

**BANK SUPERVISION
ANNUAL REPORT
2007**

CENTRAL BANK OF KENYA

2007

TABLE OF CONTENTS

	PAGE
VISION STATEMENT	i
THE BANK'S MISSION	i
VALUE STATEMENT	i
GOVERNOR'S MESSAGE	iii
CHAPTER I	
1.0 STRUCTURE OF THE BANKING INDUSTRY	
1.1 Banking Sector	1
1.2 Foreign Exchange Bureaux	5
1.3 Microfinance Institutions	6
CHAPTER II	
2.0 DEVELOPMENTS IN THE BANKING INDUSTRY	
2.1 Introduction	9
2.2 Development in Information and Communication Technology (ICT)	10
2.3 Bank Charges	11
2.4 New Products	13
2.5 Employment Trends in the Industry	13
2.6 Forex Bureau Licensing Procedures	14
2.7 Future Outlook	15
CHAPTER III	
3.0 MACROECONOMIC CONDITIONS AND BANKING SECTOR PERFORMANCE	
3.1 Global Economic Conditions	17
3.2 Sub-Saharan Africa	17
3.3 The Domestic Economy	17
3.4 Inflation	18
3.5 Exchange Rates	18
3.6 Interest Rates	20
3.7 Balance of Payments	20
3.8 Fiscal Developments	21
3.9 Economic Outlook	21
3.10 Vision 2030	22
3.11 Banking Sector Performance	22

CHAPTER IV

4.0 DEVELOPMENTS IN SUPERVISORY FRAMEWORK

4.1	Introduction	31	
4.2	Banking Act	31	4.3
	Finance Act, 2007	33	
4.4	Microfinance Act (No.19 of 2006)		33
4.5	Revised Forex Bureau Guidelines		34
4.6	Proceeds of Crime and Anti-Money Laundering Bill, 2007		35
4.7	Other Laws	35	

CHAPTER V

5.0 CURRENT SUPERVISORY ISSUES

5.1	Introduction	37	
5.2	Business Continuity Management (BCM)	37	
5.3	International Financial Reporting Standards (IFRS)		38
5.4	Development of Anti-Money Laundering and Combating the Financing of Terrorism Regime in Kenya		39
5.5	International Convergence of Capital Measurement and Standards/ Implementation of Basel II Accord		40
5.6	Access to Financial Services in the Banking Sector		41
5.7	Compliance Status of Forex Bureaux including Circulars and Rules		42

TABLES

1.	Regional Distribution of Branch Network	3
2.	Distribution of Operating Forex Bureaus	5
3.	Global Financial Statements (Forex Bureaux)	7
4.	Employment Trends in the Banking Industry	13
5.	Global Balance Sheet	24
6.	Asset Quality	25
7.	Risk Classification of Loans and Advances	26
8.	Capital Adequacy Ratios	27
9.	Income and Expenditure Items as a percentage of total income	29
10.	Banking Sector Performance Rating	29

CHARTS

1.	Structure of the Banking Sector	1
2.	Ownership of Institutions	2
3.	Market Share	4
4.	Kenya Shillings Exchange Rate against Major Currencies	19
5.	Trends in Interest Rates	20
6.	Risk Classification of Loans	26
7.	Profit Before Tax vs Total Assets	28

APPENDICES

i	Banking Sector Balance Sheet	44
ii	Banking Sector Profit & Loss	45
iii	Banking Sector Disclosures	46
iv	Banking Sector Market Share	48
v	Banking Sector Profitability	49
vi	Banking Sector Capital and Risk Weighted Assets	50
vii	Banking Sector Total number of Accounts	51
viii	Banking Sector Protected Deposits	52
ix	Banking Circulars issued during the Year	53
x	Directory of Commercial Banks & Non-Bank Financial Institutions	54
xi	Directory of Forex Bureaux	63



CENTRAL BANK OF KENYA

VISION STATEMENT

The Central Bank of Kenya will be a model institution guided by law, public interest and best practice in performing its legal functions of achieving monetary and **financial stability** and ensuring efficient payment systems.

THE BANK'S MISSION

The Central Bank of Kenya has the following primary and secondary missions:-

- To formulate and implement monetary policy directed at 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 license and supervise authorized dealers.
- To formulate and implement such policies as best promote the establishment, regulation, and supervision of efficient and effective payment, clearing and settlement systems.
- To act as banker and adviser to, and as fiscal agent to the Government.
- To issue currency notes and coins.

VALUE STATEMENT

In fulfilling our vision and mission, we shall:-

- Work with utmost integrity, transparency and accountability.
- Conduct business professionally and efficiently.
- Respect and be collegial to each other.
- Be committed to pursuing public interest.

Bank Supervision Annual Report, prepared by the Central Bank of Kenya,
is available on the internet: **www.centralbank.go.ke**

MESSAGE FROM THE GOVERNOR



The economy sustained its growth momentum in 2007, recording a real Gross Domestic Product (GDP) growth of 7.1 per cent compared with 5.8 per cent in 2006. This growth was supported by improved performance in the key sectors of the economy, including the financial services sector. It is anticipated that this good performance will continue in view of continued stable macroeconomic environment, increased investments in infrastructure facilities and consolidation of the financial sector to mobilize development finance, regional economic integration and increased investments in both the public and private sectors.

The economy sustained its growth momentum

Short term interest rates remained stable for a greater part of the year, but edged up slightly in December 2007. The average 91 days treasury bill rate increased from 5.73 per cent in December 2006 to 6.87 per cent in December 2007. Average lending rates declined from 13.7 per cent to 13.3 per cent over the same period while average deposit rates increased from 4.1 per cent to 4.3 per cent in December 2007. Consequently, the interest rate spread declined from 9.6 per cent in December 2006 to 9.0 per cent in December 2007. The Central Bank Rate (CBR) remained stable at 8.75 per cent. Interest rates are expected to remain stable during 2008.

Interest rates remained stable during the year and this is expected to be maintained during year 2008

Against the buoyant economic performance and a stable macroeconomic environment, the banking sector recorded strong growth in asset size and profitability. The banking sector asset base expanded by 26.1 per cent with a resultant growth of 31 per cent in pre-tax profits for the period to December 31,

Sector recorded significant growth in Assets & Deposits

2007. Asset growth was mainly funded by increased deposits attributed to aggressive marketing campaigns for new deposits mounted by a number of institutions and rapid branch network expansion.

The business vibrancy in the sector saw a decline in Non-Performing Loans and a resultant increase in Pre-tax Profits.

The business vibrancy in the sector saw a decline in Non-Performing Loans and a resultant increase in Pre-tax Profits. Net Non-Performing Loans to Gross Loans ratio declined to 3.4 per cent in December 2007 from 5.0 per cent in December 2006. This sharp decline was attributed to the Government resolution of Non-Performing Loans in one leading bank, recoveries and write-offs in a number of other banking institutions.

Sharia compliant financial services and products are rapidly gaining ground

Another significant development in the banking sector was the licensing of two commercial banks that are Sharia compliant. First Community Bank and Gulf African Bank were licensed to operate as Sharia compliant banks under the existing legal and regulatory framework for conventional banking institutions. It is anticipated that the two banks, in addition to 4 other conventional banks offering Islamic products, will propel Kenya into a premier financial services hub in the region, with a wide range of competitive products.

The Bank undertook several initiatives, in collaboration with stakeholders to enhance the regulatory framework

Central Bank of Kenya (CBK) remains committed to its core mandate of fostering a stable market based financial system in recognition of the critical role that a sound and stable financial system plays in economic growth and development. Towards this end, the CBK, in consultation with relevant stakeholders, undertook various initiatives during the year to enhance the legal and regulatory framework for the banking sector. Key among these initiatives taken are the Banking (Amendment) Act, 2006 which became operational from May 1, 2007.

A number of legal amendments made to strengthen the legal and regulatory framework to enhance financial services delivery

The following are key changes to the Banking Act:

- i) Ceding of operational supervisory powers from the Minister of Finance to the Central Bank of Kenya.
- ii) Vetting of shareholders with more than 5 per cent share capital by the Central Bank of Kenya.

- iii) Prohibition of any form of charges on savings, call or fixed deposit accounts.

The Comprehensive Review of the Banking Act:

The Comprehensive review of the Banking Act commenced in 2006 and was completed in May 2007. The main purpose of the review was to align the Act to best practice as recommended by the Basel Committee on Banking Supervision as well as to accommodate emerging issues in the banking sector. The draft Banking Act is currently with the Attorney General for publication and tabling in Parliament.

Proceeds of Crime and Anti-Money Laundering Bill:

The Proceeds of Crime and Anti-Money Laundering Bill, 2007 was tabled in Parliament in May 2007 but lapsed when the 9th Parliament was dissolved in October 2007 for the 2007 general elections. The Bill has since been re-published and tabled in Parliament. It has gone through the second reading and is now with the relevant Parliamentary Committees for review and possible amendments to be considered by the House.

Basel II Implementation:

Basel II will be implemented in Kenya after the requisite supervisory infrastructure is in place as in most emerging economies. This is a position taken jointly by the East African Community. In Kenya, a consultative process with the banking sector was started in September 2007, to facilitate the development of a policy position, on the road map for Basel II implementation commencing in 2008.

National Payments Systems Bill:

A proposed National Payments Systems Bill, 2007 has been finalised and forwarded to the Attorney General for drafting. The Bill seeks to reinforce existing

legal infrastructure, that affect payment and settlement systems, and will provide a legislative framework governing the operations of National Payment Systems and Settlement Instruments in Kenya when passed into law.

Credit Information Sharing:

Following the enactment of the Finance Act 2006 that made sharing of information on Non-Performing Loans compulsory, the CBK has proposed regulations that provide a framework for licensing and supervision of Credit Reference Bureaus by the CBK. Credit information sharing will reduce the incidence of Non-Performing Loans and enhance access to credit by individuals in the informal sector and Small and Medium Size Enterprises.

The CBK encountered a range of challenges in the execution of its core mandate

In execution of its mandate to foster stability in the financial system, the CBK has faced supervisory challenges such as:

- Increasing oil and food prices continue to pose challenges to monetary policy management, designed to support economic growth projections.
- Interest rates offered on savings and other deposits within the banking sector remain below the rate of inflation. This scenario dampens the drive to build a culture of savings for investment purposes. This has tempted some unsuspecting savers to join fraudulent schemes such as pyramid schemes in the hope of getting better returns on their investments.
- The sector continues to be dominated by a few large banks in terms of business control and asset size. This compromises effective competition amongst banking institutions and may require transformation of smaller banking institutions into larger and stronger ones with capacity to offer attractive and affordable financial products to both retail and corporate clients.
- A financial access survey conducted during the year revealed that 38 per cent of the adult Kenyan population lacks access to financial services.

This population is excluded from formal banking institutions due to high costs of maintaining savings accounts and barriers to entry. The enactment of the Microfinance Act is expected to offer a wide range of financial services to this unbanked populace, which will usher in more players and competitiveness in the banking sector.

It is gratifying to note that the CBK has instituted appropriate measures alongside amendments to the legal and supervisory framework to contain emerging challenges. The CBK remains committed to consolidating partnerships with key financial sector players to achieve a sound, stable and sustainable financial system, guided by global best practices in banking, and sound corporate governance principles, in support of Vision 2030's development agenda.

PROFESSOR NJUGUNA NDUNG'U
GOVERNOR,
CENTRAL BANK OF KENYA

CHAPTER I

1.0 STRUCTURE OF THE BANKING INDUSTRY

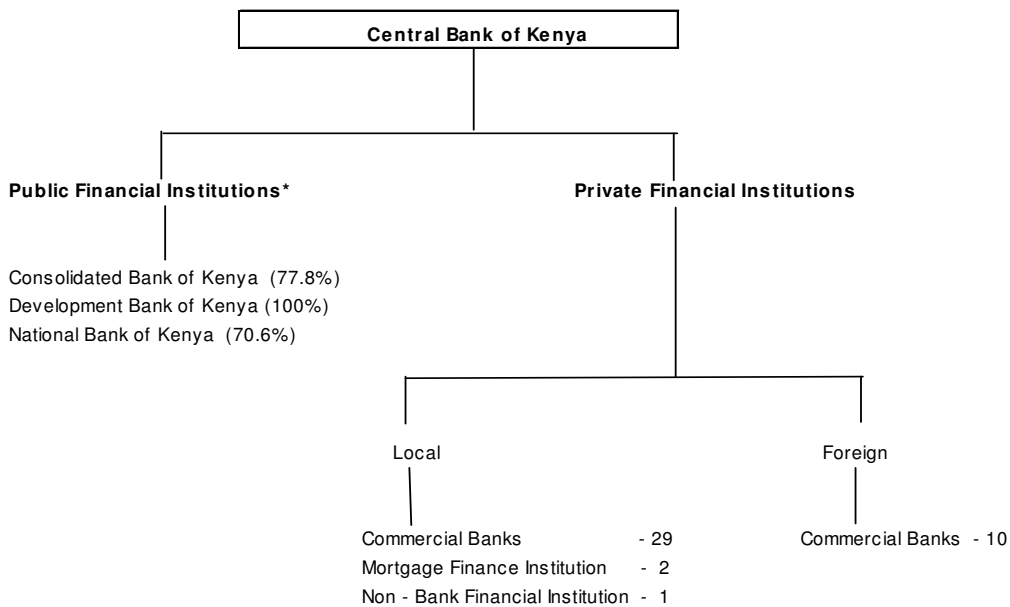
1.1 Banking Sector

1.1.1 Structure of the Banking Sector

The banking sector comprised of 45 institutions, 42 of which were commercial banks, 2 mortgage finance companies and 1 non-bank financial institution as at 31st December 2007.

