

## MIRA INFORM REPORT

Report No. :	524702
Report Date :	22.08.2018

### IDENTIFICATION DETAILS

Name :	CREDIT BANK LIMITED
Registered Office :	Mercantile House, Koinange Street, P. O. Box 61064-00200, Nairobi
Country :	Kenya
Financials (as on) :	31.03.2018
Date of Incorporation :	12.05.1968
Legal Form :	Limited Corporation
Line of Business :	Subject operates as providers of banking and related financial services.
No. of Employees :	180

### RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> January 2017)

MIRA's Rating :	A
-----------------	---

Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Good
Payment Behaviour :	No Complaints
Litigation :	Clear

#### NOTES:

Any query related to this report can be made on e-mail: while quoting report number, name and date.

**DISCLAIMER** : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

**ECGC Country Risk Classification List**

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Kenya	B1	B2

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

**KENYA - ECONOMIC OVERVIEW**

Kenya is the economic, financial, and transport hub of East Africa. Kenya's real GDP growth has averaged over 5% for the last decade. Since 2014, Kenya has been ranked as a lower middle income country because its per capita GDP crossed a World Bank threshold. While Kenya has a growing entrepreneurial middle class and steady growth, its economic development has been impaired by weak governance and corruption. Although reliable numbers are hard to find, unemployment and under-employment are extremely high, and could be near 40% of the population. In 2013, the country adopted a devolved system of government with the creation of 47 counties, and is in the process of devolving state revenues and responsibilities to the counties.

Agriculture remains the backbone of the Kenyan economy, contributing one-third of GDP. About 75% of Kenya's population of roughly 48.5 million work at least part-time in the agricultural sector, including livestock and pastoral activities. Over 75% of agricultural output is from small-scale, rain-fed farming or livestock production. Tourism also holds a significant place in Kenya's economy. In spite of political turmoil throughout the second half of 2017, tourism was up 20%, showcasing the strength of this sector. Kenya has long been a target of terrorist activity and has struggled with instability along its northeastern borders. Some high visibility terrorist attacks during 2013-2015 (e.g., at Nairobi's Westgate Mall and Garissa University) affected the tourism industry severely, but the sector has rebounded strongly in 2016-2017 and appears poised to continue growing.

Inadequate infrastructure continues to hamper Kenya's efforts to improve its annual growth so that it can meaningfully address poverty and unemployment. The KENYATTA administration has been successful in courting external investment for infrastructure development. International financial institutions and donors remain important to Kenya's growth and development, but Kenya has also successfully raised capital in the global bond market issuing its first sovereign bond offering in mid-2014, with a second occurring in February 2018. The first phase of a Chinese-financed and constructed standard gauge railway connecting Mombasa and Nairobi opened in May 2017.

Underlying weaknesses were exposed in the banking sector in 2016 when the government was forced to take over three small and undercapitalized banks. In 2016, the government enacted legislation that limits interest rates banks can charge on loans and set a rate that banks must pay their depositors. This measure led to a sharp shrinkage of credit in the economy. A prolonged election cycle in 2017 hurt the economy, drained government resources, and slowed GDP growth. Drought-like conditions in parts of the country pushed 2017 inflation above 8%, but the rate had fallen to 4.5% in February 2018.

The economy, however, is well placed to resume its decade-long 5%-6% growth rate. While fiscal deficits continue to pose risks in the medium term, other economic indicators, including foreign exchange reserves, interest rates, current account deficits, remittances and FDI are positive. The credit and drought-related impediments were temporary. Now In his second term, President KENYATTA has pledged to make economic growth and development a centerpiece of his second administration, focusing on his "Big Four" initiatives of universal healthcare, food security, affordable housing, and expansion of manufacturing.

Source : CIA

## **SUBJECT'S NAME**

Registered Name: **CREDIT BANK LIMITED**  
Requested Name: **CREDIT BANK LIMITED**  
Other Names: **CREDIT BANK**

## **ADDRESS AND TELECOMMUNICATION**

Physical Address: Mercantile House, Koinange Street  
Postal Address: P. o. Box 61064-00200  
Nairobi,  
Country: Kenya  
Phone: 254-20-2283000  
Cell: 254-709072000/738222300/780313102  
Fax: 254-20-2283000  
info@creditbankltd.co.ke/  
Email: customerservice@creditbank.co.ke  
Website: www.creditbank.co.ke

## **CREDIT OPINION**

Financial Index as of December 2017 shows subject firm with a medium risk of credit. However, bank and credit information obtained reveal a history of prompt payments.

