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COMMONLY ASKED QUESTIONS
WELCOME TO CBA

This document sets out specific Key facts you need to know regarding CBA Business Banking products. Please read it in conjunction with our Products General terms and Conditions, the tariff Guide and product brochures. To the extent of any inconsistency between this Key fact document and our products’ Terms and Conditions, the General Terms and Conditions prevail. We encourage you to take time to read this booklet and the other materials provided to you. It has been provided to help you choose the right banking services for your needs. Please contact us if you want more information regarding the banking services we offer.

NEED TO KNOW MORE?

You can contact us at any time if you would like any further information, or a copy of the current Business Banking General Terms and Conditions; Tariff Guide; Electronic and Mobile Banking Terms and Conditions by:

- Calling our Customer Contact Centre on +254 20 2884444 or +254 711 056 444
- Visiting our website at www.CBAgroup.com
- E-mailing us using the address contact@CBAgroup.com
- Writing to us at PO Box 30437-00100 Nairobi; or
- Visiting your nearest branch
TYPES OF ACCOUNTS
Set out below are details of our business accounts.

STAR BUSINESS ACCOUNT

The CBA Star Business Account offers a range of benefits that are designed to help your business grow. It’s the complete package for aspiring businesses.

It allows you to transact in a way that is most convenient for you. From branch banking to advanced electronic channels the Star Business Account makes deposits, withdrawals, and payments easier. It enables you to keep accurate banking records, which in turn helps you build a solid banking relationship. This helps you focus on running your business.

What the CBA Star Business Account offers

- Only KES 2,000 opening balance required.
- Minimum operating balance of KES 0.
- Your ledger fees are based on the number of transaction: KES 40 per transaction MIN.

Why the CBA Star Business Account

- Overdraft Buffer of up to KES 50,000 subject to your qualification status.
- You get free Lipa Na Mpesa managed by CBA (You can also transfer your Lipa Na Mpesa till to your CBA account at no additional fees).
- You can pay your KRA ITax dues through CBAs Internet Banking platform for your convenience.

KIOTA BUSINESS ACCOUNT

Run your business hassle free without worrying about banking charges. Open a Kiota Business Account and watch your business grow. This account is suitable for businesses that require constant financial updates to determine their banking costs upfront.

What the CBA Kiota Business Account offers.

- Minimum account opening balance of KES 2,000.
- Minimum operating balance of KES 0.
- Ledger fees (KES 1,000) covering:
  - Unlimited cheque books.
  - Unlimited internal transfers.
- Your first 40 transactions in a month are free.
- You get a free internal standing order to your linked Business Savings pocket.

Why the CBA Kiota Business Account

- You get an Overdraft Buffer up to KES 30,000 subject to qualification.
- You can borrow up to 200% of your current savings account balance.
- You can pay your KRA ITax dues through CBA’s Internet banking platform.
- You get free daily, monthly, and quarterly e-Statements.
• You receive a CBA Business Debit Card.

SEED BUSINESS ACCOUNT

This is an account tailored for the go-getter, who sees opportunity and starts a business as a result. The CBA Seed Business Current Account offers dreamers the opportunity to make their dreams of running a business a reality. The account offers entrepreneurs friendly savings and loan benefits. The low opening balance and a free savings pocket makes establishing a business easier and gives first time business owners the opportunity to start and run their business efficiently.

What the CBA Seed Business Account offers.

• Account opening balance from as little as KES 1,000
• Minimum operating balance of KES 0.
• Account maintenance fee of KES 300 if monthly average account balance is below KES 10,000.
• You get a free standing order for your linked Business Savings Pocket.
• There are no monthly ledger fees for the first 10 transactions per month. Excess transactions are charged at KES 40 per transaction.
• You receive a business Debit Card.

Why the CBA Seed Business Account

• You can borrow up to 150% of your current Savings balance.
• You can pay your KRA ITax through CBA’s Internet banking platform.
• You can receive funds through your Business Debit card.
• Competitive Credit interest earned is paid into your savings account.
• You get free electronic daily, weekly, monthly, and quarterly statements to keep you updated about your business.

BUSINESS FCY ACCOUNT

If your business regularly handles foreign currency, then this is the account for you. Whether receiving or making payment in foreign currencies the FCY account will take away the pain of currency fluctuation. The Business FCY Account offers you a quick, easy, reliable platform, anywhere, anytime, and takes care of the currency fluctuation for you.

What the CBA Business FCY Account offers

• Your account can be denominated in all major foreign currencies.
• Monthly ledger fees Equivalent to USD 0.80 per transaction.

