



CENTRAL BANK OF KENYA

BANK SUPERVISION ANNUAL REPORT 2014

2014

The Bank Supervision Annual Report, prepared by the Central Bank of Kenya is available on the internet at: <http://www.centralbank.go.ke>

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CENTRAL BANK OF KENYA

VISION STATEMENT

The Central Bank of Kenya's vision statement is to be a world class modern central bank. The Bank will pursue its mandate in support of economic growth, guided by law, national development agenda and international best practices.

THE BANK'S MISSION

To formulate and implement monetary policy for price stability and foster a stable market-based inclusive financial system.

The Bank's objectives are:-

- To formulate and implement monetary policy directed to achieving and maintaining stability in the general level of prices;
- To foster the liquidity, solvency and proper functioning of a stable market-based financial system;
- To formulate and implement foreign exchange policy;
- To hold and manage its foreign exchange reserves;
- To licence and supervise authorized dealers;
- To formulate and implement such policies as best to promote the establishment, regulation and supervision of efficient and effective payment, clearing and settlement systems;
- To act as banker and advisor to, and as fiscal agent of the Government; and
- To issue currency notes.

MISSION STATEMENT OF BANK SUPERVISION DEPARTMENT

To promote and maintain the safety, soundness and integrity of the banking system through the implementation of policies and standards that are in line with international best practice for bank supervision and regulation.

VALUE STATEMENT

In pursuing our vision and mission, we shall at all times practice the following values:

1. Commitment
2. Professionalism and relevance
3. Efficiency and effectiveness
4. Transparency, accountability and integrity
5. Innovativeness
6. Mutual respect and teamwork
7. Diversity and inclusiveness

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DEPUTY GOVERNOR'S MESSAGE



Performance Overview

The Kenyan banking sector recorded improved performance in 2014 compared to 2013. Total net assets rose by 18.5 per cent from Ksh. 2.7 trillion in December 2013 to Ksh. 3.2 trillion in December 2014. Customer deposits, on the other hand, rose by 18.65 per cent from Ksh. 1.93 trillion in December 2013 to Ksh. 2.29 trillion in December 2014. The increase in assets was largely driven by a higher demand for credit in 2014 as compared to 2013 while the rise in deposits resulted largely from increased deposit mobilization by banks as they expanded their outreach and service networks to tap unserved segments of the market.

Macro-economic background

In 2014, the Government continued pursuing growth-oriented macroeconomic policies aimed at boosting overall productivity and competitiveness. Expansive fiscal policies and an accommodative monetary policy stance facilitated growth in credit while maintaining inflation within set targets. While overall economic performance benefited from global developments such as falling oil prices towards the end of 2014, the country faced commodity price declines and security challenges that adversely affected economic activity, particularly in the agricultural and tourism sectors. However, effective responses by the Government to these challenges ensured the economy in general, and the banking sector in particular, remained resilient in 2014.

Key Developments in the Legal and Regulatory Framework

Key developments in the banking sector's legal and regulatory framework during the year included the following:-

- The introduction of a new credit pricing framework, the "Kenya Banks' Reference Rate (KBRR)" aimed at increasing transparency in the pricing of credit by Commercial Banks and Microfinance Banks, in a bid to empower bank customers through increased market information.
- Launch of the Credit Reference Bureau Regulations, 2013 in February 2014, which permit commercial banks and microfinance banks to share both positive and negative credit information with credit reference bureaus. The Regulations also formally mandated microfinance banks to participate in the credit information sharing (CIS) initiative and streamlined the rights and obligations of all parties involved in the CIS mechanism.

- The coming into force of the Microfinance (Amendment) Act, 2013, which allowed the former Deposit Taking Microfinance institutions (now ‘Microfinance banks’) to operate current accounts, issue third party cheques and engage in foreign exchange trading, in a bid to enhance financial inclusion.
- The transfer, through the Finance Act, 2013, of legal power to make regulations under the Banking Act from the Cabinet Secretary, The National Treasury, to the Central Bank, in a bid to enhance the Central Bank’s operational independence as provided for under the Republic of Kenya Constitution of 2010.

Developments in the Supervisory Framework

- In a bid to strengthen CBK’s oversight function on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT), the Bank with technical assistance from the IMF, commenced the development of a Risk-Based supervisory framework on AML/CFT. Work on the framework was ongoing as at the end of the year.
- To further embed Consolidated Supervision, the Bank commenced development of a structured framework for assessing host country regulatory and supervisory frameworks. The process involves evaluating the effectiveness of the regulatory regimes of jurisdictions hosting cross-border operations of Kenyan banks as well as developing procedures in undertaking such evaluation.

Participation in Regional and International Developments and Initiatives

On the regional front, CBK pursued initiatives aimed at promoting financial stability, access, safety and integration within the East African region and beyond. These included the following:

- **Supervisory Colleges:** Establishment of Supervisory Colleges for three additional regional banking groups headquartered in Kenya, namely NIC Bank Ltd, Commercial Bank of Africa Ltd and I & M Bank Ltd. This brought total supervisory colleges established so far to 6.
- **Financial Inclusion:** The Bank, jointly with the Alliance for Financial Inclusion (AFI), hosted the 2nd Roundtable Meeting of the African Mobile Phone Financial Services Policy Initiative (AMPI) held in February 2014 in Naivasha. The meeting brought together policy makers and other stakeholders in the mobile phone financial services industry from Africa and beyond.
- **Financial Integrity Initiatives:** In its role as the secretariat of the National Task Force on Anti-Money Laundering and Combating the Financing of Terrorism (NTF on AML/CFT), the Bank participated in the activities of the Eastern and Southern African Anti-Money Laundering Group (ESAAMLG) as well as the Financial Action Task Force (FATF). Through the concerted efforts of the NTF, Kenya was removed from FATF’s International Cooperation Review Group (ICRG) monitoring process in June 2014 after the country had fully addressed strategic AML/CFT deficiencies.

Conclusion

The outlook for Kenya's banking sector remains positive as regards the key pillars of stability, inclusiveness and integrity. Ongoing infrastructure investments currently being undertaken by the Government as well as other planned projects, both public and private, are expected to sustain growth in the demand for credit in 2015. Regulatory initiatives such as increased transparency in credit pricing, further entrenchment of the CIS mechanism and enhancement of the agency banking model are expected to impact positively on the banking sector's competitive structure and asset quality.

In addition, continued automation in the banking sector is expected to further enhance operational efficiencies and boost economies of scale. On its part, CBK will be steadfast in its regulatory role of supporting the Government's efforts to ensure a robust and relevant legal and regulatory framework that will support economic growth.

DR. HARON SIRIMA,OGW

DEPUTY GOVERNOR

FOREWORD BY DIRECTOR



The Kenyan banking sector remained stable and resilient in 2014 as evidenced by the enhanced performance recorded. The sector supported various economic sectors through provision of loans and advances. The gross loans increased from Ksh.1.53 trillion in December 2013 to Kshs 1.88 trillion in December 2014. Some of the economic sectors that received the highest growth in demand for credit in 2014 were Personal/Household, Trade, Real Estate and Manufacturing.

The key highlights of the sector's financial performance were:-

- Total net assets which grew by 18.5 per cent from Ksh. 2.70 trillion in December 2013 to Ksh.3.2 trillion in December 2014, with the growth being supported by the increase in loans and advances.
- Customer deposits which increased by 18.42 per cent from Ksh.1.93 trillion in December 2013 to Ksh.2.29 trillion in December 2014. The growth was attributed to increased deposit mobilization by banks as they expanded their outreach and opened new branches to tap new customers.
- The pre-tax profit for the sector increased by 12.2 per cent from Ksh.125.8 billion in December 2013 to Ksh.141.1 billion in December 2014. The growth was largely supported by the growth in the credit portfolio, investment in government securities and commissions and earnings from foreign exchange trading.
- Gross loans which increased by 22.75 per cent from Ksh.1,532.3 billion in December 2013 to Ksh.1,881.0 billion in December 2014. The growth in loans is attributed to increased demand for credit by the various economic sectors.
- The liquidity ratio stood at 37.7 per cent as at December 2014 compared to 38.6 per cent registered in December 2013. The marginal decline in the liquidity ratio is attributable to the increased lending in 2014 as reflected in the increase in loans to deposits ratio from 81.6 per cent in 2013 to 83.1 per cent in 2014. It is worth noting that the liquidity ratio in 2014 was way above the statutory minimum of 20.0 per cent.

The ratio of gross non-performing loans to gross loans increased from 5.2 per cent in December 2013 to 5.6 per cent in December 2014. The marginal increase in non-performing loans was mainly attributable to adverse effects in Tourism, Agriculture, Building and Construction, Real Estate, Mining and Quarrying sectors arising from factors such as the threat of insecurity, delayed onset of long rains, uncertainties in the reforms in the mining sector and delay in payments to contractors.

CBK monitored closely institutions that were experiencing deteriorating asset quality. Similarly, the sector's capital adequacy, which is measured by the ratio of Total Capital to Total Risk Weighted Assets, marginally decreased from 21 per cent in December 2013 to 20 per cent in December 2014, although it remained above the statutory minimum of 12.0 per cent.

The Kenya banking sector is projected to maintain an upward trend in performance in 2015 as a result of the continued expansion of banks within and outside the country. The Central Bank's efforts to strengthen the legal and regulatory frameworks will contribute to continued stability of the banking sector.

FREDRICK PERE
DIRECTOR, BANK SUPERVISION DEPARTMENT

CHAPTER ONE

STRUCTURE OF THE BANKING SECTOR

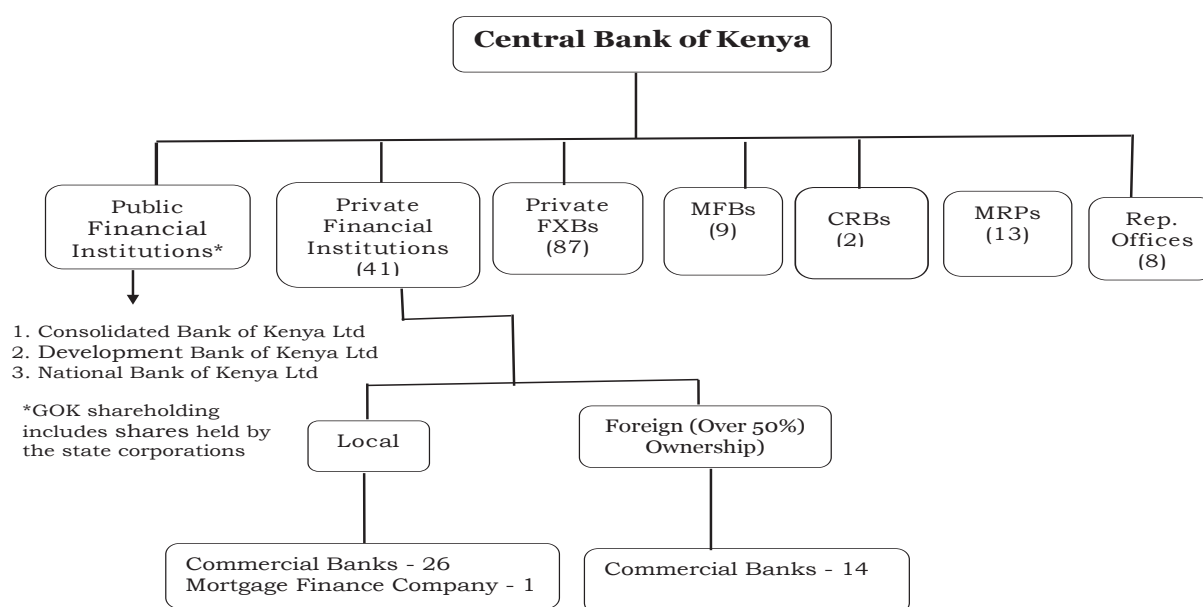
1.1. The Banking Sector

As at 31st December 2014, the banking sector comprised of the Central Bank of Kenya, as the regulatory authority, 44 banking institutions (43 commercial banks and 1 mortgage finance company), 8 representative offices of foreign banks, 9 Microfinance Banks (MFBs), 2 Credit Reference Bureaus (CRBs), 13 Money Remittance Providers (MRPs) and 87 Foreign Exchange (forex) Bureaus. Out of the 44 banking institutions, 30 were locally owned banks comprised 3 with public shareholding and 27 privately owned while 14 were foreign owned as shown in Chart 1. The 9 MFBs, 2 CRBs, 13 MRPs and 87 forex bureaus are all privately owned.

At the end of 2014, there were 43 commercial banks, 1 MFC, 9 MFBs, 2 CRBs, 13 MRPs and 87 forex bureaus.

Of the 14 foreign owned banking institutions, 10 are locally incorporated subsidiaries of foreign banks and 4 are branches of foreign incorporated banks. Further, 11 of the 44 banking institutions are listed on the Nairobi Securities Exchange.

Chart 1: Structure of the Banking Sector- December 2014



1.1.1. Bank Supervision Department

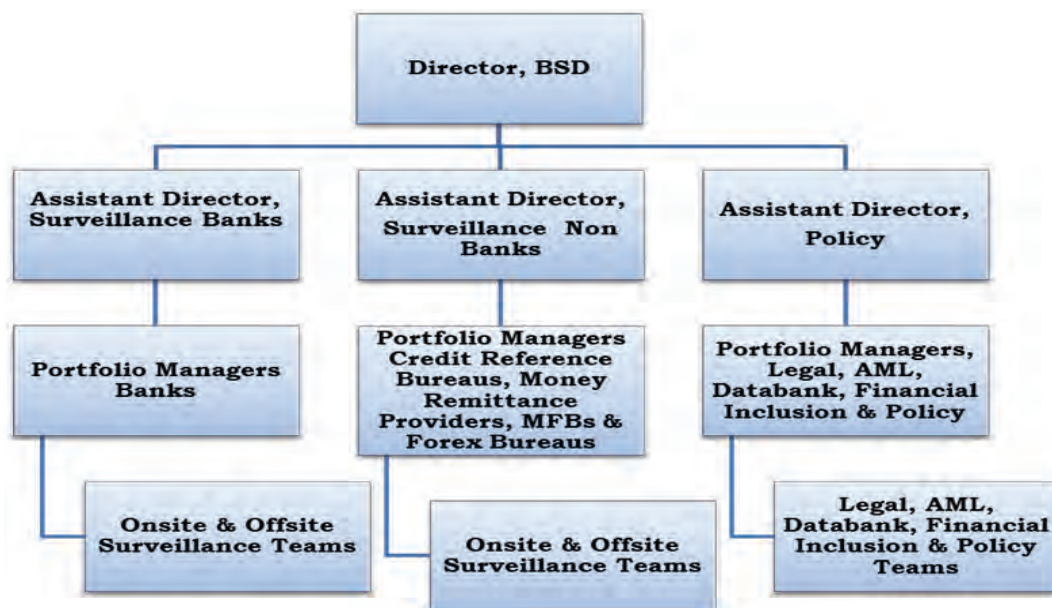
The Bank Supervision Department (BSD)'s mandate as stipulated under section 4(2) of the Central Bank of Kenya Act, is to foster liquidity, solvency and proper functioning of a stable market-based financial system. The following are the main functions of BSD: -

- i Development of legal and regulatory frameworks to foster stability, efficiency and access to financial services. The Department achieves this objective through:-

- Continuous review of the Banking Act, Microfinance Act, Building Societies Act, Regulation and Guidelines issued thereunder which lay the legal foundation for banking institutions, non-bank financial institutions deposit taking microfinance institutions and building societies.
 - Continuous review of Regulations and Guidelines for Foreign Exchange Bureaus licensed under the Central Bank of Kenya Act.
 - Continuous review of Regulations for Credit Reference Bureaus licensed under the Banking Act.
- ii Processing licenses of Commercial Banks, Non-Bank Financial Institutions, Mortgage Finance Institutions, Building Societies, Foreign Exchange Bureaus, Microfinance Banks, Credit Reference Bureaus and Money Remittance Providers.
 - iii Conducting onsite evaluation of the financial condition, review of adequacy of risk management frameworks and compliance with statutory and prudential requirements of institutions licensed under the Banking Act, Microfinance Act; and Foreign Exchange Bureaus and Money Remittance Providers licensed under the Central Bank of Kenya Act.
 - iv Conducting offsite surveillance of institutions licensed under the Banking Act, Microfinance Act, and Foreign Exchange Bureaus and Money Remittance Providers licensed under the Central Bank of Kenya Act through the receipt and analysis of returns received periodically. The Department also processes corporate approvals for banking institutions in regard to opening and closing of places of business, appointment of directors and senior managers, appointment of external auditors, introduction of new products/services, increase of bank charges and review of annual license renewal applications in accordance with statutory and prudential requirements.
 - v Hosting of the Secretariat for the National Task Force on Anti-Money Laundering (NTF), whose mandate is to develop a legal and regulatory framework to counter and prevent the use of the Kenyan financial system for money laundering. NTF is chaired by the Ministry of Finance. Through the NTF, BSD participates in initiatives by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG). ESAAMLG brings together 14 Eastern and Southern Africa countries with a principal mandate of developing a legal and regulatory anti-money laundering (AML) framework.
 - vi The Department participates in regional activities organized by regional and international bodies or associations such as the East African Community (EAC), and Common Market for Eastern and Southern Africa (COMESA), the Alliance for Financial Inclusion (AFI) and African Rural and Agricultural Credit Association (AFRACA).
 - vii Facilitation of the signing of Memoranda of Understanding (MOUs) between the Central Bank of Kenya and other local or foreign supervisory authorities.

As at 31st December 2014, BSD had a staff compliment of eighty four (84) comprising seventy four (74) technical staff and ten (10) support staff. In discharging its functions the department is divided into three divisions as shown in Chart 2.

Chart 2: Bank Supervision Organogram



1.1.2. Capacity Building Initiatives and Technical Assistance

BSD in joint collaboration with various organizations undertook a number of capacity building initiatives in 2014. Some of these initiatives included:

- Workshop on Macroeconomic Management and Financial Regulation hosted by The Centre for Advanced Financial Research and Learning (CAFRAL) of the Reserve Bank of India in New Delhi on 6th – 10th January 2014.
- A course on Intermediate Bank Supervision and Basel II & Macro Prudential Surveillance hosted by Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) from 24th – 28th February 2014 in Blantyre, Malawi.
- A course on Intermediate Bank Supervision and Basel II & Macro Prudential Surveillance hosted by Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) from 7th – 9th October 2014 in Windhoek, Namibia.
- A course on Financial Stability facilitated by Sveriges Riksbank from 24th – 27th February 2014 at Kenya School of Monetary Studies (KSMS).
- A course on Participatory/Islamic Banking organized jointly by KSMS and Global University of Islamic Finance Malaysia from 24th February – 2nd March 2014 at KSMS.
- Foundation Course for Bank Examiners organized by KSMS in Kisumu on 7th – 11th April 2014.

- Training course on Cross Border Macro-Surveillance and Crisis Management Mechanism at KSMS on 7th - 11th April, 2014.
- International exposure visit program on mobile and agency banking organized for member institutions across Africa by AFRACA at Kenya School of Monetary Studies (KSMS) on 5th - 10th May, 2014.
- Course on Financial Stability and Deposit Insurance held at Kenya School of Monetary Studies (KSMS) on 15th - 16th May, 2014.
- Training course on Advanced Disaster Management for Records facilitated by Infoman Consultants in Kisumu on 19th to 23rd May, 2014.
- The 18th Monetary Authority of Singapore (MAS) Banking Supervisors Training Programme from 16th - 20th June 2014 hosted by the MAS in Singapore.
- The 28th ESAAMLG Taskforce of Senior Officials and the 2nd Sub-Saharan Africa AML/CFT Public Private Sector Dialogue that took place from 1st to 5th September 2014 at CCTA Talatona Convention Centre, Luanda, Angola.
- The School of Applied Microfinance Program at the Sarova Whitesands Beach hotel in Mombasa from 1st to 12th September 2014.
- The 20th East African Central Banking Course held in Entebbe, Uganda from 8th to 26th September 2014.
- EAC Central Banks Foundation Course on Bank Supervision at the KSMS from 22nd - 26th September 2014.
- A training forum organized by the COMESA Institute at Kenya School of Monetary Studies on Macro Prudential Analysis from 21st - 31st October 2014.
- An in-house Swift training organized by the National Payment Systems Division at the Kenya School of Monetary Studies on 6th and 7th November 2014.
- The 19th Monetary Authority of Singapore (MAS) Banking Supervisors Training Programme from 24th-28th November 2014 hosted by MAS in Singapore.
- A training course for Policy Development in Microfinance hosted by COMESA Monetary Institute in collaboration with the Alliance Forum Foundation and the African Development Bank in Zambia from 2nd- 8th December 2014.
- A Regional Training Course on Core Elements of Banking Supervision organized by East AFRITAC in Kigali, Rwanda from 8th to 12th December 2014.

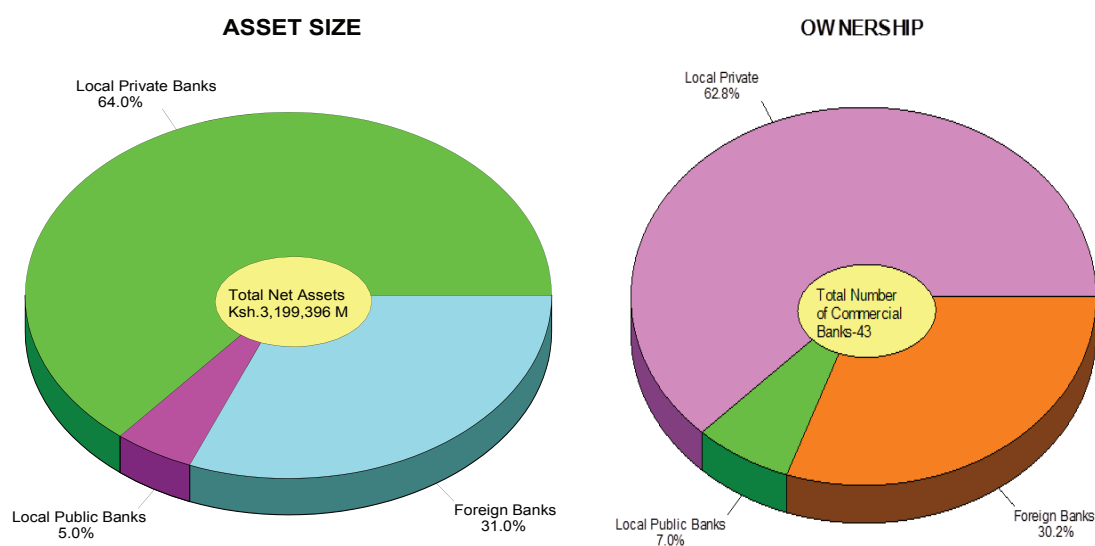
1.2. Ownership and Asset Base of Commercial Bank

The total net assets in the banking sector stood at Ksh. 3.2 trillion as at 31st December 2014. There were 27 local private commercial banks and 3 local public commercial banks which accounted for 64 per cent and 5 per cent of the total assets respectively. A total of 13 commercial banks were foreign owned and accounted for 31 per cent of the sector's assets as indicated in Table 1 and Chart 3.

Local private commercial banks accounted for 62.8% and 64% of total commercial banks and total assets of all commercial banks respectively

Table 1: Ownership and Asset Base of Commercial Banks (Ksh. M)				
Ownership	Number	% of Total	Total Net Assets	% of Total
Local Public Commercial Banks	3	7.00%	154,896	5%
Local Private Commercial Banks*	27	62.80%	2,061,517	64%
Foreign Commercial Banks	13	30.20%	982,983	31%
Total	43	100.00%	3,199,396	100%
*Charterhouse Bank which is under statutory management has been excluded				
Source: CBK				

Chart 3: Ownership and Asset Base of Commercial Banks (%) December 2014



1.3 Distribution of Commercial Banks Branches

The number of bank branches increased from 1,342 in 2013 to 1,443 in 2014, which translated to an increase of 101 branches. The counties that registered the highest increase in number of branches include Nairobi, which registered an increase of 40 branches and Mombasa 9 branches as indicated in Appendix XVI. A total of 28 out of 47 counties registered an

Bank branches increased by 101 in 2014 to stand at 1,443

increase in the number of bank branches indicating increased demand for financial services. This was partly occasioned by increased economic activities following the introduction of the county government system.

1.4. Commercial Banks Market Share Analysis

Kenyan commercial banks are classified into three peer groups using a weighted composite index that comprises net assets, customer deposits, capital and reserves, number of deposit accounts and number of loan accounts. A bank with a weighted composite index of 5 per cent and above is classified as a large bank. A medium bank has a weighted composite index of between 1 per cent and 5 per cent while a small bank has a weighted composite index of less than 1 per cent.

Market share for the 6 banks in large peer group reduced to 49.9% in 2014 from 52% in 2013

For the period ended 31st December 2014, there were 6 large banks with a market share of 49.9 per cent, 16 medium banks with a market share of 41.7 per cent and 21 small banks with a market share of 8.4 per cent as shown in Table 2, Chart 4 and Appendix IV.

There were shifts in market share positions for the banks in the three peer groups;

- The combined market share of banks in large peer group declined from 52.4 per cent in December 2013 to 49.9 per cent in December 2014.
- Banks in medium peer group increased their combined market share from 37.95 per cent in December 2013 to 41.7 per cent in December 2014.
- The market share of banks in small peer group declined from 9.66 per cent in December 2013 to 8.4 per cent in December 2014.

In 2014 two banks shifted in their classifications from their 2013 classifications. Commercial Bank of Africa moved to the large peer group from the medium peer group while CfC Stanbic Bank moved to the medium peer group from the large peer group. Similarly, some banks changed positions within their respective peer groups;

In the large peer group;

- Equity Bank moved to position 3 in 2014 from position 2 in 2013,
- Co-operative Bank of Kenya moved to position 2 from position 3 in December 2013,
- Barclays Bank moved to position 4 from position 5 in December 2013
- Standard Chartered Bank, which was ranked in position 4 in December 2013 moved to position 5 in December 2014.

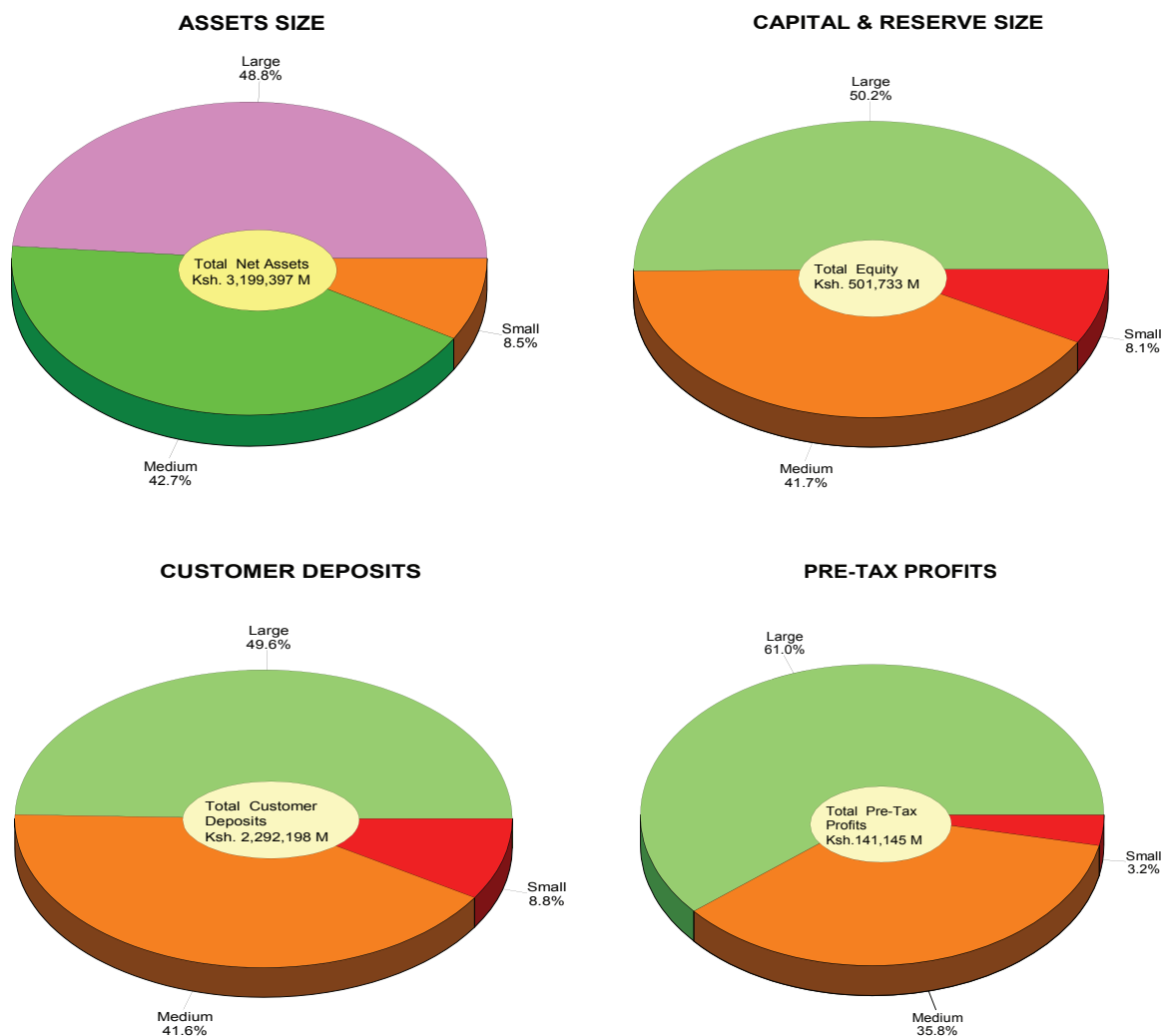
In the small peer group, Gulf African Bank moved to position 23 in December 2014 from position 25 in December 2013.

The market share analysis is shown in Appendix IV. The changes in the market share were mainly occasioned by growth in customer deposits as banks deployed various strategies for deposits mobilization.

Table 2: Commercial Banks Market Share Analysis

Peer Group	Weighted Market Share	No. of Institutions	Total Net Assets (Ksh. M)	Customer Deposits (Ksh. M)	Capital & Reserves (Ksh. M)
Large	49.90%	6	1,561,262	1,136,299	251,667
Medium	41.70%	16	1,367,559	953,598	209,348
Small	8.40%	21	270,576	202,301	40,718
Total*	100.00%	43	3,199,397	2,292,198	501,733
* Charterhouse Bank Excluded					
Source: CBK					

Chart 4: Commercial Banks Market Share (%) December 2014



1.5. Automated Teller Machines (ATMs)

Banks increased ATMs in 2014 by 126

The number of ATMs increased from 2,487 in December 2013 to 2,613 in December 2014 representing an increase of 126 ATMs or 5.1 per cent as indicated in Table 3. The increase in the use of technology by banks has been driven mainly by stiff competition leading them to adopt cost effective channels in offering financial services to ensure efficiency and maintain market share.

Table 3: ATM Network				
Month	2013	2014	Increase	% Growth
January	2,390	2,501	111	4.6%
February	2,404	2,507	103	4.3%
March	2,397	2,595	198	8.3%
April	2,413	2,609	196	8.1%
May	2,426	2,598	172	7.1%
June	2,439	2,618	179	7.3%
July	2,447	2,602	155	6.3%
August	2,472	2,597	125	5.1%
September	2,478	2,595	117	4.7%
October	2,480	2,596	116	4.7%
November	2,488	2,609	121	4.9%
December	2,487	2,613	126	5.1%
<i>Source: CBK</i>				

1.6 Asset Base of Microfinance Banks

MFBs asset base grew by 38% to kshs 56.9 billion in 2014.

The microfinance banks (MFBs) registered enhanced growth in the year 2014 with a 38 per cent increase in total assets from Ksh. 41.4 billion in December 2013 to Ksh. 56.9 billion in December 2014.

Net advances accounted for 69 per cent of the microfinance bank's total assets while net fixed assets constituted 8 per cent of the total assets base as indicated in Table 4. Lending therefore remained the most critical activity undertaken by the MFBs.

During the year customer deposits accounted for 63 per cent of the microfinance banks total funding sources compared to 60 per cent in the previous year. Borrowings as a source of funding declined, accounting for 12 per cent compared to 22 per cent in 2013.

As at December 2014, the loan portfolio amounted to Kshs. 39.1 billion and Deposits amounted to Kshs. 35.8 billion, which is an indicator that the MFBs are able to fund a large proportion of their loan portfolio using customer deposits.

Table 4: Asset Base of Microfinance Banks (Ksh. M)				
ASSETS	2013	% of Total	2014	% of Total
Cash Balance (Local & Foreign notes & coins)	1,193	2%	2,839	5%
Deposit balances at banks and financial institutions	6,440	11%	6,940	12%
Government securities	882	2%	1,004	2%
Net Advances	27,477	48%	39,184	69%
Accounts Receivables	341	1%	390	1%
Net Fixed Assets	3,895	7%	4,694	8%
Other Assets	1,122	2%	1,920	3%
TOTAL NET ASSETS	41,350	73%	56,972	100%
LIABILITIES & EQUITY FUNDS				
Deposits	24,745	43%	35,862	63%
Borrowings	8,969	16%	6,994	12%
Other Liabilities	2,306	4%	3,516	6%
Capital and Shareholders Funds	5,330	9%	10,600	19%
TOTAL LIABILITIES AND EQUITY FUNDS	41,350	73%	56,972	100%
Source: CBK				

1.7 Microfinance Banks Market Share Analysis

The microfinance banks market share is based on a weighted composite index comprising assets, deposits, capital, number of deposit accounts and loan accounts. The microfinance banks are classified into three peer groups namely large, medium and small. Based on the weighted composite index, a microfinance bank is classified large if it has a market share of 5 per cent and above; medium if it has a market share between 1 per cent and 5 per cent and small if its market share is less than 1 per cent.

As at 31st December 2014, there were 3 large microfinance banks with an aggregate market share of 92.74 per cent, 2 medium microfinance banks with a market share of 5.09 per cent and 4 small microfinance banks with a market share of 2.17 per cent as shown in Table 5.

MFBs in large peer group reduced from 4 to 3.

Microfinance Banks in large peer group experienced a drop in their combined market share from 95.44 per cent in December 2013 to 92.7 per cent in December 2014 due to the exit of SMEP Microfinance bank which moved to the medium peer group.

Microfinance Banks in small peer group experienced an increase in their combined market share from 1.71 per cent in December 2013 to 2.17 per cent in December 2014 due to the entry of Sumac Microfinance bank which moved from the medium peer group.