## **LEGAL**

Legal Form: Limited Corporation  
Date Incorporated: 12-May-1968  
Reg. Number: --  
Nominal Capital: KES. 5,000,000,000  
Subscribed Capital: KES. 2,401,600,000  
Subscribed Capital is Subscribed in the following form:

	<b>Position</b>	<b>Shares</b>
Hon.Simeon Nyachae	Chairman	
Mrs. Betty C. M Korir	CEO	
Mr. Jackson Njenga	CFO	
Mrs. Grace W. Nyachae	Director	
Mr. Ketan Devram Morjaria	Director	9.90%

Mr. Robinson Gachogu	Director	
Mr. Moses M. Mwendwa	Director	
Dr. Margaret Chemengich	Director	
Mr. Jay Rajnikant Karia	Director	8.63%
Dr. James Mathenge	Director	
Sansora Group Ltd	Shareholder	14.99%
Sanama Investments Ltd	Shareholder	14.37%
Other Investors	Shareholder	52.11%

## **RELATED COMPANIES**

None	Parent company.
None	Subsidiary company.
None	Affiliated company.
Mr. Ketan Devram Morjaria	
Mr. Jay Rajnikant Karia	
Sansora Group Ltd	
Sanama Investments Ltd	
Other Investors	Shareholders of subject firm.
Goddo Plaza, Nakuru/Eldoret Highway, Nakuru, Kenya	Branches of the firm

## **OPERATIONS**

Registered to operate as providers of banking and related financial services.

Imports:	Asia
Exports:	None
Trademarks:	None
Terms of sale:	Cash (20%) and 25-90 days (80%), invoices.
Main Customers:	General Public, firms and organizations
Employees:	180 employees.
Vehicles:	Several motor vehicles.
Territory of sales:	Kenya
Location:	Leased premises, 50,000 square feet,

## **AUDITORS AND INSURANCE**

Auditors: Information not available.

**DISCLAIMER** : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

Insurance Brokers:

Information not available.

## **FINANCE**

Currency Reported:

Kenyan Shillings (KES.)

Fiscal Year End:

December 31, 2017

Inflation:

According to information given by independent sources, the inflation at December 31st, 2017 was of 13%.

Financial Information Submitted below

## **BANK**

Bank Name:

CBK

Branch:

Kenya

Comments:

None

## **TRADE REFERENCES**

Experiences:

Good

## **NOTARIAL BONDS**

None

## **COMMENTS/ ADDITIONAL INFORMATION**

This information was obtained from outside sources other than the subject company itself and confirmed the above subject.

I STATEMENT OF FINANCIAL POSITION	BANK		
	31 March 2017 Shs. '000' Unaudited	31 December 2017 Shs. '000' Audited	31 March 2018 Shs. '000' Unaudited
<b>A ASSETS</b>			
1 Cash ( both Local & Foreign)	238,583	264,755	268,046
2 Balances due from Central Bank of Kenya	1,297,094	704,422	638,892
3 Kenya Government and other securities held for dealing purposes			
4 Financial Assets at fair value through profit and loss			
5 Investment Securities:			
a) Held to Maturity:			
a. Kenya Government securities	1,183,998	1,763,334	1,822,413
b. Other securities	1,183,998	1,763,334	1,822,413
b) Available for sale:			
a. Kenya Government securities	539,689	503,680	606,983
b. Other securities	500,084	479,885	583,284
6 Deposits and balances due from local banking institutions	39,605	23,795	23,699
7 Deposits and balances due from banking institutions abroad	552,141	243,417	-
8 Tax recoverable	163,721	394,288	107,738
9 Loans and advances to customers (net)			
10 Balances due from banking institutions in the group	8,130,585	9,698,546	10,486,648
11 Investments in associates			
12 Investments in subsidiary companies	1,000	1,000	1,000
13 Investments in joint ventures			
14 Investment properties			
15 Property and equipment	324,021	291,186	277,903
16 Prepaid lease rentals			
17 Intangible assets	138,208	186,949	180,543
18 Deferred tax asset	125,076	114,759	114,758
19 Retirement benefit asset			
20 Other assets	316,107	298,738	428,257
<b>21 TOTAL ASSETS</b>	<b>13,010,223</b>	<b>14,465,074</b>	<b>14,933,181</b>
<b>B LIABILITIES</b>			
22 Balances due to Central Bank of Kenya			
23 Customer deposits	9,847,126	10,939,796	11,590,949
24 Deposits and balances due to local banking institutions	177,127	79,348	16,940
25 Deposits and balances due to foreign banking institutions	103,127	465,539	303,397
26 Other money market deposits	-	-	-
27 Borrowed funds	-	-	-
28 Balances due to banking institutions in the group	-	-	-
29 Tax payable	38,862	785	5,287
30 Dividends payable	-	-	-
31 Deferred tax liability	-	-	-
32 Retirement benefit liability	-	-	-
33 Other liabilities	361,669	314,533	363,397
<b>34 TOTAL LIABILITIES</b>	<b>10,527,911</b>	<b>11,800,001</b>	<b>12,279,970</b>
<b>C SHAREHOLDERS' FUNDS</b>			
35 Paid up /Assigned capital	1,949,163	2,390,786	2,401,600
36 Share premium/(discount)	449,940	88,705	94,774
37 Revaluation reserves			
38 Retained earnings/Accumulated losses	50,027	114,825	122,962
39 Statutory loan loss reserves	49,541	49,541	
40 Other Reserves	(16,359)	(4,844)	7,815
41 Proposed dividends		26,060	26,060
42 Capital grants			
<b>43 TOTAL SHAREHOLDERS' FUNDS</b>	<b>2,482,312</b>	<b>2,665,073</b>	<b>2,653,211</b>
44 Minority Interest			
<b>45 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>13,010,223</b>	<b>14,465,074</b>	<b>14,933,181</b>