BUSINESS SAVINGS ACCOUNT

The Business Savings Account targets customers who would prefer to hold funds for extended periods of time.
Why the CBA Business Savings Account

- Zero Account Maintenance Fees
- Free cash deposits
- Free monthly E-statements
- Unlimited deposits
- Competitive interest paid on deposits pegged at market rates
- Zero Monthly Ledger Fees

What the CBA Seed Business Account offers.

- Minimum account opening balance of KES 10,000
- Interest earning balance KES 10,000
- Withdrawals
- Only one withdrawal allowed per month
- Withdrawals are restricted to ‘over the counter’
- Credit interest for the month not paid in case of any extra withdrawal in the month
LENDING SOLUTIONS
ASSET FINANCE

Our asset finance loan facility is designed to enable you to acquire moveable assets with ease. With this product, you can acquire an asset and use it as security for the facility. This product targets corporate customers, institutional customers, SME customers and individuals.

Our documentation is simple, straightforward and there are no hidden costs. The level of finance we grant allows you or your business to continue operation unhindered. In most cases this product will allow you to purchase vehicles, plants and equipment. We are also able to offer structured leasing solutions which enable you to make use of assets without having them on your balance sheet.

Features

- Age Limit
  - Saloon (Personal/private vehicles) & Commercial- **New** to 8 years old
  - Equipment – **New** and few (bank selected 2nd hand): Includes-: Computers, laptops, other serialized office equipment, construction equipment, earthmovers, medical equipment. *(additional collateral is required e.g. logbook of a vehicle, landed property, Fixed deposit).*
  - Tractors – **New**
  - School Buses - **New**

- Deposit (Customer contribution)
  From 10% of the total cost of the vehicles – New vehicles, and 20% for 2nd hand vehicles, 30% for tractors.
  **NOTE:** For 2nd hand vehicles – ( calculated on either the valuation or the total cost – whichever is lower).
  Subject to credit appraisal.
- Interest Rate: Currently 14% p.a – Reducing balance. **Note:** Rates are reviewed from time to time depending on market trends.
- Repayment Period
  Maximum 5 Years for New Vehicles
  Maximum 4 Years for 2nd hand Vehicles
  Maximum 3 Years for Equipment and Machinery
- Termly payment option for Schools is available
- Insurance -Comprehensive- Through our approved underwriters, with Bank's interest noted on the policy
- Registration –The vehicle will be jointly registered/Transferred (Customer name and the Bank)
- Facility Fee 1% - 2% of Amount Financed (based on Type of Asset & existing Relationship).
- Vehicles must be fitted with Tracking Device from an approved service provider.
**REQUIREMENTS TO APPLY:**

- CBA Asset Finance Application Form.
- Identification Documents ([**whichever is applicable**](#)) e.g. I D Card Copy, P.I.N. Copy, Certificate of Registration, Incorporation certificate, Memorandum & Articles of Association.
- Proforma Invoice for all New Assets. For machinery/Non vehicle – attach catalogues and product specifications
- Financial information: Bank Statements, Audited accounts, Cash flow projections etc. (whichever is applicable)
- Other documents that may be required for Credit Analysis & evaluation depending on the nature of Request.

**Additional requirements for used vehicles**

- Photocopy of Logbook and/or copies of import papers (IDF, import entry, Duty paid receipt, foreign logbook etc.)
- Sale Agreement/ Proforma Invoice

* The bank has the right to vary the above terms

**Asset Finance Forms**

- [Business clients AF application form](#)
- [IPF rates](#)
- [Insurance premium finance application form](#)
- [Employed clients AF application form](#)

**SUPPLY CHAIN FINANCE**

CBA recognizes the need to encourage synergies along our customer's value chain. It is for this reason that the Bank has developed tailor made funding solutions through our Supplier Finance Product. These solutions are designed to enable customers to benefit from improved working capital and liquidity managements along their value chain.

Our Supplier Finance solutions include:

- Invoice discounting
- Reverse Factoring
- Local Purchase Order or Contract Financing
- Distributor Financing

**Invoice discounting**

This is a form of short-term borrowing often used to improve a company's working capital and cash flow position. It allows a business to draw money against its invoices before the receipt of actual payment. The business borrows a percentage of the value of its sales invoices (discount factor) from the Bank,
effectively using the receivables due as security for the borrowing. Credit risk (the risk of default) is on the supplier. We finance up to 80% of the invoice value and discount the invoices for a period not exceeding 180 days. Discounting commissions are charged on the amount borrowed.

