,853,364**	**128,200,000**	**105,174,630**

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NOTES (CONTINUED)

		Group		Sacco	
		2025	2024	2025	2024
		KShs	KShs	KShs	KShs
	Other administrative expenses				
	Annual planning meeting costs	5,648,127	6,277,754	4,536,609	4,914,121
	Office expenses	4,490,841	4,551,328	3,134,610	3,635,885
	Telephone, internet and postage	4,163,247	2,905,890	3,560,900	2,548,572
	Software maintenance	10,580,842	8,004,218	10,580,842	8,004,218
	Business disaster and recovery plan	1,721,539	2,109,274	1,721,539	2,109,274
	Ushirika Day cerebrations	1,546,758	428,923	1,546,758	428,923
	Printing and stationery	798,702	739,690	618,773	524,884
	Audit fees	1,294,999	1,299,169	999,999	999,999
	Automation expenses	2,868,307	3,756,399	80,000	1,011,348
	Loss on asset disposal	1,304,918	320,607	85,335	-
	Legal and professional fees	6,794,272	5,490,129	2,757,028	859,361
	Subscriptions	-	90,000	-	90,000
	Strategic plan review	3,321,912	2,157,540	3,321,912	2,157,540
	Interest on Lease liabilities	2,405,404	1,730,759	715,379	1,247,276
	Credit Administration expenses	271,456	104,974	271,456	104,974
	Office Cleaning Expenses	672,312		672,312	
	SASRA deposit levy	10,000,000	7,666,667	10,000,000	7,666,667
	Provision for contractual agreement	6,000,000	6,000,000	-	-
	Data protection settlement	-	650,108	-	-
	Members subscription fee	88,900	106,400	-	-
	Total Other administrative expenses	**63,972,536**	**57,419,955**	**44,603,452**	**38,999,144**
	Total Administration expenses	**215,345,907**	**190,273,319**	**172,803,452**	**144,173,775**
g)	**Financial Expenses**				
	Bank charges	**3,968,311**	**3,030,126**	**3,712,371**	**2,696,102**

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NOTES (CONTINUED)

		Group		Sacco	
		2025	2024	2025	2024
		KShs	KShs	KShs	KShs
3b)	**Member expenses**				
	Education expenses	11,559,008	9,363,513	11,559,008	9,363,513
	AGM expenses	9,476,933	7,076,177	9,263,219	6,835,978
	Total Member expenses	**21,035,940**	**16,439,690**	**20,822,226**	**16,199,491**
3 c)	**Marketing Expenses**	**35,284,396**	**33,649,146**	**24,938,625**	**20,567,696**
3d)	**Other operating expenses**				
	Service charge, VAT & utilities	4,875,567	6,838,297	3,597,777	2,935,137
	Licences	888,158	1,395,794	359,392	441,974
	Repairs and maintenance	571,841	560,677	527,033	475,108
	Security charges	2,162,608	687,157	2,162,608	627,157
	Office insurance	3,577,760	624,834	3,522,911	339,684
	MHCL Exit-Transaction Advisory	6,937,400	-	6,937,400	-
	Stakeholders Expenses	1,638,178	1,311,871	-	-
	Property development expenses	-	3,790,609	-	-
	Total	**20,651,512**	**15,209,238**	**17,107,121**	**4,819,061**
	Depreciation	7,451,654	7,427,689	5,249,808	4,789,181
	Amortisation of Right of Use and Software	15,135,891	12,368,690	13,332,592	12,368,690
		22,587,544	**19,796,379**	**18,582,400**	**17,157,871**
	Total Other operating expenses	**43,239,057**	**35,005,617**	**35,689,521**	**21,976,932**

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NOTES (CONTINUED)

		Group		Sacco	
4	**Cash and cash equivalents**	2025	2024	2025	2024
		KShs	KShs	KShs	KShs
	Cash at bank and in hand	250,908,616	140,334,757	240,394,105	127,395,622
	Fixed deposit	1,105,680,714	816,530,718	1,105,680,361	816,530,365
	Government Securities	250,000,000	50,000,000	250,000,000	50,000,000
	Total	**1,606,589,330**	**1,006,865,475**	**1,596,074,466**	**993,925,987**
	For the purposes of the statement of cash flows the year end cash and cash equivalents comprise of the following:				
	Cash at bank and in hand	1,606,589,330	1,684,843,349	1,596,074,466	993,925,987
	Add: Expected credit loss on bank balances		-		-
		1,606,589,330	**1,684,843,349**	**1,596,074,466**	**993,925,987**
	Cash at bank comprise of the following:-				
	Equity Bank - Current Account	25,241,613	23,208,822	22,899,694	21,839,839
	Cooperative Bank - Current Account	25,712,148	7,519,455	23,775,185	2,138,878
	NCBA Bank-Current Account	16,344,529	32,152,158	14,670,972	27,020,363
	Cooperative Bank - Escrow Current Account	1,017,600	627,451	-	-
	Current accounts:Equity Bank - Escrow/ Current Ac Nala gardens	2,998,436	-	-	
	Safaricom Ltd-M-pesa Accounts - Current Accounts	20,774,526	75,226,235	20,288,526	74,903,535
	Airtel Money Account - Current Account	2,539	2,539	2,539	2,539
	Petty cash	116,373	114,597	56,337	6,968
	Treasury/Vault Cash- FOSA	7,853,100	1,483,500	7,853,100	1,483,500
	KCB Bank - Current Account	150,846,000		150,846,000	
	Absa Bank - Current Account	1,753		1,753	
		250,908,616	**140,334,757**	**240,394,105**	**127,395,622**
	Total	**250,908,616**	**140,334,757**	**240,394,105**	**127,395,622**
	Short term deposits comprise of the following:-				
	Government securities-Treasury Bills	250,000,000	50,000,000	250,000,000	50,000,000
	Call Deposit-Cooperative Bank	205,680,361	166,530,365	205,680,361	166,530,365
	Call Deposit-NCBA Bank	-	100,000,000	-	100,000,000
	Family Bank - Fixed Deposit Account	353	353	-	-
	Cooperative Bank Fixed Deposit	-	250,000,000	-	250,000,000
	Equity Bank fixed deposit	-	300,000,000	-	300,000,000
	KCB Fixed Deposit	50,000,000	-	50,000,000	-
	Co-operative Bank Bond Plus	200,000,000	-	200,000,000	-
	NCBA Fixed Deposit	100,000,000	-	100,000,000	-
	CIC MMF	300,000,000	-	300,000,000	-
	KCB MMF	200,000,000	-	200,000,000	-
	Absa MMF	50,000,000	-	50,000,000	-
	Total	**1,105,680,714**	**816,530,718**	**1,105,680,361**	**816,530,365**