Central Bank of Kenya

Table 5: Microfinance Banks Market Share Analysis (Ksh.M) - December 2014						
	Market Size	Net Assets	Total Deposits	Total Capital	Number of Active	Number of Active
	Index				Deposit Accounts	Loan Accounts
					000'	000'
Weighting		0.33	0.33	0.33	0.005	0.005
Large						
Kenya Women MFB	47.92%	26,985	17,119	5,236	690.9	234.4
Faulu MFB	35.36%	20,320	13,987	3,486	164.8	55.0
Rafiki MFB	9.46%	5,975	2,877	1,093	55.3	7.8
Sub-total	92.74%	53,280	33,984	9,815	911	297
Medium						
SMEP MFB	4.08%	2,378	1,325	452	132.7	32.4
Remu MFB	1.01%	395	175	206	2.0	0.6
Sub-total	5.09%	2,773	1,500	658	135	33
Small						
Sumac MFB	0.91%	390	128	185	1.8	0.5
Century MFB	0.50%	231	135	76	8.6	1.5
Uwezo MFB	0.39%	160	64	78	2.6	0.3
U&I MFB	0.38%	137	52	83	4.0	0.6
Sub-total	2.17%	919	378	422	17	3
GRAND TOTAL	100.0%	56,972	35,862	10,895	1,063	333
Source: CBK						

The large microfinance banks accounted for Ksh.53.3 billion of the total net assets, customer deposits of Ksh. 34.0 billion and total capital of Ksh. 9.8 billion.

1.8. Distribution of Foreign Exchange Bureaus

Licensed forex bureaus reduced to 87 in 2014 as several of them converted to MRPs.

There were eighty seven (87) forex bureaus in business as at 31st December 2014 having declined from one hundred and one (101) in December 2013. The decline in the number of forex bureaus was attributed to voluntary closure of fifteen (15) forex bureaus and the licensing of one new forex bureau during the year. Out of the fifteen (15) forex bureaus that wound up voluntarily in 2014, nine (9) converted to money remittance providers (MRPs).

Most of the forex bureaus are located in Nairobi as shown in Table 6.

Table 6: Distribution of Forex Bureaus		
City/Town	Number of bureaus	% of Total
Nairobi	70	81%
Mombasa	9	10%
Nakuru	2	2%
Kisumu	2	2%
Eldoret	2	2%
Namanga	1	1%
Busia	1	1%
Total	87	100%

CHAPTER TWO

DEVELOPMENTS IN THE BANKING SECTOR

2.1 Introduction

Kenya's banking sector continued to grow in terms of inclusiveness, efficiency and stability on the backdrop of legal, regulatory and supervisory reforms and initiatives. This growth supports the Government's efforts for a vibrant and globally competitive financial sector in Vision 2030. Key developments in the sector during the year included the following:-

Various reforms pursued to enhance the stability and access of the banking sector.

- Increased convergence of banking and mobile phone platforms as banks explored more convenient and cost effective channels of banking.
- The introduction of a transparent credit pricing framework known as the "Kenya Banks' Reference Rate (KBRR)" which was guided by the Banking Circular No. 4 of 2014 issued on 9th July 2014. The circular required Commercial Banks and Microfinance Banks to disclose to CBK any deviation from KBRR and to price their flexible interest rate loans using KBRR as the base rate. This is in line with enhancing private sector credit and mortgage finance supply in Kenya.
- Operationalisation of the Credit Reference Bureau Regulations, 2013 in February 2014 following the amendment of the Banking Act and Microfinance Act through the Finance Act 2012, where all institutions licensed under the two statutes are now required to share credit information through licensed credit reference bureaus (CRBs).
- The harmonisation of the credit information sharing (CIS) framework in order to enhance the robustness of the existing CIS mechanism and to facilitate full file reporting by commercial banks and microfinance institutions.
- Impressive increase in the volumes of banking business transacted through agents by both commercial banks and microfinance banks.
- Increased interest in the Kenyan banking sector by global banking brands as evidenced by the authorization of two more foreign banking institutions to open representative offices in Kenya, and continued expression of interest by other international players.

2.2 Committee on Private Sector Credit and Mortgage Finance in Kenya

Economic vibrancy is an outcome of effective and efficient exploitation of economic opportunities. A key ingredient to the successful exploitation of economic opportunities is availability of credit. Credit is indeed the lubricant of the engine of economic growth. Kenya's long term economic blueprint, Vision 2030, has therefore prominently outlined the aspiration for the financial services sector as being to drive high levels of savings for financing Kenya's investment needs. The level of credit to the private sector as a proportion of the Gross Domestic Product (GDP) is used to measure the level of access to credit. Developed countries are characterized by high private sector credit to GDP ratios of more than 100%. National output (GDP) and National income growth are significantly higher for countries with higher credit growth. Kenya's

Transparency in pricing of credit is key in promoting competitive interest rates.

current private sector credit to GDP ratio is 40%, which denotes the prevailing constraints faced by productive economic sectors in accessing funding for exploitation of economic opportunities.

Expansion of private sector credit in Kenya is impeded by among other factors, the high cost of credit. Kenya's Financial Access (FinAccess) survey of 2013 established that only 29 per cent of Kenya's adult population had access to credit as compared to more than 64 per cent who had access to savings. The low level of access to credit in Kenya as evidenced by the low number of bank loan accounts at 4.4 million in December 2014 as compared to 28.4 million deposit accounts, demonstrates lack of economies of scale in the sector. The costs incurred by banks to mobilize deposits are spread over a smaller number of borrowers, which contributes to the higher cost of credit. The high cost of credit is an impediment towards a vibrant and globally competitive financial sector envisaged under Vision 2030. As a result, a Committee on Private Sector Credit and Mortgage Finance, led by the Cabinet Secretary to the National Treasury was constituted in January 2014 to explore ways of increasing private sector credit and mortgage finance in Kenya.

A review of various studies and surveys on cost of credit in Kenya showed that the prevailing high cost of credit is attributed to lack of effective competition, high overhead costs (including wages, infrastructure costs, cash-in-transit, and exorbitant costs involved in the creation, perfection and enforcement of collateral), high risk premiums, lack of alternative sources of non-bank funding, shareholders expectations for high profit margins, and low financial literacy levels. In this regard, the Committee came up with short, medium and long term recommendations to promote credit expansion. In the short term, the focus is to enhance transparency and efficiency in the banking sector. A credit pricing benchmark, the Kenya Banks Reference Rate (KBRR) was introduced effective July 2014.

2.3 Kenya Banks' Reference Rate (KBRR)

KBRR introduced in 2014 to enhance transparency in pricing of credit by banks.

The Kenya Banks' Reference Rate (KBRR) was introduced in July 2014 following discussions between The National Treasury, commercial banks, microfinance banks, mortgage finance institutions, Kenya Bankers Association (KBA) and Central Bank of Kenya (CBK). Introduction of KBRR was part of recommendations to enhance supply of private sector credit and mortgage finance in Kenya.

The primary purpose of the KBRR is to ensure that banks are transparent with respect to the cost and pricing of their products. This is facilitated by the KBRR framework that requires banks to disclose and explain to their customers the effective base rate (KBRR) and any additional premium (K) above the base rate. This premium is to be broken down to enable clients to understand its components. This also allows the Government and the Central Bank to make targeted policy interventions to lower the premium.

KBRR is computed as an average of (a) the Central Bank Rate (CBR) and (b) the 2-month weighted moving average of the 91-day Treasury bill rate. The 91-day Treasury bills reflect the floor of risk free assets while CBR reflects the stance of monetary policy. A customer should therefore expect to be charged a lending rate of KBRR + 'K'. The KBRR should be seen as the minimum price for banks to participate in the credit market. The charges may relate to the individual customer's risk profile, the type of loan or the risks associated with

the investment. These factors may vary from customer to customer depending on the individual ratings reports from Credit Reference Bureaus (CRBs). It also means that any charges above KBRR must be explained to the customer. The charges above KBRR must also be explained to the CBK so that policy or administrative interventions such as reforming the collateral process and other changes can be effected to create a level playing field, thereby increasing the supply of credit in the economy.

KBRR is reviewed and announced by the CBK through the Monetary Policy Committee (MPC) Press Release after its meeting every six months from the effective date and is operationalized through Banking Circulars. At its inception on 8th July, 2014, the CBK computed and set the KBRR at 9.13 percent. It was reviewed to 8.54 per cent on 14th January, 2015 following a reduction in the 2-month weighted moving average of the 91-day Treasury bill rate. To further enhance transparency, in the future, the Central Bank will publish comparative data on 'K' for various loan products offered by banks. This will facilitate decision making by customers and promote competition in credit pricing.

KBRR takes into account changes in economic environment

Table 7(a) shows summary of new loans granted under the KBRR framework since rollout in July 2014 as well as existing variable interest rate loans that have been converted to KBRR framework. Commercial and microfinance banks were granted a transition period of 12 months to 30th June 2015 to transition all variable interest rate loans to the KBRR framework.

Table 7(a): Summary of loans under KBRR as at 31st December 2014

Summary of Loans (Numbers and Values) under KBRR as at 31st December 2014		
A) Commercial Banks	No. of Loan A/Cs	Value (Ksh '000)
New Loans Issued under KBRR	393,442	331,861,044
Existing Loans Converted to KBRR	422,794	367,438,677
Total Loans on KBRR	816,236	699,299,721

B) Micro-Finance Banks	No. of Loan A/Cs	Value (Ksh '000)
New Loans Issued under KBRR	6,112	3,780,523
Existing Loans Converted to KBRR	68,753	15,642,543
Total Loans on KBRR	74,865	19,423,066

2.4 Developments in Information and Communication Technology

Banks continued to embrace technology to enhance efficiency and provide convenience to their customers

Kenya's banking sector continued to leverage on robust Information and Communication Technology (ICT) platforms in the provision of quality banking services that are efficient and on a wider scope. Apart from the traditional Automated Teller Machine (ATMs) services, bank customers can receive other banking services such as mobile and internet banking. Further, robust ICT platforms have enabled banks to roll out agency banking services where customers are able to carry out banking services such as deposits and withdrawals from a third party contracted by the bank and such transactions are seamlessly posted into customers' accounts.

In 2013, one employee used to serve an average of 642 customers while in 2014 the same employee was serving 770 customers as indicated in Table 7(b).

Table 7 (b): Growth of Deposit Account Holders Compared to Number of Staff			
Year	No. of Deposit Account Holders	Number of Staff	Efficiency Score
1996	1,000,000	16,673	60
2002	1,682,916	10,884	155
2006	3,329,616	15,507	215
2007	4,123,432	21,657	190
2008	6,428,509	25,491	252
2009	8,481,137	26,132	325
2010	11,881,114	28,846	412
2011	14,250,503	30,056	474
2012	15,861,417	31,636	501
2013	21,880,556	34,059	642
2014	28,438,292	36,923	770
Source: CBK			

Core Banking Systems

The robust ICT platforms in the sector are supported by stable and efficient operating core banking systems. The commercial banks business strategies are mainly driven by the capabilities of these core banking systems and other integrated systems. The capability of these systems enables banks to roll out different products and services to their customers. The most common Core Banking Systems currently used by most of conventional commercial banks includes Flexcube, T24 and Finacle while iMAL is widely used by Shariah compliant banks.

During the year ending December 2014, there were limited activities relating to acquisition of new core banking system as most of the banks are leveraging on their existing system to grow their balance sheet, expand their customer base and roll out more financial products to their customers.

Challenges Associated with Increased Use of ICT to Drive Banking Business

Increased use of ICT as a driver of banking business has come with tremendous benefits to the banking sector. However, the increase has replaced manual

processes and related controls that were embedded in those processes. As a result there have been increased cases of ICT related frauds in the recent years. Data on fraud reported to Banking Fraud and Investigation Department (BFID) indicates that cases relating to computer, mobile and internet banking are on the rise. Other fraud cases such as card fraud have also been attributed to computer-based on line transactions which do not have effective preventive and detective controls.

2.5 Financial Inclusion and Policy Development Initiatives

Over the past year, Kenya's financial inclusion landscape has continued to consistently expand and deepen. This is attributable to legislative changes and innovative policy strategies and initiatives by the government, the Central Bank of Kenya (CBK) as well as the roll-out of innovative products and services by financial sector players.

The key policy development initiatives undertaken by CBK as at the end of 2014 include:-

- Facilitation of the implementation of the Microfinance (Amendment) Act 2013. CBK held a half day sensitization meeting for Microfinance Banks on 25th September 2014 to raise awareness and discuss with MFBs the provisions of the Act and the operational requirements therein.
- Publication of the Credit Reference Bureau Regulations, 2013 in January 2014 by the National Treasury to include microfinance banks in the Credit Information Sharing (CIS) framework.
- Taking part in financial education initiatives through platforms such as agricultural shows and domestic financial regulators forums held to sensitize the public on financial matters.
- Participation in national, regional and global financial inclusion initiatives and fora, including:-
 - Chairing the African Mobile Phone Financial Services Policy Initiative (AMPI) Help Desk until February 2014 and hosting the 2nd African Leaders Roundtable meeting for AMPI members, from 5th to 7th February 2014 in Naivasha, Kenya.
 - Participating in the annual Alliance for Financial Inclusion (AFI) Global Policy Forum (GPF) in September 2014 in Trinidad and Tobago.
 - Hosting of various knowledge exchange visits.

Legal changes and policy initiatives introduced in 2014 to expand and deepen financial inclusion landscape.

2.6 Money Remittance Providers

The Central Bank of Kenya Act was amended in 2012 by expanding the definition of authorized dealers to include Money Remittance Providers (MRP). Following this amendment, the Money Remittance Regulations were formulated and published in the Kenya Gazette Supplement No. 56 of 19th April 2013 creating a legal framework for licensing stand-alone Money Remittance Providers.

12 additional MRPs licensed in 2014.

Following the issuance of the Regulations, the Central Bank licensed the first MRP in November 2013 and granted licences to twelve (12) additional MRPs during the year 2014, bringing the total number of MRPs to thirteen (13) as at 31st December 2014.

MRPs have expanded their presence beyond Nairobi.

The MRPs' have established eighteen (18) outlets in aggregate, sixteen (16) in Nairobi and two (2) in Mombasa. Some of the MRPs have also engaged agents to conduct money remittance business on their behalf and the agents are mainly located in Nairobi and the North Eastern part of the country as shown in Table 8.

Table 8: Distribution of MRP agents			
No.	City/Town	No. of Agents	% of Total
1	Nairobi	60	61.8%
2	Dadaab	5	5.1 %
3	Mombasa	2	2.1%
4	Nakuru	2	2.1%
5	Eldoret	2	2.1%
6	Kitale	2	2.1%
7	Kajiado	2	2.1%
8	Kakuma	2	2.1%
9	Moyale	2	2.1%
10	Mandera	2	2.1%
11	Wajir	2	2.1%
12	Isiolo	2	2.1%
13	Garissa	2	2.1%
14	Habaswen	2	2.1%
15	Malindi	1	1.0%
16	Elwak	1	1.0%
17	Busia	1	1.0%
18	Kisumu	1	1.0%
19	Malaba	1	1.0%
20	Kisii	1	1.0%
21	Namanga	1	1.0%
22	Meru	1	1.0%
	Total	97	100%

2.7 Agency Banking

Over the year 2014, the agency banking model for both commercial and microfinance banks gained traction. The legislative reforms instituted between 2010 and 2013, allowed both commercial banks and microfinance banks to contract approved third party retail outlets to offer specified services on their behalf. Further, microfinance banks can offer services through their marketing offices and self-managed agencies. In addition, sub-contracting of agents and the use of Agent Network Managers (ANM) or Agent Network Management Companies (ANMC), also known as aggregators, is allowable under the Banking Act.

By December 2014, 16 commercial banks and 3 microfinance banks had contracted 35,789 and 58 agents, respectively, spread across the country. This was a marked improvement from 13 commercial banks (and no microfinance banks) with a total of 23,477 agents by the end of December 2013. This represents a 52.4% increase in the number of approved agents, with a concentration of 90% of the agents in 3 banks; Equity Bank with 13,767 agents, Kenya Commercial Bank with 9,687 and Cooperative Bank with 8,765.

During the same period, 7 out of the 9 licensed microfinance banks had established 74 deposit-taking marketing offices. This was also a notable improvement; up from 42 deposit-taking marketing offices in 2013.

Number of Transactions

The number of transactions by agents increased by 37.9% from 42,055,854 transactions recorded in 2013 to 57,995,472 in December 2014. A brief summary is provided in Table 9(a).

Table 9(a) Agency Banking Data for banks – Number of Transactions

Type of Transactions	Number of Transactions			
	2013	2014	% Change	Cumulative (2010 to 2014)
Account balance enquiries	5,771,490	6,388,489	10.7%	18,127,972
Cash Deposits	18,531,811	25,967,462	40.1%	60,629,074
Cash Withdrawals	16,981,903	24,900,283	46.6%	56,705,290
Collection of account opening application forms	158,781	119,743	-24.6%	1,433,271
Collection of debit and credit card application forms	57,245	6,093	-89.4%	115,550
Collection of debit and credit cards	19,673	6,730	-65.8%	57,724
Collection of loan application forms	-	398	100.0%	398
Mini statement requests	30,776	57,327	86.3%	137,892
Payment of Bills	113,429	268,115	136.4%	566,988
Payment of Retirement and Social Benefits	387,454	279,079	-28.0%	969,988
Transfer of Funds	3,292	1,753	-46.7%	5,994
Total	42,055,854	57,995,472	37.9%	138,750,141
Number of Agents	23,477	35,847	52.7%	

Source: CBK

The increase in transactions facilitated by bank agents was largely attributable to increases in transactions relating to payment of bills, mini statement requests, cash withdrawals and cash deposits which increased by 136.4%, 86.3%, 46.6% and 40.1%, respectively. This order differs from 2013, when the increased transactions were transfer of funds, cash deposits, cash withdrawals and payment of retirement and social benefits, which increased by 249%, 48%, 43% and 28% respectively. Cash deposits, cash withdrawals and account balance inquiries remained the major transactions carried out by bank agents in 2014 representing 45%, 43% and 11% of the total transactions in the year, respectively.

Despite the overall increase in the number of transactions, there were a number of declines in some operations in the year 2014; including transactions relating to the collection of debit and credit application forms, collection of debit and credit cards, mini statement requests, payment of retirement and social benefits, collection of account opening forms and transfer of funds. These experienced a decline of 89.4%, 65.8%, 28%, 27% and 19.5% respectively in 2014. This is unlike

The number of bank agents, number and value of transactions recorded an impressive growth in 2014

the preceding year 2013 where transactions relating to the collection of debit and credit cards, mini statement requests and payment of bills experienced a decline of 37%, 29% and 20% respectively. Notably, the transfer of funds and payment of retirement and social benefits which had experienced notable increases in 2013 however experienced declines in their usage in 2014 due to the use of other alternative delivery channels. The payment of bills, on the other hand, which was on the decline in 2013, clocked the highest increase in transactional numbers in 2014.

Value of Transactions

In 2014, agents moved approximately 58.0 million transactions valued at Kshs 345.7 billion (USD 3.8 billion). This was a marked improvement from 2013, where the total value of transactions carried out through the agency network was Kshs 236.2 billion (USD 2.6 billion). In 2013, the increase in value was driven by transactions relating to the transfer of funds, cash deposits, cash withdrawals and payment of retirement and social benefits. In 2014, on the other hand, the growth was largely driven by transactions relating to payment of bills, cash withdrawals and cash deposits which grew by 1278%, 47% and 42% respectively.

Table 9(b) Agency Banking data for banks – value of transactions in Ksh ‘M’

Type of Transactions				
	2013	2014	% Change	Cumulative (2010 to 2014)
Cash Deposits	160,789.9	236,045.47	47%	503,682.3
Cash Withdrawals	73,893.5	104,999.73	42%	241,173.2
Payment of Bills	251.2	3,461.60	1278%	4,064.4
Payment of Retirement and Social Benefits	1,253.9	1,164.39	- 7.1%	3,482.7
Payment of Salaries	0	0.12	-	0.12
Transfer of Funds	27.1	28.47	5%	69.8
Total	236,215.7	345,699.77	46%	752,472.51

Source: CBK

Despite the overall increase in the value of transactions, there were a few notable declines in some operations in the year 2014; notably the payment of salaries and payment of retirement and social benefits. The payment of bills, however, has become the popular transaction in number and value given the convenience the technology platform provides for utility bill payments. This shows the growing popularity of the technology platform in providing convenient and easily accessible financial products and services.

2.8 New Products

Banks rolled out various new banking products in 2014 to diversify their revenue sources.

The Central Bank has continued to review applications for new banking products and related charges as provided for under Section 44 of the Banking Act which provides that no banking institution can increase its rate of banking or other charges except with the prior approval of the Minister. The Minister of Finance delegated this role to the Governor of the Central Bank of Kenya via Legal Notice 34 of May 2006 on the Banking (increase of Rate of Banking and other Charges) Regulations 2006.

While processing such applications, the Central Bank of Kenya considers:-

- Whether the proposed increase is in conformity with the Government's policy of establishing a market oriented economy in Kenya; and
- The average underlying inflation rate prevailing over twelve months preceding the application.
- The processes and procedures established to mitigate against the arising risks.

During 2014, banks submitted over 100 applications seeking CBK's approval to introduce new products and/or new charges. Most applications related to introduction of new accounts and use of mobile phone banking services to facilitate making of enquiries on accounts as well as enable customers conduct transactions e.g. payment of utility bills, top up of mobile phone airtime, loan applications and cheque book requests. During this period, several banks also sought to increase fees for an array of their services.

The ever changing consumer needs, innovative financial products, technological advances and the use of multiple delivery channels are reshaping the financial services industry. To remain competitive in the new landscape, banks have continued to expand their product lines, add new delivery channels, developed more effective marketing systems and techniques, and enhanced the service quality levels.

By end of December 2014, four banks, namely Kenya Commercial Bank, NIC Bank, Prime Bank and I&M Bank, had been granted approval to partner with insurance companies to offer bancassurance services following the issuance of the Prudential Guideline on Incidental Activities (CBK/PG/23) in January 2013. Bancassurance entails insurance companies using banks as agents to sell and distribute insurance products. The bank only acts as a distribution channel for the provision of insurance products but does not undertake or engage in the actual business of underwriting of risks.

2.9 Operations of Representative Offices of Authorized Foreign Financial Institutions

The Central Bank of Kenya (CBK) is empowered under section 43 of the Banking Act to grant authority to foreign banking institutions to establish Representative Offices in Kenya. The Banking Act also empowers CBK to supervise the activities of Representative Offices operating in Kenya. Representative Offices are not permitted to undertake primary banking business of mobilizing deposits and advancing loans. They are permitted to undertake research, information gathering, marketing and liaison roles on behalf of their parent and affiliated institutions undertaking business elsewhere in the world.

In 2014, the significant developments in respect to Representative Offices include:-

- Rabobank Nederland was granted authority to open a Representative Office in Kenya on 5th June 2014. Rabobank is a Dutch multinational banking and financial services company headquartered in Utrecht, the Netherlands. The group comprises 129 independent local Dutch Rabobanks (2013), a central organization (Rabobank Nederland), and a large number of specialized international offices and subsidiaries. Food & Agribusiness is the prime international focus of the Rabobank Group. Rabobank's entrance

Two foreign banks authorised to open representative offices in Kenya as one other exited the market.

in the Kenyan market, seeks to explore potential business opportunities in the country with a view to determining its long-term presence.

- In November 2014, the Central Bank granted approval to Mauritius Commercial Bank (MCB) Ltd to commence business of a Representative Office in Kenya. MCB is a financial institution in Mauritius and an increasingly prominent player in the region. The bank, which is headquartered in Port Louis, Mauritius, has a long track record of sustained profitability. Listed since 1989 on the official market of the Stock Exchange of Mauritius, MCB Ltd is one of the most traded stocks and has the highest market capitalization. MCB Ltd is present outside Mauritius through its subsidiaries in Madagascar, Mozambique and Seychelles, its representative offices in Johannesburg and Paris and, through its associate Banque Francaise Commerciale Ocean Indian, in Reunion Island, Mayotte and Paris. MCB seeks to explore potential business opportunities in the country.
- On 18th September 2014, the Central Bank formally withdrew the Authority granted to HSBC Bank Plc. to operate a Representative Office in Kenya. The withdrawal is pursuant to a voluntary decision taken by HSBC to close its office in Kenya. These changes bring the number of licensed Representative Offices to 8 from the previous 7.

CBK monitors the activities of Representative Offices through quarterly returns filed by the Representative Offices. The returns are analyzed to inform surveillance of the Representative Offices. In 2014, all the Representative Offices in Kenya operated within the legal and regulatory framework. An upward trend in volumes of business facilitated by the Representative Offices was witnessed.

Representative offices not permitted to collect deposits or advance loans in Kenya.

The main activities undertaken by the Representative Offices in the year included:

- **Product promotion** - Provision of information to actual and potential customers on the products and services offered by their parent and affiliated institutions;
- **Communication and Outreach (marketing)** - Initiating contacts and building relationships with players in the Kenyan banking sector;
- **Document processing** - Collection, verification and submission of documentation of the Kenyan customers of their parent and affiliated institutions;
- **Account opening**, providing information and documentary support to the bank's customers in Kenya, as well as conducting face to face "Know Your Customer" and Anti-Money Laundering" identity checks on current and prospective customers;
- Arrangement of Trade and Export finance facilities, term loans and working capital finance facilities for various clients;
- Facilitation of correspondent banking, syndicated lending and private banking services; and
- Facilitation of exploratory visits by representatives of parent and affiliated institutions to explore potential market opportunities in Kenya and in the East African region.

The increasing interest in the Kenyan banking sector witnessed from international banking groups is a positive indicator of international confidence in the sector. In 2015, the Central Bank will continue to maintain its openness towards potential entrants who satisfy the regulatory requirements to establish their presence in the country. This will go a long way in supporting the Government's efforts for a financial sector that is vibrant and globally competitive as well as expanding Kenya's regional financial services hub as envisaged in the country's development blueprint, Vision 2030.

2.10 Residential Mortgages Market Survey 2014

The Central Bank of Kenya undertook a survey on the development of the mortgage market for residential housing in Kenya in 2014. A detailed questionnaire was distributed to the banks to collect data for the year ending 2014. The information collected comprised:-

- a) Size of Mortgage Portfolio;
- b) Mortgage Loan Characteristics;
- c) Mortgage Risk Characteristics; and
- d) Obstacles to Mortgage Market Development.

The survey, which is conducted annually since 2010, provided an update on the size of mortgage portfolio, mortgage loan characteristics, mortgage risk characteristics and the obstacles to mortgage market development. Banks also suggested possible intervention measures to support the mortgage market and shared their views on the residential mortgage market outlook for 2015.

Below are the highlights of the residential mortgage survey as at 31st December 2014.

a) Size of Mortgage Portfolio

- i) The value of mortgage loan assets outstanding increased from Kshs 138.1 billion in December 2013 to Kshs 164.0 billion in December 2014, representing a growth of Kshs 25.9 billion or 18.7%. Value of residential mortgage loans increased by Kshs.25.9 billion in 2014.
- ii) About 68% of lending to mortgage market was carried out by 4 institutions i.e one medium sized bank (27.6%) and three banks from the large banks peer group (41.1%).
- iii) There were 22,013 mortgage loans in the market in December 2014 up from 19,879 in December 2013
- iv) The average mortgage loan size increased from Kshs 6.9 million in 2013 to Kshs 7.5 million in 2014.
- v) Almost all banks were offering loans for mortgages for both their staff and customers. However, the number of institutions offering mortgages to customers were 36 as indicated in Appendix XIII.
- vi) The outstanding value of non-performing mortgages increased from Kshs 8.5 billion in December 2013 to Kshs 10.8 billion in December 2014.

b) Mortgage Risk Characteristics

Institutions indicated the following as the main risk factors examined more closely before a mortgage loan to a household is approved:-

- i) Ability to pay – Debt Service Ratio.
- ii) Security value.
- iii) The location of the property and the validity of the title deed.
- iv) Credit history.

The main risk factors examined more closely by institutions before a mortgage loan to a business is approved are:-

- i) Duration the business has been in existence.
- ii) Adequacy and sustainability of the cash flows to service the debt.
- iii) Business payment history.
- iv) The legality of the business.
- v) Future outlook of the industry the business is in.

It is worth-noting that banks mostly financed mortgage loans with Loan to Value (LTV) ratios below 100 percent.

c) Mortgage Loan Characteristics

- i) The interest rate charged on mortgages on average was 15.8% percent and ranged between 8.0 percent – 21.3 percent.
- ii) About 92.5% of mortgage loans were on variable interest rates basis compared to 97.4% in 2013.
- iii) Loan to value (maximum loan as % of property value) was pegged at 90% by majority of the banks.

d) Obstacles to Mortgage Market Development

Based on a ranking of mortgage market constraints, banks identified high cost of housing/properties, high interest rates, and high cost of incidental cost as the major impediments to the growth of their mortgage portfolios. However, the 2013 survey had identified high interest rate, low levels of income and access to long term funds as the major constraints. The survey identified a number of the impediments to mortgage market development as indicated in Table 10.

Table 10: Residential Mortgages Market Survey – December 2014

Mortgage Market Obstacles	Frequency of response
High cost of housing/properties	22
High interest rate	21
High incidental cost (legal fee, valuation fee, stump duty)	15
Low level of income	14
Difficulties with property registration/titling	13
Stringent land laws	8
Access to long term finance	8
High cost of building/construction land	6
Lengthy charge process timelines	5
Start-up cost	5
High cost of funds	4
Credit risk	3

e) Suggested measures to support mortgage market

Institutions suggested a number of measures to be put in place to support the residential mortgage market in Kenya. Some of the suggested measures include:

- i) Reorganization and digitization of the lands registries across the country to reduce time taken in processing transfer of properties.
- ii) Simplification of property registration and titling process.
- iii) Development of a property index in the market to guide property pricing.
- iv) Ministry of Lands and Housing to establish regular forums to sensitize members of public on the importance of using mortgages to own homes.
- v) Tax incentives to both developers and mortgage borrowers.
- vi) Development of infrastructure outside the main urban centres.
- vii) Adaptation to alternative building technology.
- viii) Initiate measures to oversee valuation of property to avoid arbitrary pricing of properties.

f) Mortgage market outlook for 2015

The mortgage market growth momentum is expected to be sustained in 2015 supported by policies such as the adoption of the KBRR which is expected to increase transparency and promote pricing competition and the automation and digitization of the Land Registries which is expected to bring efficiency in the transfer process.

2.11 Employment Trend in the Banking Sector

The banking sector recorded an increase in staff levels by 2,864 from 34,059 in December 2013 to 36,923 in December 2014 representing an increase of 8.4 per cent as indicated in Table 11. All the cadres of staff increased with support staff level leading with a 31.8 per cent increase. Banks have continued to increase staff levels to support their expansion outreach initiatives.

Table 11: Employment in the Banking Sector-December 2014			
	2013	2014	% Change
Management	8,627	9,584	11.1%
Supervisory	5,682	6,464	13.8%
Clerical and Secretarial	17,978	18,539	3.1%
Support Staff	1,772	2,336	31.8%
Total	34,059	36,923	8.4%
Source: CBK			

2.12 Future Outlook

In 2015, the performance of the banking sector is likely to be influenced largely by the following factors:-

- **The macro-economic environment** - The macro-economic situation in 2015 will be a key determinant of economic confidence and the overall level of economic activity. This is expected to have an impact on the overall demand for banking services.
- **Clients and products** - The mix of product offerings and differentiated service levels made available by banks will determine customer satisfaction levels and market shares in an increasingly discerning banking market.
- **Technology** - Increasing adoption of digital banking is expected to lead to a transformation in digitally-enabled banking technologies and create new value chains for financial service providers. Revenues and profits are anticipated to migrate towards banks that acquire digital proficiency sooner than competitors. On the downside, digitization also poses greater risks especially in regard to cyber security.
- **Data and analytics** - Efficiency in data management and utilisation will continue to be a key interface between banks' technology, operations and business functions. Efficiency in data management and application across the value chain - from customer sign up to complaint resolution - should facilitate the creation of more compelling value propositions, enhanced service and increased revenues.

- **Regional integration** – The on-going regional integration efforts in East Africa will continue expanding commercial opportunities for banking sector players. This should foster growth in both market share and profitability for banks willing to venture and expand their footprint in the regional market.

CHAPTER THREE

MACROECONOMIC CONDITIONS AND BANKING SECTOR PERFORMANCE

3.1 Global Economic Conditions

The world economy grew by 3.3% in 2014

Growth in world output in 2014 was 3.3 percent, which remained unchanged from output growth in 2013, reflecting lower growth in Emerging Markets and Developing Economies that offset continued strengthening in growth in most Advanced Economies. Within the Advanced Economies, output continued to expand with divergent growth rates realized by the individual countries. In the United States, growth improved to 2.4 percent in 2014 from 2.2 percent in 2013, while growth in the Euro Area improved to 0.8 percent in 2014 from negative growth of 0.5 percent in 2013. Growth in the United Kingdom improved to 2.6 percent in 2014 from 1.7 percent in 2013. The Emerging Market and Developing Economies, however, continued to account for the bulk of global growth. The region's growth remained strong despite a slowdown to 4.4 percent in 2014 from 4.7 percent in 2013. Growth in China decreased to 7.4 percent in 2014 from 7.8 percent in 2013 following a weaker than expected outturn in Q1. Meanwhile, growth in India increased to 5.8 percent in 2014 from 5.0 percent in 2013.

Global growth in 2015 is projected at 3.5 percent picking up to 3.7 percent in 2016 boosted by lower global oil prices expected to translate into higher real incomes of consumers and lower costs in the production of final goods in the oil importing economies. Similarly, output in the Advanced Economies is projected at 2.4 percent in 2015 and 2016 buoyed by the lower global oil prices. Growth in the Emerging Market and Developing Economies is, however, projected to decelerate further to 4.3 percent in 2015 from 4.4 percent in 2014 on account of lower economic growth in China and the economic impact of lower oil prices on real incomes and profits in oil exporting economies. Growth in the emerging market and developing economies is, however, expected to rebound to 4.7 percent in 2016.

3.2 Regional Economy

Sub-Saharan African countries economies grew at a lower rate of 4.8% in 2014.