At CBA we have a pre-approved list of private and public companies that we discount invoices for and any supplier to the selected companies can request for discounting of their accepted invoices.

**Reverse Factoring**

Reverse factoring is a financing solution initiated by the buyer where the buyer chooses which invoices they wish to sell to the factor (financier). This solution helps suppliers to finance their receivables at a lower cost since pricing is based on the buyer’s credit profile. The credit risk (the risk of default) is hence on the buyer. Reverse factoring is usually 100% of the invoice value net of factoring and typically credit periods do not exceed 180 days.

**Distributor finance**

This offers distributors of major corporate clients (anchors) an alternate financing solution. The structure is governed by the Distributor Finance Agreement in which the anchor recommends the distributor, and the limits they should enjoy.

The Bank establishes individual limits for the distributors which they can use to purchase stocks from the anchor. The solution can be tailor-made to suit each distributor’s funding requirements. The distributors use the credit lines to pay the anchor and enjoy credit terms which allow them ample time to sell the goods and pay-off the Bank.

**LPO Financing**

This is a funding method that allows a customer to access funding on the basis of a confirmed purchase order. CBA offers up to 60% of the LPO to enable procurement of goods or services required to perform on the contract.

The facility is available to customers who normally trade with reputable companies and with good credit rating. Proceeds from this facility are released directly to the ultimate suppliers of goods or services being financed. The client is then expected to perform on the contract with proceeds from the contract being assigned to the Bank. Due to performance risk issues associated with contracts, the facility calls for some level of collateral.

**WORKING CAPITAL FINANCE**

CBA’s Working Capital Finance product provides a flexible solution to business finance that caters to the seasonable business demand fluctuations of your industry.

We offer the following products tailored to meet the short-term funding needs of any business:

- Overdrafts
- Invoice discounting and financing
- Local Purchase Order (LPO) financing
Your choice of product and level of borrowing is flexible and can be adapted to the cashflow requirements of your business. Our relationship managers are always available to work with you to find the best business capital finance solution that leaves you time to concentrate on what you do best.

**TERM LOANS**

Our term loans are designed by carefully analysing your sales figures over the previous years to develop an ideal solution. Our corporate finance specialists can advise you on the safest, most responsible and effective loan amounts and durations based on these figures.

If you are looking to make a short, medium or long-term investment in your business, we have a variety of solutions for you.

These include:

- Project finance
- Real estate development finance
- Mortgage finance
- Asset-backed finance

Our relationship managers have in-depth industry sector expertise. They will assist you to structure a loan to suit your business needs. This allows you to spend less time on paperwork and more time on your business.

**INSURANCE PREMIUM FINANCING**

Overburdened by a hefty insurance bill? Are your insurance premiums weighing you down? With easy instalments and quick processing, our Premium Financing can take the load off. We simply give you loan against your insurance premium bills and pay the proceeds directly to your insurer. This way if you ever lose your business or your job, you don’t risk losing everything else at the same time.

**Features and Benefits**

- The minimum qualifying premium amount is Kshs. 25,000
- The maximum amount depends on your insurance premium
- Easy instalments over a maximum period of 10 months
- Competitive, fixed interest rates

**Application Requirements**

- Duly completed application form
- Executed Insurance Premium Finance Agreement endorsed by the insurance company (the insurance company underwriting the policies must however be approved by CBA)

For more information contact your Relationship Manager or Customer Service representative or Email us at contact@CBAgroup.com
LAND PURCHASE FINANCE

Land Purchase Finance allows you to buy undeveloped property designated for commercial or residential use in Nairobi, Mombasa and other major towns countrywide.

What the CBA Land Purchase Finance offers you.

Loan Purpose

- Purchasing land for residential or commercial development.

Loan Limit

- Minimum loan of KES 500,000.
- Maximum loan is KES 30M.

Repayment Cycles

- Fortnightly or monthly.

Financed Locations

- **Nairobi and surrounding areas**: Ngong, Kiserian, Ongata Rongai, Athi River, Kikuyu, Dagoreti, Ruiru, Githunguri, Kitengela and Kahawa Sukari.
- **Mombasa and surrounding areas**: Muwaya, Diani, Ukunda and Lamu.
- **Kisumu**: Property must be within the city council.

Loan to Value Ratio

- Nairobi and surrounding areas - 70%.
- Others - 60%.

Loan Period

- Up to 60 months.