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NOTES (CONTINUED)

5 a)	**KUSCCO deposits Recevables**				
	KUSCCO Fixed deposit	476,218,131	**480,610,834**	476,218,131	**480,610,834**
	KUSCCO Savings	11,220,566	**11,220,566**	11,220,566	**11,220,566**
	Less: Expected credit loss on bank balances	(68,000,000)	**(34,000,000)**	(68,000,000)	**(34,000,000)**
		419,438,697	**457,831,400**	**419,438,697**	**457,831,400**

KUSCCO Deposits Receivables includes KShs 480,610,834 relating to fixed deposit certificate No 4733 held in KUSCCO which matured on 16.01.24 and the accrued interest as at the date of maturity (No interest has been accrued in the books since 16.01.2024). KUSCCO did not honor the withdrawal request on the due date. The SACCO filed a case in court demanding KUSCCO to pay the owed amount which is ongoing. The Board resolved to start annual provision for impairment of ksh. 34 million annually even as it pursues recovery of funds through the legal process. KUSCCO made partial refunds of KShs 4,392,703 during the year 2025.

5 b)	**Other receivables and prepayments**				
	Receivables (Accrued Income on Investments and other receivables)	371,661,473	393,804,063	17,618,826	30,236,721
	Prepayments and deposits (Rent deposit for Absa & Maendeleo Hse Offices)	5,960,602	5,571,966	5,960,602	4,780,621
	Dividend on member deposits (Dividend advance product)	42,006,427	29,179,293	42,006,427	29,179,293
		419,628,502	**428,555,323**	**65,585,856**	**64,196,635**
	Total Receivables	**839,067,199**	**886,386,723**	**485,024,553**	**522,028,036**

*Receivables for the SACCO include accrued income receivable for short term deposits 'while that of the group include receivables from land customers for various land projects payable within 24 months. The dividend advance refers to the product issued to members and recovered from their dividends and interest received in the subsequent year.

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NOTES (CONTINUED)

		No. of Accs	%	Group 2025	Group 2024	Sacco 2025	Sacco 2024
				KShs	KShs	KShs	KShs
6	**Tax recoverable**						
	At start of year			31,764,266	37,363,667	31,109,098	24,515,775
	Tax recovered in the year			(1,820,511)	(7,419,912)	(9,195,061)	(2,601,738)
	Tax recoverable for the year			3,518,261	1,820,511	6,585,417	9,195,061
	As at end of the year			**33,462,016**	**31,764,266**	**28,499,454**	**31,109,098**
7	**Member loans and advances**						
	At start of year			9,532,068,833	7,861,182,529	9,532,068,833	7,861,182,529
	Granted during the year			6,595,140,370	6,744,648,401	6,595,140,370	6,744,648,401
	Interest charged			1,243,012,206	1,130,411,926	1,243,012,206	1,130,411,926
	Repayment during the year			(6,929,095,494)	(6,191,043,482)	(6,929,095,494)	(6,191,043,482)
	Interest income suspended			(12,181,243)	(13,130,541)	(12,181,243)	(13,130,541)
	Total loans and advances before provisions			**10,428,944,672**	**9,532,068,833**	**10,428,944,672**	**9,532,068,833**
	Provision for loan losses			(391,678,694)	(351,678,694)	(391,678,694)	(351,678,694)
	At end of year			**10,037,265,978**	**9,180,390,139**	**10,037,265,978**	**9,180,390,139**
	Movement in impairment provisions						
	At start of year			352,065,243	300,627,552	351,678,694	300,241,003
	Impairment provisions for the year			40,000,000	51,437,691	40,000,000	51,437,691
	At end of year			**392,065,243**	**352,065,243**	**391,678,694**	**351,678,694**
	The provisions for doubtful debts include the following:						
	Provision as per statutory regulations						
		No. of Accs	%				
	Performing-0 days	10,385	1	92,452,448	86,255,634	92,452,448	86,255,634
	Watch-1 - 30 days	1,222	5	34,610,640	22,333,637	34,610,640	22,333,637
	Substandard-31 - 180 days	478	25	60,956,992	56,823,698	60,956,992	56,823,698
	Doubtful-181 - 360 days	50	50	9,300,220	6,598,979	9,300,220	6,598,979
	Loss-Over 360 days	454	100	241,239,956	232,485,034	241,239,956	232,485,034
				438,560,255	**404,496,982**	**438,560,255**	**404,496,982**

The society's credit risk arises primarily from loan receivables. The directors are of the opinion that the society's exposure is limited as the most loans are secured with collaterals and deposits and also because the debt is widely held.