Output growth in Sub-Saharan Africa remains strong, driven by sustained investment in infrastructure, a buoyant services sector and strong agricultural production. Growth within the region, however, slowed from 5.2 percent in 2013 to 4.8 percent in 2014 but is projected to improve to 4.9 percent in 2015 and 5.2 percent in 2016, largely reflecting anticipated higher global growth notably among advanced economies. Growth in the region, however, remains vulnerable to the risk of adverse impact of declining commodity prices particularly oil prices and geo-political instabilities, on regional output.

3.3 Domestic Economy

Kenya's economy rebased in 2014.

Following the rebasing of Kenya's economy in November 2014, the economy grew by 5.3 percent in 2014 compared with real growth of 5.7 percent in 2013 and 4.5 percent in 2012. Of the total volume produced in 2014, Agriculture, Forestry and Fishing contributed 27.3 percent while, Manufacturing, Real Estate, and Wholesale and Retail Trade contributed 10.0 percent, 7.8 percent and 8.2 percent, respectively. Real GDP grew by 4.2 percent in the first quarter of 2014, 6.0 percent in the second quarter of 2014, 5.3 percent in the third quarter and 6.1 percent in the fourth quarter compared with growth of

7.0 percent, 8.7 percent, 4.3 percent and 3.2 percent in the four quarters of 2013, respectively.

Domestic Economic outlook for 2015 is positive. The improved growth profile for Kenya is expected to be obtained in view of ongoing public sector investment in transport, energy, irrigation, ICT and financial infrastructure, which will ease supply side bottlenecks, reduce production and intermediation costs, and stabilize output, especially from agriculture. Additional benefits to the domestic macroeconomic environment are expected to accrue from ongoing reforms in the public sector, regional integration efforts and improvements to economic policy management.

3.4 Inflation

Overall 12-month inflation eased from 7.1 percent in December 2013 to 6.0 percent in December 2014 largely reflecting a decline in food inflation and non-food non-fuel inflation. Food inflation declined from 10.0 percent in December 2013 to 7.5 percent in December 2014 largely reflecting the 12-month change in the 'Food & Non-Alcoholic Beverages' index, which declined from 10.4 percent in December 2013 to 7.7 percent in December 2014. Non-food, non-fuel inflation declined from 4.7 percent in December 2013 to 3.7 percent in December 2014. Fuel inflation, however, rose in 2014 reflecting a rise in 12-month inflation in the 'Transport' index from 5.4 percent in December 2013 to 8.9 percent in December 2014.

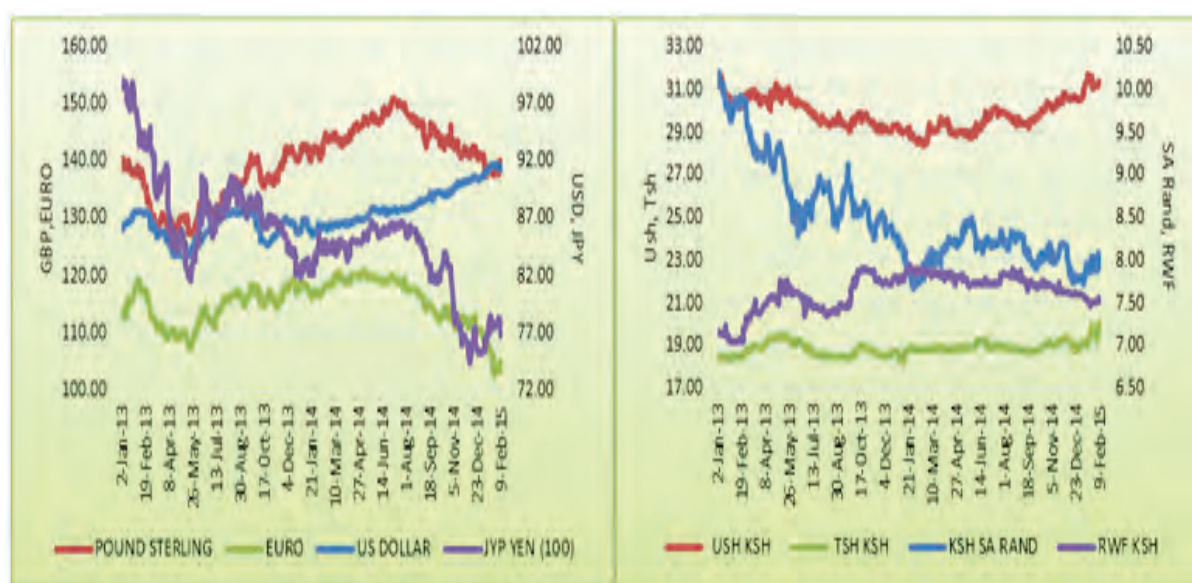
Overall inflation in 2014 eased to 6% due to a decline in food inflation.

3.5 Exchange Rates

In 2014, the Kenya Shilling strengthened against the Japanese Yen but weakened against the US Dollar, the Sterling Pound and the Euro to trade at an average of 87.92 per US Dollar, 144.90 per Sterling Pound, 116.84 per Euro and 83.30 per 100 Japanese Yen compared with 86.13 per US Dollar, 134.72 per Sterling Pound, 114.38 Euro and 88.46 per 100 Japanese Yen in 2013 (Chart 5).

Kenya shilling weakened in 2014 against the major world currencies.

Chart 5 - Trends in Kenya Shilling Exchange Rate



In the region, the Kenya Shilling strengthened against the South African Rand, the Tanzania Shilling and the Rwanda Franc but weakened against the Uganda Shilling to trade at an average of KSh 8.10 per South African Rand, US\$ 29.44, TSh 18.85 and RWF 7.74 in 2014 compared with an average of KSh 8.95 per South African Rand, US\$ 30.06, TSh 18.79 and RWF 7.51 in 2013. The performance of the Shilling against major world currencies is a reflection of international developments. The steep weakening of the Japanese Yen, for instance, largely reflects the decision by the Bank of Japan to increase the level of quantitative easing in October 2014 leading to depreciation of the Japanese Yen against the US Dollar.

3.6 Interest Rates

CBR retained at 8.5% throughout 2014.

Short term interest rates and commercial banks' average lending interest rates generally declined in 2014 (Table 12 and Chart 6 and 7). During the year, the Monetary Policy Committee retained the policy rate, the Central Bank Rate (CBR), at 8.50 percent to continue anchoring inflationary expectations and ensure price stability. Liquidity management by the CBK through open market operations was geared towards ensuring that the short term interest rates were aligned to the CBR to ensure continued stability in the interbank money market.

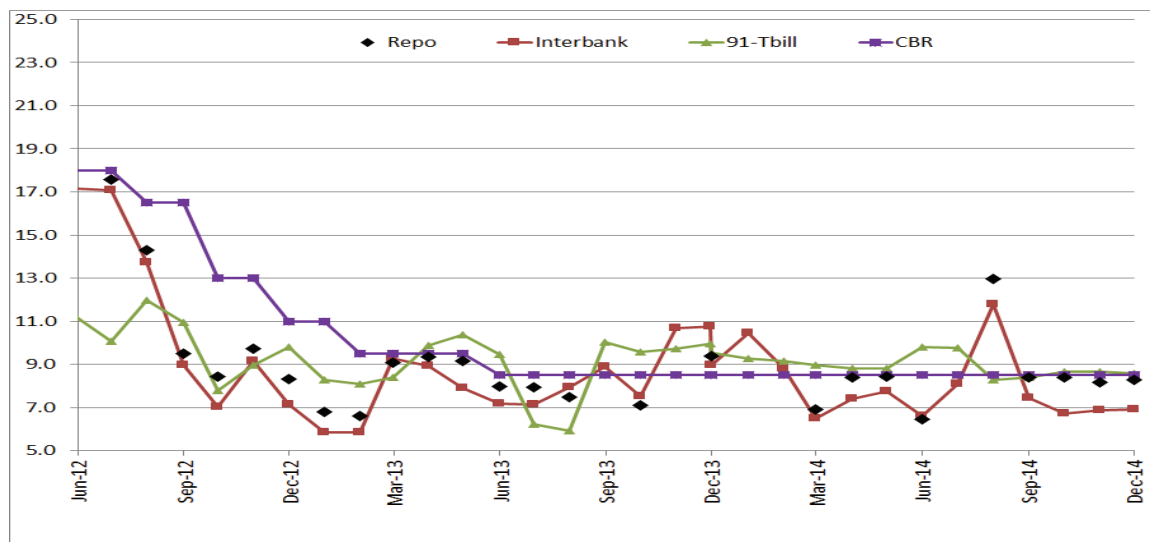
Table 12: Trends in Interest rates

	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14
Repo	...	17.59	8.42	6.79	9.35	7.93	7.11	9.38	6.92	6.46	8.39	8.29
Interbank	24.02	17.09	7.02	5.84	8.93	7.14	7.52	8.98	6.47	6.60	7.43	6.91
91-Tbill	17.80	10.09	7.77	8.30	9.88	6.21	9.58	9.52	8.98	9.81	8.38	8.58
182-Tbill	18.24	10.67	9.36	9.25	9.89	7.12	10.15	10.41	10.08	10.50	8.61	9.49
Average Deposit Rate	8.01	7.88	7.40	6.80	6.54	6.65	6.55	6.65	6.61	6.56	6.64	6.81
Average Lending Rate	20.34	20.30	19.73	18.15	17.73	16.97	16.86	16.99	16.91	16.36	16.04	15.99
Overdraft	20.53	20.36	19.80	17.79	17.54	16.92	16.42	16.51	16.44	15.88	15.79	15.86
CBR	18.00	18.00	13.00	11.00	9.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
Interest Rate Spread	12.33	12.41	12.33	11.34	11.19	10.32	10.32	10.34	10.30	9.80	9.40	9.18

Source: Central Bank of Kenya

The weighted average interbank interest rate declined from 8.98 percent in December 2013 to an average of 6.91 percent in December 2014 due to improved liquidity in the money market, supported by net redemptions of Government securities and Government payments. The Repo rate also declined from an average of 9.38 percent in December 2013 to an average of 8.29 percent in December 2014.

Chart 6: Short Term Interest Rates

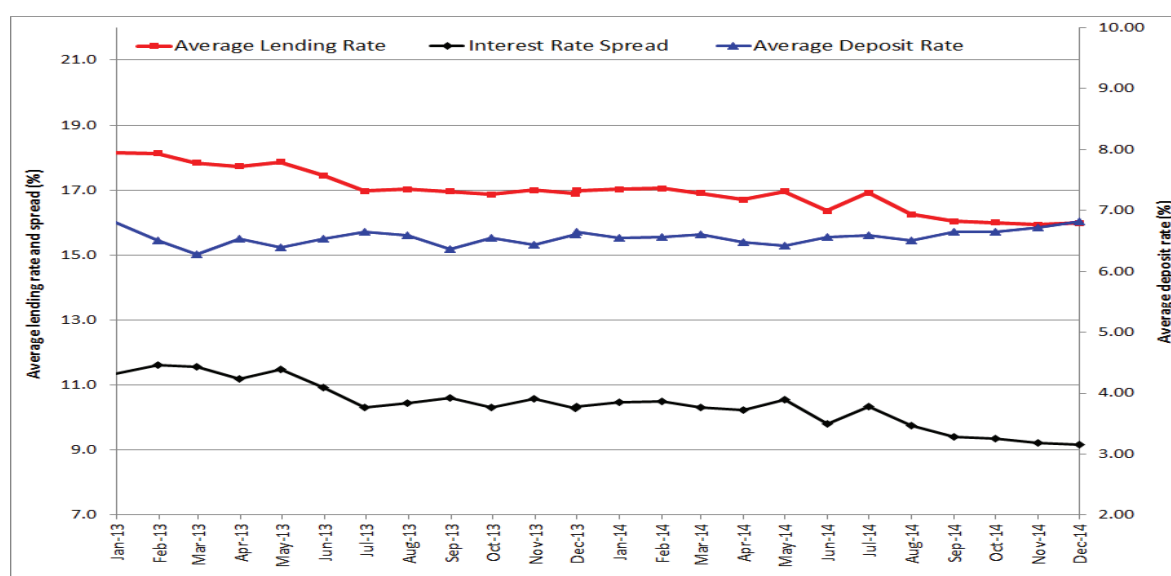


Source: Central Bank of Kenya

The 91-day Treasury bill rate also declined from an average of 9.52 percent in December 2013 to an average of 8.58 percent in December 2014 while the 182-day Treasury bill rate declined from an average of 10.41 percent in December 2013 to an average of 9.49 percent in December 2014. The 91-day Treasury bill rate and the 182-day Treasury bill rate reflect the borrowing profile of the Government.

The average commercial bank lending rate declined to 15.99 percent in December 2014 from 16.99 percent in December 2013 while the average commercial bank deposit rate rose marginally to 6.81 percent in December 2014 from 6.65 percent in December 2013. The interest rate spread, therefore, narrowed from 10.34 percent in December 2013 to 9.18 percent in December 2014.

Chart 7: Commercial Banks Interest Rates



Source: Central Bank of Kenya

3.7 Balance of Payments

Balance of payments improved in 2014.

Kenya's overall Balance of Payments surplus improved by USD 693.6 million in 2014 reflecting a 27.6 percent increase in the capital and financial account surplus. The surplus in the capital and financial account increased to USD 6,983 million in 2014 from USD 5,471 million in 2013, largely reflecting 26.9 percent improvement in the financial account surplus owing to increased inflows of official medium to long-term financial flows and commercial bank flows.

The 12-month cumulative current account balance worsened by 17.1 percent or USD 818.4 million to USD 5,604 million deficit (10.15 percent of GDP) in 2014 from USD 4,786 million deficit (8.66 percent of GDP) in 2013. The deterioration reflects 7.9 percent increase in the import bill which more than offset the 3.9 percent increase in receipts from merchandise exports. The services account recorded an increase in surplus of USD 302.9 million or 4.7 percent to USD 6,746 million in 2014 from USD 6,443 million in 2013 on account of increases in flows from net non-factor services.

3.8 Fiscal Developments

Government revenues increased by Kshs.46.9 billion in the second half of 2014.

Total government revenues and grants amounted to KSh 410.5 billion in the period July 2014-November 2014, representing an increase of KSh 46.9 billion from KSh 363.6 billion collected in a similar period of the FY 2013/14 (Table 13). Total expenditure and net lending increased by KSh 16.1 billion during the period July 2014-November 2014 from KSh 474 billion expended in the same period of the FY 2013/14. The Government budgetary operations during the period under review, therefore, resulted in a deficit of KSh 79.6 billion (1.7 percent of GDP) on both commitment and cash basis compared with a deficit of KSh 110.4 billion (2.6 percent of GDP) incurred in the same period of the FY 2013/14.

Table 13: Statement of Government Operations (KSh Billion)

	FY 2013/14	FY 2014/15		
	Nov Actual	Nov Provisional	Target	Over (+) / below(-) Target
1. TOTAL REVENUE & GRANTS	363.6	410.5	465.0	-54.5
Revenue	355.7	403.9	442.9	-39.1
Tax Revenue	335.0	373.5	393.3	-19.9
Non Tax Revenue	7.9	9.5	10.4	-0.9
Appropriations-in-Aid	12.8	20.9	39.2	-18.3
External Grants	7.9	6.7	22.1	-15.5
2. TOTAL EXPENSES & NET LENDING	474.0	490.1	624.9	-134.8
Recurrent Expenses	333.3	302.4	360.3	-57.9
Development Expenses	88.4	117.7	178.5	-60.8
County Transfers	52.2	69.9	86.0	-16.1
Others	0.0	0.0	2.5	-2.5
3. DEFICIT ON A COMMITMENT BASIS (1-2)	-110.4	-79.6	-159.9	80.3
As percent of GDP	-2.6	-1.7	-3.4	
4. ADJUSTMENT TO CASH BASIS	0.0	0.0	0.0	0.0
5. DEFICIT ON A CASH BASIS	-110.4	-79.6	-159.9	80.3
As percent of GDP	-2.6	-1.7	-3.4	
6. DISCREPANCY: Expenditure (+) / Revenue	-37.4	1.4	0.0	1.4
7. FINANCING	73.0	80.9	162.4	-81.4
Domestic (Net)	64.7	-12.7	115.2	-127.9
External (Net)	8.3	93.6	47.2	46.5
Capital Receipts (privatisation)	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0
Financing gap	0.0	0.0	0.0	0.0

Source: National Treasury and Central Bank of Kenya

Kenya's public and publicly guaranteed debt increased by KSh 87.9 billion from KSh 2,370.2 billion in June 2014 to KSh 2,458.1 billion in December 2014 (Table 14). The total debt stock at the end of December 2014 was equivalent to 51.7 percent of GDP compared with 49.8 percent of GDP in June 2014. External and domestic debt to GDP ratios rose from 22.8 percent and 27.0 percent in June 2014 to 24.6 percent and 27.1 percent in December 2014, respectively.

Table 14: Kenya's Public and Publicly Guaranteed Debt (KSh Billion)

	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Change 2014/15
EXTERNAL												
Bilateral	244.2	283.7	288.5	288.4	289.9	286.2	285.3	278.5	275.8	272.3	287.2	-2.7
Multilateral	573.3	581.9	587.5	595.6	597.3	604.7	605.8	608.0	612.1	614.0	612.4	15.0
Commercial Banks	59.1	59.2	59.1	59.6	182.2	182.5	183.6	185.2	184.9	186.5	255.2	73.0
Supplier Credits	15.7	15.7	15.9	14.3	16.5	16.3	16.3	16.1	16.0	16.1	16.0	-0.5
Sub-Total	892.3	940.5	951.0	957.9	1085.9	1089.7	1091.0	1087.8	1088.8	1089.0	1170.7	84.8
(As a % of GDP)	18.8	19.8	20.0	20.1	22.8	22.9	22.9	22.9	22.9	22.9	24.6	
(As a % of total debt)	42.1	42.3	42.3	43.7	45.8	45.7	46.0	46.3	46.6	45.5	47.6	
DOMESTIC												
Banks	664.4	663.5	632.5	644.1	682.8	698.7	682.2	665.0	638.1	698.0	674.5	-8.4
Central Bank	73.3	77.2	63.2	68.1	65.7	61.6	62.0	63.6	29.1	45.8	27.2	-38.5
Commercial Banks	591.1	586.3	569.3	576.0	617.1	637.1	620.3	601.4	609.0	652.2	647.2	30.1
Non-banks	553.2	606.7	650.5	575.3	586.5	583.6	585.7	584.1	595.6	592.3	599.1	12.6
Pension Funds	304.8	310.6	311.1	313.6	322.9	323.3	323.6	321.2	317.4	318.4	310.6	-12.3
Insurance Companies	117.3	117.8	118.3	120.1	121.0	121.1	125.8	127.6	127.8	129.2	129.3	8.2
Other Non-bank Sources	131.1	178.3	221.1	141.7	142.6	139.2	136.3	135.2	150.4	144.7	159.2	16.7
Non-residents	11.7	14.0	13.4	13.1	14.9	14.2	13.2	11.8	12.4	13.0	13.8	-1.1
Sub-Total	1229.3	1284.2	1296.5	1232.5	1284.2	1296.4	1281.1	1260.9	1246.1	1303.4	1287.4	3.2
(As a % of GDP)	25.8	25.9	25.6	25.9	27.0	27.3	26.9	26.5	26.2	27.4	27.1	
(As a % of total debt)	57.9	57.7	57.7	56.3	54.2	54.3	54.0	53.7	53.4	54.5	52.4	
GRAND TOTAL	2121.6	2224.7	2247.4	2190.4	2370.2	2386.1	2372.1	2348.7	2335.0	2392.3	2458.1	87.9
(As a % of GDP)	44.6	45.6	45.6	46.0	49.8	50.2	49.9	49.4	49.1	50.3	51.7	

Note: Figures labeled 'as a % of GDP' are calculated using the rebased GDP figures.

Source: National Treasury and Central Bank of Kenya

3.9 Performance of the Banking Sector

The banking sector registered enhanced performance during the year ended December 2014. The sector recorded a 12.2 per cent growth in pre-tax profits during the year. Both the total net assets and total deposits held by commercial banks recorded growth rates of 18.4 per cent. The sector also recorded strong capitalization levels as a result of retention of profits and additional capital injection. However, asset quality registered a decline with the non-performing loans (NPLs) ratio increasing from 5.2 per cent in December 2013 to 5.6 per cent in December 2014. The increase in NPLs was partly attributed to the lag effects of high interest regime in 2012/2013 and subdued economic activities witnessed in the period ended December 2014. Institutions that experienced deterioration in asset quality were closely monitored during the year.

The performance of the banking sector improved by posting 12.2% growth in profit in 2014 while both net assets & deposits expanded by 18.4%.

3.10 Commercial Banks Balance Sheet Analysis

The banking sector registered improved financial strength in the year ending December 2014, with total net assets recording an increase of 18.4 per cent from Ksh. 2,703.4 billion in December 2013 to Ksh. 3,199.4 billion in December 2014 as indicated in Table 15. The loans and advances, government securities and placements which accounted for 58.8 per cent, 20.8 per cent and 4.6 per cent of the total net assets respectively remained the main components of the banks' balance sheet.

Net loans and advances registered an increase of 22.7 per cent from Ksh. 1,532.4 billion in December 2013 to Ksh. 1,881.0 billion in December 2014.

Table 15: GLOBAL BALANCE SHEET ANALYSIS (Ksh. M)

	2013	2014	% Change
Assets			
Cash	56,868	61,478	8.11%
Balances at Central Bank	118,266	173,490	46.69%
Placements	147,467	148,096	0.43%
Government securities	585,352	664,781	13.57%
Investments	14,349	15,807	10.16%
Loans and Advances (Net)	1,532,387	1,881,024	22.75%
Other assets	248,705	254,719	2.42%
Total Assets	2,703,394	3,199,396	18.35%
Liabilities and Shareholders' Funds			
Customer Deposits	1,935,661	2,292,198	18.42%
Other Liabilities	335,555	405,465	20.83%
Capital and Reserves	432,178	501,733	16.09%
Total Liabilities and Shareholders' Funds	2,703,394	3,199,396	18.35%
Source: CBK			

The customer deposits which are the key source of the banks funding grew by 18.4 per cent from Ksh. 1,935.7 billion in December 2013 to Ksh. 2,292.2 billion in December 2014. The growth was supported by branch expansion from 1,342 in 2013 to 1,443 in December 2014.

Sectoral Distribution of Gross Loans, Loan Accounts and Non-Performing Loans

26.6% of the banking sector credit extended to personal/household sector

Substantial share of the banking sector loans and advances were extended to personal/households, trade, real estate and manufacturing sectors which accounted for 72.7 per cent of gross loans as December 2014. Over the same period, 83.6 per cent of the sector's loan accounts were in personal/household sector which accounted for over 26 per cent of the banking sector credit and 25 per cent of the NPLs. Trade, real estate and manufacturing sectors accounted for 46.1 per cent of the sector's credit and 46.5 per cent of the NPLs as shown in Table 16.

Table 16: Sectoral Distribution of Loan Accounts, Gross Loans and NPLs - December 2014 (Ksh. M)

Sectors	No of Loan Accounts	% of Total	Gross Loans Ksh. M	% of Total	Gross NPLs Ksh. M	% of Total
Agriculture	127,518	2.90%	80,195	4.10%	4,670	4.31%
Manufacturing	18,395	0.40%	236,962	12.20%	10,215	9.43%
Building and construction	17,785	0.40%	84,559	4.40%	9,722	8.98%
Mining and Quarrying	3,266	0.10%	18,783	1.00%	1,117	1.03%
Energy and water	7,516	0.20%	88,692	4.60%	1,073	0.99%
Trade	428,236	9.80%	375,525	19.30%	27,552	25.44%
Tourism, restaurant and Hotels	11,978	0.30%	34,249	1.80%	2,578	2.38%
Transport and Communication	44,868	1.00%	150,488	7.80%	9,507	8.78%
Real Estate	34,919	0.80%	282,396	14.60%	12,662	11.69%
Financial Services	19,359	0.40%	72,612	3.70%	1,726	1.59%
Personal/Household	3,635,560	83.60%	516,320	26.60%	27,478	25.37%
Total	4,349,400	100.00%	1,940,781	100.00%	108,300	100.00%

Source: CBK

3.11 Asset Quality

The lag effects of high interest regime in 2012/2013 and subdued economic activities witnessed in the period ended December 2014 impacted negatively on the quality of loans and advances. As a result, non-performing loans (NPLs) increased by 32.4 per cent to Ksh. 108.3 billion in December 2014 from Ksh. 81.8 billion in December 2013. Similarly, the ratio of gross NPLs to gross loans increased marginally from 5.2 per cent to 5.6 per cent in December 2014 as shown in Table 17 and Appendix III.

NPLs increased by 32.4%.

Table 17: Asset Quality and Provisions (Ksh. M)			
	2013	2014	% Change
Net Assets	2,703,394	3,199,396	18.30%
Gross Loans and Advances	1,578,768	1,940,781	22.90%
Total loans	1,564,635	1,922,857	22.90%
Net loans	1,532,387	1,881,024	22.80%
Gross Non-performing loans	81,857	108,300	32.30%
Interest in Suspense	14,133	17,923	26.80%
Total Non-Performing Loans	67,724	90,377	33.40%
Specific Provisions	32,247	41,833	29.70%
Net Non-Performing Loans	35,476	48,544	36.80%
Gross Loans/Net Assets (%)	58.40%	60.70%	2.30%
Gross NPLs/Gross Loans (%)	5.20%	5.60%	0.40%
Net NPLs/Gross Loans (%)	2.20%	2.50%	0.30%

Source: CBK

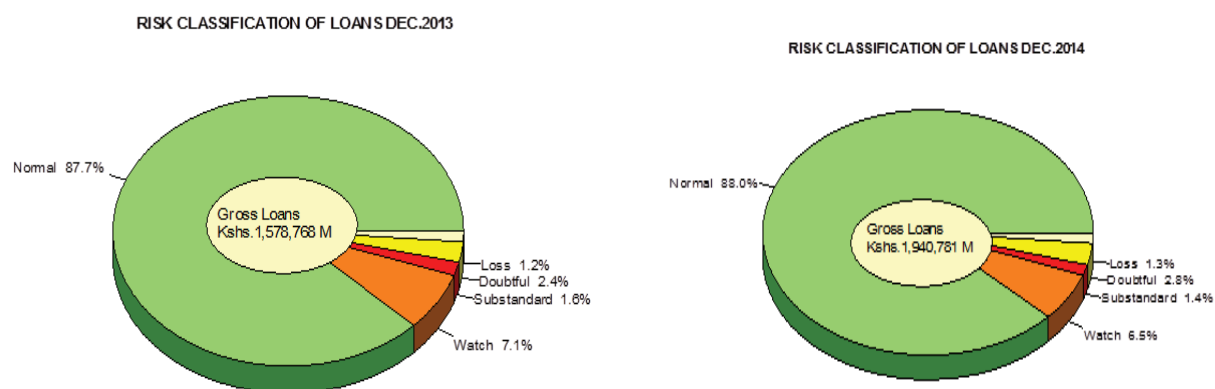
Risk Classification of Loans and Advances

The risk classification of loans & advances is as provided in the Central Bank's Prudential Guideline on Risk Classification of Assets and Provisioning. This guideline requires commercial banks to classify facilities extended to their customers based on performance. The performance criteria is based on repayment capability of the borrower and the loans are classified as either normal, watch, substandard, doubtful or loss.

Table 18: Risk Classification of Loans and Advances (Ksh. M)				
	2013	% of Total	2014	% of Total
Normal	1,385,663	87.8%	1,707,763	88.0%
Watch	111,794	7.1%	125,255	6.5%
Substandard	24,841	1.6%	27,672	1.4%
Doubtful	37,525	2.4%	54,519	2.8%
Loss	18,945	1.2%	25,571	1.3%
Total	1,578,768	100.0%	1,940,781	100.0%
Source: CBK				

The loans and advances in the normal risk category increased by 23.2 per cent from Ksh. 1,385.7 billion in December 2013 to Ksh. 1,707.8 billion in December 2014 as shown in Table 18. The increase was occasioned by the increased demand for credit from various economic sectors during the year. The proportions of loans in all categories increased in 2014 compared with the year 2013 as shown in Chart 8.

Chart 8: Risk Classification of Loans and Advances



3.12 Capital Adequacy

Capital adequacy ratios declined in 2014 due to higher increase in assets.

As per the CBK Prudential Guideline on Capital Adequacy, the minimum regulatory capital adequacy requirements that are measured by the ratio of Core Capital and Total Capital to Total Risk Weighted Assets was 8.0 per cent and 12.0 per cent respectively. These ratios decreased from 18 per cent and 21 per cent in year 2013 to 16 per cent and 20 per cent respectively in year 2014 as shown in Table 19. The decline is attributable to higher increase in total risk

weighted assets, which grew by 31.0 per cent compared to the increase in the core capital and total capital, which grew by 20.5 per cent and 24.6 per cent respectively. Over the same period, the ratio of core capital to total deposits remained constant at 19.0 per cent in 2014 as was the case in December 2013.

Table 19: Capital Adequacy Ratios					
	2011	2012	2013	2014	Minimum Capital Adequacy Ratios
Core Capital/TRWA*	18%	20%	18%	16%	8%
Total Capital/TRWA	21%	23%	21%	20%	12%
Core Capital/Total Deposits	16%	17%	19%	19%	8%
*Total Risk Weighted Assets					
Source: CBK					

3.13 Liquidity

Liquidity is one of the important financial stability indicators since liquidity shortfall in one bank can cause systemic crisis in the banking sector due to their interconnected operations. Liquidity held by commercial banks depicts their ability to fund increases in assets and meet obligations as they fall due.

Banking sector average liquidity declined to 37.7%.

The banking sector's average liquidity in the twelve months to December 2014 was above the statutory minimum requirement of 20 per cent, with all the banks meeting the minimum requirement. The average liquidity ratio stood at 37.7 per cent as at December 2014 compared to 38.6 per cent registered in December 2013. The marginal decline in the liquidity ratio is attributable to the increased lending in 2014 as reflected in the increase in loans to deposits ratio from 81.6 per cent in 2013 to 83.1 per cent in 2014.

3.14 Profit and Loss

The banking sector registered improved performance in 2014 with profit before tax increasing by 12.2 per cent from Ksh. 125.8 billion in December 2013 to Ksh. 141.1 billion in December 2014 as shown in Table 20. The growth in profitability was largely supported by the growth in the credit portfolio, investment in government securities, commissions and earnings from foreign exchange trading.

Banks registered improved profitability in 2014.

Income

Total income for the banking sector grew by 15.6 per cent to Ksh. 418.7 billion in December 2014 from Ksh. 362.2 billion in December 2013 as shown in Table 20. The increase in income was largely attributed to increase in interest on advances, which rose by Ksh. 35.8 billion occasioned by the growth in loans and advances in 2014. Interest income on government securities increased by Ksh. 5.6 billion from Ksh. 56.6 billion in December 2013 to

Banks income base expanded by 15.6%.

Ksh. 62.3 billion in December 2014 occasioned by increased investments in government securities. The Central Bank Rate (CBR) which signals the stance of the monetary policy was maintained at 8.5 per cent in 2014 as was in December 2013. As result, the average lending rate declined from 16.99 per cent in December 2013 to 15.98 per cent in December 2014. Other fees and commission income increased by 22.2 per cent from Ksh. 33.9 billion in 2013 to Ksh. 41.4 billion in 2014.

Table 20: Income and Expenditure Items as a Percentage of Total Income and Total Expenses				
	2013		2014	
Income	Ksh. M	% of Total Income	Ksh. M	% of Total Income
Interest on Advances	211,391	58.40%	247,170	59.00%
Fees and Commission for Loans and Advances	19,676	5.40%	21,614	5.20%
Other Fees and Commission Income	33,869	9.40%	41,395	9.90%
Interest on Government Securities	56,752	15.70%	62,330	14.90%
Interest on Placement	5,344	1.50%	5,172	1.20%
Other Income	35,144	9.70%	41,017	9.80%
Total Income	362,177	100.00%	418,698	100.00%
Expenses	Ksh. M	% of Total Expenses	Ksh. M	% of Total Expenses
Interest Expenses	83,793	23.10%	103,635	24.80%
Bad Debts Charge	12,876	3.60%	17,159	4.10%
Salaries and Wages	68,820	19.00%	75,371	18.00%
Other Expenses	70,928	19.60%	81,387	19.40%
Total Expenses	236,416	65.30%	277,552	66.30%
Profit Before Tax	125,760	34.70%	141,145	33.70%
Source: CBK				

Expenses

Banking sector expenses increased by 17.4% in 2014.

As shown in Table 20, the banking sector expenses rose by 17.4 per cent from Ksh. 236.4 billion in December 2013 to Ksh. 277.6 billion in December 2014. The increase in total expenses was largely attributed to a rise in interest expenses on deposits. Banks registered an increase in interest expense of Ksh. 19.8 billion in 2014. Consequently, interest expenses accounted for 48.0 per cent of the total increase in the banking sector expenses in 2014. Interest expense as a ratio of income increased from 23.1 per cent in 2013 to 24.8 in 2014. Similarly, the average cost of deposits increased from 3.8 per cent in 2013 to 4.9 per cent in 2014 as shown in Appendix III.

Other expenses include training, advertising, printing and management fees increased by 14.8 per cent from Ksh. 70.9 billion in December 2013 to Ksh. 81.4 billion in December 2014 as a result of increase in capacity building costs. Salaries and wages increased by 9.6 per cent from Ksh. 68.8 billion in December 2013 to Ksh. 75.4 billion in December 2014. However, salaries and wages as a ratio of income declined from 19.0 per cent in 2013 to 18.0 per cent in 2014 reflecting improved efficiency as banks embrace ICT to offer banking services without a corresponding increase in staffing costs.

3.15 Performance Rating

The Central Bank uses the Capital Adequacy, Asset Quality, Management Quality, Earnings and Liquidity (CAMEL) rating system in assessing the soundness of the commercial banks.

Kenya's banking sector retained a strong rating in 2014.

The banking sector was on overall rated strong in 2014, a similar rating was achieved in 2013. The institutions rated strong, satisfactory and fair in December 2014 were 22, 16 and 5 respectively. This was an improvement from the rating recorded in the period ending December 2013 as shown in Table 21. The institutions rated strong increased from 18 in 2013 to 22 in 2014.