Required Documents

- Evidence of payment or down payment.
- Verified source of repayment- already existing income streams that are sufficient to meet expected repayment.
- Copies of the signed sale agreement between the buyer and the vendor to be submitted to the bank.
- Property to be valued by a valuer on the bank's panel.
BUSINESS LOAN SECURED BY LAND

Purpose of Loan

- Capital expenditure, investment or working capital.

Limit

- Minimum loan of KES 100 000.
- Maximum loan is KES 5 000 000.

Repayment Cycles

- Fortnightly or monthly.

Financed Locations

Nairobi and surrounding areas: Ngong, Kiserian, Ongata Rongai, Athi River, Kikuyu, Dagoreti, Ruiru, Githunguri, Kitengela and Kahawa Sukari.

Mombasa and surrounding areas: Muwaya, Diani, Ukunda and Lamu.

Kisumu: Property must be within the city council.


Loan to Value Ratio

- Nairobi / Mombasa - 70%.
- Other areas - 60%.

Loan Period

- Up to 3 years.

Why choose CBA Business Loan secured by land.

- Land in any of Kenya’s major towns may be used as security.
- Your land value appreciates while enabling you to access funding against it.
- Borrow up to 70% of the value of your land with higher loan to land value ratios.
- We offer you competitive interest rates.

SHARES SECURED BUSINESS LOAN

You can now borrow funds secured by your shares portfolio with a CBA Share Secured Business Loan. Enjoy greater purchasing power, better cash flow and more flexibility to trade by simultaneously managing your own share investment portfolio and getting cash against those same shares.
What the CBA Shares Secured Business Loan offers.

Loan Purpose

- Capital expenditure, investment or working capital.

Loan Amount

- Minimum loan of KES 100 000.
- Maximum loan is dependent on ability to repay.

Loan to Value Ratio

- Up to 65% of the value of the shares.

Repayment Cycles

- Fortnightly or monthly.

Security/Collateral

- Money market funds.
- Shares listed in the Nairobi stock exchange.

Loan Period

- Up to 3 years.

Why choose CBA Business Shares Secured Loan.

- You can borrow up to 65% of the value of your share investment.
- Get the option to pay fortnightly, allowing you to save on interest
- Own and manage your share portfolio while it secures your loan.
- We offer you competitive interest rate.
- An option to transfer your shares to CBA Capital and access even lower interest rates.

STOCK LOANS

In line with our commitment to our customers and the growth of their businesses, we have designed a custom-made product for motor vehicle, electrical and hardware traders.

What the CBA Stock Loans offer you.

Purpose of loan

- Purchase of stock.
**Loan Amount**

- Minimum - KES 300 000.
- Maximum - KES 1M.

**Loan Period**

- Maximum of 12 months.

**Repayment Cycles**

- Fortnightly or monthly.

**Required Documents**

- Fully signed deed of hypothecation.
- Fire and Burglary cover against stock through the CBA Insurance Agency.
- Customer’s declaration of the goods in store.

**Why the CBA Stock Loan.**

- Get more freedom to purchase stock from a supplier of your choice.
- Having the option to pay fortnightly allows you to save on interest.
- Once your previous loans have been paid in full, you will gain access to a higher loan amount.

**AUTO EQUITY LOAN**

CBA Auto Equity Loan will help you get the cash you need quickly without you having to sell your vehicle. You can now borrow as little as KES 100 000 and pay back conveniently in personalised scheduled installments without requiring a lump sum pay-off.

**What the CBA Auto Equity Loan offers you.**

**Loan Purpose**

- Capital expenditure or working capital.

**Loan Amount**

- Minimum loan of KES 100 000.
- Maximum loan is subject to 50% value of car (determined by serviceability).

**Loan Period**

- Up to 3 years.

**Repayment Cycles**

- Fortnightly or monthly.
Loan to Value Ratio

- 50% of the value of the vehicle.

Type of Vehicles (Accepted as security)

- Private and commercial vehicles e.g. trucks, saloon cars and pickups.

Required Documents

- A duly completed application form.
- 2 transfer forms signed in black.
- A vehicle valuation carried out in the bank’s panel.
- Vehicle to be fitted with a tracking device.
- You should have comprehensive insurance on the motor vehicle.

BID BOND

What is a bid bond?

A bid bond or tender security is a requirement during the tendering process and is presented to the procuring entity as an assurance of capability during the selection process. It guarantees financial compensation from the bank should the bidder not comply with his obligations.

At CBA, we offer you flexible terms to help you get this vital document in the form of unsecured Bid Bonds.

What the CBA Bid Bond offers you.