Additionaly, the society has a loan guard Insurance policy on all classes of loans in which there is compensation of insured loan balance in the event of death or total permanent disability of a member.

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NOTES (CONTINUED)

		Group		Sacco	
7	**Loans and advances (continued)**	**2025**	**2024**	**2025**	**2024**
		KShs	**KShs**	**KShs**	**KShs**
(i)	**Loans to insiders**				
	The following loans were granted to insiders:				
	Total loans advanced during the year	61,981,836	40,625,756	56,240,181	38,404,656
	Total loans outstanding at the end of the year:	68,579,742	60,076,774	58,193,062	46,410,580
	Loans to employees	37,130,167	34,491,750	36,140,181	33,358,372
	Loans to directors and supervisory committee	24,851,669	25,585,024	20,100,000	13,052,208
	Total loans and advances	**61,981,836**	**60,076,774**	**56,240,181**	**46,410,580**

Insiders are deemed to be directors and employees of the society and it's subsidiaries.

(ii) Loans and advances to customers at amortised cost

	Gross amount	ECL allowance	Carrying amount
Year ended 31 December 2025	**Shs**	**Shs**	**Shs**
Stage 1 - 12-month ECL	9,245,244,756	68,008,946	9,177,235,810
Stage 2 - Lifetime ECL	936,040,766	44,110,653	891,930,113
Stage 3 - Lifetime ECL	259,840,396	279,559,095	-19,718,699
	10,441,125,918	**391,678,694**	**10,049,447,224**

Year end 31 December 2025

	Provision as per statutory regulations	Impairment provision as per IFRS 9	Credit Risk Reserve	Transfer to Credit Risk Reserve
	Shs	**Shs**	**Shs**	**Shs**
Loan and advances	438,560,255	391,678,694	46,881,561	(5,936,727)
Year end 31 December 2024				
Loan and advances	404,496,982	351,678,694	52,818,288	6,734,300

*The impairment of losses required by regulation exceed those calculated under IFRS 9. The excess is recognised as credit risk reserve and accounted for as an appropriation item.

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NOTES (CONTINUED)

(ii) IFRS 9 provisions

Reconciliation from opening to closing balance of loss allowance for loans and advances to customers at amortised cost for 2024 is shown below; comparative amounts for 2025 represent allowance account for credit losses and reflect measurement basis under IAS 39.

	Stage 1	Stage 2	Stage 3	Total	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	2025	2024
	Shs	Shs	Shs	Shs	Shs
At start of year	31,298,137	58,729,420	261,651,137	391,678,694	351,678,694
Provision for the year	36,710,809	(14,618,767)	17,907,958		
	68,008,946	**44,110,653**	**279,559,095**		

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NOTES (CONTINUED)

8 Financial assets	No. of shares	Par value in Shs	2025 Shs	2024 Shs
Unquoted shares				
Co-operative Bank Holdings Limited	8,601,432	14	120,420,048	73,112,172
Co-operative Insuarance Company Limited	12,187,776	3.5	46,922,939	42,657,216
Mhasibu Investment Company limited	129,234	100	12,923,378	12,923,378
KUSCCO Shares	204,784	100	20,478,474	20,478,474
SACCO Central Shares			100,000	100,000
			200,844,839	**149,271,240**
Quoted shares				
Co-operative Bank of Kenya Limited	109,200	23.95	2,615,340	1,796,340
National Industrial Credit Bank Ltd	11,408		-	549,866
Tourism Promotion Services Limited	2,393		-	35,656
Standard Chartered Bank Ltd	2,566		-	717,839
Uchumi Supermarkets Limited	3,200		-	544
			2,615,340	**3,100,244**
Total financial assets			203,460,179	152,371,484
Income from available-for-sale financial assets (Note 2(d))			22,501,252	23,998,915

The fair values of financial assets are categorised as follows based on the information set out in accounting policy (i).

Year ended 31st December 2025	Level 1 Shs	Level 3 Shs	Carried at cost less impairment Shs	Total Shs
Co-operative Bank Holdings Limited	-	120,420,048	-	120,420,048
Co-operative Insuarance Company Limited	-	46,922,939	-	46,922,939
Mhasibu Investment Company limited	-	12,923,378	-	12,923,378
KUSCCO Shares	-	20,478,474	-	20,478,474
SACCO Central Shares		100,000		100,000
Co-operative Bank of Kenya Limited		2,615,340	-	2,615,340
Available-for-sale	-	203,460,179	-	203,460,179

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NOTES (CONTINUED)

Year ended 31 December 2024	Level 1	Level 3	Carried at cost less impairment	Total
	Shs	Shs	Shs	Shs
Co-operative Bank Holdings Limited	-	73,112,172	-	73,112,172
Co-operative Insuarance Company Limited	-	42,657,216	-	42,657,216
Mhasibu Investment Company limited	-	12,923,378	-	12,923,378
KUSCCO Shares	-	20,478,474	-	20,478,474
Co-operative Bank of Kenya Limited	-	1,796,340	-	1,796,340
National Industrial Credit Bank Ltd	549,866	-	-	549,866
Tourism Promotion Services Limited	35,656	-	-	35,656
Standard Chartered Bank Ltd	717,839	-	-	717,839
Uchumi Supermarkets	544	-	-	544
Available-for-sale	**1,303,904**	**150,967,580**	**-**	**152,271,484**

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

Management monitors the credit quality of financial assets by:
-discussion at the management and board meetings;
-reference to external historical information available;
-discussions with the society's investment advisors;
None of the financial assets are considered to be impaired.