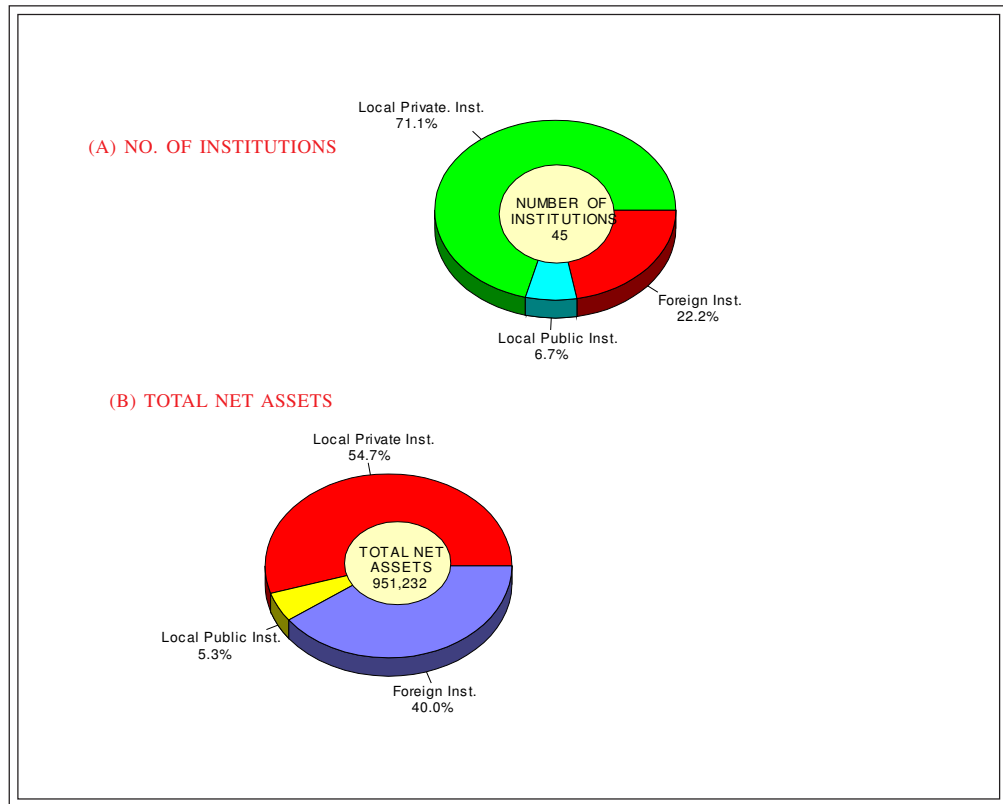
Out of 45 institutions, 35 were locally owned and 10 were foreign owned as shown in *Chart 1* below. The locally owned financial institutions comprised of 3 banks with significant shareholding by the Government and State Corporations, 29 commercial banks, 2 mortgage finance institutions and 1 non-bank financial institution. Local private institutions constitute 71.1 per cent of total institutions while local public institutions constitute 6.7 per cent and foreign institutions 22.2 per cent as shown in *Chart 2*. The total net assets for local private institutions constituted 54.7 per cent while the local public institutions and foreign institutions constituted 5.3 per cent and 40.0 per cent of the total net assets respectively.

CHART 1: STRUCTURE OF THE BANKING SECTOR



* Shareholding by GOK and State Corporations

CHART 2: OWNERSHIP OF INSTITUTIONS



1.1.2 Branch Network

Table 1 on page 3, depicts the regional distribution of the branch network in the banking sector for the period under review. Nairobi and Rift Valley Provinces had the highest number of new branches with 54 and 46 respectively, followed by Eastern and Coast Provinces with 25 and 18 new branches respectively. Central Province was the only province that reported an aggregate decrease of 2 branches in year 2007.

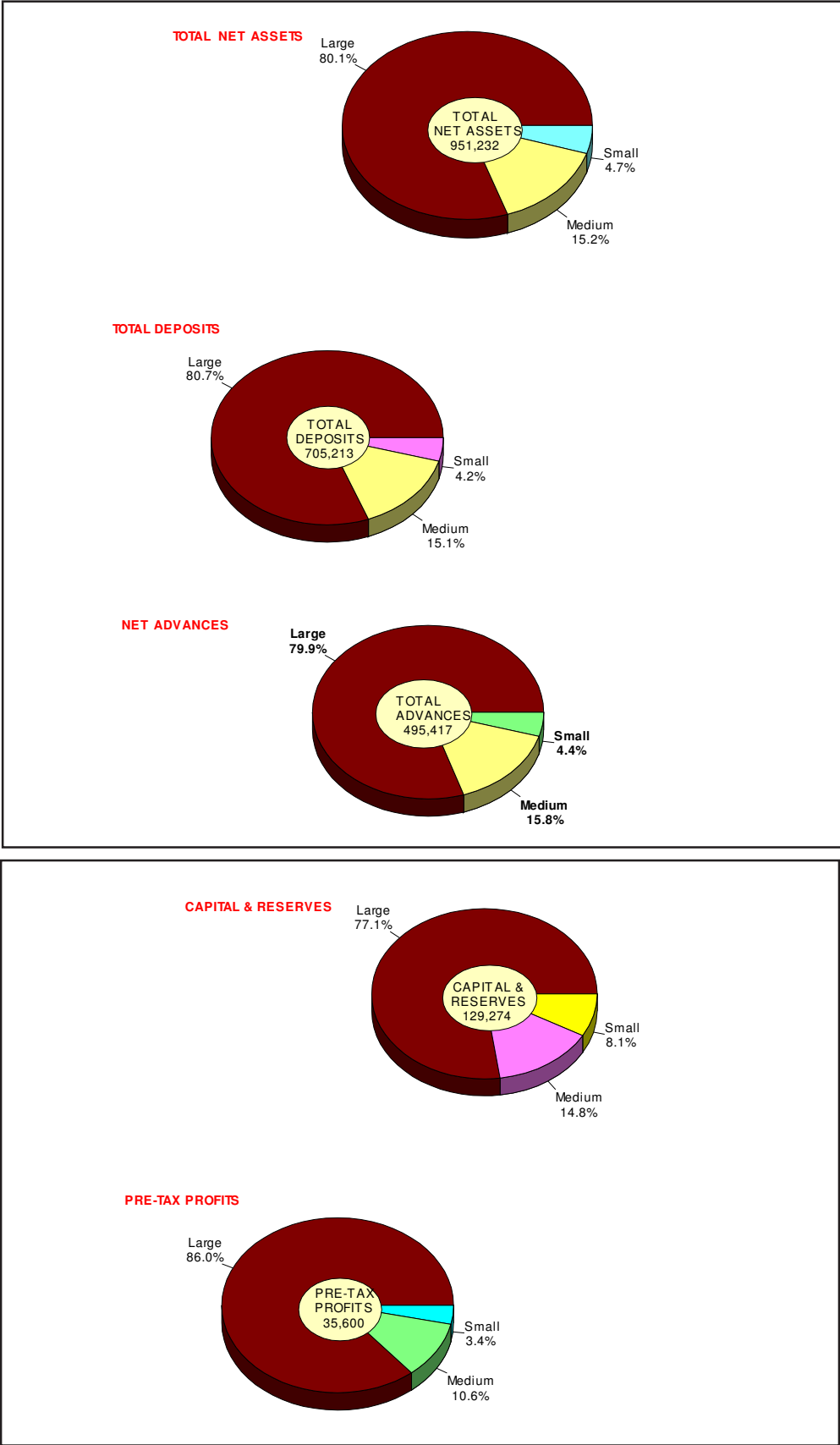
TABLE 1: REGIONAL DISTRIBUTION OF BRANCH NETWORK			
Province	2007	2006	Net Change
Central	78	80	-2
Coast	93	75	18
Eastern	61	36	25
Nairobi	293	239	54
North Eastern	6	4	2
Nyanza	52	41	11
Rift Valley	128	82	46
Western	29	18	11
Total	740	575	165

1.1.3 Market Share

The financial institutions were categorized into three peer groups of Large, Medium and Small Banking Institutions in the Large Peer Group category dominated the Industry in terms of net assets. Out of the 45 institutions, 13 were in the large peer group with aggregate net assets of over Ksh 15 billion. The medium peer group comprise of 17 institutions with net assets ranging between Ksh 5 billion and Ksh 15 billion, whereas the small peer group had 15 institutions with net assets of less than Ksh 5 billion.

During the year under review, 28.9 per cent of the institutions were in the large peer group and as shown in the *Chart 3* accounted for 80.1 per cent of the total assets, 80.7 per cent of deposits, 79.9 per cent of net advances, 77.1 per cent of capital and reserves and 86.0 per cent of profits in the banking sector.

CHART 3: MARKET SHARE



1.2 Foreign Exchange Bureaux

The Central Bank of Kenya (CBK) lifted the moratorium on licensing of new Foreign Exchange Bureaux on 18th July 2007. The CBK had licensed ninety seven (97) Forex Bureaux to operate in Kenya, as at 31st December 2007, with the majority of these in Nairobi, as shown in *Table 2* below.

No	City/Town	Number of Bureaus
1.	Nairobi	76
2.	Mombasa	11
3.	Malindi	1
4.	Nakuru	2
5.	Kisumu	2
6.	Eldoret	2
7.	Lokichogio	1
8.	Namanga	1
9.	Narok	1
	Total	97

The Central Bank had in the past imposed a moratorium on licensing new Forex Bureaux in order to:

1. Allow the newly established Forex Bureau industry to grow and individual bureaus to consolidate.
2. Ensure market discipline in the Foreign Exchange market by developing an appropriate framework for regulation and supervision.
3. Enforce Government concerns on money laundering and related financial crimes.

However, it was observed that the continued existence of the moratorium had “negative implications” on the industry and tended to create a screen between the licensing authority and potential investors in the market. In addition, it became necessary to open up the market to all investors without CBK appearing to restrict entry. Since the lifting of the Moratorium 78 applications had been received as at close of December 2007.

1.2.1 Reasons for the Concentration of Forex Bureaux in Nairobi

- 78 per cent of the Forex Bureaux are concentrated in Nairobi because of the large number of clientele, who transact forex business in large quantities.
- Nairobi also has a high presence of expatriate staff in Embassies, Non-Governmental Organizations (NGOs), and is also the main transit point for tourists and other travellers.

Thus, Nairobi has remained an attractive location to establish and operate Foreign Exchange Bureau businesses.

1.2.2 Financial Performance of Forex Bureaux

Forex Bureaux registered significant growth in Assets and Profits

During the year ended 31st December 2007, total assets grew by 20.9 per cent, from Ksh 1.50 billion as at 31st December 2006 to Ksh 1.81 billion as at 31st December 2007, while total shareholders' funds increased by 13.7 per cent from Ksh 0.898.8 billion to Ksh 1.022 billion over the same period as shown in **Table 3** below. The profit before tax grew by 74.3 per cent from Ksh 42.02 million for the year ended 31st December 2006 to Ksh 73.24 million for the year ended 31st December 2007.

	Ksh '000'			
	2007	2006	Change	% Change
Total assets	1,812,467	1,499,303	313,164	20.90%
Total shareholders Funds	1,022,159	898,824	123,335	13.70%
Profit before tax	73,238	42,021	31,217	74.30%

Source: Audited Accounts

1.3 Microfinance Institutions

Microfinance is the provision of a wide range of financial services and products ranging from savings credit facilities, money transfer and micro insurance to the economically active poor, low-income households and Small and Micro Scale Enterprises (SMEs) in both rural and urban areas, using innovative delivery methodologies and channels. Microfinance plays a key role in increasing access to financial services and products thus empowering households improve their welfare and manage risks. It ultimately contributes to poverty reduction.

Microfinance is provided by a variety of institutions of different institutional forms that can be clustered into three broad categories, namely: Formal { commercial banks and Kenya Post Office Savings Bank (KPSOB) }, Semi-formal { Savings and Credit Co-operatives (SACCOs and Microfinance Institutions (MFIs) } and informal institutions such as Accumulation and Rotating Savings and Credit Associations (ASCAs and ROSCAs), shopkeepers and money lenders.

As at 31st December 2007, there were 4 mainstream commercial banks undertaking microfinance business in Kenya, namely: Equity Bank , Co-operative Bank, K-REP Bank and Family Bank. The number of commercial banks involved in microfinance, though still small, is growing and the current ones are increasing their microfinance portfolio rapidly. Several commercial banks have shown a lot of interest in the microfinance sector and a number of them are down-streaming. On the other hand, KPOSB as at 31st December 2007 had approximately 1.3 million clients and Ksh 11.54 billion savings. KPOSB offered its products and services through a network of 80 branches, 5 sub-branches, 395 outlets and over 400 savings locations operated on agency basis by the Postal Corporation of Kenya (POSTA) throughout the country.

There were four mainstream banks actively engaged in Microfinance business

As at 31st December 2007, there were 5,122 registered SACCOs with an estimated 3.3 million members, a share capital and deposits base of Ksh 160 billion and loans outstanding amounting to Ksh 110 billion. SACCOs are classified into different categories based on their common bond for example, salary, jua kali, cash crop (coffee or tea), transport, community or trader based. The SACCO movement is indeed a key vehicle for expanding affordable financial services and products to majority Kenyans, especially the low-income households and SMSEs in both urban and rural areas.

The number of MFIs countrywide is largely unknown. However, the Association of Microfinance Institutions (AMFI), as at 31st December 2007, had a membership of 34 institutions comprising of NGOs, companies, trusts, societies, and commercial banks, among others (AMFI, 2008). Twenty one of these institutions were retail Microfinance Institutions with an aggregate of 742 outlets with 2,494 staff; and a loan portfolio of Ksh 4.261 billion. These institutions had an estimated 1.1 institutional savers and 250,000 borrowers.

The SACCO movement has expanded significantly to offer affordable financial services and products to its members

1.3.1 Access to Financial Services and Products

There is constrained access to financial services and products in the low income bracket

There is widespread understanding among Kenyans and financial sector stakeholders that there is constrained access to financial services and products in Kenya, particularly amongst the economically active poor, low-income households and SMSEs in both rural and urban areas. Efforts have been undertaken to measure and track progress in access to finance. According to the Finaccess study, undertaken by the Financial Access Partnership (FAP), and launched in January 2006, only 19 per cent of Kenyans had access to formal financial services through commercial banks and the KPOSB. An additional 8 per cent of Kenyans were served by SACCOs and MFIs, while 35 per cent of Kenyans depended primarily on informal financial service providers such as ASCAS and ROSCAs, shopkeepers, and money lenders. These findings indicated that about 62 per cent of the Kenyan population accessed financial services and products using formal, semi-formal and informal providers, leaving about 38 per cent of Kenyans with no access to any form of financial services and products.

Government policy is to expand access to financial services and products

The banking industry and KPOSB as at 31st December 2007 had about 4.4 million and 1.3 million savings accounts, respectively, while MFIs and SACCOs had about 1.1 million and 3.3 million savers respectively. This brought to about 10.1 million saving clients served by the formal and semi-formal financial service providers out of a total population of about 37.2 million Kenyans, translating to about 27 per cent of the total population.

The CBK financial sector development strategy is based on three pillars namely: Efficiency, Access and Stability, in line with the Government policy as outlined in Kenya's vision 2030.

CHAPTER II

2.0 DEVELOPMENTS IN THE BANKING INDUSTRY

2.1 Introduction

The banking industry experienced significant growth, in terms of assets that expanded to Ksh 951 billion. This growth in turn propelled a 28.5 per cent growth in profits in 2007 compared to 2006.