Max Amount per Bid Bond

- KES 5M.

Validity

- Maximum 360 days subject to tender provisions.

Currency

- KES, UGX, TZS, USD and Euros.

Required Documentation

- Duly completed application form.
- Copies of specifications and conditions pages of the tender document.
- Company profile.

Fees and Commissions
- 1% per quarter or part thereof, minimum KES 5000.

**Why the CBA Bid Bond.**

- Enjoy fast service by visiting any CBA Branch with the required documents and walking out with a Bid Bond in hand.
- No security required.

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**RISKS ON OUR LENDING SOLUTIONS**

- Incase of Default, there is repossession of collateral and CRB listing
- Fluctuation of Interest rates e.g. removal of interest capping
- Changes in issues of the economy e.g. inflation.

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**RIGHTS ON OUR LENDING SOLUTIONS**

- Right to access Loan statements
- Right to know all the charges relating to the loan

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**OBLIGATIONS ON OUR LENDING SOLUTIONS**

- Timely repayment of the Loan
- Payment of charges and principal Interest
- Maintenance of the collateral

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**RISKS ON OUR ACCOUNTS**

- Incase an account is overdrawn for over 60 days, there is a risk of account closure and CRB listing
- Fluctuation of bank charges and excise duty

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**RIGHTS OF HAVING AN ACCOUNT WITH US**

- Right to transact
- Right to know all the charges on the account

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**OBLIGATION OF HAVING AN ACCOUNT WITH US**

- Good conduct of the account

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**COMMONLY ASKED QUESTIONS**

- **Why should I choose CBA Bank for SME banking?**
  Our highly qualified SME team understands and aspires to deliver not just exceptional service but a relationship of a lifetime that is at the heart of CBA SME Banking. You will also get to experience the 5 Star service of the bank.
• **How do I begin banking with CBA Bank?**
Open one of the CBA Business current Accounts. We offer a wide range of contemporary business accounts that provide a customized business solution for your business needs. There is an account to suit your business, regardless of the industry in which you operate. We offer five accounts to choose from.

- **Flat fee accounts**
These are bundled accounts that are designed for business customers who want predictable monthly charges on their business accounts.

- **Pay As you go Accounts**
These are non-bundled accounts aimed at the business customers who prefer per transaction charging on their business accounts.

• **Who can apply for an SME loan at CBA Bank?**
All Business customers can apply for funding. Only we require applicants need to be running legally established businesses.

• **How long will it take to open an account or get a loan from CBA?**
On account opening – You shall walk into the branch and walk out with an account while loan applications take up to 24 hours.

• **What types of finance does the CBA offer?**
CBA offers SMEs long and short term working capital, Business diversification loans, investment and stock loans.

• **What is the largest SME loan amount I can borrow from CBA?**
CBA does not offer cut off on loans amount. It all depends on project you are undertaking and the ability to repay?

• **Can I get a loan from CBA if my business is a startup?**
Typically, we look for 3 years track record. However, we may make an exceptional consideration for those with good track record in other businesses or in certain cases, if the value of the collateral and supporting cash flows are good.
We also advise our customers to open our Business current accounts that offer a good opportunity to build collateral while still enjoying our services.

• **Can I prepay my loans at CBA bank?**
Prepayment is permissible and at CBA we shall not charge a pre-payment charge.

• **Does my business need to be located in a specific region?**
No. Your business can be located in any town in Kenya CBA has branches in all key towns in Kenya.

• **Does CBA require collateral deposits before lending to SMEs?**
It depends on the type of loan facility requested for. Some types of loan require collateral, while some do not. The main focus is on cash flow and the ability to repay the loan.

• **Is CBAs lending preference skewed toward SMEs operating in specific industries?**
CBA lends to all sectors of the economy except for illegal sectors.

• **Does CBA give moratorium on facilities?**
Yes, CBA offers moratorium on facilities. This however, depends on the project type.

• **Is it compulsory for an applicant to have an existing account with CBA before applying for a loan?**
Yes, every SME is required to have or open an account with CBA before applying for a loan facility.

• **Can an entrepreneur have more than one loan facility running simultaneously?**
Yes you can have more than one loan running at CBA bank, as long as the cash flows are sufficient to repay all loans.

• **How can I apply for a CBA bank SME Loan?**
Whether or not you have decided or still undecided, we are always delighted to talk to you about our services. You can get in touch with us either on the phone, email. Generally, we ask you to fill out our Customer Information form and provide us with supporting documents for the business to start credit assessment process.