Movement in Financial Assets	2025	2024
	Shs	Shs
Value as at 1st January	152,371,483	136,256,137
Addition	-	-
Gain / (Loss)	51,088,695	16,115,346
Value as at end of period	**203,460,178**	**152,371,483**

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NOTES (CONTINUED)

11 Property and equipment
Group
Year ended 31st December 2025

	Land & Buildings	Motor vehicles	Motor Cycle	Furniture, fittings & equipment	Computer & Accessories	Work In progress	Total
	Shs		Shs	Shs	Shs	Shs	Shs
Cost or valuation						`	
At start of year	170,000,000	3,531,667	239,750	44,399,767	29,706,433	91,973,728	339,851,345
Additions	-	-	-	889,297	4,093,400	5,273,242	10,255,939
Adjustments (Transfer from WIP)	-	-	-	1,227,322	-	(10,009,564)	(8,782,242)
Disposal	-	-	-	(2,471,476)	(296,060)		(2,767,536)
At end of year	**170,000,000**	**3,531,667**	**239,750**	**44,044,911**	**33,503,773**	**87,237,406**	**338,557,506**
Comprising							
Cost	170,000,000	3,531,667	239,750	44,044,911	33,503,773	87,237,406	338,557,506
Valuation							-
	170,000,000	**3,531,667**	**239,750**	**44,044,911**	**33,503,773**	**87,237,406**	**338,557,506**
Accumulated depreciation							
At start of year	-	2,532,917.00	221,748	18,666,372	23,291,491	-	44,712,528
Charge for the year	-	882,917	4,500	3,179,158	3,382,447	-	7,449,023
Disposal	-	-	-	(919,797)	(376,975)		(1,296,772)
At end of year	**-**	**3,415,834**	**226,249**	**20,925,734**	**26,296,963**	**-**	**50,864,780**
Net book value							
12/31/2025	**170,000,000**	**115,833**	**13,501**	**23,119,177**	**7,206,809**	**87,237,406**	**287,692,726**
12/31/2024	**170,000,000**	**998,750**	**18,002**	**25,733,395**	**6,414,942**	**91,973,728**	**295,138,817**

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NOTES (CONTINUED)

Sacco

Year ended 31st December 2025

	Land & Buildings	Motor vehicles	Motor Cycle	Furniture, fittings & equipment	Computer & Accessories	Work In progress	Total
	Shs		Shs	Shs	Shs	Shs	Shs
Cost or valuation							
At start of year	-	-	239,750	29,831,293	24,485,906	4,736,321.41	59,293,270
Additions	-	-	-	507,555	4,093,400	5,273,242.29	9,874,197
Adjustments (Transfer from WIP)	-	-	-	1,227,322.04	-	(10,009,564)	(8,782,242)
Disposal	-	-	-	(355,553)	-	-	(355,553)
Surplus on revaluation	-	-	-	-	-	-	-
At end of year	**-**	**-**	**239,750**	**31,210,618**	**28,579,305**	**-**	**60,029,673**
Comprising							
Cost	-	-	239,750	31,210,618	28,579,305	-	60,029,673
Valuation	-	-	-	-	-	-	-
			239,750	**31,210,618**	**28,579,305**	**-**	**60,029,673**
Accumulated depreciation							
At start of year	-	-	221,748	13,863,002	19,481,164	-	28,776,734
Charge for the year	-	-	4,500	2,212,896	3,032,410	-	5,249,807
Disposal	-	-	-	(245,218)			
At end of year	**-**	**-**	**226,249**	**15,830,681**	**22,513,575**	**-**	**38,570,504**
Net book value							
12/31/2025	**-**	**-**	**13,501**	**15,379,937**	**6,065,731**	**-**	**21,459,169**
12/31/2024	**-**	**-**	**18,002**	**15,968,291**	**5,004,741**	**4,736,321**	**25,727,356**

The WIP relates to projects/systems that were completed during the year and include; CRM Software-4,002,000, SIEM Solutions Tool-2,437,042, Internal Audit Software-2,343,200 & Renovation Works for the Office-1,227,322

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NOTES (CONTINUED)

		Group 2025 KShs	Group 2024 KShs	Sacco 2025 KShs	Sacco 2024 KShs
12	**Intangible assets (software)**				
	At start of year	33,057,196	19,844,843	32,662,422	19,450,069
	Prior year Adjustments	-	-	-	-
	Additions	-	-	-	-
	Adjustments (Transfer from WIP)	8,782,242	13,212,353	8,782,242	13,212,353
	At end of year	41,839,439	33,057,196	41,444,665	32,662,422
	Amortisation				
	At start of year	14,469,682	9,761,166	14,085,428	9,441,179
	Amortisation charge	5,474,477	4,708,516	5,471,847	4,644,249
	At end of year	19,944,159	14,469,682	19,557,275	14,085,428
	Net book value	**21,895,279**	**18,587,514**	**21,887,389**	**18,576,994**
13	**Deferred tax asset**				
	At start of year	7,159,853	5,528,111	-	-
	Prior year adjustments	-	(634)	-	-
	Charge to other comprehensive income*				
	At end of year	5,686,614	7,159,853	-	-

*Deferred tax is calculated using the enacted rate of 30% (2024: 30%).The above is the deferred tax asset recognized.