Table 21: Banking Sector Performance Rating (Ksh. M)						
Performance	2013			2014		
	No. of Institutions	Total Net Assets	Market Share	No. of Institutions	Total Net Assets	Market Share
Strong	18	1,816,286	67.20%	22	2,154,740	67.30%
Satisfactory	20	834,769	30.90%	16	985,345	30.80%
Fair	5	52,339	1.90%	5	59,311	1.90%
Marginal	0	0	0.00%	0	-	0.00%
Unsatisfactory	0	0	0.00%	0	-	0.00%
Total*	43	2,703,394	100.00%	43	3,199,396	100.00%
Overall Rating	Strong			Strong		
* Charterhouse Bank Excluded						

Source: CBK

Institutions rated strong registered marginal increase in their total net assets market share from 67.2 per cent in December 2013 to 67.3 per cent in December 2014 mainly due to movement of four institutions rated satisfactory to strong category. Institutions rated satisfactory witnessed marginal decline in their market share from 30.9 per cent to 30.8 per cent in December 2014 attributed to a decline in the number of institutions in this category.

Remedial action was taken against banks that were noncompliant with prudential requirements

3.16 Compliance with Supervisory & Regulatory Requirements

As at 31st December 2014, five banks were in violation of the Banking Act and CBK Prudential Guidelines. This translated into seven incidences of non-compliance affecting three sections of the Banking Act and three Prudential Guidelines. In the previous year, 2013, four banks were not compliant with six sections of the Banking Act.

The specific incidences of non-compliance as at 31st December 2014 were:

- Two institutions were in violation of section 10(1) of the Banking Act, which restricts lending to a single borrower to an amount not more than 25% of its Core Capital.
- Two institutions were in violation of section 12(c) of the Banking Act and CBK Prudential Guideline (CBK/PG/07) which requires that institutions investment in land and buildings should not be more than 20% of Core Capital.
- Two institutions were in violation of section 18 of the Banking Act and CBK Prudential Guideline (CBK/PG/03) which provides that the minimum total capital to total risk weighted assets ratio is 12%.
- One institution was in violation of CBK Prudential Guideline (CBK/PG/02 Part 3.3.3 which requires every member of the board to attend at least 75% of the board meetings of an institution in any financial year.

Appropriate remedial action was taken on the concerned institutions by the Central Bank in respect of these violations.

3.17 Performance of Microfinance Banks

MFBs profitability increased substantially by 89% in 2014.

The microfinance banks' profit before tax increased by 89 per cent from Ksh. 530 million for the period ended December 2013 to Ksh. 1 billion for the period ended December 2014 as shown in Table 22. The increase in profits is attributable to continued expansion through the establishment of new branches, marketing units and increased workforce.

The increase in customer deposits by Ksh. 11.1 billion in the year 2014 is partly attributed to the aggressiveness of the institutions in deposit mobilization, the growth in number of branches and marketing offices. The branch network grew from 91 branches in 2013 to 97 branches in 2014 while the marketing offices grew from 42 to 74. Out of the deposit base of Ksh. 35.8 billion, 4 per cent comprised of cash collateral held by the microfinance banks as security for loans granted. Similarly, the size of net loan portfolio increased by 43 per cent from Ksh. 27 billion in 2013 to Ksh. 39 billion in 2014 demonstrating increased demand for credit.

Table 22: Performance of MFBs - Kshs. 'M'			
Parameter	2013	2014	% Change
Pre-Tax Profits	530	1,002	89%
Customer Deposits	24,745	35,862	45%
Loan Portfolio (Net)	27,477	39,184	43%
Core Capital/Total Risk Weighted Assets	15%	22%	47%
Total Capital/Total Risk Weighted Assets	20%	25%	25%
Return on Assets	2%	2%	-
Return on Shareholder's funds	15%	9%	-37%
Number of Branches	91	97	7%
Total number of staff	3,903	4,329	11%
Source: CBK			

As at December 2014, the MFBs' ratio of core capital to risk weighted assets increased to 22 per cent and was above the minimum requirement of 10 per cent as shown in Appendix XII. The ratio of total capital to total risk weighted assets was 25 per cent for the period ended December 2014 against the minimum statutory requirement of 12 per cent.

The 9 microfinance banks had a total staff complement of 4,329 in 2014 compared to 3,903 in 2013. The increased level of staff was occasioned by the expansion of MFBs operations.

3.18 Credit Reference Bureaus Reports

When Credit Information Sharing (CIS) was launched in July 2010, the only products on offer were basic credit reports since institutions were sharing negative information only.

However, full file information sharing was rolled out effective 28th February 2014 for commercial banks and microfinance banks. The main objective of full file reporting, that is sharing of both negative and positive information is to facilitate credit scoring mechanism, enhance information capital and introduction of other value added products such as decision models. Credit scoring is expected to enrich the value of credit reports to lenders in addition to improving their risk management. On the other hand it will help borrowers to know their risk profiles and how their loans will be priced. The year ended 31st December 2014 marked four and a half years since inception of the CIS mechanism

Full file credit information sharing rolled out in 2014

There was significant increase in the number of providers who submit data to the two bureaus. As at December 2014, CBK had approved 29 of these sources for Metropol CRB and 12 for Transunion CRB. These were mainly SACCOs and Non-deposit taking Microfinance Institutions. This has gone a long way in enriching the CIS mechanism and the CRBs data base.

The mechanism has continued to witness significant growth in usage by commercial banks, microfinance banks and customers during the year. As at 31st December 2014, a total of 5.2 million and 88,536 credit reports had been requested by banks and customers respectively from the two licensed CRBs. The credit reports requested by banks increased by 31% to 1,674,707 while requests made by customers increased by 27% to 33,442 in the year 2014. Full file credit information sharing and the inclusion of Microfinance Banks and other credit providers has enriched the CRB's database and CIS mechanism in general. Table 23 shows the credit reports accessed from the CRBs since inception of the credit sharing mechanism in July 2010:

More than 5 million credit reports had been requested from CRBs since roll out in 2010.

Table 23: Number of Credit Reports requested since August 2010

PERIOD	BANKS AND MFBs		CUSTOMERS	
	No of Credit Report Requests	Annual Percentage Change	No of Requests	Annual Percentage Change
August- December 2010	284,722	-	434	-
January-December 2011	1,021,717	259%	5,607	1192%
January-December 2012	1,015,327	-1%	22,692	305%
January-December 2013	1,275,522	26%	26,361	16%
January-December 2014	1,674,707	31%	33,442	27%
Total	5,271,995		88,536	
<i>Source: CBK</i>				

CHAPTER FOUR

DEVELOPMENTS IN SUPERVISORY FRAMEWORK

4.1 Introduction

Amendments which were effected in the Banking Act and the Prudential Guidelines in 2013 continued to take root in the year and institutions aligned their banking practices to the enhanced framework. Notably, institutions continued to build their capital adequacy frameworks through various means such as rights issue, retention of part of the profits and incorporation of strategic investors in order to meet the new capital adequacy requirements which were to become effective on 1st January 2015.

In the revised Prudential Guidelines of 2013, institutions were required to maintain a capital conservation buffer of 2.5% above the capital adequacy ratios.

4.2 Consolidated Supervision and Establishment of Supervisory Colleges

In recent years, there has been a sustained push by Kenyan banks towards regional expansion and the establishment of new business channels run by subsidiaries. This creates a challenge of safeguarding the local banking system taking into account the risks associated with cross border banking activities including country risk. By adopting a consolidated supervisory approach, CBK seeks to ensure that such risks are identified and adequately mitigated against.

The Central Bank developed supervision procedures that are applied in the supervision of all banking groups. These procedures entail an overall evaluation of both qualitative and quantitative assessment of a bank and the group to which it belongs, to ensure that all risk exposures of the bank and its subsidiaries or a bank belonging to a financial or conglomerate group are taken into account, whether the risks arise in the bank itself, or in a parent, subsidiary, affiliate or associate.

In support of this, the Central Bank has signed Memoranda of Understanding with regional Central Banks on cooperation and information sharing. As a result of which, the regulators provide relevant information to each other regarding material developments or supervisory concerns with respect to the operations of a financial institution under their respective jurisdictions and respond to information requests on their supervisory systems as well as significant changes, material sanctions or formal enforcement action against a cross border establishment.

Consolidated supervision entrenched through memorandum of understanding and supervisory colleges.

In this spirit, CBK developed a framework for supervisory colleges in 2012. Supervisory colleges refer to multilateral working groups of supervisors that are formed for the collective purpose of enhancing effective consolidated supervision of an international banking group on an on-going basis through continuous collaboration and information sharing. CBK convened the inaugural supervisory college meeting for the KCB group in October 2012 on account of KCB having significant operations in all five East Africa Community member states as well as South Sudan. In 2013, CBK held supervisory colleges for Kenya Commercial Bank, Diamond Trust Bank and Equity Bank and in 2014,

Six supervisory colleges of regional Kenyan banks set up.

CBK convened supervisory college meetings for three additional banks; I&M Bank, Commercial Bank of Africa and NIC Bank.

The six supervisory colleges that have been set up so far have proved useful to the regional banking sector regulators. The colleges have served as avenues to share supervisory experiences and harmonise supervisory practices by embracing global best practices promulgated by international standard setting bodies such as the Basel Committee for Banking Supervision and the Financial Stability Board. The regulators have also strengthened their resolve to continuously share information on the cross-border operations of banking groups as a means of ensuring a stable banking sector.

As at 31st December 2014, eleven Kenyan banks had subsidiaries across the EAC region and beyond. The eleven banks had three hundred and fifteen branches within the EAC region and South Sudan.

4.3 Non-Operating Holding Companies

3 non-operating holding companies of banks approved in 2014.

In 2012, amendments to the Banking Act allowed for significant ownership of licensed banking institutions by an approved non-operating holding company, under the supervision of CBK. Further, in September 2013, CBK issued Prudential Guidelines on non-operating holding companies which among other things stipulate that every banking subsidiary of a non-operating holding company will have to maintain the capital ratios above the minimum stipulated levels. In addition to the minimum capital adequacy ratios of 8% and 12%, banking institutions in a group are required to hold a capital conservation buffer of 2.5% over and above these minimum ratios on a solo and consolidated basis to enable the institutions withstand future periods of stress. In 2014, the Central Bank approved the registration of 3 non-operating bank holding companies namely; Equity Bank Group Ltd (Equity Bank), Bakki Holdco Ltd (K-Rep Bank) and Imperial Securities Limited (Imperial Bank). These are in addition to CfC Stanbic Holdings (CfC Stanbic) and I&M Holdings (I&M Bank) approved in 2012 and 2013 respectively.

A non-operating holding company approved by the Central Bank of Kenya is allowed to undertake the following activities:-

- (a) being a non-operating holding company for its subsidiaries and any other company in which the non-operating holding company has a major stake as defined under this guideline;
- (b) conducting management, and providing advisory, financial, accounting, or information processing services, for the purposes of providing support to the business conducted by any other company within the group of the approved non-operating holding company;
- (c) raising funds to invest in or provide support to its subsidiaries;
- (d) raising funds to conduct its own limited activities, investing funds on behalf of the group; and
- (e) such other business or activity as may be approved by the Central Bank upon application by the approved non-operating holding company.

For a non-operating holding company to undertake any other activity other than the above, approval must be obtained from the Central Bank of Kenya.

4.4 Developments in Anti-Money Laundering (AML) and Combating Financing of Terrorism (CFT)

Strategic Implementation Plan

Kenya's revised Post Evaluation Implementation Plan (PEIP) was considered and approved by the Task Force of Senior Officials during the April 2014 meeting in Arusha, Tanzania. PEIP is a report intended to help the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) countries prioritize and sequence the implementation of "core" and "key" Financial Action Task Force (FATF) Recommendations.

Substantial progress achieved in strengthening AML/CFT framework.

During the 28th Task Force of Senior Officials meeting held in Luanda, Angola in September 2014, the review group recommended that Kenya should stop reporting on Core and Key Recommendations. This follows Kenya's substantial implementation of PEIP recommendations. It was however indicated that Kenya should continue reporting annually, highlighting how "non-key" and "non-core" Recommendations have been addressed as per Kenya's Mutual Evaluation Report (MER). It was also noted that Kenya would be among the ESAAMLG countries to provide technical assistance in the implementation of Special Recommendation III (currently Recommendation 6) on "targeted financial sanctions related to terrorism & terrorist financing".

Technical Assistance, AML Training and Awareness Initiatives:

The International Monetary Fund (IMF) conducted a two-week diagnostic mission from 18th to 28th February 2014 focusing on a comprehensive assessment of the Kenya's AML/CFT framework. The mission was intended to inform subsequent delivery of Technical Assistance (TA) relating to legislative drafting, structures and tools to assist the country in its drive to ensure compliance with international AML/CFT standards.

The IMF was also in Kenya from 9th to 16th April 2014 and from 1st to 11th December 2014 for follow up missions to build AML/CFT offsite and onsite surveillance capabilities of the Central Bank of Kenya. The mission focused on providing technical assistance to CBK on developing a risk-based approach to AML/CFT supervision which is to be used to enhance the offsite and onsite surveillance of institutions.

Other AML workshops conducted in 2014 are outlined below:-

- On 15th April 2014, the IMF facilitated an AML/CFT Workshop which focused on assisting supervisors in developing a risk-based approach to supervision by use of data capture templates on AML/CFT. The training was held at the Kenya School of Monetary Studies (KSMS) and had the participants drawn from the Bank Supervision Department of the Central Bank of Kenya.
- On 5th to 9th May 2014, ESAAMLG organized an assessors training with the aim of training a pool of experts to conduct mutual evaluations of ESAAMLG member states. The training which was held at Victoria Falls, Zimbabwe had participants drawn from ESAAMLG member countries which

include; Botswana, Malawi, Namibia, South Africa, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe, Kenya, Malawi, Swaziland, Seychelles, Mauritius, Mozambique, Ethiopia, Comoros, Angola and South Africa.

- On 30th June to 4th July 2014, ESAAMLG organized an AML/CFT National Risk Assessment (NRA) workshop held in Pretoria, South Africa. The workshop which had participants drawn from ESAAMLG member countries highlighted key NRA topics including; the stages in risk assessment; assessing threats and vulnerabilities surrounding money laundering and terrorist financing; and different countries' experiences in conducting the NRA.
- On 11th December 2014, the IMF conducted a second AML/CFT Workshop facilitated by an IMF expert focusing on developing a risk-based approach to AML/CFT supervision regarding offsite tools and onsite examination procedures. The training was held at the Central Bank of Kenya, Nairobi.

CHAPTER FIVE

REGIONAL AND INTERNATIONAL DEVELOPMENTS AND INITIATIVES

5.1 Introduction

In 2014, CBK was active in a number of regional and international fora aimed at promoting effective regulation, financial stability and integrity both domestically and internationally.

CBK contributed to various regional and international fora agenda.

Within the East African region, the Bank hosted or was represented at several meetings and training forums arranged by the Monetary Affairs Committee (MAC) of the East African Community. The meetings and fora were aimed at promoting convergence in Partner States' supervisory frameworks, towards the establishment of the proposed East African Monetary Union. The Bank was also involved in the MAC's Working Group meetings aimed at development of a regional crisis management planning framework as well as a regional stress-testing framework.

Further afield, CBK, jointly with the Alliance for Financial Inclusion (AFI), hosted the 2nd Leaders Roundtable Meeting of The African Mobile Financial Services Policy Initiative (AMPI) in February 2014, whose theme was 'Towards Digital Financial Inclusion in Africa'. The Bank also participated in the activities of the Financial Stability Board's (FSB) Regional Consultative Group (RCG) for Sub-Saharan Africa including RCG and working group meetings held in Accra, Ghana in May 2014. CBK was also represented at the 28th Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) Task Force of Senior Officials meeting held in September 2014 in Luanda, Angola.

On the international scene, CBK participated in the activities of the FSB's Sub-Saharan-Africa Working Group on Home – Host Co-operation and Information Sharing. The Working Group is tasked by the FSB with determining the current status of, and challenges associated with, co-operation and information sharing among supervisors with a view to strengthening the oversight of financial groups operating in multiple jurisdictions.

5.2 Regional and International Initiatives

➤ Monetary Affairs Committee of the East African Community

The Monetary Affairs Committee (MAC) of the East African Community (EAC) is composed of the Governors' of the Central Banks of five EAC member states. The main task of MAC is to progress implementation of EAC decisions towards the envisaged full integration of the member states financial systems. MAC meetings are attended by the Central Bank Governors and technical officers. The key activities undertaken by MAC with respect to banking supervision in 2014 include:-

- i The Banking Supervision and Financial Stability Sub-committee of MAC convened a meeting in February 2014 in Nairobi. The objective of the meeting was to reach a consensus on areas of divergence in the national prudential supervisory rules and practices. The workshop agreed on a draft convergence criterion for all areas of divergence which was subsequently approved by the Governors' during the 17th MAC meeting. Aspects contained in the convergence criterion are amongst others geared towards strengthening capital adequacy, liquidity, disclosure, definitions, allowable limits and asset provisioning for financial institutions.

- ii The 17th MAC meeting was convened in May 2014 in Nairobi. The meeting reviewed progress on implementation of decisions of the 16th MAC meeting, considered priority issues to operationalize the East African Monetary Union (EAMU) protocol and progress on International Monetary Fund support to EAMU process. In respect to banking supervision, among others, the meeting resolved that the EAC Central Banks should implement the convergence criteria as per the agreed timelines, address the remaining gaps necessary for compliance with the BCPs and support other domestic financial sector regulators to develop and issue Business Continuity Management guidelines.
- iii The Extra Ordinary Meeting of MAC was convened in November 2014 in Naivasha, Kenya. The meeting was convened to develop a transitional action plan to operationalize the EAMU protocol in areas that fall under the mandate of the Central Banks. In relation to bank supervision, adoption of common principles and rules for the regulation and supervision of the financial system was identified as one of the strategic priority areas towards operationalizing EAMU.

➤ East African Monetary Union (EAMU)

EAMU protocol
ratified by EAC
partner states
in 2014

The on-going integration of the East African Community member states reached a critical stage on 30th November 2013, when the EAMU Protocol was signed. The EAMU Protocol was ratified by the Kenyan National Assembly on 30th October 2014. Part of the prerequisites towards the envisaged EAMU is to integrate the member states financial systems and adopt common principles and rules for the regulation and supervision of the financial system. To this end, the East African Community (EAC) Partner States Central Banks agreed on a convergence criteria on the harmonization of the supervisory rules and practices in the region. The convergence criteria was adopted by the EAC Central Banks Governors during the 17th MAC Meeting held in Nairobi on 12th – 16th May 2014. The areas covered in the convergence criteria include issuance of perpetual licenses, Central Banks to approve mergers/acquisitions of institutions and opening of subsidiaries/branches outside the country, restriction on ownership of share capital and charges of capital adequacy ratios. The EAC Partner States are expected to amend their laws and harmonize them with the agreed convergence criteria.

➤ Common Market for Eastern and Southern Africa

In 2014, the Central Bank of Kenya continued to implement the Common Market for Eastern and Southern Africa (COMESA) Financial System Stability Assessment Framework. The assessment framework is a comprehensive and structured Rating System abbreviated as “SHIELDS”, which stands for Solvency Conditions; Home Economic Conditions; Institutional Quality; Earnings Conditions; Liquidity Conditions; Default Conditions; and Systemic Loss. The framework is used to assess the financial stability over time and across nations.

During the 20th Meeting of Governors of COMESA held in Kinshasa, DR Congo in November 2014, the Governors took note of the progress registered by the various countries in the implementation of the COMESA Financial Stability Assessment Framework. Based on the progress, the Governors further made the following decisions:

- a) **Revised Basel Core principles for Effective Banking supervision:**
- Member central banks should submit their status compliance with the Revised Basel Core Principles for Effective Banking Supervision. This will enable member Central Banks to learn from one another and to also harmonise their methodologies of self-assessment.
- b) **Modeling and Forecasting Volatility in Financial Markets:**
- COMESA Monetary Institute (CMI) to organise a training in 2015 on modeling and forecasting financial market volatility within the multi-variate framework.
 - This training should be provided by CMI every year in order to ensure that more staff in member Central Banks develop skills in modeling financial stability indicators.
- c) **Macro Prudential Policies relevant to COMESA Region:**
- Member states should complete the design of the appropriate corporate institutional governance frameworks for the conduct of macro prudential policy. This should involve the enactment of appropriate regulations to empower the macro prudential authorities.
 - Forward-looking Financial Stability Reports should be institutionalized as a means of communicating macro prudential policy decisions in the region.
 - Member states should undertake work to determine their Domestic Systemically Important Banks (DSIB) and design appropriate policies to manage risks that could be posed by these institutions.
 - CMI through the COMESA Statistics Unit should spearhead the consolidation of regional macro prudential statistics that are accessible to all member countries.
 - CMI should organize training in 2015 on Macro Prudential Policy that is relevant to COMESA Members.
 - This training should be provided by CMI every year in order to ensure that more staff in member Central Banks are trained in the conduct of macro prudential policy analysis.
- d) **Operationalisation of SHIELDS Rating for Assessment of Financial System Stability in COMESA Region:**
- CMI to send the Draft Manual for assessing SHIELDS to all member countries by 30th December 2014, and Member countries to revert to CMI with comments on the manual within one month (by 30th January 2015).
 - The consultant to finalize the manual by 28th February, 2015 and to include a clear step by step practical approach for SHIELDS implementation using numerical data.

- CMI to send a request to member Central Banks to volunteer to be used as a model for implementation of SHIELDS.
 - The consultant to work with the volunteer central bank to practically implement SHIELDS before rolling out application to other central banks. The volunteer central bank to cover the cost of the consultant to accomplish the task.
 - Member countries might in the meantime proceed with implementation of SHIELDS at their own pace using internally available expertise.
- e) Financial System Development and Stability Sub-Committee for the Year 2015 – The Governors approved the work plan for the Sub-committee for 2015, which required all Central Banks to ensure compliance with the financial stability assessment (SHIELDS) framework by June 2015.

The Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)

The Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) is among the eight regional Financial Action Taskforce Style Regional Bodies (FSRBs) that form part of the Financial Action Task Force's (FATF) global network.

In 2014, the Bank Supervision Department being the host of the Secretariat to the National Taskforce on Anti-Money Laundering and Combating the Financing of Terrorism (NTF), continued to coordinate Kenya's participation in ESAAMLG activities including the 27th ESAAMLG Taskforce of Senior Officials held in Arusha Tanzania in March/April 2014, the 28th ESAAMLG Taskforce of Senior Officials and the 14th Council of Ministers' meeting held in Angola from 31st August to 6th September, 2014. Key highlights of the meetings were as follows;

a. Mutual Evaluation Programme

At the 27th ESAAMLG Taskforce of Senior Officials meeting in April 2014, the Task Force considered the final draft for the 2nd Round of ESAAMLG AML/CFT Mutual Evaluations and Follow up Process (draft procedures). It approved the draft procedures and directed the Secretariat to further consult with the FATF Secretariat on the adopted final draft procedures and submit the agreed final draft to the FATF Evaluation and Compliance Group (ECG) for review and alignment with the FATF Universal Procedures for AML/CFT Assessments.

At the FATF meeting held in June 2014, the ECG considered the final draft Procedures and endorsed them.

At its 28th meeting in September 2014 in Luanda, Angola, the Task Force noted the endorsement by the ECG and agreed that the pre-mutual evaluation workshop should be conducted 4 months before the beginning of the desk review, which involves assessing the technical compliance by looking at the legal and institutional frameworks before mutual evaluation site visit. The meeting also re-emphasized on the need for member countries to commit themselves in providing assessors and expert reviewers already identified and trained by the ESAAMLG Secretariat.

The adoption of the revised FATF Standards necessitated the need for training of assessors and countries to take into account the new requirements including assessing compliance with the standards. At the 26th ESAAMLG Taskforce of Senior Officials meeting, FATF advised the Task Force that training modules under the revised standards were being prepared for training of assessors and countries. In the meeting, the FATF reported that the training modules were finalized and that the second training under the revised FATF Standards would take place in April – May 2014. It was also agreed that member countries should sponsor additional experts to participate in the training programmes organized by the ESAAMLG Secretariat.

b. FATF Developments

The Task Force noted that of the ESAAMLG member countries which were undergoing the FATF's International Co-operation Review Group (ICRG) process, Kenya and Tanzania had finalized their agreed action plans and had been removed from the ICRG monitoring process. The ICRG is tasked to identify and engage with jurisdictions that have strategic deficiencies in their AML/CFT regimes. Since 2009, Kenya had been subjected to this process and thereby listed in the "dark grey" list and was required to give updates on the progress made towards addressing weaknesses in its AML/CFT regime as identified by the ICRG.

In its plenary meetings held in Paris, France in February 2014, FATF observed that Kenya had substantially addressed all of its deficiencies and in line with the procedures for removing jurisdictions from the ICRG process, FATF authorized the Africa/Middle East Review Group (RRG) to undertake an on-site visit to Kenya prior to the June 2014 FATF plenary meeting to verify that the implementation of the AML/CFT reforms had begun and was being sustained.

The RRG undertook an on-site visit to Kenya on 12th – 13th May 2014 which entailed meetings with various key policy makers and practitioners involved in AML/CFT both in the public and private sector. The review team observed that;

- Kenya has a clear commitment at both the political and technical levels to continue the development of its AML/CFT regime with an institutional framework to pursue the reforms that have been implemented under its action plan;
- that there may be need in the future to improve the allocation of resources to some part of the framework, such as the Financial Reporting Centre (FRC), having a capacity to continue implementation;
- and that no significant deficiencies or gaps were identified during the on-site visit.

The onsite visit report by the RRG was presented at the FATF Plenary held in Paris, France between 23rd and 27th June 2014. FATF discussed the results and welcomed the significant actions by Kenya to address the strategic deficiencies in its AML/CFT regime. On the basis of this report, FATF concluded that Kenya had established the legal and regulatory framework to address the strategic deficiencies identified in 2010. In view of these positive developments, Kenya was removed from the FATF's monitoring process under its on-going global AML/CFT compliance process.

Countries that were still under the ICRG were urged to continue engaging with the FATF in implementing the agreed action plans to address strategic deficiencies identified under their AML/CFT regimes.

c. Promoting Financial Inclusion and Implementation of FATF Standards in the ESAAMLG Region

In the meeting, the mandate of the Ad-hoc Working Group was extended in order for the Group to carry out a stock taking exercise evaluating the work completed since the establishment of the Working Group. The outcome of the exercise will assist in developing a revised work program for 2015 – 2018.

In collaboration with the World Bank, ESAAMLG held a peer learning workshop on the development of Financial Inclusion policies and risk based AML/CFT legal frameworks in July/August 2014. The Peer learning workshop came up with the recommendations to enhance financial inclusion within the AML/CFT framework in the ESAAMLG region. Some of the recommendations were as follows:

- i Member countries must ensure that mechanisms exist to facilitate communication, coordination and collaboration between the financial sector regulators and the private sector when developing and implementing policies and laws that impact on the regulated sectors.
- ii Member countries should ensure that the relevant regulators provide guidance to the private sector on the design and implementation of simplified customer due diligence measures provided that this guidance does not take away the private sector responsibility of understanding their risks.
- iii Member countries should facilitate access to existing government ID database which would enable the private sector to enhance the verification of the identification of customers as low income people may not afford documents like passport or driving licenses.

d. ESAAMLG Post Evaluation Monitoring Process to Promote Implementation of FATF Standards

The Task Force noted that Kenya had made significant progress in addressing almost all the FATF Core and Key Recommendations. The meeting also noted that Kenya had been removed from the FATF ICRG process in June 2014.

Evaluated member countries were urged to continue submitting progress reports under the ESAAMLG Procedures within agreed deadlines.

e. ESAAMLG AML/CFT Technical Assistance and Training Co-ordination

The Secretariat reported that it had managed to organize workshops in 3 out of the 5 prioritized areas; two training workshops on the revised FATF Standards, one workshop on ML/TF Risk Assessment and Risk-Based Approach and the last workshop on Effective Implementation of the United Nations Security Council Resolution (SR III). The Secretariat was to organize for the remaining two prioritized areas, the Asset Forfeiture and AML/CFT training for Magistrates and Judges which the United Nations Office on

Drugs and Crime undertook to facilitate.

During the meetings, most member countries requested for training on Risk Assessment, AML/CFT onsite inspections and on the development of sector specific guidance manuals on AML/CFT.

➤ **Alliance for Financial Inclusion**

The Central Bank of Kenya continued working with the Alliance for Financial Inclusion (AFI), to enhance global financial inclusion, in 2014 as detailed below;

i). The 2014 Global Policy Forum (GPF)

CBK participated in AFI's, 6th Annual Global Policy Forum (GPF), 2014 held in Port of Spain, Trinidad and Tobago, from 9th – 11th September 2014. The Forum convened over 400 financial inclusion policymakers, regulators and stakeholders, to discuss innovative policy strategies to enhance financial inclusion under the overarching theme of "Global Partnerships, National Goals, Empowering People."

In this particular meeting, there was an increased focus on strengthening the AFI Network's peer learning approach with the global standard setting bodies (SSBs), as well as the facilitation of dialogue with the private sector to collaboratively advance financial inclusion.

The AFI network has seen 53 member institutions make specific measurable commitments under the Maya Declaration, to unlock the economic and social potential of the 2.5 billion unbanked people through greater financial inclusion.

ii). AFI Independence

CBK served as the Chair of a High-level Sub-committee on AFI Independence to provide advisory support on steering the network into an independent legal entity. Through an international bidding process that saw potential AFI members, including Kenya, bid to host the institution's headquarters, Malaysia, represented by Bank Negara Malaysia (BNM), was selected as the host country for AFI's new headquarters. AFI was expected to relocate to Kuala Lumpur in 2015.

iii). Africa Mobile Financial Services Policy Initiative (AMPI)

The African Mobile Phone Financial Services Policy Initiative (AMPI) is a policy framework that was established to provide a platform for African AFI Network members to come together to determine effective solutions for advancing Mobile Financial Services (MFS) across the African continent. Its main objectives are to:-

- Determine effective policy solutions to advance Mobile Financial Services (MFS) in Africa;
- Provide a peer learning platform for AFI members in Africa to coordinate efforts and share knowledge and experiences on MFS issues;
- Facilitate high-level discussions amongst key players in the MFS ecosystem with the view to identify barriers that impede the uptake of MFS in Africa.

In February 2014, CBK hosted the 2nd African Mobile Phone Financial Services Policy Initiative (AMPI) from 5th – 6th February, 2014 in Naivasha, Kenya.

The Forum was hosted by the Central Bank of Kenya in partnership with AFI and attended by policy makers, financial sector regulators, financial service providers, telecommunications companies, international development agencies and other players in Africa's mobile-phone financial services industry.

During the event, Africa's progress as a market leader in MFS was discussed. In particular, developments in MFS in terms of the growth, innovation and deepening of digital financial services in the AMPI member countries were reviewed. Regulators, development partners and private sector players all shared their experiences in the MFS ecosystem. It was concluded that:-

- Appropriate regulations are creating new market opportunities and further supporting the more rapid expansion of new digital financial inclusive products and services.
- Greater public-private sector dialogue is one of the most effective ways to help support and move the industry forward.
- Improvement of peer-to-peer learning and peer-supported capacity building to support a positive enabling regulatory environment are critical to expanding MFS.

At the end of the meeting between the various stakeholders, the above areas, among others, were captured in a joint vision of AMPI for the next three years. It was emphasized that continuous dialogue between policy makers, regulators, private sector and development partners was critical in forming a cohesive mechanism to enhance MFS as a tool for increasing financial inclusion.

➤ **Financial Stability Board Regional Consultative Group**

The Central Bank of Kenya continued to participate in the activities of the Financial Stability Board (FSB) Regional Consultative Group (RCG) for Sub-Saharan Africa (SSA) in 2014. FSB's RCG for Sub-Saharan Africa is one of the six RCGs established by FSB in 2011 to expand and formalise financial stability outreach beyond FSB membership. The other RCGs are the Americas, Commonwealth of Independent States, Europe, the Middle East and North Africa. The aim of the RCGs is to bring together financial authorities from FSB member and non-member countries to exchange views on vulnerabilities affecting financial systems and ways by which to promote financial stability.

The Central Bank of Kenya (CBK) participated in the fifth meeting of the FSB's RCG for SSA in May 2014 in Accra, Ghana. The meeting focused on completing post crisis policy formulation. The core reforms discussed in the meeting included:-

- Building resilient financial institutions - Primarily adoption of Basel III to improve the amount, quality and consistency of bank capital and liquidity.
- Ending "too-big-to-fail" – Focus was on cross border recognition of resolution actions, especially stays on termination of contracts and the type, amount and location of gone concern loss absorbing capital for cross-border banking groups.

- Transforming shadow banking - members agreed to exchange information on the different types of shadow banking activities to inform policy actions to transform them into fully regulated activities, and
- Making over the Counter (OTC) markets safer – members focused on the need for adoption of legislation and regulation as well as expansion in the use of market infrastructure. There was also discussion on crossborder application of the rules and eliminating any inconsistencies.

CBK was also represented at FSB Workshop for RCG for Sub-Saharan Africa member countries held in Accra Ghana at the end of the fifth RCG meeting. The workshop's focus was on the FSB's Key Attributes of Effective Resolution for Financial Institutions. The aim of the workshop was to take the participants through the FSB's Key Attributes of Effective Resolution as a basis of strengthening member countries resolution frameworks.

As part of FSB's RCG for Sub-Saharan activities, a Working Group on Home-Host Co-operation and Information Sharing was established in 2013. In 2014, CBK was represented in the discussions of this working group whose main objective is to establish the current status of cooperation and information sharing among the regulatory agencies in the member countries with respect to cross-border banking groups. As at the end of 2014, the working group was finalising a survey questionnaire to be completed by all Sub-Saharan countries on cross-border cooperation and information sharing. The findings of the survey will form a basis of recommendations to strengthen home-host cooperation and information sharing in the region.

➤ **International Monetary Fund's (IMF's) East Africa Technical Assistance Centre (East AFRITAC)**

The Central Bank of Kenya has benefited from East AFRITAC's technical assistance in developing a stronger and effective banking sector regulatory and supervisory framework. The main activities undertaken by CBK's Bank Supervision Department in 2014 with the support of the East AFRITAC include:-

- Between 28th July and 8th August 2014, CBK hosted an East AFRITAC mission to build capacity of BSD staff on principles for the implementation of Internal Capital Adequacy Process (ICAAP) and Supervisory Review and Evaluation Process (SREP). An ICAAP is a bank's internal process for assessing its capital adequacy which is informed by all material risks of the bank, risk appetite, processes and controls for capital management and a capital target. SREP is the supervisor's process for reviewing and evaluating banks' ICAAPs which should take a risk based approach.
- In November 2014, an East AFRITAC consultant assisted the CBK to develop a structured assessment for legal, regulatory and supervisory framework of host countries of Kenyan banks. A structured process to assess the quality of host country supervision is one of the elements required under Basel Core Principle 12 on Consolidated Supervision. Upon assessment of the host countries frameworks, CBK will then use these assessments in developing supervision strategies for the Kenyan banks and to identify agenda items to take up with host supervisors in either bilateral discussions or supervisory college meetings. These assessments will also be considered when a Kenyan bank applies to establish operations in a new jurisdiction.