Banking institutions were however, confronted by several challenges key among them:

- The urgent dictates that the Kenyan economy must substantially grow, income equally distributed across the country, and the large numbers of qualified but, unemployed skilled labour workforce be absorbed into the economy;
- The practical difficulties in lending to start-up businesses with no risk capital/collateral and limited management expertise;
- Adherence to increasing regulatory requirements aimed at maintaining the soundness of the Kenyan financial sector.

The financial sector has an important role to play in the transformation of the Kenyan economy and the integration of the population into the mainstream active economic life. Towards this end, it is likely that, in the future, it will be the micro, small and medium scale enterprises producing goods and services for the domestic and export markets which will create new jobs, rather than the traditional, large and bureaucratic establishments.

As regards the second set of challenges, this sector of business activity ranges from Micro Enterprises to Small and Medium Scale Enterprises (SMSE) whereby the practical difficulties of lending varies significantly between the small and medium scale enterprises. Lending to the SMSEs had its own unique challenges and hence was not appropriate for the commercial banks to be involved in these sub-sectors. This sub-sector has however been best served by non-traditional financial institutions like Microfinance Institutions and SACCOs.

In the third set of challenges, namely maintaining the soundness of the financial sector, banks have shown a high level of commitment in the last few years to adhere to increasing stiffer regulatory requirements including Anti-Money Laundering initiatives. This in turn has resulted in the development of a sound and well-regulated financial system that has given foreign counter-parties confidence in dealing with Kenyan banks.

There is increased application and utilization of ICT in financial services delivery system.

Other than the above challenges, the rapid development in Information Communication and Technology (ICT) has brought about the emergence of virtual markets with four primary distinct characteristics, namely real-time, shared, open and global. The growing rate of ICT utilization particularly the internet has influenced, at an exponential rate, global online interaction and communication among the general population. The shortcomings notwithstanding, most people are connected through their cell phones, home personal computers and others through corporate access and public cyber cafés. The patronage of the internet all over the world is monumental and has remained on the increase from inception. The last one year has witnessed an increase of ICT based products in the market in response to global trends.

2.2 Developments in Information and Communication Technology (ICT)

In the year under review, institutions continued to invest in ICT to enhance their range of products and increase the number of delivery channels. Banking institutions continued to leverage on mobile telephony as an additional service delivery channel.

Leading mobile telephone service providers have engaged in money transfer services for their respective clients

Kenya's two mobile telephone providers introduced money transfer services, using mobile telephones, to hitherto unbanked Kenyans and providing competition to the banking sector. Celtel launched Sokotele and Safaricom introduced M-pesa money transfer services for their clients.

Developments in ICT are driving the growth of "branchless banking" in countries such as Philippines, India and Brazil. "Branchless banking" entails the extension of the outreach of banks without putting up physical "brick and mortar" structures through strategic alliances between banks and other financial and non financial institutions with wide outreach. In such arrangements, banking institutions will partner with telecommunication companies, supermarket chains, petrol stations, etc. in providing financial services.

The rapid pace of advancement in ICT networking has offered a wide range of delivery channels in retail banking. Banking institutions need to exploit the opportunities that arise from these developments to remain competitive. The successful financial institutions in the future will be those that are able to leverage most from the ICT revolution. Increasingly, consumers are also demanding more efficient banking services and are becoming more discerning of the power that the technology brings. The winners will be those financial institutions that are able to harness on

the capability of ICT in making strategic decisions in terms of enabling better alignment of business, enhancing organisational capacity and capability, risk management and building better customer relationships. Attention at the highest management level is therefore vital in ensuring the formulation of the most appropriate ICT strategies for banks to remain competitive.

2.3 Bank Charges

Bank charges and lending rates are an issue of great public concern particularly as they are perceived to be generally too high. The Central Bank, being mindful of these concerns, continues to enforce legislative provisions that require increases in bank charges and fees to be approved by the CBK. However, CBK has in the recent past focused on initiatives to empower customers with information to enable them make informed decisions with regard to choice of banks and products. It is anticipated that bank customers will “vote with their feet” and spur competition in the sector.

The Central Bank of Kenya strives to establish a conducive environment for effective competition

2.3.1 Bank Charges Survey

The CBK commenced publication of bank charges and lending rates in the print media in November 2003. This was aimed at enhancing competition in the banking sector through market discipline. However, there was no significant decline in the charges and rates noted after commencement of the initiative. A survey was commissioned in 2005 to assess the impact of the publications on the general public, corporate bank customers and banking institutions.

The survey had the following key findings:-

- Awareness and usage of CBK’s publications among the general public was low.
- Among corporate bank customers, awareness was high but usage was relatively low.
- Similarly awareness among banking institutions was high but usage was relatively low.
- The publications were complex and unappealing.

The key recommendations from the survey were:-

- CBK should continue publishing the information on bank charges and lending rates but ensure that the information is accurate and user friendly.
- Change the layout of the adverts for better visual appeal and thus greater impact.
- Use media channels to create awareness of the publication.

In 2006, CBK, in partnership with the Financial Sector Deepening (FSD) Trust Kenya, commissioned a follow-up survey that would provide input in enhancing the communication of bank charges and lending rates, with the following mandates:

- Develop a basis for “summarizing” the price of a service of each bank.
- Provide quarterly price information to customers via the media.
- Ensure the information was:-
 - Meaningful to customers.
 - Widely useful.
 - Used by customers to make banking choices.

Survey Results

A face to face household survey amongst 900 randomly selected individual banking customers in Nairobi, Mombasa and Kisumu was conducted to identify their banking needs and usage patterns. The key findings of the survey launched in August 2007 were:-

- The average loan sizes and tenors were Ksh 500,000 over 36 months and Ksh 50,000 over 24 months.
- Loans were mainly taken for business purposes and personal issues such as school fees.
- There is a fairly low level of “shopping” for banking services and products.
- For savings accounts, average usage of number of cash withdrawals, ATM withdrawals and total ledger entries was established as a basis for the computation of the average cost of operating a savings account.
- For current accounts, average usage of cash withdrawals, ATM withdrawals, total ledger entries, statements and balances enquiries, cheque issuance and special clearance amongst other commonly used services was established as a basis for the computation of the average cost of operating a current account.

2.4 New Products

The year under review saw the continued introduction of new products by the banking sector. A shift towards transaction accounts was noted for basic banking services such as salaries and regular payments.

The growth of Institutions offering Sharia compliant financial services and products continued to gather momentum with the introduction of Islamic banking products by conventional banks. The year saw the licensing of Gulf African Bank and First Community Bank whose tenant is to offer Sharia compliant banking products in the Kenyan market.

Two Sharia compliant banks were licensed during the year.

The Sharia prohibits ‘interest’ but it does not prohibit all gains on capital. Islamic banking systems are based on risk sharing, owning and handling of physical goods, involvement in the process of trading, leasing and construction contracts using various Islamic modes of finance.

2.5 Employment Trends in the Industry

Employment in the banking sector rose by 39.1 per cent from 15,568 in 2006 to 21,657 employees by end of 2007 as shown in **Table 4**. The increase in staffing was largely attributed to the expansion in branch network in most institutions and the expansion in business volumes attributed to economic growth. There was also a 73.5% decline in support staff in 2007 compared with 2006. This is attributed to the outsourcing of support services that most financial institutions have adopted in the last few years.

TABLE 4: EMPLOYMENT IN THE BANKING INDUSTRY			
	2007	2006	% Change
Management	4,727	3,981	18.70%
Supervisory and section heads	3,865	3,258	18.60%
Clerical and secretarial staff	12,773	7,227	76.70%
Other support staff	292	1,102	-73.50%
Total	21,657	15,568	39.10%

2.6. Forex Bureau Licensing Procedures

During the year under review, CBK introduced new licensing procedures for Forex Bureaux, involving a two stage process. In the first stage, applicants are expected to fulfil the following requirements: -

- a) Reserve an appropriate name with the Registrar of Companies and seek Central Bank's approval for the name.
- b) After approval of the name by the Central Bank, register the company and make a formal application (**CBK/FXD/1**) to the Central Bank attaching the following documents:
 - i. Certified copy of Certificate of Incorporation and Memorandum and Articles of Association;
 - ii. A feasibility study of the proposed Forex Bureau;
 - iii. Particulars and 'fit and proper forms' of proposed shareholders and directors;
 - iv. Declaration and confirmation that no shareholder and/or director has a similar position or role in any other Forex Bureau in Kenya;
 - v. Provide evidence of non-interest bearing deposit of US\$ 30,000 and core capital of US\$ 30,000, or its equivalent in Kenya Shillings; and
 - vi. Pay a non-refundable application fee of Ksh 10,000 to the Central Bank of Kenya by banker's cheque.

In the second stage, upon assessment and fulfilment of the above, the Central Bank issues a **Letter of Intent**, which advises the applicant on the following steps and requirements to be fulfilled before issuance of a licence:

- a) Payment of license fees of Ksh 65,000 to the Central Bank of Kenya by banker's cheque;
- b) Remittance of US\$ 30,000 to the Central Bank of Kenya being non-interest bearing deposit;

- c) Preparation of premises for inspection by the Central Bank in accordance with the standards provided in the Forex Bureau Guidelines.
- d) Presentation of the proposed Principal and Assistant Principal Officers to the Central Bank for interview and approval.

Once an applicant fulfils the entire requirements, the Central Bank issues the applicant with a license and approval to commence operations of the Forex Bureau business in Kenya.

2.7 Future Outlook

The banking sector is dominated by 6 large banks which account for approximately 58 per cent of the market share. The remaining banks are small and have limited outreach. In view of this, there are enormous opportunities in the economy to expand banking services to parts of the population that do not hold bank accounts, particularly in the rural areas. This will provide a greater pool of savings to finance the productive investments of Vision 2030.

There is still enormous business potential to be exploited

Banking institutions will need to cope with continuously changing business environments and a continuous flood of new requirements via robust ICT platforms, while staying sufficiently agile. Consumers will continue to demand individualised goods and services, and to demand them faster than ever. Second, the world is undergoing a “Knowledge Revolution” whose consequences will exceed even those of the industrial revolution. Hence banks will be expected to continue aggressively designing new products that leverage on ICT to remain competitive. Down streaming into the retail market segment is also expected to continue particularly with the anticipated licensing of deposit taking Microfinance Institutions in 2008.

Additional capital injection is also expected as banking institutions expand into the region in search of growth opportunities in line with trends towards regional and economic integration. Competition will also intensify as pan-african banking groups from South and West Africa target Kenya as their East and Central Africa regional hub.

Diversification into other financial services such as insurance, securities and financial advisory services is also anticipated as consumers increasingly seek “one stop financial supermarkets.” These developments are expected to enhance banking products being offered and bring more Kenyans into the banking space.

The lifting of the moratorium on the licensing of new Forex Bureaux will lead to new entrants in the Forex Bureau sector, in year 2008 . This is expected to improve service delivery and generate more competition and efficiency in the market sector.

Establishment of a strong and effective AML Regulatory Regime is dependant on enactment of AML law.

The enactment of the Proceeds of Crime and Anti-Money Laundering Bill expected in 2008 will require the establishment of appropriate systems by institutions to identify and prevent AML/ CFT activities in Kenya. Kenya as a regional trade and financial hub, is highly exposed to money laundering threats, therefore, it is imperative that the Kenyan financial system aims at building very robust Anti-Money Laundering systems.

CHAPTER III

3.0 MACROECONOMIC CONDITIONS AND BANKING SECTOR PERFORMANCE

3.1 Global Economic Conditions

The world economy grew by 5.2 per cent in 2007, a slight decline from the 5.4 per cent growth registered in 2006. Russia, China and India accounted for half of the global expansion with growth in emerging markets and developing countries remaining robust. However, the world economy experienced a slowdown following disruptive financial market conditions in 2007, particularly in the US where the subprime mortgage crisis dampened consumption spending and residential investment.

Growth prospects for the world economy remain positive

3.2 Sub-Saharan Africa

Economic growth in sub-Saharan Africa grew by 6.1 per cent in 2007, a slight expansion compared to 5.7 per cent growth in 2006. The growth was mainly driven by oil exports and is expected to accelerate further with the oil facilities coming on stream in Nigeria and Angola and a new liquefied natural gas plant in Equatorial Guinea. The neighboring countries in the oil region, benefiting from cheaper oil imports have experienced economic expansion associated with the new sources.

Non-oil importing countries in the region have also achieved rapid growth rates, reflecting sound policy implementation, a favourable external environment and increased openness. The growth acceleration could be partially offset by weaker global expansion and demand for commodity exports, as well as political developments in individual countries.

3.3 The Domestic Economy

The economy sustained the growth momentum that began in 2003 to register a real Gross Domestic Product (GDP) growth, that expanded by 7 per cent in 2007 from 6.1 per cent in 2006. The growth acceleration largely reflected improved performance in agriculture, tourism, transport and communication, building and construction and manufacturing sectors. Stable interest rates coupled with a stable exchange rate, as well as increased liquidity from improved access to credit and increased remittances from Kenyans in the Diaspora provided a conducive environment for investment.

The domestic economy sustained its growth momentum at 7%

The country's economic growth has mainly been on account of improved business confidence, stable macro-economic environment and a recovery of the global economy.

The Macroeconomic environment remained stable

The stable macroeconomic environment is expected to continue in 2008, largely premised on strong performance in all sectors of the economy and continued strong growth in our trading partners' economies. The outlook nevertheless, builds on increased public and private investments, a strengthened financial sector, increased investments in infrastructure development and increased credit to the private sector. Constraints that could dampen the growth outlook include high and volatile international oil prices, infrastructural constraints, in particular poor roads and high costs of energy.

3.4 Inflation

Overall inflation declined from 14.5% in 2006 to 9.8% in 2007

Central Bank of Kenya's (CBK) monetary objective is aimed at keeping inflation low and stable with a target of 5 per cent. CBK's operating target is reserve money and the intermediate target is money supply. Over the last five years, the Government continued to pursue stringent macroeconomic policies that saw the easing of inflationary pressure on the economy in 2007. As a consequence, the overall inflation decreased from 14.5 per cent in December 2006 to 9.8 per cent in December 2007. This decline in inflation was mainly attributed to reduction in food prices, appreciation of the Kenya Shilling and a sound monetary policy framework. Nonetheless, inflation may rise in the future due to volatile oil prices and uncertain weather conditions.

