

# **PROSPECTUS**

## INTRODUCTION

About Riverbank Credit. see it here <http://www.riverbankcredit.com/> Riverbank Credit (2008) began as special purpose vehicle for Riverbank Crescent Self Help Group-Registered in 2005. A body formed by 7 members in 2002 to inter alia, provide credit on a merry go round basis relying on **Character** of the borrower, **Cash flow** and **Conditions** of the loan given without security. The lending methodology used by this Group was to lend without tangible security but based on type of business/transaction at hand, ability of the business to generate revenues sufficient to meet agreed interest costs, ability of the business to pay off principal loan at the end of agreed term and Character /market reputation of the borrower. As a result of need to be a regulated organisation. The Self Help Group applied, was vetted and given status of SACCO (Savings and Credit Society Limited by guarantee) in February 2009. Currently the membership has increased to 6,000 and still growing

**Vision:** To create an economic environment where the ability of the poor to improve their lot is not determined by the wealth inherited but by the individual's drive to capture business opportunities and make the best use of such opportunities

**The Mission:** To be the leading provider of **REAL** micro finance services in Africa through deep understanding of financial needs of the economically disadvantaged and use all forms of INTERMEDIATION including Information Technology to support innovation of solutions to meet such need

**STRATEGY:** The broad strategy of the organisation was one which would enable all the underprivileged people striving for economic emancipation to access credit as well as preserve individual dignity in accordance with the Millenium Development Goals being, Food for all, Self actualisation & Freedom from extreme poverty for all, education for all, sustained medical care both for mother and child, Crushing HIV/AIDS, Environmental sustainability, Global Partnership (Open Borders/Open webspace)

Riverbank 's strategy has ever been to provide financial respite to the unbanked and also respite to the underprivileged who though hold bank accounts, can not access the benefits of Banking facilities due to rigidness of Banks in their standard appraisal and approval methodology. The ability of the original group to lend was based on the fact that there are other considerations apart from pricing of credit that a borrower look for when seeking credit. That the first primary responsibility of a financial intermediary is to AVAIL CREDIT at whatever price. As long as the pricing does not exceed the revenue a potential recipient would generate from business activity.

Riverbank dream is of a nation where no one would ever be denied access to credit if they have a business opportunity to exploit profitably based on historical records of wealth. It is based on the belief that SUCESS IS NOT A DESTINY , SUCESS IS A CHOICE. Our fortunes are not hard corded on the 'stars' They are based on what we focus on, How we interpret every situation we are in and the decision of how we react to every situation around us . To this end Riverbanks ultimate dream is to cascade the thinking in all parts of the world where poverty and ignorance reigns

We began with one Branch in Nairobi at a container shed in low end market of Nairobi. As at date , we have the following branches :

NACICO PLAZA- Head Office and branch

- Kibera-

- Kayole
- Mathare
- Kangemi
- Mombasa

#### PRODUCTS & SERVICES

- **Savings Mobilisation**- rather development of savings culture among the underprivileged
- **Front Office services** :- Depositing of cheques , payment of bills, inter account transfers
- **Insurance underwriting agency activity**- encouraging the uninsured to take essential covers being for medical (in-patient, out-patient), Personal accident , Fire & Burglary and death/funeral cover . Negotiating lowest premium amounts from reputable underwriters
- Micro- jump start loans. Specific loan to be used in specific business activity usual not greater than USD30
- **Group loans** – for more steady members who enjoy acceptability in groupings
- Asset Financing/Project – Involves bi-cycles loan, motor bike loan, water tank loan , water meter loan
- **Insurance Premium Financing:** - Type of short term loan given to accommodate premium payment at one which is later collected from the assured by instalments. This makes insurance cover to have effect immediately
- **Vacant land loan:** Small loan to enable the underprivileged hold shares in decent land destined for controlled development
- **Access to Alternative Business Channels (ATM,POS):-** we have approached various parties for partnerships to enable our members access their accounts through alternative channels being ATMs, POS and most recently signed a pilot arrangement with 'cloud nine'(UK) to test access to database through individual handsets

#### CURRENT PORTFOLIO

Product type	Position as at 31.07.2009(Audited)
Loans	2,193,737.00
Other assets (Cash +Fixed )	4,061,813.00
<b>Total</b>	<b>6,225,550.00</b>
Creditors(Savings)	1,007,469.00
Liabilities	-----
Capital+ Reserves /Valuation	5,248,081.00
<b>Total</b>	<b>6,225,550.00</b>

**To cater for passage of time . A figure of 6.5 Million was adopted as at 31.12.2009**

#### DISCLOSURES

Outstanding loans	2,193,737.00
NPA Loans	179,372.00
PAR- On one day arrears methodology	8%

#### MEMBERSHIP:-

The organization has two tier membership arrangement that is a permanent feature viz. **Ordinary membership (also referred to as Shareholders)** defining the 7 original members and any new member who joins to invest resources in the organization with a view of making a profit and **Preference membership** (non shareholders). Those who join to access products and services being availed by the microfinance.

The ordinary members therefore have vested interest in the organization, own the organization, are liable to the **extent of their shareholding** in case of financial loss and are responsible for setting up institutions to provide governance of the organization. Preference members are people joining in order to access products being offered by the organization and who have no liability – stake in case of loss being incurred by the organization. They therefore hold no stake in the organizations governance.