➤ Financial Services Volunteers Corps (FSVC)

Financial Services Volunteer Corps (FSVC) from the United States of America (USA) in collaboration with the Kenya School of Monetary Studies (KSMS) and the Financial Reporting Centre (FRC) organized a two-days training for forex bureaus and Money Remittance Providers (MRPs) at KSMS in June 2014. The training focused on AML/CFT compliance requirements.

➤ Bank Supervision Application (BSA)

BSA mobile version introduced in 2014.

The Bank Supervision Application solution is a system specifically developed for Central Banks to automate bank supervision functions and processes in order to enhance speed and efficiency. The system has undergone three major upgrades since 2003 from 2.0, 2.1 and currently is running on BSA 3.0.

During the year, the system was further upgraded to include BSA mobile version. This functionality enables instant access of information and data by users through mobile phones. The CBK has tested and confirmed the functionality of BSA mobile version, which is expected to enhance the users' access to the BSA System once it is officially launched.

➤ Knowledge Exchanges

CBK hosted several knowledge exchange visits in 2014

The Central Bank of Kenya continued to host delegations in 2014 for study tours and knowledge exchange visits aimed at enriching cross-border relationships and sustaining long-term partnerships. The knowledge exchange visits that took place in 2014 are as shown in Table 24.

Table 24: Knowledge Exchanges Facilitated in 2014

	Period	Institution(s)	Area(s) of Interest
1.	March 2014	Bank of South Sudan	Credit Information Sharing
2.	April 2014	Central Bank of Burundi	Bank Supervision Application (BSA) software
3.	May 2014	Central Bank of Swaziland	Financial Stability
		Bank of Uganda	Operation and Regulation of Forex Bureaus
4.	July 2014	Bank of Uganda	Supervision of SACCOs and Microfinance institutions
5.	September 2014	Central Bank of Gambia	Operation and Regulation of Agency Banking
6.	November 2014	Bank of Tanzania	<ul style="list-style-type: none"> • Shariah Compliant banking • Agency banking • Operation and regulation of forex bureaus
7.	March and September 2014	Central Bank of Somalia	<ul style="list-style-type: none"> • Elements of bank supervision
8.	October 2014	Bank of Zambia	<ul style="list-style-type: none"> • Supervision of SACCOs and Microfinance institutions • Islamic Banking

➤ Memorandum of Understanding (MOU)

In an effort to enhance its relationship with foreign banking regulators, the Central Bank of Kenya continued to explore the possibility of entering into formal arrangements for supervisory cooperation with other banking regulators. This was with a view to promoting cross border banking supervisory cooperation as recommended by the Basel Committee on Banking Supervision. The MOUs with these regulators would govern areas of mutual cooperation and collaboration, help define and guide the working relationships between regulators and enable the smooth exchange of supervisory information.

In 2014, the Central Bank of Kenya signed a Memorandum of Understanding with the Reserve Bank of India. CBK continued to establish contacts with central banks from various countries with a view to negotiating MOUs. So far CBK had signed 11 MOUs with other regulations as at 31st December 2014 as summarised in Appendix XV.

5.3 Kenyan Banks Regional Footprint

Background

As at 31st December 2014, eleven Kenyan banks had subsidiaries operating in the East African Community (EAC) Member States and South Sudan. These banks are Kenya Commercial Bank Ltd; Diamond Trust Bank Kenya Ltd; Commercial Bank of Africa(CBA); Bank of Africa(BOA); Guaranty Trust Bank (formerly Fina Bank); Equity Bank; I & M Bank; Imperial Bank; African Banking Corporation (ABC), NIC Bank and the Co-operative Bank of Kenya Ltd. The respective presence is as per Table 25.

Branches of Kenyan banks in EAC and S. Sudan increased by 27 in 2014

Table 25: Branches of Kenyan Banks Subsidiaries in the Region

	Institution	Uganda	Tanzania	Rwanda	Burundi	South Sudan	Total
1.	KCB	14	12	11	2	19	58
2.	Diamond Trust	33	22	-	4	-	59
3.	Commercial Bank of Africa	1	11	-	-	-	12
4.	Bank of Africa	35	21	-	-	-	56
5.	Guaranty Trust Bank (Formerly Fina Bank)	7	-	18	-	-	25
6.	Equity Bank	31	9	11	-	11	62
7.	I & M Bank	-	8	17	-	-	25
8.	Imperial Bank	5	-	-	-	-	5
9.	ABC	4	-	-	-	-	4
10.	NIC Bank	1	6	-	-	-	7
11.	The Co-operative Bank of Kenya	-	-	-	-	2	2
Total		131	89	57	6	32	315

In addition, I & M Bank (K) has shareholding equivalent to 50% in Bank One Limited in Mauritius while Prime Bank (K) has shareholding equivalent to 11.4% in First Merchant Bank in Malawi. Commercial Bank of Africa Limited and the Co-operative Bank of Kenya Limited opened their respective subsidiaries in Uganda and South Sudan during the latter part of year 2014.

The performance analysis of the subsidiaries of the eleven banks as at 31st December 2014 based on number of branches, number of employees, assets, loans, deposits and profits is as highlighted below:

Performance Highlights:

i) Branches

The subsidiaries had opened 315 branches as at December 31, 2014 compared to 288 as at December 2013.

- 131 of the branches were operating in Uganda.
- Nine banks had opened operations in Uganda and seven had opened operations in Tanzania. Others were: Rwanda (4), Burundi (2) and Southern Sudan (3).

ii) Number of Employees

The subsidiaries had a total of 5,759 employees compared to 5,219 the previous year. Uganda had the highest number of employees at 38.5% in tandem with the number of branches of the subsidiaries located there.

iii) Total assets

Total assets of subsidiaries stood at Ksh 419.3 billion compared to Ksh 306.3 billion the previous year.

- Subsidiaries operating in Tanzania accounted for 35.2% of the total assets.
- Subsidiaries operating in South Sudan accounted for 25.2% of the total assets, although only three banks had presence there.
- Subsidiaries operating in Uganda accounted for 24.3% of the total assets.

iv) Gross loans

Gross loans of subsidiaries were worth Ksh189.3 billion against Ksh149.6 billion the previous year.

- Subsidiaries operating in Tanzania had the highest loan amount and accounted for 45.2% of the total loans.
- This was followed by subsidiaries operating in Uganda which accounted for 28.2% of the total loans.
- Subsidiaries operating in Rwanda accounted for 17.2% of the total loans.

v) Deposits

Subsidiaries had gross deposits worth Ksh 319.7 billion compared to Ksh 236.5 billion the previous year.

- Subsidiaries operating in Tanzania had the highest deposit concentration and accounted for 33.7% of the total deposits.
- Subsidiaries operating in South Sudan accounted for 27.7% of the total deposits.
- Subsidiaries operating in Uganda accounted for 23.1% of the total deposits.

vi) Profitability

The subsidiaries registered a total profit before tax of Ksh 5.5 billion compared to Ksh 5.2 billion the previous year.

- Subsidiaries operating in Tanzania accounted for 32% of the total profits.
- Subsidiaries operating in South Sudan accounted for 26.3% of the total profits, although only three banks had operations there. This demonstrates significant great business potential in South Sudan.
- Subsidiaries operating in Uganda accounted for 21.4% of the total profits.
- A total of four subsidiaries registered losses in various countries in the region compared to eight the previous year. Two of the subsidiaries that registered losses before tax were operating in Uganda, indicating stiff competition though one of them had the subsidiary set up in year 2013 and is therefore still new to the market. The rest are subsidiaries in Tanzania (1) and Rwanda (1).

5.4 South Sudan Crisis

Four Kenyan banks have operations in S. Sudan.

There are currently four Kenyan banks that have established operations in South Sudan with 32 branches and 645 staff. CBK engages the Bank of South Sudan (BOSS) in regard to the supervision of these subsidiaries through supervisory colleges where BOSS is invited to participate as well as cross-border joint inspections of banks in either country by the supervisory personnel of both regulators.

South Sudan is undergoing a crisis that started in December 15, 2013 with disagreements between two factions in the ruling party that subsequently degenerated into an armed conflict spreading to other parts of the country, especially the Northern States. Despite the instability caused by the strife, the operations of the Kenyan Banks' subsidiaries are ongoing. The exception is Bor, Bentiu and Malakal where violent incidences are still frequent and the Kenyan banks have closed branches in these towns. The staff who worked at the affected branches were evacuated.

The crisis led to a hard currency shortage with wide discrepancies between official exchange rates and black market exchange rates. Subsequently, this affected Kenyan customers of subsidiaries in South Sudan as they were not able to fully draw on their South Sudan Pound denominated accounts after fleeing back to Kenya at the height of the crisis. As a mitigating measure, banks put up service desks in their Nairobi branches of the parent institutions for the customers who were evacuated from South Sudan as well as in all the branches in South Sudan for the Kenyans who had remained, to handle queries regarding the crisis. However, the operations of these Kenyan subsidiaries do not pose significant systemic risk to the Kenyan banking sector as their operations are insignificant compared to their parent banks as demonstrated in Table 26. Nevertheless, the Central Bank constantly monitors the operations of Kenyan banks in South Sudan.

Table 26 - South Sudan Operations

Indicators as at 31 st December 2014	Kenyan Banks in South Sudan	Banks in Kenya	South Sudan Operations as % of Banks in Kenya
No. of Branches	33	1,443	2.30%
No. of Staff	696	36,923	1.90%
Total Assets (Ksh. M)	117,700	3,261,095	3.60%
Gross Loans (Ksh. M)	14,550	1,972,076	0.70%
Gross Deposits (Ksh. M)	96,355	2,331,609	4.10%
Profit Before tax (Ksh. M)	2,010	140,862,	1.40%

Central Bank of Kenya

									Appendix I
BANKING SECTOR BALANCE SHEET - DECEMBER 2014									
A	ASSETS	2013				2014			
		BANKS	NBFIs	GRAND	% OF	BANKS	NBFIs	GRAND	% OF
		TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
		Ksh.M	Ksh.M	Ksh.M		Ksh.M	Ksh.M	Ksh.M	
1	Cash (both Local & Foreign)	56,735	133	56,868	2.1%	61,193	286	61,478	1.9%
2	Balances due from Central Bank of Kenya	116,660	1,606	118,266	4.4%	170,733	2,756	173,490	5.4%
3	Kenya Government and other securities held for dealing purposes	33,112	-	33,112	1.2%	35,420	-	35,420	1.1%
4	Financial Assets at fair value through profit and loss	2,056	-	2,056	0.1%	755	-	755	0.0%
5	Investment Securities:	-	-	-	-	-	-	-	-
	a) Held to Maturity:	-	-	-	-	-	-	-	-
	a. Kenya Government securities	272,947	-	272,947	10.1%	300,012	-	300,012	9.4%
	b. Other securities	3,499	-	3,499	0.1%	5,535	-	5,535	0.2%
	b) Available for sale:	-	-	-	-	-	-	-	-
	a. Kenya Government securities	279,293	288	279,581	10.3%	329,085	264	329,349	10.3%
	b. Other securities	11,853	152	12,005	0.4%	10,272	-	10,272	0.3%
6	Deposits and balances due from local banking institutions	65,927	6,827	72,754	2.7%	72,394	7,616	80,011	2.5%
7	Deposits and balances due from banking institutions abroad	74,682	31	74,713	2.8%	67,118	967	68,086	2.1%
8	Tax recoverable	3,841	-	3,841	0.1%	2,082	4	2,087	0.1%
9	Loans and advances to customers (net)	1,497,171	35,216	1,532,387	56.7%	1,835,780	45,244	1,881,024	58.8%
10	Balances due from banking institutions in the group	44,224	-	44,224	1.6%	36,778	-	36,778	1.1%
11	Investments in associates	3,690	-	3,690	0.1%	5,572	-	5,572	0.2%
12	Investments in subsidiary companies	37,492	255	37,747	1.4%	31,580	255	31,835	1.0%
13	Investments in joint ventures	1,499	191	1,690	0.1%	-	173	173	0.0%
14	Investment properties	793	-	793	0.0%	4,839	-	4,839	0.2%
15	Property and equipment	54,461	939	55,401	2.0%	50,716	1,282	51,998	1.6%
16	Prepaid lease rentals	1,228	40	1,268	0.0%	974	40	1,014	0.0%
17	Intangible assets	17,447	396	17,843	0.7%	18,570	521	19,091	0.6%
18	Deferred tax asset	11,219	313	11,532	0.4%	13,822	445	14,267	0.4%
19	Retirement benefit asset	1,837	-	1,837	0.1%	1,924	-	1,924	0.1%
20	Other assets	64,974	367	65,341	2.4%	83,749	637	84,386	2.6%
21	TOTAL ASSETS	2,656,639	46,755	2,703,394	100.0%	3,138,905	60,491	3,199,396	100.0%
						-	-		
B	LIABILITIES					-	-		
22	Balances due to Central Bank of Kenya	8,174	-	8,174	0.3%	7,232	-	7,232	0.2%
23	Customer deposits	1,909,072	26,589	1,935,661	71.6%	2,255,888	36,310	2,292,198	71.6%
24	Deposits and balances due to local banking institutions	59,637	-	59,637	2.2%	54,461	-	54,461	1.7%
25	Deposits and balances due to foreign banking institutions	44,611	-	44,611	1.7%	63,559	-	63,559	2.0%
26	Other money market deposits	266	-	266	0.0%	338	-	338	0.0%
27	Borrowed funds	94,454	14,016	108,470	4.0%	147,389	16,996	164,385	5.1%
28	Balances due to banking institutions in the group	53,927	-	53,927	2.0%	57,182	-	57,182	1.8%
29	Tax payable	2,549	69	2,618	0.1%	1,068	-	1,068	0.0%
30	Dividends payable	61	48	109	0.0%	163	46	209	0.0%
31	Deferred tax liability	759	-	759	0.0%	615	-	615	0.0%
32	Retirement benefit liability	255	-	255	0.0%	142	-	142	0.0%
33	Other liabilities	56,377	351	56,729	2.1%	55,412	862	56,274	1.8%
34	TOTAL LIABILITIES	2,230,143	41,073	2,271,216	84.0%	2,643,448	54,215	2,697,663	84.3%
						-	-		
C	SHAREHOLDERS' FUNDS					-	-		
35	Paid up /Assigned capital	87,217	1,155	88,372	3.3%	126,789	1,158	127,947	4.0%
36	Share premium/(discount)	67,605	1,555	69,160	2.6%	77,897	1,557	79,454	2.5%
37	Revaluation reserves	299	512	812	0.0%	2,832	702	3,534	0.1%
38	Retained earnings/Accumulated losses	234,754	1,919	236,673	8.8%	252,515	2,616	255,131	8.0%
39	Statutory loan loss reserves	11,752	238	11,991	0.4%	16,642	64	16,706	0.5%
40	Other Reserves	1,055	21	1,075	0.0%	509	(45)	464	0.0%
41	Proposed dividends	21,371	231	21,603	0.8%	15,832	174	16,005	0.5%
42	Capital grants	2,443	51	2,494	0.1%	2,441	51	2,491	0.1%
43	TOTAL SHAREHOLDERS' FUNDS	426,496	5,682	432,178	16.0%	495,457	6,276	501,733	15.7%
44	Minority Interest	-	-	-	-	-	-	-	-
45	TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	2,656,639	46,755	2,703,394	100.0%	3,138,905	60,491	3,199,396	100.0%
						-	-		

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Appendix II

BANKING SECTOR STATEMENT OF COMPREHENSIVE INCOME DECEMBER 2014									
		2013				2014			
		BANKS TOTAL	NBFIs TOTAL	GRAND TOTAL	% OF TOTAL	BANKS TOTAL	NBFIs TOTAL	GRAND TOTAL	% OF TOTAL
1.0	INTEREST INCOME	Ksh.M	Ksh.M	Ksh.M		Ksh.M	Ksh.M	Ksh.M	
1.1	Loans and advances	206,503	4,888	211,391	58.4%	241,356	5,814	247,170	59.0%
1.2	Government securities	56,705	47	56,752	15.7%	62,294	36	62,330	14.9%
1.3	Deposits and placements with banking institutions	4,839	505	5,344	1.5%	4,648	524	5,172	1.2%
1.4	Other Interest Income	2,504	-	2,504	0.7%	2,491	-	2,491	0.6%
1.5	Total interest income	270,551	5,440	275,991	76.2%	310,789	6,374	317,164	75.7%
2.0	INTEREST EXPENSES								
2.1	Customer deposits	70,491	1,599	72,090	30.5%	86,230	1,883	88,113	31.7%
2.2	Deposits and placement from banking institutions	5,912	-	5,912	2.5%	7,165	-	7,165	2.6%
2.3	Other interest expenses	4,502	1,288	5,791	2.4%	6,884	1,473	8,357	3.0%
2.4	Total interest expenses	80,906	2,887	83,793	35.4%	100,279	3,356	103,635	37.3%
3.0	NET INTEREST INCOME/(LOSS)	189,645	2,553	192,198		210,510	3,018	213,528	
4.0	NON-INTEREST INCOME								
4.1	Fees and commissions on loans and advances	19,520	156	19,676	8.3%	21,381	232	21,614	5.2%
4.2	Other fees and commissions	33,820	50	33,869	14.3%	41,316	80	41,395	9.9%
4.3	Foreign exchange trading income/(Loss)	20,289	2	20,290	8.6%	20,461	18	20,479	4.9%
4.4	Dividend Income	1,309	2	1,311	0.6%	2,162	2	2,164	0.5%
4.5	Other income	10,944	95	11,039	4.7%	15,703	180	15,882	3.8%
4.6	Total Non-interest income	85,881	304	86,185	36.5%	101,022	512	101,534	24.3%
	TOTAL INCOME (1.5 + 4.6)	356,432	5,744	362,177	100.0%	411,812	6,886	418,698	100.0%
5.0	TOTAL OPERATING INCOME	275,527	2,857	278,384	76.9%	311,533	3,530	315,062	
6.0	OTHER OPERATING EXPENSES								
6.1	Loan loss provision	12,595	281	12,876	5.4%	16,608	551	17,159	6.2%
6.2	Staff costs	68,016	804	68,820	29.1%	74,406	965	75,371	27.2%
6.3	Directors' emoluments	2,267	11	2,279	1.0%	2,153	14	2,167	0.8%
6.4	Rental charges	7,375	23	7,398	3.1%	8,738	31	8,769	3.2%
6.5	Depreciation charge on property and equipment	9,186	69	9,255	3.9%	10,179	78	10,257	3.7%
6.6	Amortisation charges	3,886	10	3,897	1.6%	4,323	13	4,335	1.6%
6.7	Other operating expenses	47,654	445	48,099	20.3%	55,265	593	55,858	20.1%
6.8	Total Other Operating Expenses	150,980	1,644	152,624	64.6%	171,672	2,245	173,917	62.7%
	TOTAL EXPENSES (2.4 + 6.8)	231,885	4,531	236,416	100.0%	271,951	5,601	277,552	100.0%
7.0	Profit/(loss) Before Tax and Exceptional Items	124,547	1,213	125,760		139,861	1,285	141,145	
8.0	Exceptional Items	828	-	828		1,390	18	1,408	
9.0	Profit/(Loss) After Exceptional Items	123,719	1,213	124,932		139,643	1,267	140,909	
10.0	Current Tax	38,562	497	39,059		42,996	546	43,542	
11.0	Deferred Tax	(2,864)	(93)	(2,957)		(3,854)	(150)	(4,004)	
12.0	Profit/(Loss) After Tax and Exceptional Items	88,021	809	88,830		100,501	870	101,371	
13.0	Minority Interest					-	-	-	
14.0	Profit/(loss) after tax, exceptional items and Minority Interest					100,501	870	101,371	
15.0	Other Comprehensive Income								
15.1	Gains/(Losses) from translating the financial statements of foreign operations	(205)	57	(148)		(60)	-	(60)	
15.2	Fair value changes in available for sale financial assets	299		299		1,946	-	1,946	
15.3	Revaluation surplus on Property, plant and equipment	1,763		1,763		279	-	279	
15.4	Share of other comprehensive income of associates	85		85		29	-	29	
15.5	Income tax relating to components of other comprehensive income	(54)		(54)		(100)	-	(100)	
16.0	Other Comprehensive Income for the year net of tax	1,889	57	1,946		2,095	-	2,095	
17.0	Total comprehensive income for the year		866	88,682		102,596	870	103,466	

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Appendix III						
BANKING SECTOR OTHER DISCLOSURES - DECEMBER 2014-Ksh.M						
	2013			2014		
	BANKS	NBFIs	GRAND	BANKS	NBFIs	GRAND
	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL(Ksh. M)
ANNUAL % GROWTH						
NON-PERFORMING LOANS AND ADVANCES						
(a) Gross Non-performing loans and advances	78,647	3,210	81,857	104,137	4,163	108,300
(b) Less: Interest in Suspense	13,942	191	14,133	17,721	202	17,923
(c) Total Non-Performing Loans and Advances (a-b)	64,705	3,019	67,724	86,416	3,961	90,377
(d) Less: Loan Loss Provision	31,726	522	32,247	41,019	814	41,833
(e) Net Non-Performing Loans and Advances(c-d)	32,979	2,497	35,476	45,396	3,147	48,544
(f) Discounted Value of Securities	28,537	2,497	31,034	42,574	3,147	45,721
(g) Net NPLs Exposure (e-f)	4,442	-	4,442	2,823	-	2,823
INSIDER LOANS AND ADVANCES						
(a) Directors, Shareholders and Associates	23,069	-	23,069	25,408	431	25,839
(b) Employees	51,562	815	52,377	60,592	852	61,444
(c) Total Insider Loans and Advances and other facilities	74,632	815	75,446	86,001	1,282	87,283
OFF-BALANCE SHEET ITEMS						
(a) Letters of credit, guarantees, acceptances	378,868	32	378,900	408,531	75	408,605
(b) Forwards, swaps and options	225,868	-	225,868	267,049	-	267,049
(c) Other contingent liabilities	24,351	-	24,351	31,842	-	31,842
(d) Total Contingent Liabilities	629,087	32	629,118	707,421	75	707,496
CAPITAL STRENGTH						
(a) Core capital	357,451	3,994	361,445	430,523	4,841	435,363
(b) Minimum Statutory Capital	42,000	1,000	43,000	42,000	1,000	43,000
(c) Excess/(Deficiency)(a-b)	315,451	2,994	318,445	388,523	3,841	392,363
(d) Supplementary Capital	54,456	2,252	56,708	84,053	1,731	85,784
(e) Total Capital (a+d)	411,908	6,246	418,154	514,575	6,571	521,147
(f) Total risk weighted assets	1,994,114	28,946	2,023,060	2,606,297	43,534	2,649,831
(g) Core Capital/Total deposits Liabilities	18.7%	15.0%	18.7%	19.1%	13.3%	19.0%
(h) Minimum statutory Ratio	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
(i) Excess/(Deficiency) (g-h)	10.7%	7.0%	10.7%	11.1%	5.3%	11.0%
(j) Core Capital / total risk weighted assets	17.9%	13.8%	17.9%	16.5%	11.1%	16.4%
(k) Minimum Statutory Ratio	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
(l) Excess (Deficiency) (j-k)	9.9%	5.8%	9.9%	8.5%	3.1%	8.4%
(m) Total Capital/total risk weighted assets	20.7%	21.6%	20.7%	19.7%	15.1%	19.7%
(n) Minimum statutory Ratio	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
(o) Excess/(Deficiency) (m-n)	8.7%	9.6%	8.7%	7.7%	3.1%	7.7%
LIQUIDITY						
(a) Liquidity Ratio	38.8%	32.6%	38.6%	37.8%	27.7%	37.8%
(b) Minimum Statutory Ratio	20.0%	20.0%	20.0%	20%	20%	20%
(c) Excess (Deficiency) (a-b)	18.8%	12.6%	18.6%	17.8%	7.7%	17.8%
Performance Indicators						
Yield on Earning Assets	13.5%	13.0%	13.5%	11.9%	11.7%	11.9%
Cost of Funding Earning Assets	3.5%	6.7%	3.6%	3.6%	6.1%	3.7%
Interest Margin on Earning Assets	10.0%	6.3%	9.9%	8.3%	5.6%	8.2%
Yield on Advances	13.7%	13.8%	13.7%	12.8%	12.8%	12.8%
Cost of Deposits	3.8%	6.0%	3.8%	4.8%	8.7%	4.9%
Return on Assets (ROA)	4.7%	2.6%	4.7%	3.4%	2.1%	4.4%
Return on Equity (ROE)	29.2%	21.4%	29.1%	26.7%	21.3%	28.1%
Overheads to Earnings	43.6%	51.0%	43.7%	41.1%	32.5%	40.9%
Gross NPLs/Gross Loans	5.1%	8.9%	5.2%	5.3%	8.9%	5.4%
Net NPLs/Gross Loans	2.1%	6.9%	2.2%			
RATINGS						
Capital Adequacy	1.00	1.00	1.00	3.00	3.00	3.00
Asset Quality	1.00	2.00	1.00	1.00	1.00	1.00
Earnings	1.00	2.00	1.00	1.00	2.00	1.00
Liquidity	1.00	1.00	1.00	1.00	2.00	1.00
Composite Score	1.00	1.50	1.00	1.50	2.00	1.00
Performance Category	Strong	Satisfactory	Strong	Satisfactory	Satisfactory	Strong
Rating						
1	Strong	19.50% and above	0-5%	1.0 - 1.4	Over 3%	Over 34%
2	Satisfactory	15.60%-19.49%	5.1%-10.0%	1.5 - 2.4	2.0%-2.9%	26%-34%
3	Fair	12.00%-15.59%	10.1%-15.0%	2.5 - 3.4	1.0%-1.9%	20%-25%
4	Marginal	8.31%-11.99%	15.1%-20.0%	3.5 - 4.4	0.0%-0.9%	15%-19%
5	Unsatisfactory	8.30% and below	Over 20%	4.5 - 5.0	Net Loss	Under 15%
Source: Banks Published Financial Statements						

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Appendix IV											
BANKING SECTOR MARKET SHARE - DECEMBER 2014											
	MARKET SIZE INDEX*	NET ASSETS	% OF THE MARKET	TOTAL DEPOSITS	% OF THE MARKET	TOTAL SHAREHOLDERS' FUNDS	% OF THE MARKET	TOTAL NUMBER OF DEPOSIT ACCOUNTS (Millions)	% OF THE MARKET	TOTAL NUMBER OF LOAN ACCOUNTS (Millions)	% OF THE MARKET
		Ksh.M		Ksh.M		Ksh.M		Ksh.M		Ksh.M	
Weighting		0.33		0.33		0.33		0.005		0.005	
Large Peer Group>5%											
1 Kenya Commercial Bank Ltd	12.69%	376,969	11.8%	276,750	12.1%	72,165	14.4%	2,324	8.17%	0,278	6.38%
2 Co - operative Bank of Kenya Ltd	8.91%	282,689	8.8%	216,174	9.4%	42,351	8.4%	2,575	9.06%	0,428	9.84%
3 Equity Bank Ltd.	8.70%	277,116	8.7%	202,485	8.8%	40,733	8.1%	8,437	29.67%	0,897	20.62%
4 Barclays Bank of Kenya Ltd	7.27%	226,043	7.1%	164,779	7.2%	38,111	7.6%	1,374	4.83%	0,289	6.65%
5 Standard Chartered Bank (K) Ltd	7.19%	222,636	7.0%	154,067	6.7%	40,450	8.1%	0,215	0.76%	0,060	1.39%
6 Commercial Bank of Africa Ltd	5.12%	175,809	5.5%	122,044	5.3%	17,857	3.6%	9,350	32.88%	1,850	42.54%
Sub-Total	49.88%	1,561,262	48.80%	1,136,299	49.6%	251,667	50.2%	24,276	85.36%	3,802	87.42%
Medium Peer Group> 1% & < 5%											
7 CFC Stanbic Bank (K) Ltd	4.92%	171,347	5.4%	96,830	4.2%	26,644	5.3%	0,114	0.40%	0,041	0.94%
8 Diamond Trust Bank (K) Ltd	4.63%	141,176	4.4%	101,594	4.4%	25,784	5.1%	0,582	2.05%	0,012	0.28%
9 NIC Bank Ltd	4.24%	137,087	4.3%	92,791	4.0%	22,618	4.5%	0,079	0.28%	0,027	0.61%
10 I&M Bank Ltd	4.10%	137,299	4.3%	86,621	3.8%	21,814	4.3%	0,082	0.29%	0,010	0.23%
11 National Bank of Kenya Ltd	3.60%	122,865	3.8%	104,734	4.6%	12,114	2.4%	0,572	2.01%	0,125	2.88%
12 Chase Bank Ltd	2.98%	107,112	3.3%	79,124	3.5%	11,066	2.2%	0,055	0.19%	0,023	0.53%
13 Citibank N.A. Kenya	2.76%	79,398	2.5%	51,150	2.2%	18,359	3.7%	0,004	0.02%	0,001	0.02%
14 Family Bank Ltd.	2.06%	61,813	1.9%	47,186	2.1%	10,621	2.1%	1,538	5.41%	0,149	3.42%
15 Bank of Baroda (K) Ltd	1.99%	61,945	1.9%	48,683	2.1%	9,867	2.0%	0,044	0.15%	0,002	0.05%
16 Bank of Africa (K) Ltd	1.77%	62,212	1.9%	41,671	1.8%	7,913	1.6%	0,056	0.20%	0,020	0.47%
17 Imperial Bank Ltd	1.76%	56,599	1.8%	47,148	2.1%	7,469	1.5%	0,052	0.18%	0,012	0.28%
18 Prime Bank Ltd	1.72%	54,918	1.7%	44,940	2.0%	7,735	1.5%	0,023	0.08%	0,004	0.08%
19 Housing Finance Co. of Kenya Ltd	1.56%	60,491	1.9%	36,310	1.6%	6,276	1.3%	0,068	0.24%	0,006	0.14%
20 Ecobank Kenya Ltd	1.46%	45,934	1.4%	32,414	1.4%	7,828	1.6%	0,053	0.19%	0,010	0.22%
21 Bank of India	1.11%	34,370	1.1%	24,668	1.1%	6,075	1.2%	0,016	0.06%	0,001	0.02%
22 Guaranty Trust Bank Ltd	1.07%	32,992	1.0%	17,734	0.8%	7,165	1.4%	0,017	0.06%	0,002	0.04%
Sub-Total	41.71%	1,367,559	42.7%	953,598	41.6%	209,348	41.7%	3,357	11.80%	0,444	10.21%
Small Peer Group<1%											
23 Gulf African Bank Ltd	0.64%	19,754	0.6%	15,795	0.7%	3,147	0.6%	0,059	0.21%	0,006	0.14%
24 African Banking Corporation Ltd	0.63%	21,439	0.7%	16,050	0.7%	2,623	0.5%	0,031	0.11%	0,003	0.06%
25 Victoria Commercial Bank Ltd	0.54%	17,244	0.5%	12,289	0.5%	2,876	0.6%	0,003	0.01%	0,000	0.01%
26 K - Rep Bank Ltd	0.51%	15,799	0.5%	12,065	0.5%	2,432	0.5%	0,343	1.20%	0,036	0.83%
27 Giro Commercial Bank Ltd	0.49%	15,082	0.5%	12,451	0.5%	2,422	0.5%	0,010	0.03%	0,002	0.05%
28 Fidelity Commercial Bank Ltd	0.48%	16,515	0.5%	13,559	0.6%	1,715	0.3%	0,009	0.03%	0,002	0.03%
29 Development Bank of Kenya Ltd	0.48%	16,954	0.5%	8,465	0.4%	2,764	0.6%	0,002	0.01%	0,001	0.03%
30 Jamii Bora Bank Ltd	0.47%	13,118	0.4%	8,485	0.4%	3,105	0.6%	0,072	0.25%	0,021	0.49%
31 Equatorial Commercial Bank Ltd	0.45%	16,589	0.5%	14,306	0.6%	1,155	0.2%	0,019	0.07%	0,007	0.16%
32 First Community Bank Ltd	0.45%	15,278	0.5%	13,339	0.6%	1,518	0.3%	0,104	0.37%	0,003	0.06%
33 Guardian Bank Ltd	0.45%	14,571	0.5%	12,643	0.6%	1,755	0.3%	0,010	0.03%	0,001	0.02%
34 Consolidated Bank of Kenya Ltd	0.41%	15,077	0.5%	10,642	0.5%	1,568	0.3%	0,048	0.17%	0,007	0.17%
35 Habib Bank A.G. Zurich	0.40%	12,147	0.4%	8,948	0.4%	2,243	0.4%	0,006	0.02%	0,000	0.01%
36 Trans - National Bank Ltd	0.34%	10,240	0.3%	7,666	0.3%	1,915	0.4%	0,046	0.16%	0,007	0.15%
37 Habib Bank Ltd	0.32%	9,449	0.3%	6,399	0.3%	1,942	0.4%	0,004	0.01%	0,000	0.01%
38 Paramount Universal Bank Ltd	0.31%	10,402	0.3%	8,048	0.4%	1,378	0.3%	0,007	0.02%	0,003	0.06%
39 Oriental Commercial Bank Ltd	0.28%	7,858	0.2%	6,231	0.3%	1,596	0.3%	0,005	0.02%	0,001	0.02%
40 Credit Bank Ltd	0.27%	8,865	0.3%	7,213	0.3%	1,152	0.2%	0,013	0.05%	0,002	0.05%
41 Middle East Bank (K) Ltd	0.20%	5,937	0.2%	4,127	0.2%	1,234	0.2%	0,002	0.01%	0,000	0.01%
42 UBA Kenya Ltd	0.18%	4,756	0.1%	3,576	0.2%	1,139	0.2%	0,005	0.02%	0,000	0.01%
43 Dubai Bank Ltd	0.10%	3,502	0.1%	4	0.0%	1,040	0.2%	0,007	0.02%	0,000	0.01%
44 Charterhouse Bank Ltd	0.00%	-	0.0%	-	0.0%	-	0.0%	-	0.00%	-	0.00%
Sub-Total	8.41%	270,576	8.5%	202,301	8.8%	40,718	8.1%	0,806	2.83%	0,103	2.37%
Grand-Total	100%	3,199,396	100%	2,292,198	100%	501,733	100%	28,438	100%	4,349	100.00%
* - Market share index is the composite of net assets, deposits, total shareholders' funds , number of loan accounts and number of deposit account											
Source: Banks Published Financial Statements											