		Group 2025 KShs	Group 2024 KShs	Sacco 2025 KShs	Sacco 2024 KShs
14	**Amount due from subsidiaries**				
	Mhasibu Properties Company Limited	-	-	76,560,606	76,560,606
	Mhasibu Housing Company Limited	-	-	10,000,000	18,000,000
	At end of year	-	-	86,560,606	94,560,606

The amount due from Mhasibu Properties relates to the loan issued to MPL where the Sacco has the first charge on the title. The property was last valued at KES 220,000,000

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NOTES (CONTINUED)

	Group		Sacco	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
15 Investment subsidiaries				
Mhasibu Properties Limited (84.82% shareholding)	-	-	90,000,000	90,000,000
Mhasibu Housing Limited (100% shareholding)	-	-	100,000,000	100,000,000
At end of year	-	-	190,000,000	190,000,000

Following the conclusion of the appeals in the matters of M & R Consult Ltd Vs. MPL and Jinsing Enterprises Ltd Vs. MPL, considering contingent liabilities arising from the matters amounting to Kshs 141,149,837 as 31st December 2023 and further considering MPL property has currently been professionally valued at Kshs 220,000,000, MPL liabilities exceed its assets. Further in line with shareholder approval obtained in 2023, the SACCO Board recalled its debt and exercised its statutory power of sale over the MPL property,a process which is ongoing. To address compliance, the Board of directors concluded that the investment in MPL amounting to Kshs 90,000,000 be impaired over a period of 10 years starting the year ending 31st December 2024. The SACCO's exit from MHCL as approved by members is ongoing.

	Group 2025 KShs	Group 2024 KShs	Sacco 2025 KShs	Sacco 2024 KShs
16 Interest on member deposits due				
a) To members				
At start of year	646,528,711	610,646,254	646,528,711	610,646,254
Provision for the year - Interest on members deposit	717,563,966	646,528,711	717,563,966	646,528,711
Payments during the year	(646,528,711)	(610,646,254)	(646,528,711)	(610,646,254)
At end of year	717,563,966	646,528,711	717,563,966	646,528,711
Total interest due	**717,563,966**	**646,528,711**	**717,563,966**	**646,528,711**
17 Members' deposits				
Members' share deposits				
At start of year	8,403,161,572	7,415,914,705	8,403,161,572	7,415,914,705
Contributions during the year	1,540,876,132	1,209,050,803	1,540,876,132	1,209,050,803
Withdrawal/refunds during the year	(757,777,593)	(221,803,936)	(757,777,593)	(221,803,936)
Total	**9,186,260,111**	**8,403,161,572**	**9,186,260,111**	**8,403,161,572**

There is no member holding more than 20% of total member deposits.

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NOTES (CONTINUED)

		Group		Sacco	
		2025	2024	2025	2024
		Shs	Shs	Shs	Shs
18	**Other member savings**				
	Holiday savings scheme				
	At start of year	2,534,273	1,670,429	2,534,273	1,670,429
	Receipts	4,479,024	3,508,944	4,479,024	3,508,944
	Refunds	(2,999,510)	(2,645,100)	(2,999,510)	(2,645,100)
	At end of year	**4,013,787**	**2,534,273**	**4,013,787**	**2,534,273**
					`
	Childrens savings scheme				
	At start of year	129,699,094	115,880,379	129,699,094	115,880,379
	Receipts	35,510,812	33,929,075	35,510,812	33,929,075
	Refunds	(16,440,570)	(20,110,360)	(16,440,570)	(20,110,360)
	At end of year	**148,769,335**	**129,699,094**	**148,769,335**	**129,699,094**
	Plot Buying savings scheme				
	At start of year	(1,372,650)	(1,372,650)	(1,372,650)	(1,372,650)
	Receipts	-	-	-	-
	Refunds	-	-	-	-
	At end of year	**(1,372,650)**	**(1,372,650)**	**(1,372,650)**	**(1,372,650)**
	Member Fixed deposit A/C				
	At start of year	67,966,878	90,885,853	67,966,878	90,885,853
	Receipts	175,067,425	22,499,392	175,067,425	22,499,392
	Refunds	(75,900,580)	(45,418,368)	(75,900,580)	(45,418,368)
	At end of year	**167,460,670**	**67,966,878**	**167,460,670**	**67,966,878**
	FOSA Current Account				
	At start of year	72,578,965	-	72,578,965	-
	Receipts	5,668,873,426	603,549,393	5,668,873,426	603,549,393
	Refunds	(5,583,523,983)	(530,970,429)	(5,583,523,983)	(530,970,429)
	At end of year	**157,928,408**	**72,578,965**	**157,928,408**	**72,578,965**
	Member Call Ac				
	At start of year	-		-	-
	Receipts	39,544,865		39,544,865	-
	Refunds	(36,734,425)		(36,734,425)	-
	At end of year	**2,810,440**		**2,810,440**	**0.00**
	Total member savings	**479,609,990**	**271,406,558**	**479,609,990**	**271,406,559**

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NOTES (CONTINUED)

		Group		Sacco	
		2025	2024	2025	2024
		Shs	Shs	Shs	Shs
	Total Member Deposits	**9,665,870,101**	**8,674,568,131**	**9,665,870,101**	**8,674,568,131**
19	**Borrowings**				
	Non-current borrowings	265,675,841	148,073,004	-	-
	Current borrowings	-	30,410,970	-	-
		265,675,841	**178,483,974**	**-**	**-**

The loan facility relates to a loan from Cooperative Bank by MHCL to finance Baraka project. The loan is fully secured by the land.The SACCO board during the year guided the subsidiary regarding the loan as required.