3.5 Exchange Rates

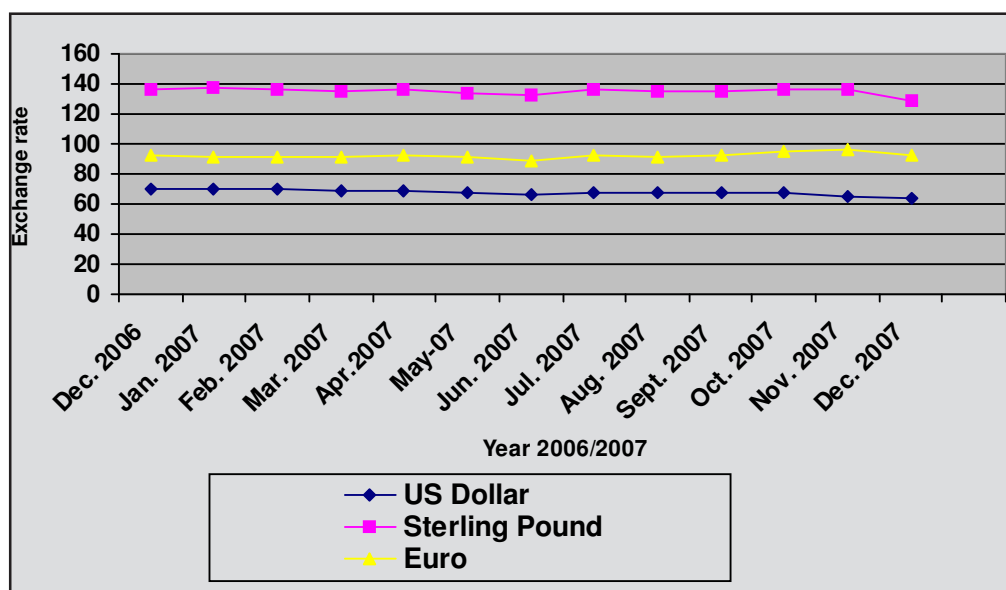
There was a mixed reaction of the Kenya shilling against other foreign currencies

The Kenya Shilling appreciated against major world currencies in the year to December 2007 as shown in **Chart 4**, mainly supported by foreign direct inflows into the domestic Foreign Exchange market and weakening of the US dollar in the world market. The Shilling gained against the US dollar to exchange at an average of Ksh 63.3 per US dollar over the same period. The shilling also appreciated against the Sterling Pound and the Japanese Yen to trade at an average of Ksh 128.5 per Sterling Pound and Ksh 56.5 per 100 Japanese Yen in 2007

compared to average of Ksh 136.8 per Sterling Pound and Ksh 59.5 per 100 Japanese Yen in 2006. However, the shilling depreciated against the Euro to trade at Ksh. 92.2 per Euro compared to Ksh. 92.0 per Euro in 2006.

During the period under review, the Kenya Shilling’s reaction was mixed against regional currencies. Against Uganda shilling, the Kenya Shilling appreciated and traded at Ush 27.1 per Kenya shilling in December 2007 compared to Ush 26.1 per Kenya shilling in 2006, and slightly depreciated against the Tanzania shilling at Tsh 18.4 per Kenya shilling compared to Tsh 18.6 per Kenya shilling over the same period. The Central Bank of Kenya will continue to pursue prudent macroeconomic policies and maintain market determined exchange rates. The Kenya Shilling is expected to weather the effects of the recent post-election violence and is therefore projected to remain stable in 2008.

CHART 4: KENYA SHILLING EXCHANGE RATE AGAINST MAJOR CURRENCIES

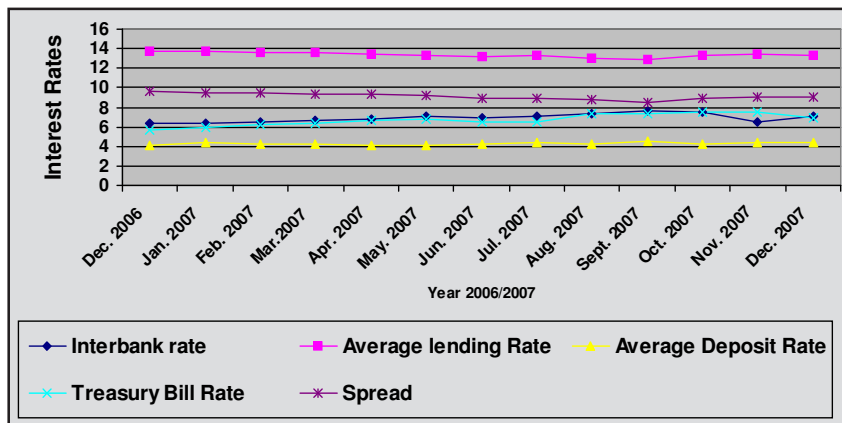


3.6 Interest Rates

Short term interest rates edged up slightly, but with a decline in the interest rate spread

Short term interest rates edged up in the year to December 2007. As shown in *Chart 5* below the average 91 days Treasury bill rate increased from 5.73 per cent in December 2006 to 6.87 per cent in December 2007. On the other hand, commercial banks lending rates declined from 13.74 per cent in December 2006 to 13.32 per cent in December 2007. The customer overdraft rate declined from 13.91 per cent to 12.96 per cent while the average deposit rate increased from 4.11 per cent in 2006 to 4.32 per cent over the same period. Consequently, the interest rate spread declined from 9.63 per cent in December 2006 to 9.0 per cent in December 2007. The Central Bank Rate (CBR) the rate of interest at which the CBK lends to commercial banks remained unchanged at 8.75 per cent over the same period. Interest rates are expected to remain stable with continued implementation of appropriate monetary policies and a sustainable fiscal position.

CHART 5: TRENDS IN INTEREST RATES



3.7 Balance of Payments

There was improved Balance of Payment

Kenya's balance of payment surplus improved from US\$ 675 million in December 2006 to US\$ 882 million by December 2007 following increased private financial inflows into the capital and financial account that covered the wider current account deficit. The deficit in the current account widened from US\$ 529 million in 2006 to US\$ 1,155 million in 2007 as a result of widening deficit in the trade account from US\$ 3,830 million to US\$ 4,910 million. The services account, however, improved from a surplus of US\$ 3,302 million in the year to December 2006 to a surplus of US\$ 3,755 million in the year to December 2007, reflecting increased receipts from non-factor services (tourism) and private current transfers. The recent post-election violence is expected to temporarily slow down imports and exports, but over the long-term, the paths for imports and exports are expected to resume their previous trends. Therefore, the current account

deficit is expected to continue into 2008 financed by anticipated capital and financial inflows, some of which will be related to privatization of public enterprises.

3.8 Fiscal Developments

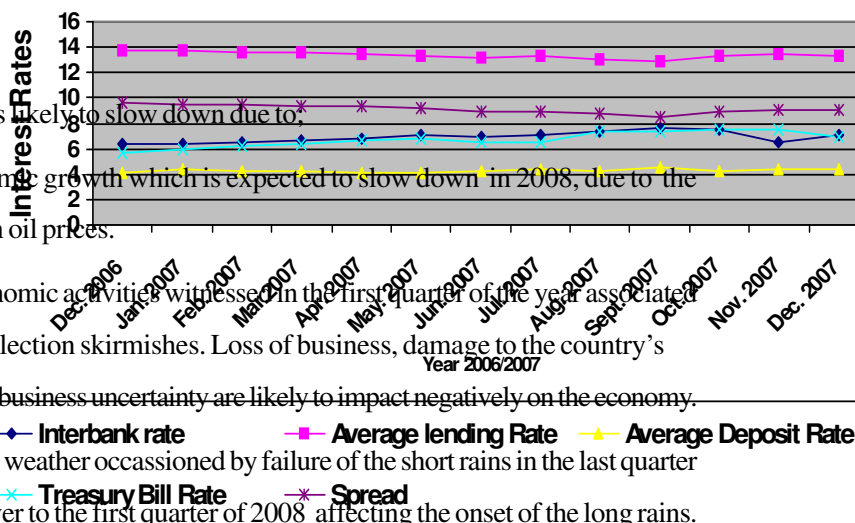
During the first half of the fiscal year 2007/08, Government budgetary operations resulted in a deficit of Ksh 27.7 billion or 1.4 per cent of GDP on a commitment basis compared with a deficit of Ksh 7.8 billion or 0.5 per cent of GDP in a similar period of 2006/07. However, as a percentage of GDP, the budget deficit on cash basis decreased from 1.6 per cent to 1.1 per cent during the period. The fiscal outturn of the Government during the period reflected improved performance on tax collection and lower than budgeted expenditure.

CHART 5: TRENDS IN INTEREST RATES

3.9 Economic Outlook

Economic growth for 2008 is likely to slow down due to:

- The world economic growth which is expected to slow down in 2008, due to the recent increase in oil prices.
- The sluggish economic activities witnessed in the first quarter of the year associated to the 2007 post election skirmishes. Loss of business, damage to the country's image abroad and business uncertainty are likely to impact negatively on the economy.
- The unfavourable weather occasioned by failure of the short rains in the last quarter of 2007 spilled over to the first quarter of 2008 affecting the onset of the long rains.



In addition, disruption of agricultural activities by the post-election violence is expected to adversely affect agricultural output.

- In addition, indicators in the first quarter of 2008 show escalation of inflation to levels witnessed over a decade ago. The rise in inflation rate has been attributable to the rise in oil prices and also on a general rise in food prices both domestically and globally.

However, there are prospects for renewed growth in 2008, which include;

- Increased demand for goods and services from Kenya by emerging economies.
- Sound policy frameworks which are expected to support more growth.

The factors that are likely to be key in supporting growth in future include;

- The on-going improvement of the infrastructure and integration of the East African Community and COMESA economic blocks.
- Easy accessibility of credit to the private sector and households is likely to be enhanced by the increased competitiveness amongst financial institutions thereby promoting growth in investment particularly in the SMSE sector.
- The on-going tourism marketing effort is also expected to boost the country's image abroad.

3.10 Vision 2030

The National Economic and Social Council developed Vision 2030 as the country's development blueprint from 2008 to 2030. Vision 2030 seeks to transform Kenya into a globally competitive middle-income country with a highly improved quality of life by year 2030. To realize this vision, the Kenyan economy requires a sustained annual growth rate of 10 per cent during the period. This economic performance will require maximum contribution of each and every key sector of the economy.

Banking sector is expected to increase the savings rate to 30% of GDP.

The banking sector is expected to increase the savings rate to 30 per cent of GDP which will be achieved by bank deposits and increasing the pool of funds through reforms of the pension industry and capital markets. This may require transformation of some banking institutions into larger and stronger ones with attractive and competitive financial services and products.

3.11 Banking Sector Performance

3.11.1 Overview

In tandem with the sustained economic growth, the banking sector recorded an impressive growth over the period under review. Overall profitability rose by 30 per cent while the asset portfolio expanded by 25.9 per cent. The industry recorded a major decline in the stock of Non-Performing Loans (NPLs) following resolution of the large NPLs in the banks that had Government shareholding. The period also saw enhancement of capital adequacy ratios mainly due to fresh capital injections and retention of profits. The increase in the access to banking services was supported by the increased branch network mainly in 2006 and 2007 against a backdrop of an aggressive banking sector expansion, targeting the retail market across the country.

The banking sector credit has been on an upward trend since 2003 mainly on account of improved public access to financial services due to stiff competition within the industry that saw an expansion of the range of credit products especially personal un-secured loans. As a result, banking sector credit to the domestic economy grew by 17.6 per cent in the year to December 2007 compared with 15.4 per cent in December 2006. Growth in private sector credit was, however, faster at 24.6 per cent in the year to December 2007 compared with 15 per cent in 2006, due to economic vibrancy that prevailed during the year.

3.11.2 Balance Sheet Analysis

As a result of increased economic activities, the banking sector's total assets expanded by 25.9 per cent from Ksh 755.3 billion in December 2006 to Ksh 951.2 billion in December 2007 as shown in **Table 5** on page 24. Total loans and advances stood at Ksh 495 billion in December 2007 compared with Ksh 396.1 billion as at December 2006. The increase in loans and advances was attributed to lending to private households, transport and communications, building and construction and manufacturing sectors. The banking sector holding of Government securities increased by 24.0 per cent from Ksh 144.4 billion in December 2006 to Ksh 179.1 billion. The investment in Government securities was mainly in the long-term Government Treasury Bonds (71.9 per cent), which offered better returns than the 91 days treasury bills. Investments in capital instruments increased by 20.3 percent mainly due to investment in corporate bonds and commercial paper of other institutions. Banking sector assets increased by 25.9%

Deposit liabilities including accrued interest, increased by 18.0 per cent or Ksh 107.3 billion to Ksh 705.2 billion as at the end of December 2007 from Ksh 597.9 billion in December 2006. This increase in deposit base was attributed to external donor inflows to Non-Governmental Organizations and the government, coupled with an increase in earnings from tourism and trade exports. Deposits grew by 18%

TABLE 5: GLOBAL BALANCE SHEET (Ksh Bn)			
	Period	% Change	
Assets	2007	2006	
Cash	22.5	15.6	44.1
Balances at Central Bank of Kenya	50.9	40.4	25.9
Kenya Government Securities	179.1	144.4	24.1
Balances Due from Other Banks	63.4	50.2	26.3
Other Securities held for Dealing Purposes	21.7	16.9	28.4
Loans & Advances (net)	495.4	396.1	25.1
Investment Securities	4	3.3	20.3
Others Assets	114.2	88.3	29.3
Total	951.2	755.1	26
Liabilities & Shareholders' Funds			
Deposits	705.2	597.9	18
Other Liabilities	116.75	59.85	95.06
Capital & Reserves	129.3	97.6	32.48
Total	951.23	755.31	25.94

Asset Quality

Stock of NPLS declined by 43.9%

As shown in *Table 6*, the stock of Non-Performing Loans, net of interest in suspense, declined from Ksh 65.4 billion in December 2006 to Ksh 41.9 billion in December 2007. Consequently, asset quality which is measured by the ratio of net non-performing loans to gross loans declined to 3.4 per cent in December 2007 from 5.0 per cent in December 2006. Improvement in asset quality was in general as a result of NPL resolutions, recoveries and write-offs in two major banks.

