

MIRA INFORM REPORT

Report No. :	527648
Report Date :	07.09.2018

IDENTIFICATION DETAILS

Name :	BARCLAYS BANK OF KENYA LIMITED
Registered Office :	The Westend Building, Waiyaki Way, Westlands, Nairobi, P. O. Box 30120-00100, Nairobi
Country :	Kenya
Financials (as on) :	31.12.2017
Date of Incorporation :	02.06.1916
Com. Reg. No.:	18208
Legal Form :	Limited Corporation
Line of Business :	Providers of banking and related financial services
No. of Employees :	2,591

RATING & COMMENTS

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

MIRA's Rating :	A
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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 : infodept@mirainform.com while quoting report number, name and date.

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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: **BARCLAYS BANK OF KENYA LIMITED**
Other Names: **BBK**

ADDRESS AND TELECOMMUNICATION

Physical Address: Bishops Gate 2nd Floor, 5th Ngong Avenue, Off Valley Road,
Registered Address: The Westend Building, Waiyaki Way, Westlands, Nairobi,
Postal Address: P. o. Box 30120- 00100
Nairobi,
Country: Kenya
Phone: 254-20-3900000/4254000
Cell: 254-722130120/732130120
Fax: 254-20-3900000
Email: barclays.kenya@barclays.com
Website: www.barclays.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: 02-June-1916
Reg. Number: 18208
Nominal Capital: KES. 2,715,768
Subscribed Capital: KES. 2,715,768
Subscribed Capital is Subscribed in the following form:

	Position	Shares
Charles Muchene	Chairman	
Jeremy Awori	MD	
Yusuf Omari	CFO	
James Muchiri	Director	
Laban Omangi	Director	
William Arogo	Director	

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Paul Ndungi	Director	
Antony Mulisa	Director	
Caroline Ndungu	Director	
Geneva Musau	Director	
James Agin	Director	
Anthony Kirui	Director	
Zahid Mustafa	Director	
Christine Mwai-Marandu	Director	
Joshua Ndung'u	Director	
Patricia Ithau	Director	
Laila Macharia	Director	
Norah Odwesso	Director	
Japheth Olende	Director	
Louis Otieno	Director	
Winnie Ouko	Director	
Ashok Shah	Director	
Jubilee Insurance Company Limited	Shareholder	0.37%
CFC Stanbic Nominees Limited A/C NR1873738	Shareholder	0.42%
Standard Chartered Nominees A/C 9230	Shareholder	0.44%
Standard Chartered Nominees Limited Non-Resident	Shareholder	0.53%
Kenya Commercial Bank Nominees Limited A/C 915A	Shareholder	0.63%
Standard Chartered Nominees Resident A/C KE11450	Shareholder	0.70%
Kenya Commercial Bank Nominees Limited A/C 915B	Shareholder	0.77%
Standard Chartered Nominees Resident A/C KE11401	Shareholder	0.86%
Standard Chartered Nominees Non-Resident A/C KE8723	Shareholder	1.11%
Others	Shareholder	25.67%
Absa Group Limited	Holding Co.	68.50%

RELATED COMPANIES

Absa Group Limited	Parent company.
None	Subsidiary company.
Various worldwide	Affiliated companies.
None	Shareholder of subject firm.
Various in Kenya	Branches of the firm

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OPERATIONS

Registered to operate as providers of banking and related financial services

Imports: Asia, Europe
Exports: None
Trademarks: None
Terms of sale: Cash (40%) and 25-90 days (60%), invoices.

Main Customers: General Public, firms and organizations
Employees: 2,591 employees.
Vehicles: Several motor vehicles.
Territory of sales: Kenya
Location: Owned premises, 100,000 square feet,

