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MARKETS DATA

NSE 20 INDEX ▲0.38% 16.17 4,325.62	NSE ALL SHARE ▲1.19% 2.96 251.33
EGX30 ▼-0.31% -171.36 55,106.54	JOHANNESBURG ▲1.17% 1,366.64 118,173.40
NIGERIA ▲0.90% 2,152.32 241,298.47	DAR ES SALAAM ▲1.36% 59.63 4,444.48

EXCHANGE RATE (SH TO USD)

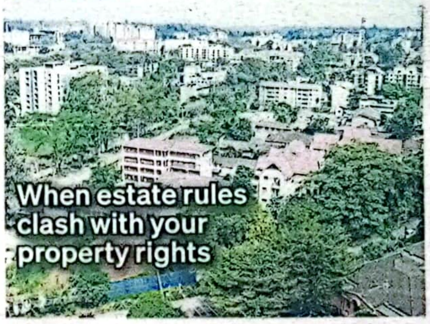
		% CHANGE
FRI 28.08.2026	129.46	▲0.01%
MON 31.08.2026	129.45	

Intelligence

'Nuclear technology is no longer optional; it is the pillar of modern industrialisation. We must shed old anxieties.'

JUSTUS WABUYABO P 09

Life p.19



When estate rules clash with your property rights

Kuscco liquidation vote costs saccos Sh11 billion

- Members owed Sh17bn against Sh5.4bn assets
- A new umbrella body to replace troubled firm

CO-OPERATIVES
PATRICK ALUSHULA

Sacco members look set to lose at least Sh11.6 billion after Kenya Union of Savings and Credit Co-operatives (Kuscco) was put into voluntary liquidation, dimming the legal push for co-operatives to fully recover investments in the umbrella body.

Kuscco members on Friday voted to wind up the central body after failed attempts to revive it from insolvency.

The vote means that saccos owed nearly Sh17 billion will only recover Sh5.4 billion from its known assets, casting doubts on recovery of the Sh11.6 billion balance.

A forensic audit unearthed theft and the cooking of financial books to the tune of Sh9.3 billion following understatement of costs like commissions and interest expenses and overstating incomes—a scheme which saw Kuscco book phantom profits.

Kuscco's external auditors told its members during last Friday's special general meeting (SGM) that resuscitating the entity would require fresh capital that saccos were not willing to sink in.

Its members opted for liquidation as the route to recover whatever value remains of its assets instead of committing additional billions to the troubled institution.

The State had earlier directed saccos to cut dividends and write off or set

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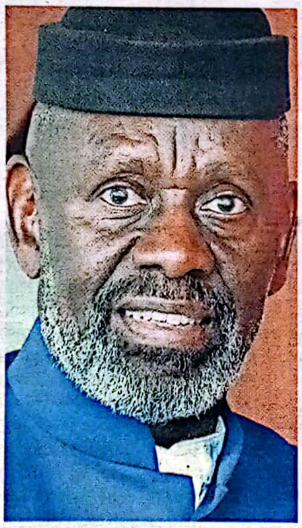
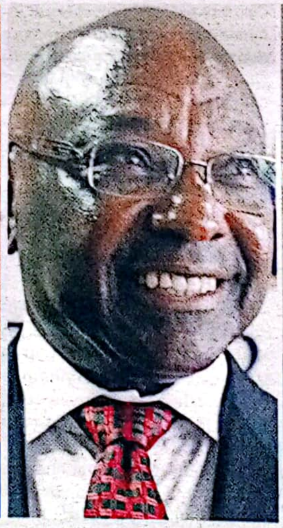
Deals.



Faida Investment Bank Chairman Bob Karina.



Dyer & Blair Chairman Jimnah Mbaru.

Standard Investment Bank Founder James Wangunyu.

Kenya Pipeline IPO, Mansa X earn dealmakers and brokers Sh9.8bn

Charles Mwaniki

Stockbrokers and investment banks nearly tripled their revenue in the first half of this year, lifted by Faida Investment Bank's transaction fees from the Kenya Pipeline Company's initial public offering (IPO) and Standard Investment Bank's Mansa X Fund fees.

A Business Daily analysis of the industry financials shows that the market intermediaries collectively booked income of Sh9.88 billion in the six months to June, up from Sh3.7 billion they booked in the same period a year earlier.

The higher revenue resulted in a tripling of the industry's net profits to Sh3.59 billion from Sh1.15 billion, offering owners of brokerage firms and investment bankers juicy dividends.

The Nairobi Securities Exchange (NSE) also reported a three-

PAGE 2

TICKER.

Business losses as aviation strike bites

Airlines and other service firms suffered losses as industrial action by aviation sector workers continued to bite at Kenya's main airports.

• ECONOMY P.04

Nock's revival plan fails as Rubis Kenya walks away

National Oil Corporation of Kenya's proposed deal with French oil major Rubis has fallen through, dimming hopes of reviving the struggling State-owned oil company.