20 Lease Liabilities

Lease liabilities in the statement of financial position are made up as follows:-

		Group 2025	Group 2024	Sacco 2025	Sacco 2024
	At start of year	20,560,872	2,616,691	9,461,449	2,616,691
	Prior year adjustment	4,879	(1,067,822)	4,879	(1,067,822)
	Additions	433,306	15,556,483	433,306	15,556,483
;-	Less: Payments during the year	(8,249,739)	(7,643,904)	(8,249,739)	(7,643,904)
		10,803,270	**20,560,872**	**1,649,894**	**9,461,449**
	Made up as follows:-				
;-	Payable within next 12 months	8,899,690	8,899,690	8,202,280	8,202,280
;-	Payable after 12 months and within 5 years	1,903,580	11,661,182	(6,552,386)	1,259,169
		10,803,270	**20,560,872**	**1,649,894**	**9,461,449**

The society leases various offices. The leases of offices are typically for a period of up to six years.

		Group 2025	Group 2024	Sacco 2025	Sacco 2024
21	**Trade and other payables**				
	Insurance contribution	70,154,768	83,112,025	70,154,768	83,112,025
	Unidentified deposits	46,720	171,783	46,720	171,783
	Trade payables	219,819,539	402,187,117	3,833,126	11,617,717
	Accruals	98,317,670	194,411,740	16,297,131	9,317,301
	Unrealised revenue & interest customer charge	89,010,032	123,000,392	-	-
	Audit fees	729,164	774,165	599,999	599,999
	Payroll liabilities	13,201,104	23,751,277	12,442,233	4,712,155
	Provision for Impairment of MPL investment	18,000,000	9,000,000	18,000,000	9,000,000
	Other payables	3,155,843	2,791,736	3,155,843	2,791,733
	Total Trade and other payables	**512,434,841**	**839,200,235**	**124,529,820**	**121,322,713**

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NOTES (CONTINUED)

	Group		Sacco	
	2025	2024	2025	2024
	Shs	Shs	Shs	Shs

In the opinion of the directors, the carrying amounts of other payables approximate to their fair value. The average credit period on purchases from suppliers is 30 days. No interest is charged on trade payables. Insurance contributions from members that were in excess for periods up to 2024 were transferred to reserves. The balance relating to 2025 has been retained to cater for potential future premium fluctuations and to cushion the SACCO in the event of any unforeseen eventualities.

22 Deferred tax liability

The deferred tax liability arises during the year on the fair value of available for sale financial assets on the tax rate of 5% (capital gains tax rate). This amount has been charged to the fair value reserve through tax rate).

At start of year	6,465,184	4,062,882	6,465,184	4,062,882
Charge to other comprehensive income	7,789,640	2,402,302	7,761,049	2,402,302
At end of year	14,254,824	6,465,184	14,226,233	6,465,184

23 Tax

At the beginning of the year	(1,820,511)	(12,476,131)	(9,195,061)	(2,601,738)
Current tax charge	29,770,936	33,211,739	24,143,894	25,192,566
Instalment Tax paid	(25,603,549)	(33,170,041)	(17,985,932)	(33,170,041)
Final Tax paid	5,914,352	12,233,063	9,195,061	2,601,738
Withholding Tax Paid	(4,828,372)	(1,619,141)	(4,828,372)	(1,217,586)
Current year tax payable/ recoverable	3,432,855	(1,820,511)	1,329,590	(9,195,061)

24 Reserves

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

i) Share capital

At start of year	977,865,020	838,980,060	977,865,020	838,980,060
‘Prior year adjustment(s)	-	-	-	-
Contributions for the year	122,842,880	138,884,960	122,842,880	138,884,960
At end of year	**1,100,707,900**	**977,865,020**	**1,100,707,900**	**977,865,020**

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NOTES (CONTINUED)

	Group		Sacco	
	2025	2024	2025	2024
	Shs	Shs	Shs	Shs
Attributable to non-controlling interests relates minority shareholding (proportionate 15.18% in shareholding)				
ii) Statutory reserve				
At start of year	272,506,891	214,602,838	271,766,052	214,602,554
Prior year adjustment(s)	-	-	-	-
Transfer from revenue reserve	64,437,299	57,904,053	64,124,268	57,163,498
At end of year	**336,944,191**	**272,506,891**	**335,890,321**	**271,766,052**
iii) Revenue reserve				
At start of year	354,599,009	259,696,970	216,452,415	120,694,392
Prior year adjustment(s)	45,295,415	1,546,885	42,230,068	1,546,885
Prior year adjustment(s)	-	-	-	-
Profit for the year	322,186,497	289,520,265	320,621,342	285,817,491
Transfer to Credit risk reserve	5,936,726	6,734,300	5,936,726	6,734,300
Statutory reseve	(64,437,299)	(57,904,053)	(64,124,268)	(57,163,498)
Minority interest	(3,382,009)	(3,818,202)	-	-
2024 - Proposed honorarium	-	(5,000,000)	-	(5,000,000)
2024 - Proposed dividend	-	(136,177,155)	-	(136,177,155)
2025 - Proposed honorarium	(6,000,000)	-	(6,000,000)	-
2025 - Proposed dividend	(155,046,791)	-	(155,046,791)	-
At end of year	**499,151,549**	**354,599,009**	**360,069,491**	**216,452,415**
Prior year adjustment(s)				
Honoraria Balance for 2024	1,000,000		1,000,000	
Staff Bonus balance for 2024	1,522,313		1,522,313	
W/tax on interest from T-Bills for 2024 Paid in 2025	530,828		530,828	
Past years Div/Int balance (2023 & 2024)	2,630,602		2,630,602	
Excess Insurance Contributions upto 2024	36,546,325		36,546,325	