#### REALTIONSIPS BETWEEN THE ORGANS

Riverbank Crescent self Help Group was formed by 7 people to address issues related to poverty and resultant states of depravation being ignorance and disease. However as some of the group members shares eroded over the period through non payment for shares allocated , a number have over the years dislodged themselves from shareholding of the organization, the following are the initial shareholders of Riverbank SACCO limited

- Alfred Nyamitta
- Damaris Adhiambo
- Christine Awuor
- Ndovu Insurance (K) Limited
- Sam Odhiambo

The above ORDINARY MEMBERS formed a body styled THE GOVERNING COUNCIL which body was responsible for running of the organization in the following areas :

1. **Structural-** pillars of the decisions dealing with the existence of the organization , business direction, rules governing whether the organization is to be or not to be
2. **Administrative-** Regarding administration and regulation of finance related activities
3. **Financial** – Making financial decisions relating to the organization

The Council represents the ownership of the organization and has given the Board of Directors authority to oversee the operation and activity of Riverbank subject in exchange of share ownership which shall at all times be not less than 43% worth of the company. **Therefore all Directors are also automatically members of the COUNCIL and vote in accordance with the voting rules of the council, based on share participation.** The following have already assumed 10 vacant positions at the Board

1. George Owour
2. Victor Ogutu
3. Purity Mwangi
4. Elizabeth Omolo
5. Andrew Buyu
6. Winnie Kanyukii- Sitting for Incline Solutions Limited

Each Board member was allocated and is expected to pay in full Kshs 500,000/= for allocation of 769 shares (roughly representing 4.3% of the company share capital)

Selection to the Board is limited to 10 and all participants must have either or both of the two :-

1. Must be a person or entity of high social integrity and a person of resources
2. Must have a University degree in any discipline
3. Must be able to buy the minimum share requirement of Kshs 500,000/= (Approx USD 6,500/=) per unit
4. This pattern (**of buying every block of 769 shares**) allows the new Board of Directors to buy up to USD 65,000 and get seats on the board. So far certain seat holders are part paid, though six members are already occupying seats. The offer to occupy seats and pay gradually was limited to 1<sup>st</sup> June, 2010.
5. The decision as to whether to be on the Board or simply on the Governing Council is really with the buyer of shares

#### **Article I. INVESTMENT OPPORTUNITY**

We are looking for serious investors. Individuals/entities who would buy shares in blocks of 769 shares either with or without request to have a seat on the Board of Directors –

- If the request includes participation at Board level then applicant must note that Board seats are limited to 4 and is on a first come first served basis.
- If one is to calculate using item 4 above, then 7 positions will fall vacant on 1<sup>st</sup> June 2010 with the simple option of making a refund where applicable. Thus investor/s to take up the USD 45,500 is needed- Board seats allocation will be at the discretion of the Council

#### **SHAREHOLDERS**

- The second tier of leadership and the final one ( Because the Governing Council does not vote based on one –man-one vote but on weighted value of share contribution per individual) will still provide room to investors who bring investment after.
- Investment in this category is limited to USD 100,000/- since this represents what the organisation has approval to issue as new shares

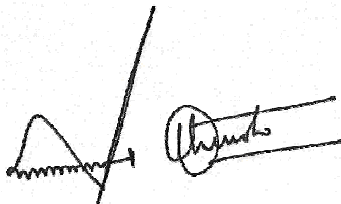
#### **Article II. FINANCIER/INVESTOR**

**We have specific projects that we are pursuing and are looking for loans to finance the same:-**

- Insurance Premium Financing:- This is the ancillary business generated by virtue of our association with mainstream insurance underwriters. We are providing insurance agency services to majority of our members and are on each and every day, increasing the insurance penetration among the poor through :-

- having the loan amounts insured – Usually low denominations per unit i.e. premiums of KShs 150= - 300/=(USD 2/- -USD 3/-)
- Providing the members with in-patient/outpatient medical cover
- Providing the members with Fire & Burglary insurance cover
- We have now established viability of providing Insurance Premium Financing (IPF) Loan. meaning we shall , once the member has indicated inclination to have insurance cover and as long as they have paid a deposit, then we shall pay the underwriter in full and avail loan facility to the member . This being a new business line require funds in the region of Kshs 15,000,000/=( Or USD 200,000/-) to be disbursed in tranches with a varying maturity period as per batches of applications(Please see details attached – ON IPF)
- We are also looking for a financier keen on providing term loan of USD 200,000/- to 250,000/- for on lending to our members based on our lending model-
- We have a specific micro housing program whereby we propose to buy vacant land and construct a decent but cheap housing complex with medical dispensary and a nursery school(Advantages , a development partner /organization has already offered to construct the medical dispensary/nursery /kindergarten facility if we avail land which will be within the perimeter of our proposal. Advantage 2 , the customers to buy the houses will have paid about 30% through the purchase of land program by the time we finalize with the financier particulars of the financing . Advantage 3. This is a captive market) – Please see the attachment for housing product

The presentation is a general invitation, we shall discuss each case separately. This invitation is time bound and is not a contract. All the terms can vary subject to our requirements

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