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						Appendix V	
BANKING SECTOR PROFITABILITY- DECEMBER 2014							
	BANKS	1	2	3	4	5	
		PROFIT BEFORE TAX	RETURN ON ASSETS		RETURN ON EQUITY		
			NET ASSETS	ON ASSETS(1/2	SHAREHOLDER S EQUITY	RETURN ON EQUITY(1/4)	
		Ksh.M	Ksh.M		Ksh.M		
1	Kenya Commercial Bank Ltd	22,362	376,969	5.93%	72,165	31.0%	
2	Equity Bank Ltd.	20,112	277,116	7.26%	40,733	49.4%	
3	Standard Chartered Bank (K) Ltd	14,300	222,636	6.42%	40,450	35.4%	
4	Co - operative Bank of Kenya Ltd	12,515	282,689	4.43%	42,351	29.5%	
5	Barclays Bank of Kenya Ltd	12,294	226,043	5.44%	38,111	32.3%	
6	I&M Bank Ltd	7,749	137,299	5.64%	21,814	35.5%	
7	CfC Stanbic Bank (K) Ltd	7,391	171,347	4.31%	26,644	27.7%	
8	Diamond Trust Bank (K) Ltd	6,307	141,176	4.47%	25,784	24.5%	
9	NIC Bank Ltd	6,081	137,087	4.44%	22,618	26.9%	
10	Commercial Bank of Africa Ltd	4,522	175,809	2.57%	17,857	25.3%	
11	Citibank N.A. Kenya	4,145	79,398	5.22%	18,359	22.6%	
12	Chase Bank Ltd	3,302	107,112	3.08%	11,066	29.8%	
13	Bank of Baroda (K) Ltd	2,695	61,945	4.35%	9,867	27.3%	
14	Imperial Bank Ltd	2,689	56,599	4.75%	7,469	36.0%	
15	Family Bank Ltd.	2,618	61,813	4.24%	10,621	24.7%	
16	National Bank of Kenya Ltd	2,332	122,865	1.90%	12,114	19.2%	
17	Prime Bank Ltd	2,298	54,918	4.18%	7,735	29.7%	
18	Bank of India	1,284	34,370	3.74%	6,075	21.1%	
19	K - Rep Bank Ltd	729	15,799	4.61%	2,432	30.0%	
20	Guaranty Trust Bank Ltd	687	32,992	2.08%	7,165	9.6%	
21	Habib Bank A.G. Zurich	643	12,147	5.29%	2,243	28.6%	
22	Victoria Commercial Bank Ltd	635	17,244	3.68%	2,876	22.1%	
23	Gulf African Bank Ltd	615	19,754	3.11%	3,147	19.5%	
24	Habib Bank Ltd	532	9,449	5.63%	1,942	27.4%	
25	Giro Commercial Bank Ltd	472	15,082	3.13%	2,422	19.5%	
26	Guardian Bank Ltd	378	14,571	2.59%	1,755	21.5%	
27	African Banking Corporation Ltd	319	21,439	1.49%	2,623	12.1%	
28	Development Bank of Kenya Ltd	318	16,954	1.88%	2,764	11.5%	
29	Fidelity Commercial Bank Ltd	298	16,515	1.80%	1,715	17.3%	
30	Bank of Africa (K) Ltd	204	62,212	0.33%	7,913	2.6%	
31	Trans - National Bank Ltd	191	10,240	1.86%	1,915	10.0%	
32	Paramount Universal Bank Ltd	137	10,402	1.32%	1,378	9.9%	
33	First Community Bank Ltd	102	15,278	0.67%	1,518	6.7%	
34	Jamii Bora Bank Ltd	96	13,118	0.73%	3,105	3.1%	
35	Oriental Commercial Bank Ltd	84	7,858	1.07%	1,596	5.3%	
36	Middle East Bank (K) Ltd	76	5,937	1.28%	1,234	6.2%	
37	Dubai Bank Ltd	7	3,502	0.21%	1,040	0.7%	
38	Credit Bank Ltd	(90)	8,865	-1.02%	1,152	-7.8%	
39	Consolidated Bank of Kenya Ltd	(274)	15,077	-1.82%	1,568	-17.5%	
40	UBA Kenya Ltd	(331)	4,756	-6.97%	1,139	-29.1%	
41	Equatorial Commercial Bank Ltd	(461)	16,589	-2.78%	1,155	-39.9%	
42	Ecobank Kenya Ltd	(499)	45,934	-1.09%	7,828	-6.4%	
43	Charterhouse Bank Ltd **	-	-	-	-	-	
	Sub-Total	139,861	3,138,905	4.46%	495,457	28.2%	
	NBFI'S						
1	Housing Finance Company of Kenya Ltd	1,285	60,491	2.12%	6,276	20.5%	
	Sub-Total	1,285	60,491	2.12%	6,276	20.5%	
	Grand Total	141,145	3,199,396	4.41%	501,733	28.13%	
	** Did not publish accounts for 2014						

Appendix VI			
BANKING SECTOR GROSS LOANS AND NON-PERFORMING LOANS(NPLs) - DECEMBER 2014			
	BANKS	Gross loans and advances, Ksh. M	Gross Non-performing loans, Ksh. M
1	Kenya Commercial Bank Ltd	257,399	13,368
2	Equity Bank Ltd	192,973	7,469
3	Co-operative Bank of Kenya Ltd	181,370	7,982
4	Standard Chartered Bank Ltd	128,768	10,752
5	Barclays Bank of Kenya Ltd	128,204	4,554
6	NIC Bank Ltd	97,984	5,969
7	Diamond Trust Bank Ltd	95,258	1,199
8	Commercial Bank of Africa Ltd	92,667	3,770
9	I & M Bank Ltd	91,163	1,913
10	CfC Stanbic Bank Ltd	89,797	3,370
11	National Bank of Kenya Ltd	68,093	7,237
12	Chase Bank Ltd	55,837	3,196
13	Housing Finance Co. of Kenya Ltd	46,260	4,163
14	Family Bank Ltd	39,681	2,847
15	Bank of Africa Ltd	39,236	2,412
16	Prime Bank Ltd	35,060	666
17	Imperial Bank Ltd	31,827	2,020
18	Bank of Baroda Ltd	29,002	1,065
19	Citibank N.A.	24,541	881
20	Ecobank Ltd	24,116	2,461
21	GulfAfrican Bank Ltd	14,068	1,033
22	African Banking Corporation	13,513	885
23	Guaranty Trust Bank Ltd.	12,851	472
24	Bank of India Ltd	12,438	71
25	Equatorial Commerical Bank Ltd	11,555	3,028
26	K-Rep Bank Ltd	11,214	776
27	Victoria Commerical Bank Ltd	10,979	-
28	Consolidated Bank of Kenya Ltd	10,766	2,811
29	Fidelity Commercial Bank Ltd	10,467	811
30	Guardian Bank Ltd	10,295	787
31	First Community Bank Ltd	9,990	1,518
32	Development Bank of Kenya Ltd	9,332	1,322
33	Giro Commerical Bank Ltd	7,786	250
34	Trans-National Bank Ltd	6,609	529
35	Jamii Bora Bank Ltd	6,464	602
36	Credit Bank Ltd	5,887	586
37	Paramount Universal Bank Ltd	5,389	1,063
38	Oriental Commercial Bank Ltd	5,078	552
39	Habib Bank Ltd	4,707	342
40	Dubai Bank Ltd	4,208	2,314
41	Middle East Bank Ltd	3,719	1,116
42	Habib A.G. Zurich	3,443	84
43	UBA Kenya Bank Ltd	785	52
	TOTAL	1,940,781	108,300
Source: Banks Published Financial Statements			

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						Appendix VII
BANKING SECTOR CAPITAL AND RISK WEIGHTED ASSETS- DECEMBER 2014						
	BANKS	CORE CAPITAL	TOTAL CAPITAL	TOTAL RISK WEIGHTED ASSETS	CORE CAPITAL TO TOTAL RISK WEIGHTED ASSETS RATIO	TOTAL CAPITAL TO TOTAL RISK WEIGHTED ASSETS RATIO
		Ksh.M	Ksh.M	Ksh.M		
1	Kenya Commercial Bank Ltd	57,805	71,210	338,877	17.1%	21.0%
2	Equity Bank Ltd.	40,733	47,552	268,518	15.2%	17.7%
3	Barclays Bank of Kenya Ltd	37,980	38,419	205,806	18.5%	18.7%
4	Co - operative Bank of Kenya Ltd	37,462	55,534	256,511	14.6%	21.6%
5	Standard Chartered Bank (K) Ltd	28,944	36,288	183,105	15.8%	19.8%
6	CfC Stanbic Bank (K) Ltd	25,587	30,529	138,735	18.4%	22.0%
7	Diamond Trust Bank (K) Ltd	22,245	25,065	132,274	16.8%	18.9%
8	I&M Bank Ltd	19,122	22,863	121,260	15.8%	18.9%
9	NIC Bank Ltd	18,826	27,340	131,045	14.4%	20.9%
10	Citibank N.A. Kenya	17,592	18,057	66,136	26.6%	27.3%
11	Commercial Bank of Africa Ltd	13,779	21,705	121,180	11.4%	17.9%
12	National Bank of Kenya Ltd	10,343	11,206	80,433	12.9%	13.9%
13	Family Bank Ltd.	10,184	10,551	52,067	19.6%	20.3%
14	Chase Bank Ltd	9,613	10,376	67,948	14.1%	15.3%
15	Bank of Baroda (K) Ltd	9,324	9,683	40,044	23.3%	24.2%
16	Prime Bank Ltd	6,722	6,722	40,100	16.8%	16.8%
17	Imperial Bank Ltd	6,564	6,634	43,219	15.2%	15.3%
18	Bank of Africa (K) Ltd	6,105	8,244	51,781	11.8%	15.9%
19	Bank of India	5,902	6,037	15,316	38.5%	39.4%
20	Ecobank Kenya Ltd	5,079	6,530	32,967	15.4%	19.8%
21	Guaranty Trust Bank Ltd	4,667	4,862	18,750	24.9%	25.9%
22	Gulf African Bank Ltd	3,056	3,147	23,285	13.1%	13.5%
23	Victoria Commercial Bank Ltd	2,615	2,756	14,376	18.2%	19.2%
24	K - Rep Bank Ltd	2,337	2,379	11,572	20.2%	20.6%
25	Giro Commercial Bank Ltd	2,330	2,422	10,186	22.9%	23.8%
26	Jamii Bora Bank Ltd	2,197	2,273	8,709	25.2%	26.1%
27	Habib Bank A.G. Zurich	2,179	2,243	6,036	36.1%	37.2%
28	African Banking Corporation Ltd	1,928	2,945	17,096	11.3%	17.2%
29	Habib Bank Ltd	1,846	1,942	5,924	31.2%	32.8%
30	Trans - National Bank Ltd	1,814	1,915	8,824	20.6%	21.7%
31	Development Bank of Kenya Ltd	1,745	2,010	6,780	25.7%	29.6%
32	Guardian Bank Ltd	1,729	1,755	10,600	16.3%	16.6%
33	Fidelity Commercial Bank Ltd	1,551	1,678	10,230	15.2%	16.4%
34	First Community Bank Ltd	1,423	1,423	12,413	11.5%	11.5%
35	Oriental Commercial Bank Ltd	1,387	1,450	5,659	24.5%	25.6%
36	Paramount Universal Bank Ltd	1,314	1,376	5,404	24.3%	25.5%
37	Middle East Bank (K) Ltd	1,217	1,227	3,641	33.4%	33.7%
38	UBA Kenya Ltd	1,127	1,139	1,943	58.0%	58.6%
39	Credit Bank Ltd	1,112	1,165	6,185	18.0%	18.8%
40	Consolidated Bank of Kenya Ltd	1,088	1,444	13,139	8.3%	11.0%
41	Dubai Bank Ltd	1,017	1,040	4,768	21.3%	21.8%
42	Equatorial Commercial Bank Ltd	934	1,442	13,457	6.9%	10.7%
43	Charterhouse Bank Ltd **	-	-	-	-	-
	Sub-Total	430,523	514,575	2,606,297	16.5%	19.7%
	NBFI'S					
1	Housing Finance Company of Kenya Ltd	4,841	6,571	43,534	11.1%	15.1%
	Sub-Total	4,841	6,571	43,534	11.1%	15.1%
	Grand Total	435,363	521,147	2,649,831	16.4%	19.7%
	** Did not publish accounts for 2014					

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Appendix VIII									
BANKING SECTOR ACCESS TO FINANCIAL SERVICES - DECEMBER 2014									
		Total Number of Deposit Accounts							
		Peer		DEC.2013			DEC.2014		
BANKS		Group - 2014	< 100,000	>100,000	Total	< 100,000	>100,000	Total	% change
1	Kenya Commercial Bank Ltd	Large	1,578,225	142,582	1,720,807	2,170,746	153,271	2,324,017	35.10%
2	Standard Chartered Bank Ltd	Large	137,378	58,253	195,631	152,586	62,512	215,098	10.00%
3	Barclays Bank of Kenya Ltd	Large	1,132,589	107,029	1,239,618	1,269,041	104,797	1,373,838	10.80%
4	Co-operative Bank of Kenya Ltd	Large	2,169,005	144,289	2,313,294	2,416,683	158,594	2,575,277	11.30%
5	CfC Stanbic Bank Ltd	Medium	80,531	21,719	102,250	92,040	21,783	113,823	11.30%
6	Equity Bank Ltd	Large	7,173,297	219,184	7,392,481	8,198,409	238,609	8,437,018	14.10%
7	Bank of India	Medium	6,573	8,617	15,190	7,029	9,191	16,220	6.80%
8	Bank of Baroda Ltd	Medium	21,781	19,259	41,040	22,899	21,016	43,915	7.00%
9	Commercial Bank of Africa Ltd	Large	5,635,593	17,895	5,653,488	9,330,505	19,965	9,350,470	65.40%
10	Prime Bank Ltd	Medium	14,122	11,992	26,114	10,187	12,781	22,968	-12.00%
11	National Bank of Kenya Ltd	Medium	486,825	35,298	522,123	536,375	35,658	572,033	9.60%
12	Citibank N.A.	Medium	455	1,479	1,934	2,993	1,418	4,411	128.10%
13	Bank of Africa Kenya Ltd	Medium	36,624	7,898	44,522	46,713	8,866	55,579	24.80%
14	Chase Bank Ltd	Medium	26,218	9,277	35,495	42,247	12,470	54,717	54.20%
15	Imperial Bank Ltd	Medium	32,797	15,283	48,080	34,281	18,117	52,398	9.00%
16	NIC Bank Ltd	Medium	47,206	20,738	67,944	56,884	22,327	79,211	16.60%
17	Ecobank Ltd	Medium	116,640	8,573	125,213	44,372	9,078	53,450	-57.30%
18	I & M Bank Ltd	Medium	1,332	14,558	15,890	52,398	29,334	81,732	414.40%
19	Diamond Trust Bank Kenya Ltd	Medium	143,958	26,189	170,147	553,596	28,879	582,475	242.30%
20	Family Bank Ltd	Medium	1,285,019	41,383	1,326,402	1,489,604	48,382	1,537,986	16.00%
21	Housing Finance Co. of Kenya Ltd	Medium	50,119	10,813	60,932	56,218	12,051	68,269	12.00%
22	Habib Bank Ltd	Small	2,081	1,941	4,022	2,070	1,904	3,974	-1.20%
23	Oriental Commercial Bank Ltd	Small	4,327	1,504	5,831	3,730	1,518	5,248	-10.00%
24	Habib Bank A.G. Zurich	Small	3,499	2,980	6,479	3,060	2,899	5,959	-8.00%
25	Middle East Bank Ltd	Small	727	1,073	1,800	850	1,151	2,001	11.20%
26	Dubai Bank Ltd	Small	6,161	788	6,949	6,205	838	7,043	1.40%
27	Consolidated Bank of Kenya Ltd	Small	37,615	7,635	45,250	42,349	6,107	48,456	7.10%
28	Credit Bank Ltd	Small	7,675	2,389	10,064	10,263	2,585	12,848	27.70%
29	Trans- National Bank Ltd	Small	36,037	3,404	39,441	42,774	3,425	46,199	17.10%
30	African Banking Corporation Ltd	Small	18,090	5,596	23,686	26,010	5,286	31,296	32.10%
31	Giro Commercial Bank Ltd	Small	4,710	4,729	9,439	4,570	4,960	9,530	1.00%
32	Equatorial Bank Ltd	Small	8,845	3,435	12,280	15,411	3,367	18,778	52.90%
33	Paramount Universal Bank Ltd	Small	1,986	8,641	10,627	1,801	5,164	6,965	-34.50%
34	Jamii Bora Bank Ltd	Small	103,036	1,030	104,066	70,104	1,902	72,006	-30.80%
35	Guaranty Trust Bank Ltd	Small	10,484	6,448	16,932	11,609	5,750	17,359	2.50%
36	Victoria Commercial Bank Ltd	Small	1,105	2,188	3,293	1,122	2,307	3,429	4.10%
37	Guardian Bank Ltd	Small	6,193	2,755	8,948	6,644	2,913	9,557	6.80%
38	Development Bank of Kenya Ltd	Small	794	1,049	1,843	881	1,096	1,977	7.30%
39	Fidelity Commercial Bank Ltd	Small	4,625	4,013	8,638	4,610	4,483	9,093	5.30%
40	Charterhouse Bank Ltd	Small	3,478	1,282	4,760	3,478	1,282	4,760	0.00%
41	K-Rep Bank Ltd	Small	221,931	8,086	230,017	334,210	8,421	342,631	49.00%
42	Gulf African Bank Ltd	Small	40,728	7,926	48,654	50,100	9,374	59,474	22.20%
43	First Community Bank Ltd	Small	31,193	44,304	75,497	88,402	15,797	104,199	38.00%
44	UBA Bank Ltd	Small	3,044	401	3,445	4,931	434	5,365	55.70%
Sub-Totals			20,734,651	1,065,905	21,800,556	27,317,512	1,120,780	28,438,292	30.40%
Microfinance Banks									
1	Kenya Women Microfinance Bank Limited	Large	1,034,218	7,141	1,041,359	1,145,615	8,340	1,153,955	10.80%
2	Faulu Microfinance Bank Limited	Large	448,828	16,649	465,477	536,530	10,850	547,380	17.60%
3	Rafiki Microfinance Bank Limited	Large	56,763	637	57,400	97,237	3,140	100,377	74.90%
4	SMEP Microfinance Bank Limited	Medium	361,510	836	362,346	425,169	838	426,007	17.60%
5	REMU Microfinance Bank Limited	Medium	6,491	68	6,559	5,165	84	5,249	-20.00%
6	Century Microfinance Bank Limited	Small	4,339	27	4,366	8,923	33	8,956	105.10%
7	Sumac Microfinance Bank Limited	Small	852	35	887	1,553	76	1,629	83.70%
8	Uwezo Microfinance Bank Limited	Small	2,121	45	2,166	3,144	67	3,211	48.20%
9	U & I Microfinance Bank Limited	Small	6,279	20	6,299	7,792	35	7,827	24.30%
Sub-Totals			1,399,439	5,238	1,404,677	2,218,639	23,285	2,241,924	37.70%
Grand Total			22,134,090	1,071,143	23,205,233	29,536,151	1,144,065	30,680,216	25.30%
Source: Banks Published Financial Statements									

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Appendix IX								
BANKING SECTOR PROTECTED DEPOSITS - DECEMBER 2014								
		2013			2014			
		PEER	INSURED	CUSTOMER	INSURED	CUSTOMER	CHANGE IN	CHANGE IN
	BANKS	GROUPS-2014	DEPOSITS	DEPOSITS	DEPOSITS	DEPOSITS	INSURED	CUSTOMER
							DEPOSITS	DEPOSITS
1	Kenya Commercial Bank Ltd	Large	26,799	237,213	29,275	276,750	9.20%	16.70%
2	Standard Chartered Bank Ltd	Large	8,004	157,684	8,187	161,904	2.30%	2.70%
3	Barclays Bank of Kenya Ltd	Large	16,706	160,125	16,287	176,915	-2.50%	10.50%
4	Co-operative Bank of Kenya Ltd	Large	30,722	176,614	33,129	219,416	7.80%	24.20%
5	CfC Stanbic Bank Ltd	Medium	3,147	111,181	3,760	102,244	19.50%	-8.00%
6	Equity Bank Ltd	Large	54,396	158,682	57,851	202,560	6.40%	27.70%
7	Bank of India Ltd	Medium	1,093	22,778	1,130	24,668	3.40%	8.30%
8	Bank of Baroda Ltd	Medium	2,370	41,877	2,558	48,683	8.00%	16.30%
9	Commercial Bank of Africa Ltd	Large	4,557	91,001	7,874	121,963	72.80%	34.00%
10	Prime Bank Ltd	Medium	1,439	40,497	1,485	45,022	3.20%	11.20%
11	National Bank of Kenya Ltd	Medium	6,584	78,508	6,725	104,458	2.10%	33.10%
12	Citibank N.A.	Medium	157	51,219	150	56,518	-4.00%	10.30%
13	Bank of Africa Ltd	Medium	1,164	42,081	1,347	49,674	15.80%	18.00%
14	Chase Bank Ltd	Medium	1,270	54,960	1,767	79,149	39.10%	44.00%
15	Imperial Bank Ltd	Medium	1,990	35,027	2,310	48,168	16.10%	37.50%
16	NIC Bank Ltd	Medium	2,841	84,033	3,077	91,997	8.30%	9.50%
17	Ecobank Ltd	Medium	1,349	25,242	1,417	32,363	5.00%	28.20%
18	I & M Bank Ltd	Medium	2,181	74,846	3,765	87,185	72.70%	16.50%
19	Diamond Trust Bank Ltd	Medium	3,679	84,964	4,042	102,060	9.80%	20.10%
20	Family Bank Ltd	Medium	7,187	34,597	8,538	47,318	18.80%	36.80%
21	Housing Finance Co. of Kenya Ltd	Medium	1,696	26,589	1,907	36,310	12.40%	36.60%
22	Habib Bank Ltd	Small	256	5,599	252	6,399	-1.90%	14.30%
23	Oriental Commercial Bank Ltd	Small	200	5,377	194	6,231	-2.80%	15.90%
24	Habib Bank A.G. Zurich	Small	385	8,317	374	8,929	-2.90%	7.40%
25	Middle East Bank Ltd	Small	124	4,522	134	4,632	7.50%	2.40%
26	Dubai Bank Ltd	Small	127	1,582	131	1,751	3.10%	10.70%
27	Consolidated Bank of Kenya Ltd	Small	1,352	12,023	988	11,125	-26.90%	-7.50%
28	Credit Bank Ltd	Small	314	5,667	342	7,323	8.90%	29.20%
29	Trans-National Bank Ltd	Small	532	7,172	537	7,659	1.10%	6.80%
30	African Banking Corporation Ltd	Small	781	15,894	903	16,050	15.60%	1.00%
31	Giro Commercial Bank Ltd	Small	532	11,461	553	12,455	3.90%	8.70%
32	Equatorial Bank Ltd	Small	444	13,850	448	14,331	1.00%	3.50%
33	Paramount Universal Bank Ltd	Small	977	6,602	670	8,035	-31.40%	21.70%
34	Jamii Bora Bank Ltd	Small	445	3,420	441	8,497	-0.90%	148.50%
35	Guaranty Trust Bank Ltd	Small	801	18,980	732	23,030	-8.60%	21.30%
36	Victoria Commercial Bank Ltd	Small	250	9,044	262	12,289	5.00%	35.90%
37	Guardian Bank Ltd	Small	365	11,181	384	12,643	5.30%	13.10%
38	Development Bank of Kenya Ltd	Small	121	10,683	128	10,800	6.00%	1.10%
39	Fidelity Commercial Bank Ltd	Small	470	11,519	515	14,216	9.70%	23.40%
40	Charterhouse Bank Ltd	Small	172	3,613	172	3,613	0%	
41	K-Rep Bank Ltd	Small	2,361	9,165	2,444	12,066	3.50%	31.60%
42	Gulf African Bank Ltd	Small	1,221	12,592	1,463	15,335	19.80%	21.80%
43	First Community Bank Ltd	Small	4,853	9,933	2,105	13,339	-56.60%	34.30%
44	UBA Kenya Bank Ltd	Small	62	2,299	67	3,136	9.40%	36.40%
	Totals		196,472	1,990,210	210,651	2,345,596	7.20%	17.90%
	Microfinance Banks							
1	Kenya Women Microfinance Bank Limited	Large	8,983	13,079	9,229	17,076	2.70%	30.60%
2	Faulu Microfinance Bank Limited	Large	7,697	8,679	3,274	13,987	-57.50%	61.20%
3	SMEP Microfinance Bank Limited	Medium	773	1,105	797	977	3.10%	-11.60%
4	Rafiki Microfinance Bank Limited	Large	518	1,411	630	2,847	21.50%	101.80%
5	REMU Microfinance Bank Limited	Medium	24	183	26	175	9.80%	-4.50%
6	Century Microfinance Bank Limited	Medium	20	66	26	135	27.10%	103.20%
7	U & I Microfinance Bank Limited	Small	15	33	21	52	43.50%	56.90%
8	Uwezo Microfinance Bank Limited	Small	13	32	20	64	59.00%	98.50%
9	Sumac Microfinance Bank Limited	Small	10	109	14	128	37.80%	17.40%
	Totals		18,054	24,697	14,038	35,440	-22.20%	43.50%
	Grand total		214,526	2,014,907	224,688	2,381,036	4.70%	18.20%

Source: Banks Published Financial Statements

Appendix X											
MICROFINANCE BANKS BALANCE SHEET - DECEMBER 2014											
		KWFT	FAULU	RAFIKI	SMEP	REMU	SUMAC	CENTURY	UWEZO	U & I	TOTAL
	STATEMENT OF FINANCIAL POSITION										
1.0	ASSETS	Ksh.M	Ksh.M	Ksh.M	Ksh.M	Ksh.M	Ksh.M	Ksh.M	Ksh.M	Ksh.M	Ksh.M
1.1	Cash and bank balances	2,148	297	207	77	17	31	22	10	30	2,839
1.2	Short term deposits with banks	2,594	2,544	1,318	309	150		13	-	11	6,940
1.3	Government securities	224	780		-	-		-	-	-	1,004
1.4	Advances to customers	18,854	14,488	3,418	1,635	184	289	107	125	84	39,184
1.5	Due from related organisations	-	-	402	-	-	8	-	-	2	412
1.6	Other receivables	374	634	362	45	14	12	14	6	2	1,462
1.7	Tax recoverable	13	13	17	25	-		36	-		103
1.8	Deferred tax Asset	251		14	4	7	5	-	4	1	287
1.9	Other investment	-	0		-	3	0	-	-	-	3
1.10	Investment in associate companies	1	42		-	-		-	-	-	43
1.11	Intangible assets	64	156	22	12	4	6	21	7	2	293
1.12	Property and equipment	2,463	1,366	214	271	14	40	19	8	6	4,401
	TOTAL ASSETS	26,985	20,320	5,975	2,378	395	390	231	160	137	56,972
2.0	LIABILITIES										
2.1	Cash collaterals held	-	1,341	4	-	8	-	7	-	16	1,376
2.2	Customer deposits	17,119	12,646	2,873	1,325	166	128	127	64	36	34,486
2.3	Borrowings	4,216	1,339	958	396	5	68	-	11	-	6,994
2.4	Deposit & balances due to banking institutions	-	-	523	-	-	-	-	-	-	523
2.5	Deferred tax liability	-	69	-	-	-		-	-	-	69
2.6	Due to related organisations	476	-	489	3	-		-	-	-	969
2.7	Other liabilities	568	1,136	116	99	6	6	20	3	2	1,956
	TOTAL LIABILITIES	22,379	16,533	4,962	1,823	186	202	155	78	55	46,372
3.0	SHARE CAPITAL & RESERVES										-
3.1	Share capital	186	480	1,000	464	222	151	185	99	80	2,868
3.2	Share premium	2,851	2,503		80	14	36	-	-	-	5,484
3.3	Retained earnings	1,326	257	(34)	(52)	31	1	109	(17)	2	1,344
3.4	Revaluation reserve	-	205		42	0		-	-	-	248
3.5	Statutory reserve	243	342	47	22	2		-	-	-	656
3.6	Total Shareholders' funds	4,606	3,787	1,013	555	208	189	76	82	83	10,600
	TOTAL LIABILITIES AND EQUITY	26,985	20,320	5,975	2,378	395	390	231	160	137	56,972

MICROFINANCE BANKS STATEMENT OF COMPREHENSIVE INCOME - DECEMBER 2014											
		KWFT	FAULU	RAFIKI	SMEP	REMU	SUMAC	CENTURY	UWEZO	U & I	TOTAL
		Ksh.M	Ksh.M	Ksh.M	Ksh.M	Ksh.M	Ksh.M	Ksh.M	Ksh.M	Ksh.M	Ksh.M
1.0 Income											
1.1	Interest on Loan Portfolio	5,092	2,753	605	530	42	84	20	25	17	9,169
1.2	Fees and Commission on Loan Portfolio	865	594	86	81	8	18	8	10	8	1,678
1.3	Government Securities	34	79			-		-	-	1	114
1.4	Deposit and Balances with Banks and Financial	238	364	131	23	13	0	2	-	-	771
1.5	Other Investments		-			0		-	-	-	0
1.6	Other Operating Income	204	87	148	19	4	4	2	-	-	469
1.7	Non- Operating Income		5	0		-		-	1	1	7
	Total Income	6,433	3,882	970	654	69	108	32	37	27	12,210
2.0 Expenses											
2.1	Interest and Fee Expense on Deposits	635	919	133	55	11	20	10	3	0	1,786
2.2	Other Fees and Commissions expense	71	163	24		2	2	2	-	-	264
2.3	Provision for Loan Impairment	231	132	38	102	2	6	8	0	2	521
2.4	Staff Costs	2,370	1,057	300	262	29	14	22	15	8	4,076
2.5	Director's Emoluments	84	8	1	10	-	4	2	1	1	110
2.6	Rental Charges	244	113	109	61	6	6	4	3	2	546
2.7	Depreciation Charges	312	81	6	25	2	6	2	2	1	437
2.8	Amortization Charges	12	22	6	6	1	2	5	2	0	57
2.9	Other Administrative Expense	1,333	638	242	205	13	35	17	9	8	2,500
2.10	Non-Operating Expense		-		4	-		-		2	6
	Total Expenses	5,292	3,134	858	729	65	96	71	35	23	10,304
3.0 Operating Profit		1,140	748	112	(76)	3	12	(39)	2	3	1,906
4.0	Interest and Fee Expense on Borrowings(Finance	443	316	93	- 42	1	8	0	-	-	821
5.0 Profit/(Loss) before tax		697	432	19	(117)	2	4	(39)	2	3	1,002
6.0	Current Tax	251	133	2	-	-	-	-	(1)	-	383
6.1	Deferred Tax	(11)	-		- 20	1	0	5		1	24
7.0 Net Profit (After Taxes and Before Donations)		456	299	21	(97)	3	4	(34)	1	2	655
8.0	Donations for Operating Expense	18	-			-				-	18
9.0 Net Profit After Taxes		474	299	21	(97)	3	4	(34)	1	2	674
9.1	Other Comprehensive Income										-
9.2	Surplus on revaluation of building	-	145		-	-	-	-		-	145
9.3	Deferred tax on revaluation surplus	-	- 44		-	-	-	-		-	44
	Total comprehensive income	474	401	21	(97)	3	4	(34)	1	2	775

Central Bank of Kenya

										Appendix XII	
	MICROFINANCE BANKS OTHER DISCLOSURES-DECEMBER 2014										
		KWFT	FAULU	RAFIKI	SMEP	REMU	SUMAC	CENTURY	UWEZO	U & I	TOTAL
1	NON-PERFORMING LOANS AND ADVANCE	Ksh.M	Ksh.M	Ksh.M	Ksh.M	Ksh.M	Ksh.M	Ksh.M	Ksh.M	Ksh.M	Ksh.M
(a)	Gross Non-Performing Loans and Advances	1,032	606	307	251	46	46	20	32	7	2,348
	Less:										
(b)	Interest in Suspense	81	108	2	21	12	-	5	5	1	234
(c)	Total Non-Performing Loans and Advances	951	498	306	230	35	46	15	27	6	2,114
	Less:	-									-
(d)	Impairment Loss Allowance	300	155	74	257	6	17	12	7	3	831
(e)	Net Non-Performing Loans (c-d)	651	344	231	-27	28	29	3	21	2	1282
2	INSIDER LOANS AND ADVANCES										
(a)	Directors, Shareholders and Associates	214	-	9	34	17	11	-	-	12	297
(b)	Employees	550	263	5	79	1	1	3	4	4	910
(c)	Total Insider Loans, Advances and Other	764	263	14	113	18	12	3	4	15	1,206
3	OFF-BALANCE SHEET ITEMS										-
(a)	Guarantees and Commitments	-	22	375	-	-	-	-	-		397
(b)	Other Contingent Liabilities	51	600	-	-	-	-	-	-		651
(c)	Total Contigent Liabilities	51	622	375	0	0	-	0	0	0	1,047
4	CAPITAL STRENGTH										-
(a)	Core Capital	4,362	3,240	943	430	204	185	76	78	83	9,601
(b)	Minimum Statutory Capital	60	60	60	60	60	60	60	20	20	460
(c)	Excess/(Deficiency) (a-b)	4302	3180	883	370	144	125	16	58	63	9,141
(d)	Supplementary Capital	874	245	151	22	2	-	-	-	-	1,294
(e)	Total Capital (a+d)	5236	3486	1093	452	206	185	76	78	83	10,895
(f)	Total Risk Weighted Assets	21,079	15,527	4,591	1,440	259	365	202	148	57	43,668
(g)	Core Capital/ Total Deposit Liabilities	25%	23%	33%	32%	113%	145%	56%	122%	158%	27%
(h)	Minimum Statutory Ratio	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
(i)	Excess/(Deficiency) (g-h)	17%	15%	25%	24%	105%	137%	48%	114%	150%	19%
(j)	Core Capital/ Total Risk Weighted Assets	21%	21%	21%	30%	79%	51%	38.4%	53%	145%	22%
(k)	Minimum Statutory Ratio	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
(l)	Excess/(Deficiency) (j-k)	11%	11%	11%	20%	69%	41%	28%	43%	135%	12%
(m)	Total Capital/ Total Risk Weighted Assets	25%	23%	24%	31%	79%	51%	38.4%	53%	145%	25%
(n)	Minimum Statutory Ratio	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%
(O)	Excess/(Deficiency) (m-n)	13%	11%	12%	19%	67%	39%	26%	41%	133%	13%
5	LIQUIDITY										
(a)	Liquidity Ratio	24%	24%	35%	29%	81%	27%	26.1%	15%	57%	25%
(b)	Minimum Statutory Ratio	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
(c)	Excess/(Deficiency) (a-b)	4%	4%	15%	9%	61%	7%	6%	-5%	37%	5%
	Source: MFBs Published Financial Statements										