**DISCLAIMER :** This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

**II STATEMENT OF COMPREHENSIVE INCOME**

<b>1.0 INTEREST INCOME</b>			
1.1 Loans and advances	302,695	1,252,434	353,074
1.2 Government securities	59,789	252,845	57,193
1.3 Deposits and placements with banking institutions	6,151	24,301	2,793
1.4 Other Interest Income	1,065	3,737	718
1.5 Total interest income	369,700	1,533,317	413,778
<b>2.0 INTEREST EXPENSE</b>			
2.1 Customer deposits	164,585	709,677	198,089
2.2 Deposits and placement from banking institutions	5,798	30,517	3,384
2.3 Other interest expenses	-	-	-
2.4 Total interest expenses	170,383	740,194	201,473
3.0 NET INTEREST INCOME/(LOSS)	199,317	793,123	212,305
<b>4.0 NON-INTEREST INCOME</b>			
4.1 Fees and commissions on loans and advances	34,373	182,288	65,910
4.2 Other fees and commissions	63,332	230,514	43,907
4.3 Foreign exchange trading income/(Loss)	12,000	58,428	20,705
4.4 Dividend Income	-	-	-
4.5 Other income	14,816	88,840	25,121
4.6 Total Non-interest income	124,521	560,070	155,643
5.0 TOTAL OPERATING INCOME	323,838	1,353,193	367,948
<b>6.0 OTHER OPERATING EXPENSES</b>			
6.1 Loan loss provision	24,909	136,272	25,112
6.2 Staff costs	111,872	466,189	133,357
6.3 Directors' emoluments	15,523	50,620	12,651
6.4 Rental charges	24,311	101,973	25,939
6.5 Depreciation charge on property and equipment	14,071	58,323	14,615
6.6 Amortisation charges	15,539	45,913	12,421
6.7 Other operating expenses	66,620	314,847	86,067
6.8 Total Other Operating Expenses	272,845	1,174,137	310,162
7.0 Profit/(loss) Before Tax and Exceptional Items	50,993	179,056	57,786
8.0 Exceptional Items	-	-	-
9.0 Profit/(Loss) After Exceptional Items	50,993	179,056	57,786
10.0 Current Tax	12,000	38,892	4,500
11.0 Deferred Tax	-	10,318	-
12.0 Profit/(Loss) After Tax and Exceptional Items	38,993	129,846	53,286
13.0 Minority Interest	-	-	-
14.0 Profit/(loss) after tax, exceptional items and Minority Interest	38,993	129,846	53,286
15.0 Other Comprehensive Income			
15.1 Gains/(Losses) from translating the financial statements of foreign operations	-	-	-
15.2 Fair value changes in available for sale financial assets	(11,733)	4,717	18,083
15.3 Revaluation surplus on Property, plant and equipment	-	-	-
15.4 Share of other comprehensive income of associates	-	-	-
15.5 Income tax relating to components of other comprehensive income	3,520	(1,415)	(5,425)
16.0 Other Comprehensive Income for the year net of tax	(8,213)	3,302	12,658
17.0 Total comprehensive income for the year	30,780	133,148	65,944

**DISCLAIMER** : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 69.67
UK Pound	1	INR 89.40
Euro	1	INR 80.25
KES	1	INR 0.69

**Note:** Above are approximate rates obtained from sources believed to be correct

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	NIY
<b>Report Prepared by :</b>	NIT

**DISCLAIMER :** This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

**RATING EXPLANATIONS**

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)