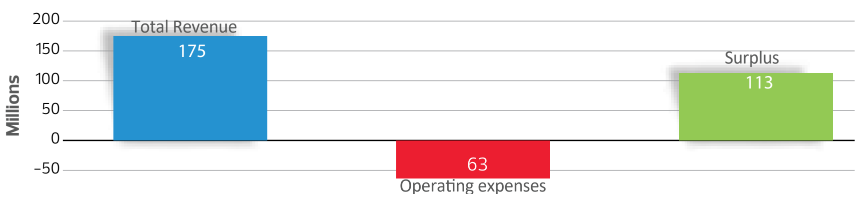
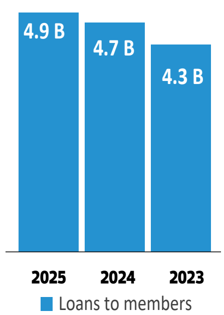
Balozi Bulletin

Issue No. 16 | May 2025

FINANCIAL PERFORMANCE Q1 2025

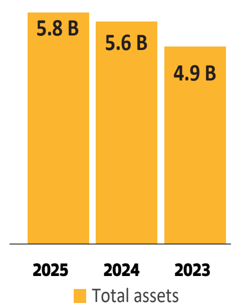


Outlook for 2025; The revenue for Q1 2025 was KES 175M with operating expenses of KES 63M. This performance is expected to grow better in the next quarters with members' support through patronizing the SACCO products.



FINANCIAL POSITION

2025	CORE CAPITAL RATIOS	2024
7.8%	Core capital/Total assets (8%)	8%
10%	Core capital/Total deposits (5%)	10.3%
1%	Liquidity ratio (10%)	3.5%
4,485M	Total deposit	4,263M
308M	Share capital	263M



SACCO's capital ratios remain strong, though two of them are still below the statutory requirements. We appeal to members to increase their share capital contributions beyond the minimum required amount to enable the SACCO to meet all its ratios.

The SACCO's upward growth in assets continued in Q1 2025. The total assets stand at KES 5.8B up from KES 5.6B in 2024. The growth is mainly due to an increase in the loan book by 4%.

CLOSURE OF USAID

The reduction in force (RIF) order by US government has led to the closure of USAID agency. Members from the agency have the following portfolio in the SACCO

	USAID MEMBERSHIP	TOTAL MEMBERSHIP	% OF USAID
Active members	100	3,336	3%
Deposits (KES)	336.4M	4B	8%
Loans (KES)	384.8M	5B	8%
Ekeza savings (KES)	15.5M	383.6M	4%

The above statistics show that the USAID holds ONLY 3% ,8% ,8% and 4% of membership, deposits, loans and Ekeza savings respectively. Over 90% of these members have expressed their willingness to continue with their membership therefore, the closure of USAID WILL NOT adversely affect the SACCO's operations and performance.

EKEZA SAVINGS

Grow Your Money While Keeping It Accessible!

The product is for:
Individual members and chamas/groups (registered & unregistered)

Why save in Ekeza:

- Earn upto 12% interest per annum
- Access the savings anytime
- Use the savings as security for your loans
- Use its interest earned for payments (loans, deposits, benevolent fund and share capital).

STRATEGIC PLAN 2025–2029

The SACCO rolled out the 2025-2029 strategic plan focusing on the four key results areas as follows:

- Membership, products and services
- Governance and risk management
- Institutional capacity implementation
- Operational efficiency.

This year the SACCO celebrates 50 years of providing trusted financial services and empowering members. The details of this Golden Jubilee celebration will be shared with members soon!

SHARE CAPITAL

Q1: What happens to share capital when a member withdraws from the SACCO?
A1: The share capital will continue earning dividends which the member can reinvest in the SACCO or receive as cash via bank/M-Pesa.

Q2: What happens to share capital when a member passes away?
A2: The nominated beneficiaries/next of kin(s) will assume the ownership of the share capital in the SACCO. They may transfer these shares to any existing member(s) of the SACCO or retain them and continue earning dividends.

***Note:** All members /next of kin with share capital in the SACCO to update their accounts and contacts.*

OPENING THE COMMON BOND

During the last AGM, the chairman emphasized the need to expand the SACCO's membership beyond the current few approved organizations (common bond). Opening the common bond to vetted organizations and individuals will: (1) Grow our membership, (2) Strengthen our asset base, (3) Improve prudential ratios, (4) Expand the guarantor pool.

LOAN DEFAULT & GUARANTORS RECOVERY PROCESS

When am I considered a defaulter?

A member is considered a defaulter if he/she underpays the loan(s), skips loan payments, or pays the loan beyond its contract period. If a member defaults due to loss of primary income, the member should contact the office for alternative payment plans.

Guarantor attachment process

If a loanee fails to make payments, the guarantors will be attached on a pro-rata basis (how much they guaranteed). The following conditions apply when attaching guarantors:

- Guarantors are only attached if the defaulter's total outstanding loan exceeds the deposit.
- The amount transferred to guarantors is the difference between the defaulter's total loans and deposit (loan balance – deposit).
- Each guarantor's liability is calculated based on their guaranteed amount. The higher the amount guaranteed, the higher the liability.
- Guarantor's maximum liabilities are limited to the original amount they guaranteed. For example, if the original amount guaranteed was one million, the maximum liability shall be one million.

Options for paying defaulted loans by guarantors

- One-off recovery from guarantors' deposits.
- Pay via allotment, standing order or cash deposit within 48 months at 0% interest rate.

Guarantor refund process

The SACCO conducts post-attachment follow-ups which includes engaging debt collectors at the defaulter's cost. The recovered amount is refunded to guarantors according to the weight (ratio) they shared liabilities.

How does Credit Reference Bureaus (CRB) affect defaulters?

- A member is negatively listed with CRB if he/she is a defaulter.
- Negative listings in CRB lowers the member's credit score and denies the him/her access to loans from other financial institutions.

2025 AGM RESOLUTIONS

Borrowing power: The SACCO's borrowing power to be KES 1.4 billion. Members authorized the board to charge the assets whenever applicable.

Surplus distribution: Members approved the distribution of surplus as was presented in the financial statements.

Budget approvals: Supplementary budget (2025) and the budget (2026) were approved.

Appointment of auditors: Members authorized the board to select an audit firm from the 3 firms that were presented at the AGM. The board selected Mbiyu Muhia and Associates as the SACCO's auditors for the financial year 2025.

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