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NOTES (CONTINUED)

		Group		Sacco	
		2025	2024	2025	2024
		Shs	Shs	Shs	Shs
	Minority shareholding prior year adjustment on retained earnings-Group	3,065,348		-	
		45,295,415		**42,230,068**	
iv)	**Credit Risk Reserve**				
	At start of year	52,818,288	59,552,588	52,818,288	59,552,588
	Transfer to Credit risk reserve	(5,936,727)	(6,734,300)	(5,936,727)	(6,734,300)
	At end of year	**46,881,561**	**52,818,288**	**46,881,561**	**52,818,288**

*Credit risk reserve has been created for the difference between required provision as per IFRS 9 and statutory requirement as per Deposit taking SACCO Regulations.

		Group 2025 Shs	Group 2024 Shs	Sacco 2025 Shs	Sacco 2024 Shs
v)	**Proposed dividends**				
	At start of year	141,177,155	135,261,336	141,177,155	135,261,336
	Prior year adjustment	(1,000,000)	(800,000)	(1,000,000)	(800,000)
	2023 - Honorarium paid	-	-	-	(4,200,000)
	2023 - Dividend paid	-	-	-	(130,261,336)
	2024 - Paid honorarium	(4,000,000)	(4,200,000)	(4,000,000)	5,000,000
	2024 - Paid dividend	(136,177,155)	(130,261,336)	(136,177,155)	136,177,155
	2025 - Proposed honorarium	6,000,000	5,000,000	6,000,000	-
	2025 - Proposed dividend	155,046,791	136,177,155	155,046,791	-
	At end of year	**161,046,791**	**141,177,155**	**161,046,791**	**141,177,155**
vi)	**Fair value reserve**				
	At start of year	100,615,321	85,670,610	99,283,654	85,670,610
	Fair value gain/loss on available for sale assets	53,106,655	17,347,013	51,774,988	16,015,346
	Deferred tax on fair value loss/gain	(7,761,049)	(2,402,302)	(7,761,049)	(2,402,302)
	At end of year	**145,960,926**	**100,615,321**	**143,297,592**	**99,283,654**

The revaluation reserve is as a result of financial assets fair values recognized based on market prices for SACCO while for group includes motor vehicle revaluation.

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NOTES (CONTINUED)

		Group		Sacco	
		2025	2024	2025	2024
		Shs	Shs	Shs	Shs
vii)	**Non controlling interest**				
	Share capital	19,640,000	16,106,470	-	-
	Retained earnings	3,382,009	3,818,202	-	-
	At end of year	**23,022,009**	**19,924,673**	**-**	**-**

MSSL holds directly and indirectly 84.82% shareholding in MPL,minority shareholders holding 15.18%.

		Group 2025 Shs	Group 2024 Shs	Sacco 2025 Shs	Sacco 2024 Shs
25	**Related party transactions**				
i)	**Key management personnel remuneration**				
	Salaries and wages	51,019,978	50,371,980	47,601,278	41,729,960
	Defined contribution benefits	3,030,941	2,673,328	2,689,071	1,966,088
		54,050,919	**53,045,308**	**50,290,349**	**43,696,048**
ii)	**Directors compensation**				
	Meeting allowances and other compensation	34,521,759	31,054,787	29,444,911	24,166,539
		34,521,759	**31,054,787**	**29,444,911**	**24,166,539**
iii)	**Loans to insiders**				
	Loans to employees	37,130,167	34,491,750	36,140,181	33,358,372
	Loans to directors	24,851,669	25,585,024	20,100,000	13,052,208
		61,981,836	**60,076,774**	**56,240,181**	**46,410,580**
iv)	**Deposits for board and secretariat**				
	Deposits for Board members	33,704,931	32,979,354	28,311,268	26,661,211
	Deposits for staff	21,755,670	18,267,479	19,530,535	17,386,806
		55,460,601	**51,246,833**	**47,841,803**	**44,048,018**
v)	**Share capital for Board and Secretariat**				
	Share capital for Board members	4,993,100	4,370,760	4,423,100	3,291,760
	Share capital for staff	2,371,260	1,987,320	2,221,020	1,927,320
		7,364,360	**6,358,080**	**6,644,120**	**5,219,080**

Insiders are deemed to be directors and employees of the society and it's subsidiaries.

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NOTES (CONTINUED)

26 Risk management objectives and policies

Financial risk management

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

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

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

(a) Market risk

Interest rate risk

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

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

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

	GROUP		SACCO	
	2025	2024	2025	2024
	Shs	Shs	Shs	Shs
Effect on profit increase	3,221,865	2,895,203	3,206,213	2,858,175

- Price risk

The society is exposed to equity securities price risk because of investments held by the society and classified on the statement of financial position as 'Available-for-sale' fair value through profit or loss.

The society's investments in equity of other entities derive their market value from the quoted prices of publicly traded shares which are included in the Nairobi Securities Exchange (NSE).