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Appendix XIII

RESIDENTIAL MORTGAGES MARKET DEVELOPMENT SURVEY - DECEMBER 2014									
Institution	Dec-13				Dec-14				
	Mortgage Outstanding (Ksh. M)	No. of Mortgages Accounts	Value of NPLs Mortgage (Ksh. M)	No. of NPLs Accounts	Mortgage Outstanding (Ksh. M)	No. of Mortgages Accounts	Value of NPLs Mortgage (Ksh. M)	No. of NPLs Accounts	
1 Housing Finance Company Ltd	35,279.00	5,402.00	3,209.00	594.00	45,278.00	5,840.00	4,149.00	558.00	
2 Kenya Commercial Bank Ltd	34,030.00	5,343.00	2,468.00	291.00	41,327.00	5,914.00	2,521.00	300.00	
3 Standard Chartered Bank Ltd	10,098.96	1,385.00	67.06	16.00	13,092.64	1,652.00	142.68	25.00	
4 CFC Stanbic Ltd	11,621.05	1,441.00	147.28	36.00	13,039.80	1,678.00	362.48	13.00	
5 Equity Bank Ltd	5,277.00	1,091.00	205.00	37.00	6,375.00	1,351.00	162.00	33.00	
6 Cooperative Bank of Kenya Ltd	5,911.00	439.00	479.00	50.00	5,694.00	483.00	837.00	75.00	
7 Barclays Bank of Kenya Ltd	4,640.30	1,064.00	56.70	13.00	4,922.00	933.00	66.00	14.00	
8 Commercial Bank of Africa Ltd	2,889.31	352.00	64.43	11.00	3,929.00	438.00	126.00	84.00	
9 Development Bank Ltd	2,710.78	529.00	188.01	56.00	3,314.80	634.00	499.70	80.00	
10 I&M Bank Ltd	2,743.00	320.00	12.00	3.00	3,293.00	407.00	32.00	8.00	
11 Chase Bank Ltd	1,947.39	156.00	104.34	15.00	3,268.70	176.00	373.30	53.00	
12 Consolidated Bank Ltd	3,686.00	523.00	340.00	36.00	3,201.80	299.00	776.05	37.00	
13 Family Bank Ltd	392.66	71.00	-	-	2,899.12	399.00	38.28	5.00	
14 National Bank of Kenya Ltd	5,149.60	214.00	567.50	44.00	2,311.30	404.00	179.30	70.00	
15 Bank of Africa Ltd	1,735.00	113.00	44.00	5.00	1,901.00	116.00	26.90	3.00	
16 NIC Bank Ltd	1,618.00	178.00	22.00	2.00	1,621.00	188.00	32.00	7.00	
17 Jamii Bora Bank Ltd	626.00	309.00	15.00	1.00	1,052.00	277.00	57.00	44.00	
18 Fidelity Bank Ltd	117.33	19.00	25.87	4.00	1,052.00	70.00	46.00	7.00	
19 African Banking Corporation Ltd	2,075.00	137.00	42.00	8.00	904.00	86.00	68.80	10.00	
20 Gulf African Bank Ltd	1,196.68	178.00	36.04	4.00	885.84	109.00	30.86	3.00	
21 Ecobank Ltd	1,393.00	254.00	311.00	42.00	701.00	170.00	65.00	30.00	
22 Trans-National Bank Ltd	98.02	18.00	2.97	3.00	619.00	26.00	-	-	
23 Imperial Bank Ltd	459.00	52.00	39.00	4.00	605.73	67.00	157.45	4.00	
24 Diamond Trust Bank of Kenya Ltd	442.40	47.00	-	-	574.99	60.00	4.17	1.00	
25 Prime Bank Ltd	473.00	36.00	-	-	517.00	33.00	-	-	
26 Bank of Baroda Ltd	394.00	54.00	1.97	3.00	468.45	57.00	1.87	3.00	
27 Guardian Bank Ltd	257.10	19.00	-	-	389.00	30.00	-	-	
28 Giro Comercial Bank Ltd	393.48	41.00	2.47	2.00	209.96	29.00	-	-	
29 Paramount Universal Bank Ltd	55.99	18.00	-	-	190.36	26.00	25.75	1.00	
30 Bank of India	91.00	21.00	-	-	174.34	17.00	-	-	
31 First Community Bank Ltd	129.19	30.00	-	-	101.43	27.00	14.90	6.00	
32 Equatorial Commercial Bank Ltd	144.70	14.00	-	-	46.24	7.00	-	-	
33 Middle East Bank Ltd	13.90	2.00	-	-	28.00	3.00	-	-	
34 Victoria Commercial Bank Ltd	9.00	2.00	-	-	5.41	1.00	-	-	
35 Oriental Commercial Bank Ltd	9.31	5.00	-	-	4.70	3.00	-	-	
36 Dubai Bank Ltd	3.40	2.00	-	-	3.40	2.00	-	-	
37 Charterhouse Bank Ltd	-	-	-	-	-	-	-	-	
38 Citibank N.A.	-	-	-	-	-	-	-	-	
39 Credit Bank Ltd	-	-	-	-	-	-	-	-	
40 Guaranty Trust Bank Ltd	-	-	-	-	-	-	-	-	
41 Habib Bank A.G. Zurich	-	-	-	-	-	-	-	-	
42 Habib Bank Ltd	-	-	-	-	-	-	-	-	
43 K-Rep Bank Ltd	-	-	-	-	-	-	-	-	
44 UBA Bank of Kenya Ltd	-	-	-	-	6.28	1.00	-	-	
Total	138,111	19,879	8,451	1,280	164,007	22,013	10,795	1,474	
Source: Commercial Banks									

Appendix XIV			
Banking Circulars Issued in 2014			
Circular No.	Date	Title	Purpose
1	18 th February 2014	Rollout of Full File Credit Information Sharing	To facilitate sharing of full file credit information and to incorporate microfinance banks into the credit information sharing mechanisms
2	1 st April 2014	Implementation of the UN Security Council Regulations on Central African Republic	To apprise institutions on the Resolutions pertaining to the civil strife in Central African Republic
3	9 th June 2014	Opening of EAPS Rwandese Francs Accounts	To request all commercial banks to open Rwandese Francs clearing accounts in the Central Bank of Kenya to support the East African Payment System (EAPS)
4	9 th July 2014	Operationalization of Kenya Banks' Reference Rate (KBRR)	To facilitate the introduction of a transparent credit pricing framework through implementation of the KBRR
5	1 st September 2014	Implementation of the UN Security Council Resolutions on Central African Republic	To apprise institutions of an additional update made to the UN Security Council Resolution regarding Central African Republic
6	24 th October 2014	Integration of the National Bank of Rwanda into the East African Payment System (EAPS)	To encourage commercial banks to promote East African Payment Systems' (EAPS) usage by members of the public enhancing safety and security of regional payments systems

Appendix XV

A Summary of Signed MOUs

No.	Memorandum of Understanding (MOU)	Date of Signing
1.	Multilateral MOU by the Central Banks of the East African Community member states (Bank of the Republic of Burundi (BRB), Central Bank of Kenya (CBK), National Bank of Rwanda (NBR), Bank of Uganda (BOU) and Bank of Tanzania (BOT)	28.01.2009
2.	Multilateral MOU by the Domestic Financial Sector Regulators (Capital Markets Authority, Central Bank of Kenya (CBK), Insurance Regulatory Authority (IRA) and Retirement Benefit Authority (RBA) and Sacco Societies Regulatory Authority (SASRA)	31.08.2009 Amended on 28.08.2013
3.	Bilateral MOU between South Africa Reserve Bank (SARB) and Central Bank of Kenya (CBK)	01.07.2010
4.	Bilateral MOU between Central Bank of Nigeria (CBN) and Central Bank of Kenya (CBK)	23.06.2011
5.	Bilateral MOU between Bank of Mauritius (BoM) and Central Bank of Kenya (CBK)	08.08.2011
6.	Bilateral MOU on Technical Cooperation between the Bank of South Sudan and Central Bank of Kenya	19.12.2012
7.	Bilateral MOU between Reserve Bank of Malawi (RBM) and Central Bank of Kenya (CBK)	23.04.2013
8.	Bilateral MOU between Reserve Bank of Zimbabwe (RBZ) and Central Bank of Kenya (CBK)	15.05.2013
9.	Bilateral MOU between Bank of Zambia (BoZ) and Central Bank of Kenya (CBK)	12.06.2013
10.	Bilateral MOU between the Financial Reporting Centre and Central Bank of Kenya (CBK)	30.09.2013
11.	Bilateral MOU between the Reserve Bank of India and Central Bank of Kenya (CBK)	16.10.2014

Appendix XVI:				
BANKS BRANCH NETWORK BY COUNTY- DECEMBER 2014				
		2013	2014	Increase/Decrease
1	Baringo	8	8	0
2	Bomet	8	9	1
3	Bungoma	18	20	2
4	Busia	11	12	1
5	Elgeyo/Marakwet	3	4	1
6	Embu	10	11	1
7	Garissa	7	7	0
8	Homa Bay	11	11	0
9	Isiolo	6	6	0
10	Kajiado	38	42	4
11	Kakamega	17	17	0
12	Kericho	14	16	2
13	Kiambu	70	75	5
14	Kilifi	31	35	4
15	Kirinyaga	14	15	1
16	Kisii	24	24	0
17	Kisumu	40	41	1
18	Kitui	14	14	0
19	Kwale	12	13	1
20	Laikipia	13	14	1
21	Lamu	8	8	0
22	Machakos	18	22	4
23	Makueni	11	12	1
24	Mandera	2	2	0
25	Marsabit	5	6	1
26	Meru	40	40	0
27	Migori	10	11	1
28	Mombasa	118	127	9
29	Murang'a	21	21	0
30	Nairobi City	530	570	40
31	Nakuru	58	60	2
32	Nandi	11	12	1
33	Narok	10	12	2
34	Nyamira	4	5	1
35	Nyandarua	8	10	2
36	Nyeri	26	28	2
37	Samburu	2	2	0
38	Siaya	6	6	0
39	Taita/Taveta	10	10	0
40	Tana River	3	3	0
41	Tharaka-Nithi	3	3	0
42	Trans Nzoia	12	16	4
43	Turkana	3	5	2
44	Uasin Gishu	39	43	4
45	Vihiga	6	6	0
46	Wajir	6	6	0
47	West Pokot	3	3	0
	TOTAL	1,342	1,443	101

DIRECTORY OF COMMERCIAL BANKS AND NON-BANK FINANCIAL INSTITUTIONS

A: COMMERCIAL BANKS

1	<p>African Banking Corporation Limited Group Managing Director: Mr. Shamaz Savani Postal Address: P.O Box 46452-00100, Nairobi Telephone: +254-20- 4263000, 4447352, 4442382, 4443482, 44447358, 22251540/1, 0722207386, 0735611223, 0719015000, Fax: +254-20-4447354 Email: headoffice@abcthebank.com; talk2us@abcthebank.com Website: http://www.abcthebank.com Physical Address: ABC Bank House, Mezzanine Floor, Koinange Street. Date Licensed: 08-12-1994 Peer Group: Small Branches: 11</p>
2	<p>Bank of Africa Kenya Limited Ag. Managing Director : Mr. Annis Kaddouri Postal Address: P. O. Box 69562-00400 Nairobi Telephone: +254-20- 3275000, 3275200, 0703058000 Fax: +254-20-2211477 Email: headoffice@boakenya.com Website: www.boakenya.com Physical Address: Re-Insurance Plaza, Ground Floor - Taifa Road. Date Licenced: July 2004 Peer Group: Medium Branches: 34</p>
3	<p>Bank of Baroda (K) Limited Managing Director: Mr. Yatish Chander Tewari Postal Address: P. O Box 30033 – 00100 Nairobi Telephone: +254-20-2248402/12, 2226416, 2220575, 2227869, 2248402/12, 2226416, 310439 Fax: +254-3310439 Email: ho.kenya@bankofbaroda.com, Kenya@bankofbaroda.com Website: www.bankofbaroda.kenya.com Physical Address: Baroda House, Koinange Street Date Licenced: 01-07-1953 Peer Group: Medium Branches: 12</p>

4	<p>Bank of India Chief Executive Officer: Mr. Raj Kamal Verma Postal Address: P. O. Box 30246 - 00100 Nairobi Telephone: +254-20-2221414 /5 /6 /7, 0720606707, 0734636737 Fax: +254-20-2221417 Email: cekenya@boikenya.com Website: www.bankofindia.com Physical Address: Bank of India Building. Kenyatta Avenue. Date Licenced: 05-06-1953 Peer Group: Medium Branches: 5 – In the process-2</p>
5	<p>Barclays Bank of Kenya Limited Managing Director: Mr. Jeremy Awori Postal Address: P. O. Box 30120 – 00100, Nairobi Telephone: +254-20-4254000, 4254601 Fax: +254-20-2213915 Email: barclays.kenya@barclays.com Website: www. barclayskenya.co.ke Physical Address: Barclays Westend, Waiyaki Way, Westlands. Date Licenced: 1916 Peer Group: Large Branches: 106 , Sales Centre – 1</p>
6	<p>CfC Stanbic Bank Limited Managing Director: Mr. Philip Odera Postal Address: P. O. Box 72833 - 00200 Nairobi Telephone: +254-20-3638000 /11 /17 /18 /20 /21, 3268000, 3269000, 0711-0688000 Fax: +254-20-3752901/7 Email: cfcstanbic@stanbic.com Website: http://www.cfcstanbicbank.co.ke Physical Address: CFC Centre, Chiromo Road, Westlands Date Licensed: 01-06-2008 Peer Group: Medium Branches: 28, Staff Office- 1</p>

7	<p>Charterhouse Bank Limited UNDER - STATUTORY MANAGEMENT Postal Address: P. O. Box 43252 -00100 Nairobi Telephone: +254-20-2242246 /47 /48/ 49 Fax: +254-20-2219058, 2223060, 2242248 Email: info@charterhouse-bank.com Website: Physical Address: Longonot Place. 6th Floor, Kijabe Street. Date Licensed: 01-08-1998 Peer Group: Small Branches: 10</p>
8	<p>Chase Bank (K) Limited Managing Director: Mr. Paul Njaga Postal Address: P. O. Box 66015-00800 Nairobi Telephone: +254-20- 2774000, 0732174100,0703074000, 0736-432025, 0703074101. Fax: +254-20-4454816/4454800-10 Email: info@chasebank.co.ke, atyourservice@chasebank.co.ke Website: http://www.chasebankkenya.co.ke Physical Address: Riverside Mews. Riverside Drive. Date Licenced: 01-04-1991 Peer Group: Medium Branches: 39; Mini-Branches 2, Proposed Branches 9</p>
9	<p>Citibank N.A Kenya Chief Executive Officer: Ms. Joyce-Anne Wainaina Postal Address: P. O. Box 30711 - 00100 Nairobi Telephone: +254-20- 2754000. 2711221 Fax: +254-20-2714810/1 Email: Kenya.citiservice@citi.com Website: http://www.citibank.co.ke Physical Address: Citibank House, Upper Hill Road, Upper Hill Date Licenced: 01-07-1974 Peer Group: Medium Branches: 3; Agency 1</p>

10	<p>Commercial Bank of Africa Limited Chief Executive Officer: Mr. Jeremy Ngunze Postal Address: P. O. Box 30437 – 00100, Nairobi Telephone: +254-20-2884000, 2884444, 0711056000, 0732156000, 0734600234, 0732156444 Fax: +254-20-2734599 Email: iqueries@cbagroup.com, contact@cbagroup.com Website: www.cbagroup.com Physical Address: CBA Building. Mara / Ragati Road. Upper Hill Date Licenced: 01-01-1967 Peer Group: Medium Branches: 27- Agencies 5</p>
11	<p>Consolidated Bank of Kenya Limited Chief Executive Officer: Mr. Thomas Kipkemei Kiyai Postal Address: P. O. Box 51133 - 00200, Nairobi Telephone: +254-20-340208/340836, 340551, 340298, 340747,340298,211950, 0703016000 Fax: +254-20-340836 Email: headoffice@consolidated-bank.com Website: www.consolidated-bank.com Physical Address: Consolidated Bank House, 6th Floor, Koinange Street. Date Licenced: 18-12-1989 Peer Group: Small Branches: 18 Agency 16</p>
12	<p>Co-operative Bank of Kenya Limited Managing Director: Dr. Gideon M. Muriuki Postal Address: P. O. Box 48231 - 00100 Nairobi Telephone: +254-20-3276000, 2776000, 0711049000, 0732106000 Fax: +254-20-2245506 Email: customerservice@co-opbank.co.ke Website: www.co-opbank.co.ke Physical Address: Co-operative House, 4th Floor Annex , Haile Selassie Avenue. Date Licenced: 01-07-1968 Peer Group: Large Branches: 141; Money Gram Centre 1</p>

13	<p>Credit Bank Limited Chief Executive Officer: Mr. Phares Chege Thumbi Postal Address: P. O. Box 61064-00200 Nairobi Telephone: +254-20-2222300/2220789/2222317,2283000, 0728607701, 0738222300 Fax: +254-20-2216700 Email: info@creditbankltd.co.ke Website: www.creditbank.co.ke Physical Address: Mercantile House, Ground Floor, Koinange Street Date Licenced: 30-11-1994 Peer Group: Small Branches: 15</p>
14	<p>Development Bank of Kenya Limited Chief Executive Officer: Mr. Victor Kidiwa Postal Address: P. O. Box 30483 - 00100, Nairobi Telephone: +254-20-3340401 /2 /3, 3340416, 2251082, 3340198,3340478, 3317449,3344184,2250143, 3317449, 3340416 0724253980/1, 0735046336 Fax: +254-20-2250399 Email: dbk@devbank.com Website: www.devbank.com Physical Address: Finance House.16th Floor. Loita Street. Date Licenced: 20-09-1996 Peer Group: Small Branches: 3</p>
15	<p>Diamond Trust Bank Kenya Limited Managing Director: Mrs. Nasim M. Devji Postal Address: P. O. Box 61711 – 00200, Nairobi Telephone: +254-20-2849000, 0732121000, 0719031000, 0732121000, 0719031000 Fax: +254-20-2245495 Email: info@dtbafrica.com Website: http://www.dtbafrica.com Physical Address: Nation Centre. 8th Floor, Kimathi Street. Date Licenced: 15-11-1994 Peer Group: Medium Branches: 51</p>

16	<p>Dubai Bank Kenya Limited Ag. Finance Manager: Adam Ali Postal Address: P. O. Box 11129 – 00400, Nairobi Telephone: +254-20-3311109/14/23/24/32, 0720777776, 0733999903 Fax: +254-20-2245242 Email: info@dubaibank.co.ke Website: www.dubaibank.co.ke Physical Address: I.C.E.A. Building. Ground Floor. Kenyatta Avenue. Date Licenced: April 2000 Peer Group: Small Branches: 5</p>
17	<p>Ecobank Kenya Limited Managing Director: Mr. Ehouman Kassi Postal Address: P. O Box 49584- 00100 Nairobi Telephone: +254-20-2883000, 4968000, 0719098000 Fax: +254-20-2883304, 2883815 Email: info@ecobank.com Website: www.ecobank.com Physical Address: Ecobank Towers, Muindi Mbingu Street. Date Licenced: 16-06-2008 Peer Group: Medium Branches: 31</p>
18	<p>Equatorial Commercial Bank Limited Ag. Managing Director: Ms. Shamira Dostmohamed Postal Address: P. O. Box 52467-00200 Nairobi Telephone: +254-20- 4981000, 0713600724, 0733333780 Fax: +254-20-2719625, 0703047000, 070304777 Email: ecbcustomerservice@ecb.co.ke Website: www.equatorialbank.co.ke Physical Address: Equatorial Fidelity Centre. Waiyaki way -Westlands. Date Licenced: 23-06-1995 Peer Group: Small Branches: 13</p>

19	<p>Equity Bank Limited Managing Director & C.E.O: Dr. James N. Mwangi Postal Address: P. O. Box 75104-00200, Nairobi Telephone: +254-20- +254 20 2262000/2262956 /2262828, 0763026000, 07633026956, 0763026828 Fax: +254-020-2737276 Email: info@equitybank.co.ke Website: www.equitybankgroup.com Physical Address: Equity Centre,9th Floor. - Hospital Road- Upper Hill Date Licenced: 28-12-2004 Peer Group: Large Branches: 154, Sub-Branch-9, Supreme-3</p>
20	<p>Family Bank Limited Managing Director: Mr. Peter Maina Munyiri Postal Address: P. O. Box 74145-00200 Nairobi Telephone: +254-020- 3252000, 3318940/2/7, 2244166, 2240601, 0733332300, 0728120444/555 Fax: +254-020- 318174 Email: info@familybank.co.ke, customerservice@familybank.co.ke Website: www.familybank.co.ke Physical Address: Family Bank Towers. 6th Floor, Muindi Mbingu Street Date Licenced: 01-05-2007 Peer Group: Medium Branches: 78, Proposed-3</p>
21	<p>Fidelity Commercial Bank Limited Managing Director: Mr. Rana Sengupta Postal Address: P. O. Box 34886-00100 Nairobi Telephone: +254-20-2242348, 2244187, 2245369, 2220845, 2243461, 2248842, 3315917, 2240766, 0722372531, 0733911835 Fax: +254-20-2243389/2245370 Email: customerservice@fidelitybank.co.ke Website: www.fidelitybank.co.ke Physical Address: I.P.S Building. 7th Floor, Kimathi Street. Date Licenced: 07-03-1996 Peer Group: Small Branches: 13, Approved new Branch 1</p>

22	<p>Guaranty Trust Bank (K) Ltd (Formerly-Fina Bank Limited)</p> <p>Managing Director: Ms. Ibukunoluwa Odegbaiké</p> <p>Postal Address: P. O. Box 20613 – 00200, Nairobi</p> <p>Telephone: +254-20-3284000, 0703084000</p> <p>Fax: +254-20-342024</p> <p>Email: banking@gtbank.com</p> <p>Website: www.gtbank.com</p> <p>Physical Address: Fina House. Kimathi Street.</p> <p>Date Licenced: -13-01-1995</p> <p>Peer Group: Medium</p> <p>Branches: 15</p>
23	<p>First Community Bank Limited</p> <p>General Manager: Mr. Omar Sheikh</p> <p>Postal Address: P. O. Box 26219-00100., Nairobi</p> <p>Telephone: +254-20-2843000 -3, 07202843000, 0738-407521,</p> <p>Fax: +254-20-344101</p> <p>Email: info@fcb.co.ke</p> <p>Website: www.firstcommunitybank.co.ke</p> <p>Physical Address: Prudential Assurance Building, 1st Floor, Wabera Street</p> <p>Date Licenced: 29-04-2008</p> <p>Peer Group: Small</p> <p>Branches: 18</p>
24	<p>Giro Commercial Bank Limited</p> <p>Chief Executive Officer: Mr. Sanjay Gidoomal</p> <p>Postal Address: P. O. Box 13400-00800, Nairobi</p> <p>Telephone: +254-20-4229000, 0722823684, 0722823684, 0788999044</p> <p>Fax: +254-20-229300</p> <p>Email: girobank@girobankltd.com</p> <p>Website:</p> <p>Physical Address: Eldama Park- Eldama Ravine Road-Off Peponi Road - Westlands</p> <p>Date Licenced: 17-12-1992</p> <p>Peer Group: Small</p> <p>Branches: 7</p>

25	<p>Guardian Bank Limited Managing Director: Mr. Vasant K. Shetty Postal Address: P. O. Box 67681 – 00200, Nairobi Telephone: +254-020-2226771, 2226774, 2226341, 2226483, 0722-282213, 0733-888060 Fax: +254-020 -2216633 Email: biashara@guardian-bank.com, headoffice@guardian-bank.com Website: www.guardian-bank.com Physical Address: Guardian Centre, Biashara Street Date Licenced: 20-12-1995 Peer Group: Small Branches: 11</p>
26	<p>Gulf African Bank Limited Chief Executive Officer: Mr. Abdallah Abdulkhalik Postal Address: P. O. Box 43683 – 00100, Nairobi Telephone: +254-20-2740000, 2718608/9, 2740111, 0711075000 Fax: +254-20-2715655 Email: info@gulfafricanbank.com Website: www.gulfafricanbank.com Physical Address: Gemina Insurance Plaza. Kilimanjaro Avenue, Upper Hill Date Licenced: 01-11-2007 Peer Group: Small Branches: 17</p>
27	<p>Habib Bank A.G Zurich Country Manager: Mr. Mohamed Ali Hussain Postal Address: P. O. Box 30584 - 00100 Nairobi Telephone: +254-20-3341172/76/77, 3340835, 3310694, 0720208259 Fax: +254-20-2217004 /2218699 Email: habibbank@wananchi.com Website: www.habibbank.com Physical Address: Habib House, Koinange Street. Date Licenced: 01-07-1978 Peer Group: Small Branches: 6</p>

28	<p>Habib Bank Limited Country Manager: Mr. Salman Ahmed Khan Malik Postal Address: P. O. Box 43157 – 00100, Nairobi Telephone: +254-20-2226433, 2222786, 2226401/7 Fax: +254-20-2224636, 2214636 Email: hblro@hblafrika.com Website: www.hbl.com Physical Address: Building No.15, Koinange Street. Date Licenced: 02-03-1956 Peer Group: Small Branches : 4</p>
29	<p>Imperial Bank Limited Managing Director: Mr. Abdulmalek Janmohamed Postal Address: P. O. Box 44905 – 00100, Nairobi Telephone: +254-20-2874000, 3343416, 0711-019000, 0732-119000 Fax: +254-20-2719705/2719652, 3342374, 2719498 Email: info@imperialbank.co.ke Website: www.imperialbank.co.ke Physical Address: Imperial Court - Westlands Road - Westlands Date Licenced: 08-12-1994 Peer Group: Medium Branches: 26</p>
30	<p>I & M Bank Limited Chief Executive Officer: Mr. Arun S. Mathur Postal Address: P.O. Box 30238 – 00100, Nairobi Telephone: +254-20-3221000, 3271375/27, 0719088000, 0753221000 Fax: +254-20-2711994 Email: invest@imbank.co.ke Website: http://www.imbank.com Physical Address: I & M Bank House, 2nd Ngong Avenue. Off Ngong Road Date Licenced: 27-03-1996 Peer Group: Medium Branches: 31</p>

31	<p>Jamii Bora Bank Limited Chief Executive Officer: Mr. Samuel Kimani Postal Address: P. O. Box 22741 – 00400, Nairobi Telephone: +254-20- 2224238/9, 2214976, 2219626, 2210338/9, 0722-201112, 0734600682 Fax: +254-20-341825 Email: info@jamiiborabank.co.ke Website: http://www.jamiiborabank.co.ke Physical Address: Jamii Bora House, Koinange Street. Date Licenced: 02-03-2010 Peer Group: Small Branches: 24</p>
32	<p>Kenya Commercial Bank Limited Chief Executive Officer: Mr. Joshua Oigara Postal Address: P. O. Box 48400 – 00100, Nairobi Telephone: +254-20-3270000, 2851000, 2852000, 0711012000, 0734108200 Fax: +254-20-2242408' 2216405 Email: kcbhq@kcb.co.ke Website: http://www.kcbbankgroup.com Physical Address: Kencom House, 8th Floor, Moi Avenue. Date Licenced: 01-01-1896 Peer Group: Large Branches: 17</p>
33	<p>K-Rep Bank Limited Managing Director: Mr. Titus Karanja Postal Address: P. O. Box 25363 – 00603, Nairobi Telephone: +254-20- 3906000-7, 0711-058000-7, 0732-158000 Fax: +254-20-3568995 Email: registry@k-repbank.com, Website: www.k-repbank.com Physical Address: K-Rep Centre. Wood Avenue, Kilimani Date Licenced: 23-03-1999 Peer Group: Small Branches: 25, Sub-Branches 13</p>

34	<p>Middle East Bank (K) Limited Managing Director: Mr. Dhirandra Rana Postal Address: P. O. Box 47387 - 0100 Nairobi Telephone: +254-20-2723120/24, 2722879, 2723124, 2723130, 0722-205903, 0733-333441, 0731001310, 0717531448 Fax: +254-20-343776 / 2256901 Email: ho@mebkenya.com Website: www.mebkenya.com Physical Address: Mebank Tower - Milimani Road. -Milimani Date Licenced: 15-12-1980 Peer Group: Small Branches: 5</p>
35	<p>National Bank of Kenya Limited Managing Director: Mr. Munir S. Ahmed Postal Address: P. O. Box 72866 - 00200 Nairobi Telephone: +254-20-2828000, 0711-038000, Fax: +254-20-311444/2223044 Email: info@nationalbank.co.ke Website: www.nationalbank.co.ke Physical Address: National Bank Building, 2nd Floor, Harambee Avenue. Date Licenced: 01-01-1968 Peer Group: Medium Branches: 73</p>
36	<p>NIC Bank Limited Group Managing Director: Mr. John Mburu Gachora Postal Address: P. O. Box 44599 - 00100 Nairobi Telephone: +254-20-2888000, 4849000, 0711041000, 0732141000 Fax: +254-20-2888505/13 Email: info@nic-bank.com Website: http://www.nic-bank.com Physical Address: N.I.C House. Masaba Road.- Upper Hill Date Licenced: 28-09-1995 Peer Group: Medium Branches: 29</p>

37	<p>Oriental Commercial Bank Limited Chief Executive Officer: Mr. R. B. Singh Postal Address: P.O BOX 14357-00800, Nairobi Telephone: +254-20-3743278/87, 3743289/98, 0714611466, 0733610410 Fax: +254-20-3743270 Email: info@orientalbank.co.ke Website: www.orientalbank.co.ke Physical Address: Apollo Centre, 2nd Floor, Ring Road-Westlands. Date Licenced: 8/2/1991 Peer Group: Small Branches: 9</p>
38	<p>Paramount Universal Bank Limited Chief Executive Officer: Mr. Ayaz A. Merali Postal Address: P. O. Box 14001 -00800 Nairobi Telephone: +254-20-4449266/7/8, 446106 /7, 4441528, 4441527, 0723564254, 0734258020, 0728-606652, 0735445506 Fax: +254-20-449265 Email: info@paramountbank.co.ke Website: www.paramountbank.co.ke Physical Address: Sound Plaza Building. 4th Floor. Woodvale Grove. Westlands Date Licenced: 05-07-1995 Peer Group: Small Branches: 7</p>
39	<p>Prime Bank Limited Chief Executive Officer: Mr. Bharat Jani Postal Address: P. O. Box 43825 – 00100, Nairobi Telephone: +254-20-4203000 /116 /148, 4450810, 0722205491 Fax: +254-20-4451247 Email: headoffice@primebank.co.ke Website: www.primebank.co.ke Physical Address: Prime Bank Building, Chiromo Lane/Riverside Drive.-Junction, Westlands Date Licenced: 03-09-1992 Peer Group: Medium Branches: 18</p>

40	<p>Standard Chartered Bank Kenya Limited Chief Executive Officer: Mr. Lamin Kemba Manjang Postal Address: P. O. Box 30003 - 00100 Nairobi Telephone: +254-20-3293000, 3293900, 3291000, 3294000, 0719081000, 0732104000, 0703093000 Fax: +254-20-3747880 Email: Talk-Us@sc.com Website: www.standardchartered.com Physical Address: Standard Chartered Building-Westlands Road- Chiromo Lane.- Westlands Date Licenced: 10-01-1910 Peer Group: Large Branches: 37, Agencies 2, Sales & Service Centre 1</p>
41	<p>Trans-National Bank Limited Chief Executive Officer: Mr. Sammy Langat Postal Address: P. O. Box 75840-00200 Nairobi Telephone: +254-20-2252216/19, 2224235/6, 2252188/90/91, 0720-081772, 0733-505656 Fax: +254-20-2252225 Email: info@tnbl.co.ke Website: www.tnbl.co.ke Physical Address: Transnational Plaza, City Hall Way. Date Licenced: 08-01-1985 Peer Group: Small Branches: 19, Agencies 12</p>
42	<p>UBA Kenya Bank Limited Managing Director: Mr. Isaac Mwige Postal Address: P. O. Box 34154 - 00100 Nairobi Telephone: +254-020- 3612000/1/2, Fax: +: +254-020-3612049, 0726-926367, 0735-500196/180/175 Email: ubakenya@ubagroup.com Website: www.ubagroup.com Physical Address: Apollo Centre, 1st Floor, Ring Road / Vale Close, Westlands Date Licenced: 25-09-2009 Peer Group: Small Branches: 4</p>

43	<p>Victoria Commercial Bank Limited</p> <p>Managing Director: Mr. Yogesh K Pattni</p> <p>Postal Address: P. O. Box 41114 - 00100 Nairobi</p> <p>Telephone: +254-20-2719499, 2719815, 2710271, 2716108, 2719814.2713208, 2716196, 0721328183</p> <p>Fax: +254-20-2713778/2715857</p> <p>Email: victoria@vicbank.com</p> <p>Website: www.victoriabank.co.ke</p> <p>Physical Address: Victoria Towers, Mezzanine Floor, Kilimanjaro Avenue. Upper Hill</p> <p>Date Licenced: 11-01-1996</p> <p>Peer Group: Small</p> <p>Branches: 3</p>
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B: NON-BANKING FINANCIAL INSTITUTIONS (NBFIs)

44	<p>Housing Finance Company of Kenya Limited</p> <p>Managing Director: Mr. Frank M. Ireri</p> <p>Postal Address: P. O. Box 30088 -00100 Nairobi</p> <p>Telephone: +254-20- 3262000, 317474, 2221101, 0722201174, 0722201175, 0733617682/3</p> <p>Fax: +254-20-340299/2250858</p> <p>Email: housing@housing.co.ke</p> <p>Website: www.housing.co.ke</p> <p>Physical Address: Rehani House. 2nd Floor, Kenyatta Avenue. / Koinange Street - Junction.</p> <p>Date Licenced: 07-05-1965</p> <p>Peer Group: Medium</p> <p>Branches: 18 Agency 1</p>
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C: KENYA BANKERS ASSOCIATION

Chief Executive Officer: Mr. Habil Olaka

Postal Address: P. O. Box 73100-00200 Nairobi

Telephone: +254-20-2221704, 2217757, 2224014, 2224015, 0733812770, 0711562910

Fax: +254-20-2221792

Email: ceo@kba.co.ke

Website: www.kba.co.ke

Physical Address: International House, 13th Floor, Mama Ngina Street.