• COMPANIES P.06

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Kuscco liquidation vote costs saccos Sh11 bn

Cont. from p1

aside funds to cover expected losses linked to the multi-billion-shilling fraud at Kuscco.

The dividend freezes, or cuts, look set to be a blow to Sacco members who have enjoyed annual payouts that ranged between 8.22 percent and 10.22 percent in the five years to 2024, including during the Covid-19 economic hardships.

Some 292 saccos, individuals and service providers had filed lawsuits cumulatively seeking Sh6.48 billion from Kuscco, an amount that exceeds the Sh5.4 billion in assets available for distribution.

Awarding the claims to the suing entities and individuals would have left nothing for other members who had invested in the institution.

"It is not about avoiding losses. It is about cutting those losses and protecting whatever assets are left so they can eventually be equitably distributed to members," said Arnold Munene, managing director at Kuscco.

Wrongdoings at Kuscco include the cooking of books, large-scale theft by executives, bribery, unexplained bank withdrawals and conflict of interest through issuance of contracts to firms owned by top managers and masking the schemes through manipulation of financial statements to report non-existent profits.

Saccos owed billions of shillings are being advised to stagger the provisions over the coming years while some have been directed to tap bank loans for the risk buffer.

The Commissioner for Cooperative Development, David Obonyo, on Monday formally cancelled the registration of Kuscco through a special gazette notice and ordered that it be liquidated.

Mr Obonyo has appointed Deputy Commissioner for Co-operative Development Peter Wanjohi Kiama, Principal Co-operative Officer Habil Olembo Jesse and Deputy Chief State Counsel Mariam Adam Abubakar as liquidators for a period of up to one year. He authorised them to "take into their custody all the properties" of Kuscco, including all documents necessary for the process.

Liquidation is the formal process of closing a company, selling its assets and distributing the proceeds to creditors. Any remaining debt is written off but directors can be held liable if found guilty of having contributed to the insolvency.

The liquidation decision marks the end of Kuscco as the principal umbrella organisation representing the country's saccos.

The special meeting authorised Mr Obonyo to work with a technical team on the registration of a new

Kuscco at glance

	Details
Year founded	1973
Membership	Over 3000
Assets	Sh5.4 Bn
Liabilities	Sh17 Bn
No.of Court cases	292
Court case value sought	Sh6.48 Bn
Insolvency	Sh11.6 Bn

member-owned cooperative that will represent saccos.

The proposed body, the Kenya Federation of Savings and Credit Co-operatives (Kefesco), is expected to take on Kuscco functions including advocacy, training and research.

The new outfit will be separate from Kuscco and will not inherit its debts or liabilities, ensuring that saccos retain a collective voice even as the old umbrella body goes through liquidation.

Saccos had invested billions of shillings in Kuscco, but a PricewaterhouseCoopers (PwC) forensic audit made public early last year revealed the entity suffered a Sh13.3 billion heist under the watch of former officials who have since been charged in court.

In March last year, several saccos had disclosed the size of their investments in Kuscco, including Balozi (Sh437 million), Mhasibu (Sh408 million), Kimisitu (Sh353 million), Qona (Sh314 million), Kenpipe (Sh149 million), Sheria (Sh146 million), Stima (Sh108 million), Amref (Sh90 million and LSK (19 million).

The likes of Stima, Kimsitu, Balozi and Kenpipe had made full provisions for the investments as at the end of December 2024, as the regulator cautioned saccos against underplaying the Kuscco hit and offering generous dividends to members.

The PwC audit revealed misfeasance at Kuscco, including cooking of books, theft by executives, bribery, unexplained bank withdrawals and conflict of interest through issuance of contracts to firms owned by top managers and the masking of schemes through manipulation of financial statements to report non-existent profits.

The losses left the umbrella body unable to meet its obligations to members.

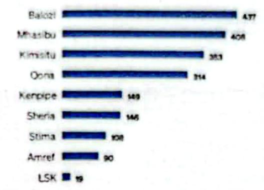
Attempts to revive Kuscco became increasingly difficult as individual saccos, including Mhasibu, PCEA Ruiru, Kenpipe and Metropolitan, turned to the courts to recover their deposits and accrued interest.

The legal action created a race among creditors to secure court orders that would give them priority over Kuscco's remaining assets.

The 292 suits, which cumulatively

Select saccos Kuscco investments (Sh m)

Some of the saccos have written off the invesments



SOURCE:COMPANY STATEMENTS

seek Sh6.48 billion, had already overtaken the Sh5.4 billion that Kuscco expects to realise from the disposal of its assets.

Some of the saccos had obtained orders giving Kuscco 30 days to settle claims, failure of which its properties could be auctioned. The deadline for some of the orders was due to expire on Monday, raising the prospect of more creditors moving to attach and sell Kuscco assets.

The growing number of cases convinced members that allowing individual creditors to pursue separate recovery processes could result in a handful of saccos taking a disproportionate share of the available assets, while other members would be left with little to recover.