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

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NOTES (CONTINUED)

Impact on other comprehensive income

	GROUP		SACCO	
	2025	2024	2025	2024
	Shs	Shs	Shs	Shs
Index				
NSE	16,109,325	14,476,013	16,031,067	14,290,875

A 5% sensitivity rate is being used when reporting price risk internally to key management personnel and represents managements assessment of the reasonably possible change in market rates of stock prices.

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

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

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

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

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

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

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NOTES (CONTINUED)

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

26 **Risk management objectives and policies (continued)**

(b) **Credit risk**

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 classified as stage 3 for purposes of the ECL calculation.

	Group	/Sacco
	2025	2024
	Shs	Shs
Loans and advances to customers		
0 Days (Performing and watch stage 1)	9,245,244,756	9,072,236,135
31 - 90 Days (Substandard, stage 2)	894,882,123	227,294,793
181- 360 Days (Doubtful and Loss stage 3)	300,999,039	245,682,993
	10,441,125,918	**9,545,213,920**

(c) Liquidity risk

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

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

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

Chairman	Treasurer	Honorary Secretary	CEO	HOF

NOTES (CONTINUED)

26 Risk management objectives and policies (continued)

(c) Liquidity risk (continued)

Group Year ended 31st December 2025	Interest rate %age	Current to 1 year Shs	1 to 5 years Shs	Total Shs
Interest bearing liabilities				
Member savings	8	991,301,971	8,674,568,131	9,665,870,101
Non-interest bearing liabilities				
Other payables	-	537,492,935	-	537,492,935
Interest due to members	-	717,563,966	-	717,563,966
		2,512,034,712	**8,674,568,131**	**11,186,602,843**
Group				
Year ended 31st December 2024				
Interest bearing liabilities				
Member savings	8	1,051,589,414	7,622,978,716	8,674,568,130
Non-interest bearing liabilities				
Other payables	-	866,226,292	-	866,226,292
Interest due to members	-	646,528,711	-	646,528,711
		2,742,828,391	**7,622,978,716**	**10,365,807,107**

d) **Market risk**

- ***Interest rate risk***

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

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

Chairman	Treasurer	Honorary Secretary	CEO	HOF

NOTES (CONTINUED)

27 Capital management

Internally imposed capital requirements

The society 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 debt and equity balance.

The capital structure of the society consists of net debt calculated as sum of total borrowings and mem ber's deposit (as shown in the statement of financial position) less cash and cash equivalents and equity (comprising investment shares, reserves and appropriation account). The directors reviews the capital structure on a semi-annual basis. As part of this review, the board considers the cost of capital and the risks associated with each class of capital. In order to maintain the capital structure, the society may adjust the amounts of dividends paid to members or sell assets to reduce debt.

	Group /Sacco	
	2025	2024
	Shs	Shs
The debt-to-capital ratios at 31st December 2025 and 2024 were as follows:		
Total members deposits (Note 17)	9,665,870,101	8,674,568,131
	9,665,870,101	8,674,568,131
Total cash and bank balances (Note 4)	1,606,589,330	1,006,865,475
Net debt	8,059,280,772	7,667,702,655
Total equity	2,312,383,261	1,919,506,357
Gearing ratio	3.5:1	4:1

Externally imposed capital requirements

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

- core capital of not less than ten million shillings;
- core capital of not less than eight percent of total assets;
- Retained earnings and disclosed reserves to core capital of not less than fifty percent ; and
- core capital of not less than five percent of total deposits.
- maintain ten percent of its savings deposits and short term liabilities in liquid assets.

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NOTES (CONTINUED)

	The ratios at 31 December 2025 and 2024 were as follows:	Group		Sacco	
		2025	2024	2025	2024
		Shs	Shs	Shs	Shs
a)	Core capital of not less that Shs.10 million As per statement of financial position	1,733,343,461	1,452,599,437	1,403,207,532	1,123,712,003
b)	Core capital of not less than 8% of total assets;				
	As per statement of financial position	12.8	12	11.1	10
c)	Institutional Capital to total assets of not less than 8%				
	As per statement of financial position	5.2	4.3	4.5	3.1
d)	Core capital of not less than 5% of total deposits				
	As per statement of financial position	17.9	17	14.5	13
e)	Liquid ratio 10% (liquid asset/total deposit and long term liabilities)				
	As per statement of financial position	15.8	10	16.3	11

.... Chairman

.... Treasurer

.... Honorary Secretary

.... CEO

.... HOF

NOTES (CONTINUED)

Mhasibu Regulated DT Savings and Credit Co-operative Society Ltd - C/S 4627
Annual Report and Financial Statements
For the year ended 31st December 2025
Subject: TAX COMPUTATION
P000598882S

			SACCO	MHCL	MPL	Consolidated
		Qualifying Income				
	Kshs	%	Kshs			
Other operating income						
Dividend income	22,501,252	100	22,501,252			
Interest on fixed deposits and call deposits	74,893,175	50	37,446,588			
Interest from Government securities	11,227,905	50	5,613,953			
FOSA & Other incomes	14,917,853	100	14,917,853			
Total taxable income	**123,540,186**		**80,479,646**			
Gross tax liability @ 30%			24,143,894	5,426,925	200,117	29,770,936
Less						-
Balance b/f				(2,771,870)		(2,771,870)
Income tax Witholding paid			(4,828,372)			(4,828,372)
Instalment tax paid			(17,985,932)	(7,617,617)		(25,603,549)
Net tax liability			**1,329,590**	**(4,962,562)**	**200,117**	**(3,432,855)**
Tax payable / recoverable			**1,329,590**	**(4,962,562)**	**200,117**	**(3,432,855)**

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