AUDITORS AND INSURANCE

Auditors: Information not available.
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: Central Bank Of Kenya
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.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017	Bank	
	December 2016	December 2017
	Shs '000 Audited	Shs '000 Audited
ASSETS		
Cash balances (both local and foreign)	5,033,498	4,719,625
Balances due from Central Bank of Kenya	8,344,546	11,634,615
Kenya Government and other securities held for dealing purposes	7,345,499	9,608,230
Available for sale:	48,698,795	58,376,465
a. Kenya Government securities	48,698,795	58,376,465
b. Other securities	-	-
Deposits and balances due from local banking Institutions	-	1,300,000
Deposits and balances due from banking Institutions abroad	218,530	518,113
Tax recoverable	-	336,209
Loans and advances to customers(net)	168,509,529	168,397,417
Balances due from banking institutions in the group	5,568,202	3,464,630
Investment in Subsidiary Companies	262,512	362,761
Property and equipment	3,080,831	2,744,065
Prepaid Operating Rental Leases	55,329	46,394
Intangible assets	1,567,256	1,130,854
Deferred Tax	614,632	684,067
Retirement Benefit Asset	65,328	-
Other assets	10,133,736	8,358,721
TOTAL ASSET	259,498,223	271,682,166
LIABILITIES		
Balances due to Central Bank of Kenya	-	-
Customers' deposits	178,447,777	186,245,380
Deposits and balances due to Banking institutions (Local)	3,000,000	2,061,578
Deposits and balances due to Banking institutions (Foreign)	263,679	997,877
Balances due to banking institutions in the group	24,895,103	28,831,238
Tax payable	375,119	-
Dividends payable	-	-
Deferred tax liability	-	-
Retirement Benefit Liability	-	3,855
Other liabilities	10,421,835	9,983,070
TOTAL LIABILITIES	217,403,513	228,122,998
SHAREHOLDERS' FUNDS		
Paid up/Assigned capital	2,715,768	2,715,768
Revaluation reserves	(152,158)	250,791
Retained earnings/(Accumulated losses)	34,901,321	36,051,918
Other reserves	284,550	195,462
Proposed dividend	4,345,229	4,345,229
Capital Grants	-	-
TOTAL SHAREHOLDERS' FUNDS	42,094,710	43,559,168
TOTAL LIABILITIES AND TOTAL SHAREHOLDERS FUNDS	259,498,223	271,682,166

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STATEMENT OF COMPREHENSIVE INCOME

INTEREST INCOME		
Loans and advances to customers	20,617,217	21,259,156
Government securities	5,587,158	5,770,087
Deposits and placements with banking institutions	151,130	117,146
Other interest income	1,765,684	19,784
Total interest income	28,121,189	27,166,173
INTEREST EXPENSES		
Customer deposits	4,551,312	4,834,902
Deposits and placements with banking institutions	589,048	556,064
Other interest expenses	646,598	-
Total interest expenses	5,786,958	5,390,966
NET INTEREST INCOME	22,334,231	21,775,207
NON - INTEREST INCOME		
Fees and commissions income on loans & Advances	958,951	635,895
Other fees and commissions	4,318,678	4,186,273
Foreign exchange trading income	2,620,337	2,863,594
Dividend income	-	-
Other income	959,053	321,117
Total non-interest income	8,857,019	8,006,879
Total operating income	31,191,250	29,782,086
OPERATING EXPENSES		
Loan loss provision	3,927,137	3,115,113
Staff costs	9,661,728	10,011,544
Directors emoluments	107,859	141,175
Rental charge	1,307,165	1,335,579
Depreciation on property and equipment	664,921	766,918
Amortisation charges	526,244	465,018
Other operating expenses	4,556,510	3,940,875
Total operating expenses	20,751,564	19,776,222
Profit before tax and exceptional items	10,439,686	10,005,864
Exceptional items	-	-
Profit after exceptional items	10,439,686	10,005,864
Current tax	(3,663,466)	(3,526,653)
Deferred tax	335,126	200,366
Profit after tax and exceptional items	7,111,346	6,679,577
OTHER COMPREHENSIVE INCOME		
Fair value changes in available for sale financial assets	1,157,356	575,641
Revaluation surplus on Property, plant and equipment	-	-
Share of other comprehensive income of associates	-	-
Income tax relating to components of other comprehensive income	(347,207)	(172,692)
Other Comprehensive Income for the year net of tax	810,149	402,949
Total comprehensive income for the year	7,921,495	7,082,526

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.92
UK Pound	1	INR 92.80
Euro	1	INR 83.60
KES	1	INR 0.71

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

INFORMATION DETAILS

Analysis Done by :	VIVR
Report Prepared by :	SYL

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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)