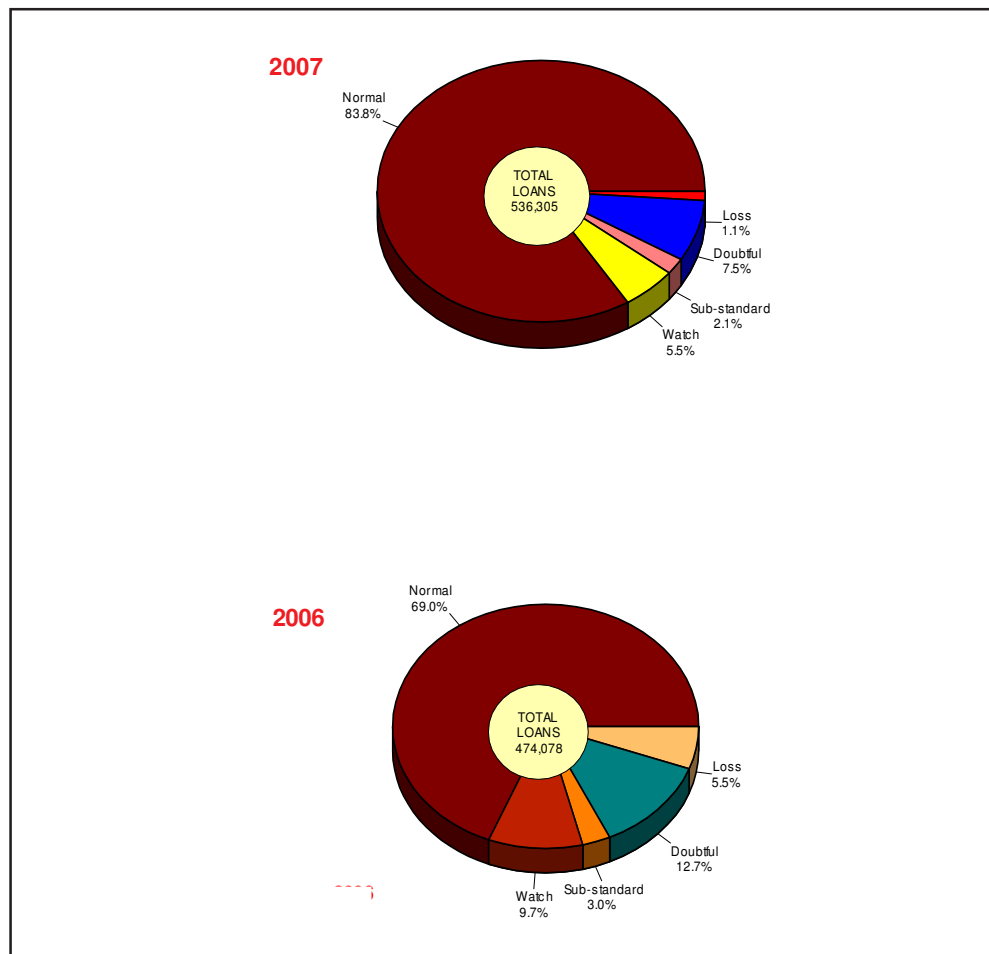
TABLE 6: ASSET QUALITY			
Ksh (Bn)	2007	2006	% Change
Total Assets	951.2	755.3	25.9%
Gross Loans and Advances	533.8	473.1	12.8%
Total Loans and Advances	518.9	437.8	18.5%
Gross Non-performing Loans and Advances	56.8	100.7	-43.6%
Interest in Suspense	14.9	35.3	-57.8%
Total Non- performing Loans and Advances	41.9	65.4	-35.9%
Specific Provisions	23.5	41.7	-43.6%
Net Non- performing Loans	18.4	23.7	-22.4%
Gross Loans/ Total Assets%	56.1	62.6	
Gross NPLs/ Gross Loans (%)	10.6	21.3	
Total NPLs/ Total Loans (%)	8.1	14.9	
Net NPLs/Gross Loans and Advances	3.4	5	

* Total Loans and Advances =Gross Loans and Advances Net of Interest in Suspense

As shown in *Table 7* and *Chart 6* on page 26, loans and advances classified as Watch, Sub-standard, Doubtful and Loss categories declined in 2007. The decline in loans and advances in these categories was attributed to write-offs and recoveries. On the other hand, the proportion of loans and advances, classified in the Normal category increased by 15 percentile points.

TABLE 7: RISK CLASSIFICATION OF LOANS AND ADVANCES					
No.	Category	Dec-07		Dec-06	
		Amount Ksh m.	%	Amount Ksh m.	%
1	Normal	449,369	84	327,226	69
2	Watch	29,659	6	46,180	10
3	Substandard	11,072	2	14,147	3
4	Doubtful	40,449	8	60,272	13
5	Loss	5,756	1	26,253	6
	Total Loans	536,305	100	474,078	100

CHART 6: RISK CLASSIFICATION OF LOANS AND ADVANCES.



Capital Adequacy

The banking sector remained well capitalized with, Capital and Reserves increasing by 32.5 per cent from Ksh 97.6 billion in December 2006 to Ksh 129.3 billion in December 2007. The increase in Capital and Reserves in the sector was a result of fresh capital injection by some institutions and retention of profits. Capital adequacy in the sector, as measured by the ratio of Total Capital to Total Risk Weighted Assets ratio improved from 17.0 per cent in 2006 to 19.0 per cent in December 2007 as shown in *Table 8*.

The sector remained adequately capitalized with additional capital injection to fund business growth and branch expansion

TABLE 8: CAPITAL ADEQUACY RATIOS			
	2007	2006	Minimum Capital adequacy ratios
Core Capital/ TRWA*	18	16	8.00%
Total Capital/TRWA*	19	17	12.00%
Core Capital/Total Deposits	15	14	8.00%

* Total Risk Weighted Assets-TRWA

Liquidity

Liquidity is measured by the ratio of net liquid assets to net deposits and short term liabilities and reflects an institution's ability to meet its maturing obligations as they fall due. Liquidity of the banking sector remained strong as in the previous years. The high liquidity is a reflection of the sector's preference for liquid assets notably risk free government securities. Commercial banks maintained an average liquidity ratio of 41.0 per cent, well above the minimum requirement of 20 per cent.

The sector continued to maintain high liquidity levels

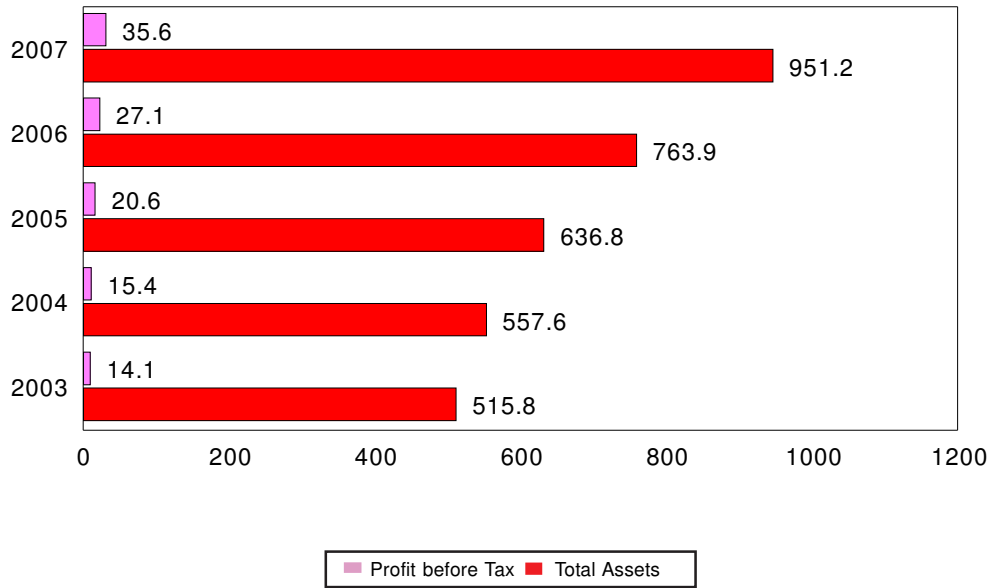
3. 11.3 Profit and Loss Analysis

The banking sector's pre-tax profit increased by 31.4 per cent to stand at Ksh 35.6 billion for the year ending December 2007 compared with Ksh 27.1 billion in 2006 as shown in *Chart 7 on page 28*. The improvement in profitability was attributed to an increase in all income streams, boosted by the increase in the level of economic activities.

Pre-tax profits grew by 31%

Despite the increase in the banking sector’s profits over the years, the distribution of profits remained skewed with four major banks contributing 62.5 per cent of the total pre-tax profits in the industry.

CHART 7: PROFIT BEFORE TAX VS TOTAL ASSETS (KSH BILLION)



There has been consistent growth in the level of profits

Income

Total Interest Income increased by 21%

As shown in **Table 9** total income increased by 21.3 per cent from Ksh 95.0 billion in December 2006 to Ksh 115.2 billion as at the end of December 2007. Interest income on loans and advances increased by 18.0 per cent from Ksh 46.7 billion in December 2006 to Ksh 55.1 billion in December 2007 and accounted for 47.8 per cent of total income. The increase in interest income was attributed to substantial growth in loans and advances and increase in the interest margin. interest income on Government securities increased by 30.6 per cent from Ksh 13.4 billion in 2006 to Ksh 17.5 billion in 2007. The increase in interest income from Government securities was due to increase in interest rates in year 2007 and increase in institutions’ holding in Government securities. Fees and commissions income accounted for 22 per cent of the banking sector total income, having increased by 20.5 per cent from Ksh 21.0 billion in 2006 to Ksh 25.3 billion as at the end of December 2007.

Expenses

As shown in **Table 9** below total expenses increased by 17.1 per cent from Ksh 67.9 billion in December 2006 to Ksh 79.6 billion in December 2007. The increase in total expenses was attributed to an increase in interest expenses on deposits, salaries and wages. Interest expenses on deposits accounted for 23 per cent of total expenses in both year 2006 and 2007. Salaries and wages increased by 27 per cent from Ksh 20.5 billion in 2006 to Ksh 26.0 billion in 2007 and accounted for 33 per cent of total expenses.

Expenses were well controlled and increased by 17%

TABLE 9: INCOME & EXPENDITURE ITEMS AS PERCENTAGE OF TOTAL INCOME				
Item	2007		2006	
	Ksh Bn	%	Ksh Bn	%
Income				
Interest on advances	55.1	47.8	46.7	49.4
Fees and Commission on loans and advances	7.4	6.4	4.5	4.8
Other Fees and Commission Income	17.8	15.5	16.4	17.3
Interest on government securities	17.5	15.2	13.4	14.1
Interest on placement	4.1	3.6	3.2	3.4
Other income	13.3	11.5	10.7	11.2
Total Income	115.2		95	100
Expenses				
Interest expenses	20.5	17.8	16.9	17.8
Loan loss provisions	5.6	4.8	7.7	8.1
Salaries and wages	26	22.6	20.5	21.6
Other expenses	27.5	23.8	22.9	24.1
Total expenses	79.6	69.1	67.9	71.5
Profit before tax	35.6	30.9	27.1	28.5

3.11.4 Performance Rating

The Central Bank uses the CAMEL rating system to assess the soundness of financial institutions which is an acronym for Capital Adequacy, Asset Quality, Management Quality, Earnings and Liquidity.

TABLE 10: BANKING SECTOR PERFORMANCE RATING						
Performance Rating	Ksh Bn					
	2007			2006		
	No. of Inst.	Assets	Market share %	No. of Inst.	Assets	Market share %
Strong	10	441.8	32.6	13	200.7	26.6
Satisfactory	27	694.7	51.3	25	488.9	64.7
Fair	8	217.3	16.1	7	65.7	8.7
Marginal	0	0	0	0	0	0
Unsatisfactory	0	0	0	0	0	0
	45	1,353.90	100	45	755.3	100
Overall Rating	Satisfactory			Satisfactory		

Institutions rated 'Strong' have an increased market share with an overall performance improvement

As shown in **Table 10** above, despite a decline in number of institutions from 13 in 2006 to 10 in 2007, the market share of the institutions rated strong increased from 26.6 per cent in 2006 to 32.6 per cent in 2007. The number of institutions rated **satisfactory** improved from 25 in 2006 to 27 in 2007. Despite the increase in the number of institutions rated satisfactory, the market share of these institutions declined from 64.7 percent in 2006 to 51.3 percent in 2007. Institutions rated **fair** increased from 7 in 2006 to 8 in 2007 and the market share increased from 8.7 per cent in 2006 to 16.1 per cent in 2007.

Overall, there was an improvement in the performance of individual institutions and the entire banking sector during the year, although the overall rating remained **satisfactory**.

CHAPTER IV

4.0 DEVELOPMENTS IN SUPERVISORY FRAMEWORK

4.1 Introduction

The Ministry of Finance and the Central Bank of Kenya, along with other market players, continued spearheading supervisory and regulatory reforms geared at fostering stability of the financial system. The principle changes towards this end included the operationalization of the Banking (Amendment) Act, 2006 and the Finance Act, 2007. In addition, the year also saw the publication of the Proceeds of Crime and Anti-Money Laundering Bill, 2007 and its tabling in Parliament.

4.2 Banking Act

(a) **Banking (Amendment) Act, 2006**

The Banking (Amendment) Act, 2006 became operational from 1st May 2007.

The key changes effected by the Banking (Amendment) Act, 2006 are:-

- Ceding of approval powers to licence, revoke licences, open and close places of business and statutory management from the Minister of Finance to the CBK.
- Vetting of directors and senior officers before they are appointed to manage or control institutions by the CBK.
- Vetting of significant shareholders (more than five per cent of the share capital of an institution) by the CBK.
- Prohibition of charges on savings, seven day call or fixed deposit accounts and requirement for interest to be paid on savings accounts as long as the minimum balance is maintained.
- The introduction of the “In-Duplum” Rule which limits interest charged on a loan to the principal amount when the facility becomes non-performing.

(b) Comprehensive Review of the Banking Act

The comprehensive review of the Banking Act is intended to align it to best supervisory & international practices

The comprehensive review of the Banking Act which commenced in 2006 was completed and the revised draft Bill submitted to the Ministry of Finance. The draft Bill is currently under consideration by the Attorney General's Chambers and is expected to be published and tabled before Parliament in the course of 2008.

The review is intended to align the Banking Act to supervisory best practices as set out by the Basel Committee on Banking Supervision and to take into account industry dynamics.

The key areas covered by the review include:-

- Strengthening of CBK's operational independence in the supervision and regulation of banking institutions.
- Expansion of the range of activities that banks can engage in, in view of the global trends towards "one stop financial supermarkets."
- Empowering CBK to effectively supervise domestic and foreign financial and non-financial subsidiaries, affiliates and associates of banks.
- Enhancement of the remedial and enforcement actions available to the Central Bank to facilitate proactive resolution of potential threats to banking sector stability.
- Enabling banks to extend their outreach through agency arrangements with non-bank entities.

4.3 Finance Act, 2007

The Finance Act, 2007 was assented to on 22nd October 2007 bringing into effect the following key amendments to the Banking Act:-

- Section 9(5) of the Banking Act was amended to cede the powers of publication of a notice of the passing of the resolution confirming amalgamation or any arrangement for the transfer of assets and liabilities between institutions from the Minister of Finance to the Central Bank.
- Section 31(3) (b) of the Banking Act was amended to enable the Deposit Protection Fund Board (DPFB) share information on non-performing loans in its custody.