Appendix XVIII

DIRECTORY OF REPRESENTATIVE OFFICES OF FOREIGN INSTITUTIONS

1	<p>HDFC Bank Limited Representative Office Chief Representative Officer: Mr. Kapil Gusani Address: P.O. Box 14235-00800 – Nairobi, Kenya Telephone No.: +254-20 - 3601732; Mobile No.: +254-713- 597593/738- 905141; Fax: +254-20-3601100 E-mail: Jasmeet.Singh@hdfcbank.com Physical Address: Prosperity House, Westlands Road-Off Museum Hill, Westlands Date Authorised: 26th June 2008</p>
2	<p>Nedbank Limited Eastern Africa Representative Office Chief Representative Officer: Mr. Jaap van Luijk Address: P.O Box 1063 – 00502, Nairobi, Kenya Telephone: +254-20-8045102 Email: contact@nedbankea.com Physical Address: The Exchange Building, 3rd Floor, 55 Westlands Road, Nairobi Date Authorised: 18th June 2010</p>
3	<p>FirstRand Bank Limited Representative Office Chief Representative Officer: Mrs. Alfetta Koome Mungai Address: P.O. Box 35909, 00200 – Nairobi, Kenya Telephone No.: +254 20 233 7927/2337931 Email: Alfetta.Koome@rmb.co.za Fax No.: +254-20-2337931 Physical Address: Geminia Plaza, 3rd Floor, Kilimanjaro Avenue, Upper Hill, Nairobi Date Authorised: 29th November 2011</p>

4	<p>Bank of China Limited</p> <p>Representative Office</p> <p>Chief Representative Officer: Mr. Qi Wang</p> <p>Address: P.O. Box 21357 - 00505 – Nairobi, Kenya</p> <p>Telephone No.: +254 - 20 – 3862811, 20 - 3862811/2</p> <p>Mobile: +254 - 788808600</p> <p>Email: wangq@bankofchina.com</p> <p>Physical Address: Unit 1, 5th Floor, Wing B, Morningside Office Park, Ngong Road, Nairobi</p> <p>Date Authorised: 29th June 2012</p>
5	<p>Bank of Kigali Limited</p> <p>Representative Office</p> <p>Chief Representative Officer: Mr. Patrick Masumbuko</p> <p>Address: P.O. Box 73279-00200 GPO– Nairobi, Kenya</p> <p>Telephone No.: +254(0) 701630588</p> <p>Email: pmasumbuko@bk.rw</p> <p>Physical Address: Ground Floor, Capitol Hill Square, Off Chyulu Road, Upper Hill, Nairobi</p> <p>Date Authorised: 12th February 2013</p>
6	<p>Central Bank of India</p> <p>Representative Office</p> <p>Chief Representative Officer: Mr. S.S. Rao</p> <p>Address: P.O. Box 14077-00800 Nairobi, Kenya</p> <p>Telephone No.: +254 20 4270000, 20 4270000, 0732144000</p> <p>Mobile: +254 (0)732283722</p> <p>Email: cronairobi@centralbank.co.in</p> <p>Physical Address: Suite No. 5A, MMID Studios, Westlands Road, Westlands-Nairobi</p> <p>Date Authorised: 12th February 2013</p>
7	<p>Rabobank Nederland</p> <p>Kenya Representative Office</p> <p>Chief Representative Officer: Mr. Ritesh Shah</p> <p>Address: P.O. Box 1105-00606, Nairobi, Kenya</p> <p>Mobile: +254 (0)737011192</p> <p>Email: Ritesh.Shah@rabobank.com</p> <p>Physical Address: 17th Floor, Delta Corner Tower, Waiyaki Way</p> <p>Date Authorised: 5th June 2014</p>

8	Mauritius Commercial Bank Limited Kenya Representative Office Chief Representative Officer: Mr. Jan Aalt Morren Address: P.O. Box 35699 - 00800 – Nairobi, Kenya Mobile No. : +254 716403709 Telephone No: +254 20 44931000 Email address: jan.morren@mcb.mu Physical Address: Bloom Centre, KMA Centre, Mara Road, Upper Hill Date Authorised: 27 th November 2014

Appendix XIX	
DIRECTORY OF MICROFINANCE BANKS	
1	<p>Century Microfinance Bank Limited Chief Executive Officer: Mrs. Pauline Githugu Postal Address: P. O. Box 38319-00623 Nairobi Telephone: 020-2664282, 6768326, 0722168721, 0756305132 Email: info@century.co.ke Website: www.century.co.ke Physical Address: K.K. Plaza, 1st Floor, New Pumwani Road- Gikomba Date Licensed: 17-09-2012 Branches: 2</p>
2	<p>Faulu Microfinance Bank Limited Managing Director: Mr. Charles Kimani Njuguna Postal Address: P. O. Box 60240 – 00200, Nairobi Telephone: +254-20- 3877290/3/7; 3872183/4; 3867503, 0711 074 074, 0708 111 000 Fax: +254-20-3867504, 3874875 Email: info@faulukeny.com, customercare@faulukeny.com, contact@faulukeny.com Website: www.faulukeny.com Physical Address: Faulu Kenya House, Ngong Lane - Off Ngong Road Date Licenced: 21.05.2009 Branches: 32</p>
3	<p>Kenya Women Microfinance Bank Limited Managing Director: Mr. James Mwangi Githaiga Postal Address: P. O. Box 4179-00506, Nairobi Telephone: +254-20-3067000, 2470272-5/2715334-5, 0729920920, 0732633332, 070 - 3067000 Email: info@kwftdtm.com Website: www.kwftdtm.com Physical Address: Akira House, Kiambere Road, Upper Hill Date Licenced: 31.03.2010 Branches: 29</p>

4	<p>Rafiki Microfinance Bank Limited</p> <p>Chief Executive Officer: Mr. Daniel Mavindu</p> <p>Postal Address: P. O. Box 12755-00400, Nairobi</p> <p>Telephone: +254-020-2166401/0730 170 000/0730 170 500</p> <p>Email: info@rafiki.co.ke</p> <p>Website: www.rafiki.co.ke</p> <p>Physical Address: Rafiki House, Biashara Street</p> <p>Date Licensed: 14-06-2011</p> <p>Branches: 17</p>
5	<p>Remu Microfinance Bank Limited</p> <p>General Manager: Mr. Peter Mugendi Kaguamba</p> <p>Postal Address: P. O. Box 20833-00100 Nairobi</p> <p>Telephone: 2214483/2215384/ 2215387/8/9, 2631070, 2215380, 2215384/5/7/8/9, 0733-554555</p> <p>Email: info@remultd.co.ke</p> <p>Website: www.remultd.co.ke</p> <p>Physical Address: Finance House, 14th Floor, Loita Street</p> <p>Date Licensed: 31.12.2010</p> <p>Branches: 3</p>
6	<p>SMEP Microfinance Bank Limited</p> <p>Ag. Chief Executive Officer: Mr. Symon Kamore</p> <p>Postal Address: P. O. Box 64063-00620 Nairobi</p> <p>Telephone: 020-3572799/2055761, 2673327/8, 0711606900</p> <p>Email: info@smep.co.ke</p> <p>Website: www.smep.co.ke</p> <p>Physical Address: SMEP Building - Kirichwa Road, Off Argwings Kodhek Road</p> <p>Date Licensed: 14.12.2010</p> <p>Branches: 7</p>

7	<p>Sumac Microfinance Bank Limited Managing Director: Mr. Duncan Mwaniki Postal Address: P. O. Box 11687-00100 Nairobi Telephone: 020-2212587, 2210440, 2249047, 0738637245, 0725223499 Fax: -20 2210430 Email: info@sumacmicrofinancebank.co.ke Website: www.sumacmicrofinancebank.co.ke Physical Address: Consolidated Bank House, 2nd Floor, Koinange Street Date Licensed: 29-10-2012 Branches: 3</p>
8	<p>U & I Microfinance Bank Limited Chief Executive Officer: Mr. Simon Mwangi Ngigi Postal Address: 15825-00100 Nairobi Telephone: 020 - 2367288, 0713 112 791 Email: info@uni-microfinance.co.ke Website: www.uni-microfinance.co.ke Physical Address: 1st Floor Asili Complex, River Road Date Licensed: 08-04-2013 Branches: 2</p>
9	<p>UWEZO Microfinance Bank General Manager: Mr. Henry Mutahi Postal Address: 1654-00100 Nairobi Telephone: 2212919, 0703591302 Email: info@uwezodtm.com Website: www.uwezodtm.com Physical Address: Rehani House, 11th floor, Koinange Street Date Licensed: 08.11.2010 Branches: 2</p>

DIRECTORY OF CREDIT REFERENCE BUREAUS

1 Credit Reference Bureau Africa Limited (Trading as TransUnion)

Chief Executive Officer: Mr. Wachira Ndege

Postal Address: P.O. Box 46406, 00100

Telephone: +254-020-3751799/3751360/2/4/5

Fax: +254-020-3751344

Email: info@crbafrica.com

Website: www.crbafrica.com

Physical Address: CRB Centre, Prosperity House, Westlands Road

2 Metropol Credit Reference Bureau Limited

Managing Director: Mr. Sam Omukoko

Postal Address: P.O. Box 35331, 00200

Telephone: +254-020-2713575

Email: info@metropol.co.ke

Website: www.metropolcorporation.com

Physical Address: 1st Floor, Shelter Afrique Centre, Upper Hill

DIRECTORY OF FOREIGN EXCHANGE (FOREX) BUREAUS

	Name of Bureau	Location	E-mail Address & Fax
1	Alpha Forex Bureau Ltd P. O. Box 476 – 00606 Nairobi Tel: 4451435/7	Pamstech House Woodvale Grove Westlands, Nairobi	alphaforexbureau@hotmail.com Fax: 254-2-4451436
2	Arcade Forex Bureau Ltd P. O. Box 21646 – 00505 Nairobi Tel: 3871946/2189121/0721- 810274	Adams Arcade Shopping Centre, Ngong Road, Nai- robi	arcadeforex@yahoo.com Fax: 254-2-571924
3	Aristocrats Forex Bureau Ltd P. O. Box 10884 – 00400 Nairobi Tel: 245247/228080	Kenindia House, Loita Street Nairobi	aristoforex@nbi.ispkenya.com aristocratsforex@gmail.com Fax: 254-2-213794
4	Avenue Forex Bureau Ltd P. O. Box 1755 – 80100 Mombasa	Motor Mart Building, Moi Avenue, Mombasa	avenueforex@gmail.com info@avenueforex.com
5	Bamburi Forex Bureau Ltd P. O. Box 97803 Mombasa Tel: 041-5486950, 0722- 412649/ 0733-466729	City Mall Nakumatt Nyali, Mombasa - Malindi Road	bamburiforex@hotmail.com Fax: 254-41-5486948
6	Bay Forex Bureau (Nairobi) Ltd P. O. Box 42909 – 00100 Nairobi Tel: 2244186/ 2248289/2244188	The Stanley Building Kenyatta Avenue, Nairobi	info@bayforexbureau.com bayforex@swiftkenya.com
7	Boston Forex Bureau Lim- ited P.O. Box 11076-00400 Nairobi Tel: 0205249664/ 0732622429/ 0702022429	Nakumatt Ukay Centre, Westlands, Nairobi	mariosshah_101@hotmail.com

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8	Cashline Forex Bureau Ltd P. O. Box 64672 – 00619 Nairobi Tel: 4452296/97/98	Sound Plaza, Woodvale Groove Road, Westlands, Nairobi	cash@cashlinefx.co.ke Fax: 254-20-4452299
9	CBD Forex Bureau Limited P. O. Box 10964 – 00400 Nairobi Tel: 316123	Clyde House, Kimathi Street, Nairobi	cbdforex@gmail.com Fax: 254-2-318895
10	Central Forex Bureau Ltd P. O. Box 43966 – 00100 Nairobi Tel: 2226777/ 2224729/317217	I. P. S. Building, Ground Floor, Kaunda Street, Nairobi	centralforex@swiftkenya.com Fax: 254-2-249016
11	City Centre Forex Bureau Ltd P. O. Box 40253 – 00100 Nairobi Tel: 2246694/0729-888555	Nginyo Towers, Ground Floor, Koinange Street Nairobi	info@citycentreforex.co.ke Fax No: 254-02-246696
12	Classic Forex Bureau Lim- ited P. O. Box 39166 – 00623 Nairobi Tel: 3862343/4	Prestige Plaza, 1st Floor, Ngong Road, Nairobi	info@classicforex.co.ke Fax No. 3862346
13	Commercial Forex Bureau Limited P. O. Box 47452 – 00100 Nairobi Tel. 020-2210307/8	Vedic House, Mama Ngina Street, Nairobi	info@commercialforex.co.ke
14	Conference Forex Bureau Company Limited P. O. Box 32268 – 00600 Nairobi Tel. 3581293, 020-3586802	KICC, Ground Flour, Ha- rambee Avenue, Nairobi	cfb ltd@akarim.net Fax: 254-2-224126
15	Continental Forex Bureau Ltd P. O. Box 49580 – 00400 Nairobi Tel: 2222140, 3168025	Old Mutual building, ground floor, Kimathi Street, Nairobi	cfbbusiness@yahoo.com Fax: 254 2-216163

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16	Cosmos Forex Bureau Ltd P. O. Box 10284 – 00100 Nairobi Tel: 250582/5	Rehema House, Ground Floor, Standard/Kaunda Street, Nairobi	cosmosforex@yahoo.com Fax: 254-2-250591
17	Crater Forex Bureau Ltd P.O. Box 130 -20100 Nakuru Tel: 051- 2214183, 2216524	Menengai Motors, George Morara Avenue, Nakuru	craterforex@wananchi.com Fax: 254-51-2214183
18	Crossroads Forex Bureau Limited P. O. Box 871 – 00502 Nairobi, Tel: 0729-888444	Crossroads Shopping Centre, Karen, Nairobi	info@crossroadsforex.co.ke
19	Crown Bureau De Change Ltd P. O. Box 22515– 00400 Nairobi Tel: 2250720/1/2	Sai Office, James Gichuru Road, Elmololo Drive, Nairobi	info@crown.co.ke Fax: 254-2-252365
20	Dalmar Exchange Bureau Ltd P. O. Box 16381-00610 Nairobi Tel:+254-20-6761628,6760476 6762301	Olympic Shopping Complex, 2nd Floor, Eastleigh, 1st Avenue, 7th Street, Nairobi	dalmarforex@gmail.com Fax:+254-20-6760470
21	Downtown Cambio Forex Bureau Ltd P. O. Box 42444 – 00100 Nairobi Tel: 608659; 609547/607721	Downtown Building, Wilson Airport, Langata Road, Nairobi	ken@downtownforex.co.ke Fax: 254-2-608354
22	Forex Bureau Afro Ltd P. O. Box 100414 – 00101 Nairobi Tel: 47041/2250676/222950	Jamia Plaza Kigali Street Nairobi	forexafro@gmail.com Fax: 254-2-7250502
23	Gala Forex Bureau Ltd P. O. Box 35021-00100 Nairobi Tel: 020310241 Mobile: 0729750000	20th Century, 1st Floor Mama Ngina/ Kaunda Street, Nairobi	galaforexsbureau@gmail.com Fax: 254 20 310261

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24	Gateway Forex Bureau Ltd P. O. Box 11500 – 00100 Nairobi Tel: 2212955/45/49, 0700-003435	Town House, Kaunda Street, Nairobi	info@gatewayforex.co.ke Fax: 254-20-2212942
25	Giant Forex Bureau de Change Ltd P. O. Box 56947 – 00200 Nairobi Tel: 827970	Unit 1, Jomo Kenyatta International Airport, Nai- robi	giantforex@mitsuminet.com Fax: 254-2-825327
26	Give and Take Forex Bureau Ltd P. O. Box 51463 – 00200 Nairobi Tel: 7120581/3562152	Gigiri, China Garden Nairobi	giventakeforex@wanainchi.com Fax: 254-2-7120046
27	Global Forex Bureau Ltd P. O. Box 47583 – 00100 Nairobi Tel: 6762982	Tasir Complex, 2nd Floor, 1st Ave. East- leigh, Nairobi	globalforex@gmail.com , globalfrx@gmail.com
28	Glory Forex Bureau Ltd P. O. Box 42909 – 00100 Nairobi Tel: 4333/2241164/2243115	Norwich Union House Kimathi Street, Nairobi	gloryforex@yahoo.com . Fax: 254-2-245614
29	GNK Forex Bureau Ltd P. O. Box 14297 – 00100 Nairobi Tel: 891243/891848/892048	The Great Jubilee Shop- ping Centre, Ground Floor, Langata Road, Nai- robi	gnkforex@swiftkenya.com Fax: 254-2-892266
30	Green Exchange Forex Bu- reau Ltd P. O. Box 20809 – 00100 Nairobi el:+2540202214547/8/9	Emperor Plaza, Ground Floor, Koinange Street, Nairobi	greenexchangeforexbu- reau@hotmail.com Fax: 254-2-2214550

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31	Industrial Area Forex Bureau Ltd P. O. Box 45746 – 00100 Nairobi Tel: 551186/551198	Bunyala Road, Industrial Area, Nairobi	indafx@gmail.com Fax: 254-2-551186
32	Island Forex Bureau Ltd P. O. Box 84300 Mombasa Tel: 041-2223988/ 2229626	Abdulrasul Inst. Building, Makadara Road, Moi Avenue, Mombasa	islandforex@hotmail.com This email address is be- Fax: 254-41-2227057
33	Junction Forex Bureau Limited P. O. Box 43888 – 00100 Nairobi Tel: 3861268/9, 0725-852840	The Junction of Ngong Road/ Dagoreti Corner, Nairobi	junctionforexbureaultd@yahoo.com
34	Kenza Exchange Bureau Ltd P. O. Box 21819 – 00400 Nairobi Tel: 822504/ 2245863	JKIA, Arrival Unit 1 Nairobi	okambua@gmail.com , rokora@yahoo.com
35	La'che Forex Bureau Ltd P. O. Box 45191 – 00100 Nairobi Tel: 3514509, 2119568/9, 0711-229408, 3752109	Diamond Plaza, 2nd Floor, Parklands, Nairobi	info@lache.co.ke Fax: 254-2-2733485
36	Leo Forex Bureau Ltd P. O. Box 82304– 80100 Mombasa Tel: 041-2230396/7/8; 2230399	T. S. S. Towers Nkrumah Road, Mombasa	leoforex@swiftmombasa.com . Fax: 254-41-230399
37	Link Forex Bureau Ltd P. O. Box 11659 – 00400 Nairobi Tel: 2213619/21, 0724-256480	Uganda House – Arcade, Kenyatta Avenue, Nairobi	Link-forex@yahoo.com Fax: 254-2-213620
38	Lion Bureau De Change Ltd P.O Box 4581-00200 Nairobi Tel: 0732911138, 0731863896, 0202600072	Taj Shopping Mall North Airport Road, Embakasi, Nairobi	anthony.nyuguto@gmail.com cominfo@lionbureau.com
39	Loki Forex Bureau Ltd. P. O. Box 12523 – 00100 Nairobi Tel: 0723-886999, 020-554822, 020-2117780	T&L Centre, Industrial Area, Nairobi	infor@lokiforex.com , arthur@lokiforex.com

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40	Magnum Forex Bureau De Change Ltd P. O. Box 46434 – 00100 Nairobi	Nakumatt Mega, Uhuru Highway, Nairobi	magnumkenya@gmail.com
41	Maritime Forex Bureau Ltd P. O. Box 43296 – 80100 Mombasa Tel: 041- 2319175/6/7	Hassanali Building, Nk-rumah Road, Nairobi	maritimeforex@africal.co.ke Fax: 254-41-2319178
42	Metropolitan Bureau De Change Ltd P. O. Box 7080 – 00300 Nairobi Tel: 827963	Galleria Mall, Langata Road, Nairobi	metropolitanforex@gmail.com , carolm@metroforex.co.ke Fax: 254-2-252116
43	Middletown Forex Bureau Ltd P. O. Box 41830 – 00100 Nairobi Tel: 2211227	Westminister House Kaunda Street Nairobi	mtforex@iconnect.co.ke Fax: 254-2-332534
44	Mona Bureau De Change Ltd P. O. Box 46180 – 00100 Nairobi Tel: 828111/2, Cell: 0733-744348	Panari Centre, Mombasa Road Nairobi	monaraj@ymail.com Fax: 254-2-828113
45	Moneypoint Forex Bureau Ltd P. O. Box 3338-00100 Nairobi Tel No. 020-2211346/7	Tubman Road, Anish Plaza, Nairobi	moneypointforex@hotmail.com Fax:+254-20-2211342
46	Morgan Forex Bureau De Change Ltd P. O. Box 79012 – 00400 Nairobi Tel No. 020-4444073	Kipro Centre, Sports Street, Westlands, Nairobi	morgankenya@gmail.com Fax: 254 -2-4444074
47	Mustaqbal Forex Bureau Ltd P. O. Box 100745 – 00101 Nairobi Tel: 020-2497344	Mosque House, 6th Street, Eastleigh, Nairobi	mustaqbalforex@yahoo.com Fax: 254-2-6766650

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48	Muthaiga-ABC Forex Bureau Ltd P. O. Box 63533 – 00619, Tel: 4048883/4044146 Cell: 0722-362665/0733-362665	Muthaiga Shopping Centre, Nairobi	mfbfx@mafxgroup.com
49	Nairobi Bureau De Change Ltd P. O. Box 644 – 00624, Village Mkt Nairobi Tel: 822884	Unit 2 JKIA Nairobi	info@nairobiibureau.com Fax: 254-2-241307
50	Nairobi Forex Bureau Ltd P. O. Box 12523 – 00100 Nairobi Tel: 2244767/2223039	Gujarat House, Muindi Mbingu Street, Nairobi	nfbwesternunion@yahoo.com Fax: 254-2-244767
51	Namanga Forex Bureau Ltd P. O. Box 12577 – 00100 Nairobi Tel: 02-213642/ 045-5132476	Immigration Building, Namanga Town	namangaforexbureau@yahoo.com
52	Nawal Forex Bureau Ltd P. O. Box 43888 – 00100 Nairobi Tel: 2720111	Chaka Place, Chaka Road, Nairobi	nawalforexbureau@yahoo.com Fax: 254-2-272011
53	Net Forex Bureau Ltd P. O. Box 102348– 00100, Jamia Nairobi Tel: 020 – 249999	Metro Building, Koinange Street, Nairobi	netforexbureau@yahoo.com Fax: 254-2-250088
54	Offshore Forex Bureau Limited P. O. Box 26650 – 00100 Nairobi Tel: 020 – 310837/8	Cianda House, Ground Floor, Koinange Street, Nairobi	offshoreforex@hotmail.com Fax: 254-02-310839
55	Pacific Forex Bureau Limited P. O. Box 24273 – 00100 Nairobi Tel. 310880, 310882/3	Lonhro House, Standard Street, Nairobi	pacific@sahannet.com , pacificbc@yahoo.com

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56	Peaktop Bureau De Change Ltd P. O. Box 13074 – 00100 Nairobi Tel: 2244371/313438, 0722 - 332518	20th Century, Mama Ngina/Kaunda Streets, Nairobi	info@peaktop.co.ke , peak-topbureau@gmail.com Fax: 254-2-210210
57	Pearl Forex Bureau Ltd P. O. Box 58059 – 00200 Nairobi Tel: 2724769/ 2724778	Hurlingham Shopping Centre, Unipen Flats, Nai- robi	pearlforex@rocketmail.com Fax: 254-2-2724770
58	Pel Forex Bureau Ltd P. O. Box 957 – 40100 Kisumu Tel: 057-2024134/2044425	Allmamra Plaza Oginga Odinga Road, Kisumu	pel@swiftkisumu.com Fax: 254-57-2022495
59	Penguin Forex Bureau Ltd P. O. Box 3438 – 80100 Mombasa Tel: 041- 316618/2228170	Reel House, Jomo Ke- nyatta Avenue, Makupa, Mombasa	info@penguinforex.co.ke Fax: 254-41-2228194
60	Princess Forex Bureau Ltd. P.O. BOX 104140 – 00101 Nairobi Tel: +254 20 2217978	Eco-Bank Towers, Nairobi	princessforexbureau@gmail.com
61	Pwani Forex Bureau Ltd P. O. Box 87200 – 80100 Mombasa Tel: 041- 1727/2221734/2221845	Mombasa Block 404 XV11/M1 Abdel Nasser	forex@pwaniforex.com Fax: 254-41-2221870
62	Rand Forex Bureau Limited P. O. Box 30923 - 00100 Nairobi Tel: 0722200815	Kampus Mall, University Way, Nairobi	info@randforex.co.ke
63	Real Value Forex Bureau Limited P. O. Box 2903 – 00100 Nairobi Tel: 236044/55/66/77	Shariff Complex, 5th Av- enue, Eastleigh, Nairobi	realvaluefx@gmail.com

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64	Regional Forex Bureau Limited P. O. Box 634 – 00100, Nairobi Tel. 313479/80,311953	Kimathi House, Kimathi Street, Nairobi	regionalfx@gmail.com Fax: 254-20-312296
65	Rift Valley Forex Bureau Ltd P. O. Box 12165 Nakuru Tel: 051-2212495/2210174	Merica Hotel Building, Court Road, Nakuru	rftvalleyforex@yahoo.com Fax: 254-51-2210174
66	Safari Forex Bureau Ltd P. O. Box 219 Eldoret Tel: 053-2063347	KVDA Plaza, Eldoret	safariforexbureau@yahoo.com Fax: 254-053-2063997
67	Satellite Forex Bureau Ltd P. O. Box 43617– 00100 Nairobi Tel: 2218140/1, Cell: 0721-411300	City House, Standard Street, Nairobi	satelliteforex@swiftkenya.com Fax: 254-20-230630
68	Simba Forex Bureau Limited P. O. Box 66886 – 00800 Nairobi Tel. 020 – 445995, 0722 – 703121	Moi International Airport, Mombasa	simbaforexmombasa@gmail.com Fax No: 020 – 4443706
69	Sisi Forex Bureau Limited P.O. Box 60770 - 00200 Nairobi Tel: 2445846/0722-382995	Agip House, Haile Selasie Avenue, Nairobi	sisiforex@sisi.co.ke
70	Sky Forex Bureau Limited P.O. Box 26150 – 00100 Nairobi Tel: 020-2242062/3	20th Century, Mama Ngina/ Kaunda Street, Nairobi	info@skyforexbureau.com Fax No. 020-2242064
71	Solid Exchange Bureau Ltd P.O. Box 19257– 00501 Nairobi Tel: 822922/0722-853769	JKIA-Unit 2, Nairobi	solidexchangebureau@yahoo.com Fax: 254-2-822923
72	Sterling Forex Bureau Ltd P. O. Box 43673 – 00200 Nairobi Tel: 2228923/340624	Laxmi Plaza, Biashara Street, Nairobi	info@sterlingforexbureau.com Fax: 254-2-330894

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73	Sunny Forex Bureau Limited P.O. Box 34166 – 00100 Nairobi Tel: 2252013/252079	Uniafric House, Koinange Street, Nairobi	sunnyfoexbureau@yahoo.com Fax: 254-2-252076
74	Taipan Forex Bureau Ltd P.O. Box 42909 – 00100 Nairobi Tel: 827378	JKIA, International Arrivals Terminal, Nairobi	taipan@africaonline.co.ke Fax: 254-2-229665/248676
75	Tower Forex Bureau Limited P.O. Box 25934 - 00100 Nairobi Tel. 0723434343, 0739270511, 0772372744	I & M Bank Tower, Kenyatta Avenue, Nairobi	nim711@hotmail.com
76	Trade Bureau De Change Ltd P.O. Box 7080 – 00300 Nairobi Tel: 2241107	St Eliss House, City Hall Way, Nairobi	trade@wananchi.com tradebdc@yahoo.com Fax: 254-2-317759
77	Travellers Forex Bureau Ltd P.O. Box 13580 – 00800 Nairobi Tel: 447204/5/6	The Mall, Ring Road Westlands, Nairobi	bmawjee@hotmail.com Fax: 254-2-443859
78	Travel Point Forex Bureau Limited P.O. Box 75901 – 00200 Nairobi Tel. 827872, 827877	JKIA, International Arrivals Terminal, Nairobi	info@travelpoint.co.ke Fax: 254-2-827872
79	Union Forex Bureau Ltd P.O. Box 43847– 00100 Nairobi Tel: 1855/4448327/4447618	Sarit Centre , Lower Kabete Road , Westlands, Nairobi	unionforex@hotmail.com Fax: 254-2-4441855
80	Ventures Forex Exchange Bureau Ltd P.O. Box 2665 - 00200 Nairobi Tel: 0722650195	Bishop Magua Centre, 1st floor, Ngong Road, Nairobi	venturesforexbureau@gmail.com , wanjiru101@yahoo.com

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81	Victoria Forex Bureau De Change Ltd P. O. Box 705 – 40100 Kisumu Tel 057-5626/2021134/2023809	Sansora Building, Central Square, Kisumu	victoriaforex@yahoo.com Fax: 254-57-202536
82	Wallstreet Bureau De Change Ltd P.O. Box 6841- 30100 Eldoret Tel: 053-2062907	Bargetuny Plaza, Uganda Road, Eldoret	wallstreet756@gmail.com Fax: 254- 53-2062907
83	Wanati Forex Bureau Limited P. O. Box 88309 – 80100 Mombasa Tel: 0202107500 726925090/0733702668	Diani Sports & Fitness Centre, Diani Beach Road, Mombasa	wanatiforex99@gmail.com Fax: 254-2-3202662
84	Warwick Forex Bureau Ltd P. O. Box 49722 – 00100 Nairobi Tel: 7124072 Cell: 0721253664	The Warwick Centre, Gigiri, Nairobi	warwickforex@wananchi.com warwickforex@gmail.com Fax: 254-2-520997
85	Westlands Forex Bureau Ltd P. O. Box 45746 – 00100 Nairobi Tel: 3748786	14 Riverside Drive, Nairobi	westforex@wananchi.com Fax: 254-2-3748785
86	Yaya Centre Exchange Bureau Ltd P.O. Box 76302 – 00508 Nairobi Tel: 02-3869097	Yaya Centre Towers, Argwings Kodhek Road, Nairobi	info@yayaforex.co.ke Fax: 254-2-3870869
87	ZTA Forex Bureau Ltd P.O. Box 51779 - 00200 Nairobi Tel: 0722792279	The Green House Mall, Ngong Road, Suite 10, Nairobi	wesula@yahoo.com

DIRECTORY OF MONEY REMMITTANCE PROVIDERS

	Name of MRP	Location	Email Address
1	Amal Express Money Transfer Limited P.O.BOX 3165 – 00100 Nairobi Tel: 0722878597 or 0723281122	Amal Plaza, 1 st Avenue Eastleigh, Nairobi	info@amalexpress.co.ke
2	Amana Money Transfer Ltd P.O. Box 68578 – 00622 Nairobi Tel : 6761296 / 2379824	Amana Shopping Complex, Captain Mungai Street, Eastleigh, Nairobi.	amanamnytransfer@gmail.com / amanaforex@hotmail.com
3	Bakaal Express Money Transfer Ltd P.O.BOX 71248 – 00610 Nairobi Tel: 2394513 or 0717399039	Amco Shopping Mall, 1 st Avenue Eastleigh, Nairobi	nbiinfo@bakaal.com
4	Continental Money Transfer Limited P.O. Box 49387 – 00100 Nairobi Tel : 2217138 /40	Eco Bank Towers, Kaunda Street, Nairobi	info@continentalmoney-transfer.com
5	Dahabshill Money Transfer Limited. P.O. Box 68991 – 00622 Nairobi Tel:2222728 /9 or 0720169999	20 th Century Building, Standard Street, Nairobi	ken.dmtc@dahabsiil.com

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	Name of MRP	Location	Email Address
6	Hodan Global Money Remittance and Exchange Limited P.O. Box 68811 – 00622 Nairobi Tel:2084862	Hong Kong Shopping Mall, 1 st Avenue, Athumani Kipanga Street, Eastleigh, Nairobi	hodanforex2008@hotmail.com
7	Iftin Express Money Transfer Limited P.O. Box 100184 – 00101 Nairobi Tel: 2629818	AMCO Shopping Mall, 1 st Avenue, Eastleigh, Nairobi	iftinforex@gmail.com
8	Juba Express Money Transfer Limited P.O.BOX 17773 – 00100 Nairobi Tel: 2240540 , 0727699669 or 0772699669	Hamilton House, Kaunda Street Nairobi	info@jubaexpress.co.ke
9	Kaah Express Money Transfer Limited P.O.BOX 10327 – 00400 Nairobi Tel: 0206767494/604 or 0724710153	Kaah building, 2 th Avenue, 8 th Street, Eastleigh, Nairobi	kaahexpress.kenya@gmail.com
10	Kendy Money Transfer Limited P.O.BOX 76163 – 00508 Nairobi Tel: 0202377054	Sameer Business Park, Block E, Off Mombasa Road	info@kendytechnologies.co.ke

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	Name of MRP	Location	Email Address
11	Safaricom Money Transfer Services Limited P. O. Box 66827 – 00800 Nairobi Tel: 20 427 3272 / 0722 00 3272	Safaricom House, Waiyaki Way, West-lands, Nairobi	ceo@safaricom.co.ke
12	Tawakal Money Transfer Limited P.O. BOX 42909 – 00100 Nairobi Tel : 6766171	Ubah Center, 5 th Street Eastleigh, Nairobi.	tfbureau@yahoo.com
13	UAE Exchange Money Remittance Limited P.O Box 51695 – 00100 Nairobi Tel: 2220101	IPS Building, Kimathi Street, Nairobi.	kimathistreet.branch@ke.uaexchange.com