"Every sacco started going to court to get orders so that they could be given preference in recovering their money. Members felt that it was better to liquidate Kuscco so that everyone could be paid equitably. That was the genesis of the decision," said Mr Munene.

"We have 292 active cases in court, and everyone is getting orders to auction Kuscco. It became a struggle where everyone was trying to get whatever they could without caring about the other saccos that also had interests in Kuscco."

The liquidation resolution therefore seeks to pool the remaining assets and distribute the proceeds among creditors under a structured process, rather than allowing the outcome to be determined by which sacco gets a court order first.

The decision came after a meeting that lasted nearly eight hours, reflecting the difficulty of choosing liquidation when members are already facing substantial losses. However, continuing to operate Kuscco would also have required additional funding from the same saccos that are owed money by the institution.

The auditors told members that Kuscco was no longer a going concern and could only be revived if shareholders injected fresh capital.

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Top brokerage income (Sh m)

	Jun-26	Jun-25
Faida Investment Bank	2693.27	261.45
Standard Investment Bank	2068.43	409.55
NCBA Investment Bank	830.03	609.43
KCB Investment Bank	668.41	246.33
Dry Associates Investment Bank	666.32	395.21
Dyer & Blair Investment Bank	649.38	220.71
Equity Investment Bank	344.01	243.96
SBG Securities	302.77	161.60
EFG Hermes Kenya Limited	225.12	126.17
AIB-AXYS Kenya	222.37	105.45
Others	1211.34	878.49
Total	**9881.45**	**3658.34**

Source:Company statements,BD Research

Brokerage income jumped by 170.1 percent to Sh 9.88 billion in 2026

KPC IPO, Mansa X earn dealmakers and brokers Sh9.8bn

Cont. from p1

fold rise in half-year net profit to Sh736.9 million, from Sh272.3 million, on the back of higher transaction levies from share trading.

The higher earnings represent a sharp turnaround for an industry that was struggling for survival just three years ago on the back of a prolonged bear run that decimated trading commissions and deal-making activities, such as corporate bonds and IPOs.

In the first half of 2023, the industry collectively reported revenue of Sh2 billion and a net profit of Sh365 million.

A bull run at the NSE, which started in 2024, prompted increased sales and purchases of shares that offered brokers higher commissions. The stockbrokers reported a 73 percent increase in commissions to Sh2.76 billion in the first half of 2026.

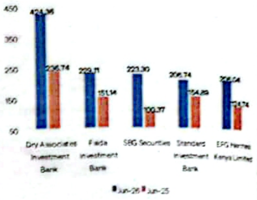
The game changer on revenue comes from the return of listings at the NSE after Kenya Pipeline and Family Bank ended a decade of IPO drought, and the emergence of special investment funds such as SIB's Mansa X and Faida's Oak Fund, which have netted the firms large fee income.

"The period under review marked a significant turning point for the NSE, with a notable resurgence in listing and capital-raising activity. The successful listing of KPC, followed by Family Bank, ended an IPO drought of more than a decade and represented a landmark milestone in the growth, depth, and diversification of the market," said the NSE.

"Trading activity was supported by increased participation from both institutional and retail investors, alongside a significant block trade involving 6.01 billion Safaricom shares valued at Sh204.3 billion, which materially boosted market liquidity and turnover."

Stockbrokers normally charge a commission of 0.03 percent per bond trade and between 1.5 percent and 1.8 percent for equities, with the NSE and the Capital Markets Authority (CMA)

Top brokerage commissions (Sh m)



SOURCE:COMPANY STATEMENTS,BD RESEARCH

also taking a cut from these commissions. Fees for advisory and placement work for corporate deals are negotiated.

Faida and SIB accounted for nearly half of the industry's revenues at Sh2.69 billion and Sh2.07 billion respectively, a pointer that firms that diversified to special funds are reaping the benefits.

Other top income earners are NCBA Investment Bank at Sh830 million, KCB Investment Bank at Sh668.4 billion, Dry Associates Investment Bank at Sh663.3 million and Dyer & Blair Investment Bank at Sh649.4 million.

The presence of Faida, SIB and Dyer & Blair among the top brokers signals a resurgence of standalone players controlled by long-time stock market barons, who in recent years lost business to intermediaries backed by deep-pocketed banks.

Faida is controlled by Bob Karina, SIB by James Wangunyu and Dyer & Blair by Jimnah Mbaru.

Faida's fortunes were lifted by its role as the lead transaction advisor on the Sh106 billion Kenya Pipeline IPO, where it had negotiated a success fee equivalent to one percent of the gross proceeds upon the successful conclusion of the offer.

A success fee is a performance-based commission paid out to an underwriter or advisor upon the successful closing of a deal, incentivising them to market the transaction.

The payment of this fee boosted Faida's advisory fee revenue to Sh1.96 billion in the six months to June from Sh15.2 million last year. The company also reported investment management fees of Sh454.5 million, up from Sh85.2 million.

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