4.4 Microfinance Act (No. 19 of 2006)

The Microfinance Act, 2006 was enacted in December 2006 and published in the Kenya Gazette Supplement No. 103 on 2nd January 2007 and covers both the deposit-taking and non deposit-taking microfinance businesses. The Microfinance (Categorization of the Deposit-Taking Microfinance Institutions) Regulations, 2008, the Microfinance (Deposit-Taking Microfinance Institutions) Regulations, 2008 and the commencement date of 2nd May 2008 were gazetted through the special issue, Kenya Gazette Supplement No. 36 dated 16th May 2008 and published on 29th May 2008. There are pending regulations such as Deposit Protection Regulations, Penalties Regulations, Credit Information Sharing Regulations, Non-deposit Taking Business Regulations and Guidelines that are at various stages of preparation and finalization.

The Microfinance Act published in January 2007 was operationalised on 2nd May 2008

The Central Bank, in its preparation to implement the Act, has been, and continues to, undertake capacity building in microfinance practises in collaboration with development partners. The CBK has also prepared appropriate documentation tools/ instruments including reporting regime, performance standards and rating and examination procedures manuals, among others in readiness to license and supervise Deposit-taking Microfinance Institutions.

4.5 Revised Forex Bureau Guidelines

Forex Bureau Guidelines were revised to streamline operations and prevent observed abuse of existing laws and regulations.

Forex Bureaux were established and first licensed in January 1995 to foster competition in the Foreign Exchange market. As authorised dealers, Forex Bureaux conduct business and are regulated under the provisions of the Central Bank of Kenya Act (Cap 491). These guidelines are therefore issued under Section 33K of the Central Bank of Kenya Act. Due to the rising demand by potential investors and to provide an orderly and competitive framework it became necessary to streamline the sector by reviewing the Forex Bureau Guidelines. At the same time, the attention of the Central Bank was drawn to the fact that several Forex Bureaux had been violating various sections of the Forex Bureau Guidelines, including dealing in third party cheques and telegraphic transfers without the approval of the Central Bank. In some instances, it was observed that these services were abused as avenues for fraud, tax evasion and money laundering. The revised Forex Bureau Guidelines therefore seek to deal with the challenges within the sector, and provide an opportunity for the sector to realign itself in order to enhance competition in the Foreign Exchange market, and particularly, provide a service to a market segment largely excluded from the mainstream banking sector due to the size and frequency of transactions. The revised Forex Bureau Guidelines (2007) that became effective on 1st January 2007 supersede all previous guidelines/circulars issued earlier.

Further, Legal Notice Number 62 of 2007 was issued on 11th May 2007, to replace Legal Notice Number 23 of 1996. The rules issued under Legal Notice Number 62 of 2007 are cited as the Central Bank of Kenya (Foreign Exchange Business) Regulations, 2007. Forex Bureaux are required to familiarize themselves with the provisions of the Central Bank of Kenya Act (Cap 491), the Central Bank of Kenya (Foreign Exchange Business) Regulations, 2007 together with the Forex Bureau Guidelines (January 2007 Edition).

All Forex Bureaux are required to implement minimum KYC and AML policies and procedures

The Central Bank has directed Forex Bureaux to adhere to the revised Forex Bureau Guidelines, 2007, which restrict among other issues, the transfer of licences, change of ownership and/or directors without the prior approval of the Central Bank. The Forex Bureaux have also been advised to upgrade and maintain sound management information systems that generate accurate and timely reports and provide audit trail of their transactions. In addition, the Forex Bureaux are required to submit accurate and timely Returns to Central Bank as per the guidelines and implement the Know Your Customer (KYC) and Anti-Money Laundering (AML) policies and procedures.

Forex Bureaux will also be expected to train staff effectively on prevention of money laundering and other related fraudulent activities.

All applicants intending to establish and operate a Forex Bureau are required to familiarize themselves fully to understand the regulatory and supervisory requirements as outlined in the Central Bank of Kenya Act and Revised Forex Bureau Guidelines, 2007, which are available at the Central Bank website: www.centralbank.go.ke. It is important to note that the Central Bank, while processing applications shall only deal with the promoters/shareholders and/or directors of the proposed bureau and not any third parties such as agents or brokers. Any applicant that engages in the services of third parties to canvass or follow-up the processing of applications submitted to the Central Bank for approval will automatically be disqualified.

Revised Forex Bureau guidelines are available on the CBK website www.centralbank.go.ke

4.6 The Proceeds of Crime and Anti-Money Laundering Bill 2007

The Proceeds of Crime and Anti-Money Laundering Bill, was re-published in 2007 and thereafter tabled in Parliament where it underwent the First and Second readings. However, Parliament dissolved before debate on the Bill could be completed. Subsequently, the Bill has been re-published as Proceeds of Crime and Anti-Money Laundering Bill, 2008 and is set to be re-introduced to Parliament for debate in 2008. It is expected that the Bill will be enacted in the course of year 2008.

Bill republished and re-introduced to parliament in 2008

4.7 Other Laws

Credit Reference Bureau Regulations

The Kenyan banking sector was in the 80's and 90's saddled with a momentous non-performing loan portfolio which invariably led to the collapse of some financial institutions. One of the catalysts in this scenario were "serial defaulters" who borrowed from various institutions with no intention of repaying the loans. These "serial defaulters" thrived in the "information asymmetry" environment that prevailed due to lack of a credit information sharing mechanism in the industry.

The Central Bank and Kenya Bankers Association then partnered to spearhead the development of a credit information sharing mechanism for Kenya. The first milestone was achieved in 2003. The Banking Act was amended to allow for the establishment and operation of Credit Reference

Bureaux for the purpose of collecting prescribed credit information on clients of institutions. Regulations were thereafter formulated in 2004 to give effect to this provision.

Regulation to guide
CBK oversight of
Credit Reference
Bureaux have been
drafted

To provide a firm foundation for credit information sharing, further amendments were enacted in 2006 to compel financial institutions to share information on non-performing loans. Regulations to guide the oversight of the Central Bank over Credit Reference Bureaux have also been developed and are now awaiting gazettelement. Once the regulations are gazetted, the Central Bank will be empowered to license and regulate Credit Reference Bureaux.

CHAPTER V

5.0 CURRENT SUPERVISORY ISSUES

5.1 Introduction

The Bank Supervision Department continued with its agenda of inculcating a “Risk Management Culture” in the banking sector. This follows a shift to Risk Based Supervision whose bedrock is the proactive detection of threats to banking sector stability. Towards this end, a Business Continuity Management (BCM) guideline was developed in conjunction with the Bank of Tanzania and Bank of Uganda.

Bank Supervision Department continues to focus on risk management

5.2 Business Continuity Management (BCM)

The banking landscape continues to evolve rapidly against the backdrop of technological advancements, competition, globalization and increased customer sophistication. These change drivers are increasingly compelling banks to put in place measures to ensure that customers can access banking services without interruptions. Further, recent acts of terrorism, various pandemics and natural disasters have only served to underline the risk of major operational disruptions to a financial system.

Increased emphasis on financial institutions to put in place contingency measures to guarantee business continuity in the event of unforeseen events

In order to ensure that the business operations of institutions licensed under the Banking Act are not unduly affected in the event of a disruption, the Central Bank of Kenya, in collaboration with its East African partner Banks of Uganda and Tanzania, formulated a Prudential Guideline on Business Continuity Management in the banking sector in 2007.

The Central Bank of Kenya Prudential Guideline No.4 (CBK/PG/14) on Business Continuity Management, provides the minimum standards that supervised banking institutions shall adopt to ensure that business operations are not adversely affected in the event of a major disruption. It is envisaged that all institutions shall integrate the principles of Business Continuity Management as part of their overall risk management framework. The Guideline takes effect from 1st March 2008.

BCM Guidelines were developed during the year and issued in January 2008 to take effect from 1st March 2008

5.3 International Financial Reporting Standards (IFRS)

IFRS 7 became effective on 1st January 2007

The International Financial Reporting Standard (IFRS) 7: Financial Instruments/ Disclosures, became effective on 1st January 2007. IFRS 7 consolidates and expands a number of existing disclosure requirements and adds some significant and challenging new disclosures. Some of the requirements of IFRS 7 will be familiar due to the fact that it is, in part, a replacement of International Accounting Standard 32 Financial Instruments: Disclosure and Presentation (IAS32), while others - such as the requirement to provide quantitative and qualitative market risk disclosures are new and may represent a significant challenge for many banking institutions. The primary objective of IFRS 7 is to provide risk and financial disclosures that enable users to evaluate the significance of financial instruments to an entity's position and performance.

In a related development, IAS1 has been amended to include capital management disclosures. Institutions will be required to disclose quantitative and qualitative information on their capital management processes, in particular the objectives, policies and processes. Specific disclosures will also be required on compliance with external regulatory capital requirements and the impact of potential non-compliance.

These developments in IFRS are consistent with the trend towards market discipline as is also envisaged in Pillar III (Market Discipline) of the Basel II Capital Adequacy Framework. Banks will face initial challenges (human resources and systems) in implementing additional disclosures, but these are expected to be outweighed by the resultant increase in transparency and enhanced market discipline.

5.4 Developments of Anti-Money Laundering and Combating the Financing of Terrorism Regime in Kenya

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

Kenya is a member of the ESAAMLG a Financial Action Task Force (FATF), Regional-Style Body formed in 1999. 14 East and South African Countries namely Botswana, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Seychelles, Tanzania, Uganda, Zambia and Zimbabwe are members of ESAAMLG. ESAAMLG's main objective is to promote the implementation of the FATF 40 plus 9 recommendations on Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) through providing Technical Assistance in the development of AML/CFT policies as well as co-ordinating training and capacity building programs with the region in support from various co-operating partners and donors such as IMF, World Bank and UNDOC among others.

Kenya NTF is the main advisory body to the Government with regard to policy and law

Kenya established its National Task Force (NTF) on AML/CFT in April 2003, with the responsibility of implementing ESAAMLG decisions at a national level and reporting on the progress made at regular intervals. This body acts as an advisor to the government on AML/CFT issues pertaining to public policy, law and finance.

Kenya's NTF remains at the forefront in the effort to enact Anti-Money Laundering legislation and drive other AML/CFT initiatives in the country.

During 2007, members of the NTF attended the 7th ESAAMLG Council of Ministers and the 15th ESAAMLG Task Force of Senior Officials and Council of Minister's Meeting held from August 20-24, 2007 in Gaborone, Botswana. During the meeting, the Government of Kenya agreed to the following commitments;

- To spearhead the enactment of the Proceeds of Crime and Anti-Money Laundering Bill, as a first step towards establishing an AML regime in the country to prevent money laundering.
- To fast track Government approval of Kenya's National AML/CFT Strategy and its subsequent publication on the ESAAMLG website.
- To be mutually evaluated in October/November 2008.
- Committed to hosting the 8th ESAAMLG Council of Ministers and the 16th ESAAMLG Task Force Senior Officials meetings in August 2008.

The Government of Kenya hosted the 8th ESAAMLG Council of Minister's and the 16th Senior officials Task Force meetings from August 18-22, 2008

5.5 International Convergence of Capital Measurement and Standards / Implementation of Basel II Accord

Status assessed to provide input for Basel II implementation policy formulation.

During the year under review, Central Bank issued a Basel II Implementation Questionnaire to all banks to assess their status with regard to Basel II requirements and to act as input into the formulation of a Basel II implementation policy.

The Basel II Capital Adequacy Framework, issued by the Basel Committee on Banking Supervision, came into effect on 31st December 2006. The Accord envisages a three pillar approach as set out here below:-

- **Pillar I-Minimum Capital Requirements-** Requires banks to set aside capital for the credit, market and operational risks they face. This is an enhancement over the Basel I Accord which only required a capital charge for credit and market risks.
- **Pillar II-Supervisory Review-** Requires supervisors to ensure that banks maintain capital that is commensurate with their risk profile.
- **Pillar III-Market Discipline -** Seeks to provide bank customers with information/disclosures on institutions' risk management frameworks to facilitate their choice of banking products.

In 2007, CBK continued to implement the key prerequisites of Basel II which are:-

- Full implementation of the Basel I Accord, in particular the Market Risk Amendment.
- Compliance with the Basel Core Principles for Effective Banking Supervision.
- Adoption of Risk Based Supervision (RBS).

Information memorandum issued in September 2007.

In view of substantial progress made with regard to implementation of the prerequisites, CBK issued an Information Memorandum to the banking sector in September 2007, setting out an initial Basel II implementation action plan. The initial action plan is expected to culminate in a CBK policy position on the implementation of Basel II. The policy position expected to be adopted in 2008 will articulate:-

- Elements of Basel II that can be implemented.
- Applicability of Basel II to domestic and internationally active banks.
- Broad regulatory guidance on the approaches to be adopted.

- Timelines for Basel II implementation.

The policy position will draw its input from a survey questionnaire that seeks to establish the status of the Kenyan banking sector vis-a-vis the requirements of Basel II. The survey questionnaire was piloted amongst 11 banks in October 2007 and was rolled out to the entire banking sector in January 2008. A consultative approach with relevant market players will be adopted in formulation of the Basel II policy position.

5.6 Access to Financial Services in the Banking Sector

One of the key pillars of the financial sector is to increase to financial services and products to the majority of the Kenyan population. There continues to be many impediments that prevent the approximate 38% of the un-banked Kenyans from accessing financial services.

A number of financial institutions have put in place strategic programs to expand their outreach to rural areas that are not adequately served. Consequently, the banking sector branch network increased by 165 from 575, branches in December 2006 to 740 in December 2007.

As shown in Appendix vii the total number of deposit accounts in the sector increased by 42.3% from 3,329,916 accounts in 2006 to 4,738,144 in 2007.

As shown in appendix viii, in the large category, Equity Bank Limited registered the highest growth of 183.96 per cent in the level of insured deposits up from Ksh 8,610 million to Kshs 24,450 million in 2007. Chase Bank and Equatorial Bank in the medium and small peer group category recorded an increase in the DPF exposure by 145.21 per cent and 116.62 per cent respectively.

Overall customer deposit increased from 597,874 million in 2006 to Kshs 709,757 million in 2007.

5.7 Compliance Status of Forex Bureaux including Circulars and Rules

In the course of supervising Forex Bureaux, it was noted that a number of them have not been managed in accordance with the provisions of the Central Bank of Kenya Act, Regulations and/or Guidelines. Key among Central Bank's concerns are:

1. The conduct of business by some Forex Bureaux that has been outside the statutory and prudential requirements. More specifically, some bureaux are conducting activities that are akin to parallel banking commonly referred to as "Hawalla Banking";
2. Non-compliance with Anti-Money Laundering Guidelines which require bureaux to take all necessary measures to detect, prevent and report incidences of money laundering;
3. Use of nominee shareholders by some bureaux to camouflage their "true owners";
4. Change of ownership or directorship of the bureaux and engaging principal officers without prior approval from the Central Bank;
5. Failure to accurately record all transactions that take place;
6. Failure to submit periodic reports and returns to the Central Bank;
7. Maintenance of accounts with more than two authorised banks;
8. Failure to maintain the required level of deposit balances with commercial banks;
9. Failure to maintain sound management information systems to facilitate information dissemination.

The Central Bank's attention was also drawn to the fact that some promoters of Forex Bureaux presented applications for Forex Bureau licenses and after issuance of the licences, they were sold or transferred to third parties without the prior approval of the Central Bank. In this regard, the Central Bank of Kenya issued a circular (Central Bank Circular Number 3 of 2007) notifying all Principal Officers, Directors and Shareholders of Forex Bureaux, in December 2007, that enforcement action would be taken without exception, including suspension and revocation of licenses.

Simultaneously, the Central Bank of Kenya issued a circular (Banking Circular Number 8 of 2007) to all Chief Executives of commercial banks, advising them to exercise due diligence whilst dealing with Forex Bureaux by closely monitoring their accounts in accordance with Know Your Customer (KYC) Guidelines issued under the Banking Act. In order to better understand the operations of Forex Bureaux, commercial banks were further advised to familiarize themselves with the provisions of the Revised Forex Bureau Guidelines which became effective on 1st January 2007.

Further, in February 2008, the Central Bank drew up rules governing the establishment and operation of Foreign Exchange Bureaux (Forex Bureaux), to be signed by two (2) directors of an existing or proposed Forex Bureau. In case of changes in directorship of a Forex Bureau, the proposed director(s) are required to sign the rules before being approved by the Central Bank.

BANKING SECTOR BALANCE SHEET											
A	ASSETS	2006				2007				% of total	Growth
		Banks	NEFs	Total	% of total	Banks	NEFs	Total			
1	Cash balances (both local and foreign)	15,277	355	15,632	2.1%	22,379	143	22,522	2.4%	44.1%	
2	Balances due from Central Bank of Kenya	40,306	115	40,421	5.4%	50,765	124	50,889	5.3%	25.9%	
3	Kenya Government securities	141,723	2,672	144,395	19.1%	177,889	1,222	179,110	18.8%	24.0%	
4	Foreign Currency Treasury bills and bonds	206	-	206	0.0%	346	-	346	0.0%	67.6%	
5	Deposits and balances due from local banking institutions	18,327	3,118	21,445	2.8%	21,293	3,055	24,348	2.6%	13.5%	
6	Deposits and balances due from banking institutions securities held for dealing purposes	28,716	0	28,716	3.8%	39,020	0	39,020	4.1%	35.9%	
7		16,888	-	16,888	2.2%	21,693	-	21,693	2.3%	28.5%	
8	Tax recoverable	511	13	525	0.1%	90	15	105	0.0%	-80.1%	
9	Loans and advances to customers (Net)	381,540	14,610	396,149	52.4%	479,680	15,737	495,417	52.1%	25.1%	
10	Investments securities	2,520	795	3,315	0.4%	2,938	1,048	3,986	0.4%	20.3%	
11	Balances due from group companies	31,641	-	31,641	4.2%	32,978	-	32,978	3.5%	4.2%	
12	Investment in associates	819	57	877	0.1%	1,396	52	1,448	0.2%	65.1%	
13	Investment in subsidiary companies	4,051	130	4,181	0.6%	5,272	130	5,402	0.6%	29.2%	
14	Investment in joint ventures	-	-	-	0.0%	-	-	-	0.0%	0.0%	
15	Investment properties	1,491	45	1,535	0.2%	1,042	-	1,042	0.1%	-32.2%	
16	Property & equipment	17,412	826	18,238	2.4%	22,266	424	22,690	2.4%	24.4%	
17	Prepaid lease rentals	1,124	49	1,173	0.2%	993	43	1,036	0.1%	-11.6%	
18	Intangible assets	1,378	80	1,458	0.2%	1,839	31	1,870	0.2%	28.2%	
19	Deferred tax asset	2,734	38	2,772	0.4%	2,359	49	2,408	0.3%	-13.1%	
20	Retirement benefit asset	1,626	52	1,678	0.2%	1,710	-	1,710	0.2%	1.9%	
21	Other assets	23,698	363	24,062	3.2%	42,999	214	43,213	4.5%	79.6%	
22	TOTAL ASSETS	731,988	23,317	755,306	100.0%	928,947	22,286	951,232	100.0%	25.9%	
B LIABILITIES											
23	Balances due to CBK	0	-	0	0.0%	6,066	-	6,066	0.7%	0.0%	
24	Customer deposits	580,684	17,191	597,874	90.9%	695,348	14,409	709,757	86.3%	18.7%	
25	Deposits and balances due to local banking institutions	17,619	123	17,742	2.7%	23,234	-	23,234	2.8%	31.0%	
26	Deposits and balances due to banking institutions abroad	4,265	-	4,265	0.6%	9,364	-	9,364	1.1%	119.5%	
27	Other Money Markets deposits	323	-	323	0.0%	1,338	-	1,338	0.2%	314.5%	
28	Borrowed funds	5,626	37	5,663	0.9%	8,892	-	8,892	1.1%	57.0%	
29	companies	2,063	929	2,992	0.5%	13,476	3,364	16,839	2.0%	462.9%	

BANKING SECTOR PROFIT & LOSS ACCOUNT										
		2006			% of total	2007			% of total	Growth
		Banks	NBFIs	Total		Banks	NBFIs	Total		
1.0	INTEREST INCOME									
1.1	Loans and advances	44,715	1,976	46,691	49.1%	53,344	1,729	55,073	47.8%	18.0%
1.2	Government Securities	13,226	190	13,416	14.1%	17,337	120	17,457	15.2%	30.1%
1.3	Deposits and placements with banking institutions	3,055	187	3,242	3.4%	3,961	134	4,095	3.6%	26.3%
1.4	Other interest income	892	-	892	0.9%	1,287	-	1,287	1.6%	44.3%
1.5	Total Interest Income	61,888	2,353	64,240	67.6%	75,928	1,983	77,911	67.6%	21.3%
2.0	INTEREST EXPENSES									
2.1	Customers deposits	14,885	588	15,473	22.8%	17,668	483	18,152	30.6%	17.3%
2.2	Deposits and placements from banking institutions	876	51	927	1.4%	1,400	84	1,484	1.9%	60.0%
2.3	Other interest expenses	464	13	477	0.7%	890	4	894	1.1%	87.4%
2.4	Total Interest Expenses	16,225	653	16,877	24.8%	19,958	572	20,530	25.8%	21.6%
3.0	NET INTEREST INCOME/(LOSS)	45,663	1,700	47,363		55,970	1,411	57,382		
4.0	NON-OPERATING INCOME									
4.1	Fees and Commissions on loans and advances	3,918	627	4,545	4.8%	7,327	116	7,442	6.5%	63.7%
4.2	Other fees and commissions	16,403	46	16,448	17.3%	17,791	43	17,834	15.5%	8.4%
4.3	Foreign exchange trading income/(loss)	5,672	-	5,672	6.0%	7,142	-	7,142	6.2%	25.9%
4.4	Dividend income	293	5	298	0.3%	324	48	373	0.5%	24.9%
4.5	Other income	3,623	170	3,793	4.0%	4,412	76	4,488	3.9%	18.3%
4.6	Total Non Interest Income	29,909	848	30,757	32.4%	36,996	283	37,279	32.4%	21.2%
5.0	TOTAL OPERATING INCOME	75,572	2,548	78,120	0	92,967	1,695	94,661	0	21.2%
6.0	OPERATING EXPENSES									
6.1	Loan loss provision	7,462	210	7,672	11.3%	5,434	128	5,562	7.0%	-27.5%
6.2	Staff costs	19,714	795	20,510	30.2%	25,420	596	26,017	32.7%	26.8%
6.3	Directors emoluments	867	28	895	1.3%	833	32	864	1.1%	-3.4%
6.4	Rental charges	1,545	176	1,721	2.5%	1,927	79	2,006	2.5%	16.6%
6.5	Depreciation on property and equipment	2,426	106	2,532	3.7%	3,067	49	3,116	3.9%	23.0%
6.6	Amortization charges	445	35	480	0.7%	511	23	533	0.7%	11.2%
6.7	Other expenses	16,737	518	17,256	25.4%	20,684	279	20,963	26.3%	21.5%
6.8	Total Other Operating Expenses	49,196	1,868	51,065	75.2%	57,876	1,185	59,061	74.2%	15.7%
7.0	Profit/(loss) before tax and exceptional items	26,376	680	27,056		35,091	509	35,600		31.6%
8.0	Exceptional items	43	-	43		(169)	-	(169)		-491.3%
9.0	Profit/(loss) after exceptional items	26,333	680	27,012		35,260	509	35,769		32.4%
10.0	Current tax	6,736	192	6,928		10,139	180	10,319		48.9%
11.0	Deferred tax	1,188	(1)	1,187		516	(34)	482		-59.4%
12.0	Profit/(loss) after tax and exceptional items	18,409	489	18,898		24,605	363	24,968		32.1%

BANKING SECTOR OTHER DISCLOSURES								
		2006			2007			Growth
		Banks	NBFIs	Total	Banks	NBFIs	Total	
1) NON-PERFORMING LOANS AND ADVANCES								
a) Gross non-performing loans and advances		95,616	5,075	100,691	53,596	3,179	56,776	-43.6%
Less:								
b) Interest in suspense		33,200	2,115	35,315	13,565	1,311	14,876	-57.9%
c) Total non-performing loans and advances(a-b)		62,416	2,960	65,376	40,031	1,868	41,899	-35.9%
Less:		-						
d) Loan loss provision		40,593	1,077	41,670	22,834	670	23,504	-43.6%
e) Net Non-performing Loans (c-d)		21,824	1,882	23,706	17,197	1,198	18,395	-22.4%
f) Discounted value of securities		21,824	1,882	23,706	17,197	1,198	18,395	-22.4%
g) Net NPLs Exposure (e-f)		-	-	-	0	-	0	
2) INSIDER LOANS,ADVANCES AND OTHER FACILITIES								
a) Directors, shareholders and associates		28,146	185	28,331	11,808	200	12,008	-57.6%
b) Employees		11,834	355	12,189	13,774	277	14,050	15.3%
c) Total Insider facilities		39,980	541	40,520	25,582	476	26,058	-35.7%
3) OFF BALANCE SHEET								
a) Letters of credit, guarantees, acceptances		94,029	157	94,187	125,596	49	125,644	33.4%
b) Other contingent liabilities		179,066	36	179,102	233,203	36	233,239	30.2%
c) Total Contingent Liabilities		273,095	194	273,288	358,799	85	358,884	31.3%
4) CAPITAL STRENGTH								
a) Core capital		81,550	3,012	84,563	111,241	2,380	113,622	34.4%
b) Minimum statutory capital		250	200		250	200		
c) Excess/(deficiency)								
d) Supplementary capital		2,861	230	3,091	7,782	219	8,001	158.9%
e) Total capital (a + d)		84,411	3,242	87,653	119,023	2,599	121,622	38.8%
f) Total risk weighted assets		498,586	14,386	512,972	616,216	12,912	629,128	22.6%
g) Core capital/total deposit liabilities		14%	17%	14%	15%	17%	15%	
h) Minimum statutory ratio		8%	8%	8%	8%	8%	8%	
i) Excess/(deficiency)		6%	9%	6%	7%	9%	7%	
j) Core Capital/TRWA		16%	21%	16%	18%	18%	18%	
k) Minimum Statutory Ratio		8%	8%	8%	8%	8%	8%	
l) Excess/(Deficiency)		8%	13%	8%	10%	10%	10%	
m) Total capital/TRWA		17%	23%	17%	19%	20%	19%	
n) Minimum Statutory Ratio		12%	12%	12%	12%	12%	12%	
o) Excess/(Deficiency)		5%	11%	5%	7%	8%	7%	
5) Liquidity								
a) Liquidity ratio		42%	33%	41%	46%	35%	44%	
b) Minimum Statutory Ratio		20%	20%	20%	20%	20%	20%	
c) Excess/(Deficiency) (a-b)		22%	13%	21%	26%	15%	24%	

Performance Indicators							
Yield on Earning Assets	11.4%	12.7%	11.4%	11.8%	9.3%	11.8%	
Cost of Funding Earning Assets	4.8%	3.6%	4.7%	4.8%	1.3%	4.7%	
Interest Margin on Earning Assets	6.6%	9.1%	6.7%	7.0%	8.0%	7.0%	
Yield on Advances	10.8%	11.8%	10.8%	10.8%	10.1%	10.8%	
Cost of Deposits	2.6%	3.7%	2.6%	2.6%	3.9%	2.6%	
Return on Assets (ROA)	2.4%	2.5%	2.4%	2.7%	2.1%	2.6%	
Return on Equity (ROE)	28.3%	15.4%	27.7%	28.0%	12.3%	27.5%	
Overheads to Earnings	54.1%	58.8%	54.3%	52.0%	52.5%	52.0%	
Gross Provisions/Gross NPLs	21.0%	28.5%	21.3%	10.4%	17.9%	10.6%	
Gross NPLs/Gross Loans	16.0%	20.0%	16.2%	8.3%	11.8%	8.4%	
Total NPLs/Total Loans	4.8%	10.6%	5.0%	3.3%	6.8%	3.4%	
Net NPLs/Gross Loans	16.2%	17.9%	16.3%	7.1%	11.2%	7.2%	
Gross Provisions/Gross Loans	8.5%	12.7%	8.7%	4.3%	8.4%	4.4%	
Total NPLs/Total Assets							
RATINGS							
Capital Adequacy	2.00	1.00	2.00	2.00	1.00	2.00	
Asset Quality	1.00	3.00	2.00	1.00	2.00	1.00	
Earnings	2.00	2.00	2.00	2.00	2.00	2.00	
Liquidity	1.00	0.00	1.00	1.00	1.00	1.00	
Composite Score	1.50	1.50	1.75	1.50	1.50	1.50	
Performance Category	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Satisfactory	
Rating	Performance	CAPITAL ADEQUACY		MANAGEMENT	EARNINGS		COMPOSITE RATING
	Category	Total Capital/TRINA (%)		Total Weighted Score		Net Profits/Total Assets (%)	Average Score
1	Strong	19.50% and above		1.0 - 1.4		Over 3%	1.0-1.4
2	Satisfactory	15.60%-19.49%		1.5 - 2.4		2.0%-2.9%	1.5-2.4
3	Fair	12.00%-15.59%		2.5 - 3.4		1.0%-1.9%	2.5-3.4
4	Marginal	8.31%-11.99%		3.5 - 4.4		0.0%-0.9%	3.5-4.4
5	Unsatisfactory	8.30 and below		4.5 - 5.0		Net Loss	4.5-5.0

BANKING SECTOR MARKET SHARE REPORT										
INSTITUTION	TOTAL NET ASSETS	MARKET SHARE (%)	NET ADVANCES	MARKET SHARE (%)	CUSTOMER DEPOSITS	MARKET SHARE (%)	CAPITAL & RESERVES	MARKET SHARE (%)	PRE-TAX PROFITS	
Banks										
Large (Assets above 15 billion)										
1 Barclays Bank of Kenya Ltd	157,928	16.60%	105,346	21.26%	109,097	15.37%	17,564	13.59%	7,079	
2 Kenya Commercial Bank Ltd	112,211	11.80%	56,477	11.40%	85,638	12.07%	12,846	9.94%	3,863	
3 Standard Chartered Bank Ltd	91,252	9.59%	39,469	7.97%	73,841	10.40%	10,816	8.37%	4,897	
4 Co-operative Bank of Kenya Ltd	65,697	6.91%	38,433	7.76%	54,775	7.72%	6,807	5.27%	2,288	
5 Equity Bank Ltd	53,129	5.59%	21,836	4.41%	31,536	4.44%	14,917	11.54%	2,364	
6 Citibank, N.A.	47,301	4.97%	12,624	2.55%	29,605	4.17%	7,330	5.67%	1,782	
7 National Bank of Kenya Ltd	41,414	4.35%	7,844	1.58%	34,722	4.89%	4,967	3.84%	1,610	
8 Commercial Bank of Africa Ltd	39,509	4.15%	16,049	3.24%	33,362	4.70%	4,518	3.49%	1,402	
9 Stanbic Bank Kenya Ltd	34,464	3.62%	19,663	3.97%	22,692	3.20%	3,357	2.60%	1,194	
National Industrial Credit Bank Ltd	31,396	3.30%	22,209	4.48%	24,806	3.49%	4,735	3.66%	1,048	
11 CFC Bank Ltd	28,021	2.95%	16,703	3.37%	20,820	2.93%	3,339	2.58%	921	
Investment & Mortgages Bank Ltd	29,420	3.09%	19,215	3.88%	23,626	3.33%	3,867	2.99%	1,294	
13 Diamond Trust Bank Kenya Ltd	30,313	3.19%	19,754	3.99%	24,409	3.44%	4,670	3.61%	869	
Total	762,054	80.11%	395,621	79.86%	568,928	80.16%	99,733	77.15%	30,610	
Medium (Assets 5 - 15 billion)										
14 Bank of Baroda	14,709	1.55%	6,886	1.39%	12,673	1.79%	1,532	1.19%	497	
15 Prime Bank Ltd	13,862	1.46%	6,298	1.27%	10,358	1.46%	1,926	1.49%	317	
16 Imperial Bank Ltd	11,723	1.23%	7,001	1.41%	8,588	1.21%	1,580	1.22%	564	
17 Bank of India	10,344	1.09%	3,564	0.72%	8,608	1.21%	1,312	1.02%	474	
18 EABS Bank Ltd	9,452	0.99%	4,959	1.00%	7,551	1.06%	1,688	1.31%	117	
19 Family Bank Ltd	8,569	0.90%	4,102	0.83%	6,024	0.85%	1,277	0.99%	268	
20 Fina Bank Ltd	8,090	0.85%	4,913	0.99%	6,670	0.94%	1,054	0.82%	115	
21 Bank of Africa Ltd	7,657	0.80%	4,579	0.92%	5,523	0.78%	1,263	0.98%	158	
22 K-REP Bank Ltd	7,039	0.74%	5,112	1.03%	4,484	0.63%	1,018	0.79%	190	
23 African Banking Corporation Ltd	6,143	0.65%	3,342	0.67%	5,084	0.72%	812	0.63%	185	
24 Chase Bank Ltd	5,754	0.60%	3,251	0.66%	4,276	0.60%	696	0.54%	180	
25 Giro Commercial Bank Ltd	5,611	0.59%	3,070	0.62%	4,915	0.69%	528	0.41%	41	
26 Guardian Bank Ltd	5,540	0.58%	3,290	0.66%	4,544	0.64%	805	0.62%	25	
27 Habib AG Zurich	6,206	0.65%	1,647	0.33%	5,012	0.71%	742	0.57%	204	
28 Southern Credit Banking Corp. Ltd	5,306	0.56%	2,478	0.50%	4,322	0.61%	560	0.43%	41	
Total	126,005	13.25%	64,493	13.02%	98,630	13.90%	16,793	12.99%	3,375	
Small (Assets below 5 billion)										
29 Equatorial Commercial Bank Ltd	4,879	0.51%	2,305	0.47%	4,117	0.58%	670	0.52%	73	
30 Development Bank of Kenya Ltd	4,708	0.49%	2,478	0.50%	1,624	0.23%	1,144	0.88%	157	
31 Victoria Commercial Bank Ltd	4,131	0.43%	2,388	0.48%	3,430	0.48%	657	0.51%	151	
32 Consolidated Bank of Kenya Ltd	4,109	0.43%	2,245	0.45%	2,851	0.40%	748	0.58%	26	
33 Credit Bank Ltd	3,358	0.35%	1,632	0.33%	2,657	0.37%	562	0.43%	131	
34 Transnational Bank Ltd	3,221	0.34%	1,208	0.24%	1,800	0.25%	1,103	0.85%	81	
35 Fidelity Commercial Bank Ltd	3,192	0.34%	2,017	0.41%	2,749	0.39%	319	0.25%	49	
36 Middle East Bank of Kenya Ltd	3,097	0.33%	1,887	0.38%	1,904	0.27%	879	0.68%	94	
37 Habib Bank Ltd	3,845	0.40%	933	0.19%	2,730	0.38%	522	0.40%	107	
38 Paramount-Universal Bank Ltd	2,367	0.25%	1,052	0.21%	1,875	0.26%	456	0.35%	43	
39 Oriental Commercial Bank Ltd	1,695	0.18%	517	0.10%	823	0.12%	819	0.63%	209	
40 Dubai Bank Ltd	1,544	0.16%	748	0.15%	1,000	0.14%	403	0.31%	14	
41 City Finance Bank Ltd	744	0.08%	155	0.03%	231	0.03%	326	0.25%	-28	
42 Charterhouse Bank Ltd *		0.00%		0.00%		0.00%		0.00%		
Sub Total	40,888	4.30%	19,566	3.95%	27,790	3.92%	8,608	6.66%	1,106	
Total Banks	928,947	97.66%	479,680	96.82%	695,348	97.97%	125,134	96.80%	35,091	
Mortgage Finance Companies										
Housing Finance	10,415	1.09%	7,746	1.56%	8,788	1.24%	1,460	1.13%	130	
Savings & Loan (K) Ltd	7,848	0.83%	5,854	1.18%	3,497	0.49%	872	0.67%	277	
Sub Total	18,262	1.92%	13,600	2.75%	12,285	1.73%	2,332	1.80%	407	
Non Bank Financial Institutions										
Prime Capital and Credit Ltd.	4,023	0.42%	2,137	0.43%	2,124	0.30%	1,807	1.40%	101	
Sub Total	4,023	0.42%	2,137	0.43%	2,124	0.30%	1,807	1.40%	101	
Grand Total	951,232	100%	495,417	100%	709,757	100.00%	129,274	100%	35,600	

BANKING SECTOR PROFITABILITY						
NO	BANKS	1	2	3	4	5
		PROFIT BEFORE TAX	GROSS ASSETS	RETURN ON ASSETS (1/2) %	SHAREHOLDERS EQUITY	RETURN ON EQUITY (1/4) %
1	African Banking Corporation Ltd	185	6,700	2.8%	812	22.77
2	Bank of Africa Ltd	158	8,093	2.0%	1,263	12.50
3	Bank of Baroda	497	15,245	3.3%	1,532	32.44
4	Bank of India	474	10,610	4.5%	1,312	36.09
5	Barclays Bank of Kenya Ltd	7,079	167,475	4.2%	17,564	40.30
6	CFC Bank Ltd	921	29,467	3.1%	3,339	27.59
7	Charterhouse Bank Ltd *					
8	Chase Bank Ltd	180	5,999	3.0%	696	25.81
9	Citibank, N.A.	1,782	48,533	3.7%	7,330	24.31
10	City Finance Bank Ltd	28	920	-3.1%	326	-8.74
11	Commercial Bank of Africa Ltd	1,402	40,178	3.5%	4,518	31.03
12	Consolidated Bank of Kenya Ltd	26	5,392	0.5%	748	3.45
13	Co-operative Bank of Kenya Ltd	2,288	75,278	3.0%	6,807	33.61
14	Credit Bank Ltd	131	3,582	3.7%	562	23.29
15	Development Bank of Kenya Ltd	157	4,999	3.1%	1,144	13.76
16	Diamond Trust Bank Kenya Ltd	869	31,130	2.8%	4,670	18.61
17	Dubai Bank Ltd	14	2,214	0.6%	403	3.39
18	EABS Bank Ltd	117	11,210	1.0%	1,688	6.94
19	Equatorial Commercial Bank Ltd	73	5,116	1.4%	670	10.89
20	Equity Bank Ltd	2,364	54,640	4.3%	14,917	15.85
21	Family Bank Ltd	268	9,123	2.9%	1,277	20.96
22	Fidelity Commercial Bank Ltd	49	3,446	1.4%	319	15.27
23	Fina Bank Ltd	115	8,633	1.3%	1,054	10.95
24	Giro Commercial Bank Ltd	41	5,970	0.7%	528	7.78
25	Guardian Bank Ltd	25	6,494	0.4%	805	3.10
26	Habib AG Zurich	204	6,440	3.2%	742	27.51
27	Habib Bank Ltd	107	4,022	2.7%	522	20.44
28	Imperial Bank Ltd	564	12,386	4.6%	1,580	35.69
29	Investment & Mortgages Bank Ltd	1,294	30,389	4.3%	3,867	33.47
30	Kenya Commercial Bank Ltd	3,863	124,527	3.1%	12,846	30.07
31	K-REP BANK Ltd	190	7,303	2.6%	1,018	18.65
32	Middle East Bank of Kenya Ltd	94	3,333	2.8%	879	10.69
33	National Bank of Kenya Ltd	1,610	52,098	3.1%	4,967	32.41
34	National Industrial Credit Bank Ltd	1,048	32,673	3.2%	4,735	22.13
35	Oriental Commercial Bank Ltd	209	2,367	8.8%	819	25.54
36	Paramount-Universal Bank Ltd	43	3,371	1.3%	456	9.47
37	Prime Bank Ltd	317	14,374	2.2%	1,926	16.45
38	Southern Credit Banking Corp. Ltd	41	6,354	0.6%	560	7.36
39	Stanbic Bank Kenya Ltd	1,194	35,086	3.4%	3,357	35.57
40	Standard Chartered Bank Ltd	4,897	92,966	5.3%	10,816	45.27
41	Transnational Bank Ltd	81	3,664	2.2%	1,103	7.32
42	Victoria Commercial Bank Ltd	151	4,196	3.6%	657	22.99
	SUB-TOTAL	35,091	995,990	3.5%	125,134	28.04
	NBFI'S					
1	Housing Finance	131	12,125	1.1%	1,460	8.95
2	Prime Capital & Credit Ltd.	101	4,004	2.5%	1,807	5.60
3	Savings and Loan (K) Ltd.	277	8,474	3.3%	872	31.79
	SUB-TOTAL	509	24,604	2.1%	4,139	12.30
	GRAND TOTAL	35,600	1,020,594		129,274	

* Did not publish accounts for year 2007

BANKING SECTOR CAPITAL AND RISK WEIGHTED ASSETS					
INSTITUTION	CORE CAPITAL	TOTAL CAPITAL	OVERALL RISK WEIGHTED ASSETS	CORE CAPITAL TO RISK WEIGHTED ASSETS RATIO	TOTAL CAPITAL TO RISK WEIGHTED ASSETS RATIO
Banks					
City Finance Bank Ltd	325	326	418	77.73	77.93
Transnational Bank Ltd	1,062	1,083	1,782	59.61	60.80
Oriental Commercial Bank Ltd	819	819	1,357	60.34	60.34
Equity Bank Ltd	13,666	17,627	29,919	45.68	58.92
Habib Bank Ltd	522	522	1,127	46.29	46.29
Development Bank of Kenya Ltd	1,109	1,109	2,802	39.58	39.58
Middle East Bank of Kenya Ltd	841	859	2,178	38.61	39.43
National Bank of Kenya Ltd	4,442	4,615	11,935	37.22	38.67
Habib AG Zurich	741	741	2,075	35.73	35.73
Paramount-Universal Bank Ltd	415	415	1,278	32.46	32.46
Dubai Bank Ltd	403	403	1,338	30.15	30.15
Credit Bank Ltd	521	541	1,803	28.92	30.02
Bank of India	1,168	1,168	4,100	28.48	28.48
Citibank, N.A.	7,112	7,274	26,803	26.54	27.14
Victoria Commercial Bank Ltd	629	657	2,678	23.48	24.53
Guardian Bank Ltd	805	805	3,390	23.75	23.75
Family Bank	1,146	1,155	5,197	22.05	22.23
Equatorial Commercial Bank Ltd	670	670	3,304	20.29	20.29
Diamond Trust Bank Kenya Ltd	4,279	4,287	22,398	19.10	19.14
CFC Bank Limited	3,107	3,819	19,963	15.56	19.13
Bank of Baroda	1,466	1,466	7,742	18.94	18.94
Imperial Bank Ltd	1,455	1,537	8,129	17.90	18.90
Consolidated Bank of Kenya Ltd	543	607	3,216	16.87	18.87
EABS Bank Ltd	1,171	1,257	6,895	16.98	18.23
K-REP Bank Ltd	977	1,018	5,623	17.38	18.10
African Banking Corporation Ltd	808	811	4,727	17.08	17.16
Giro Commercial Bank Ltd	484	522	3,057	15.83	17.08
Southern Credit Banking Corp. Ltd	534	560	3,319	16.08	16.86
National Industrial Credit Bank Ltd	4,058	4,287	25,625	15.84	16.73
Standard Chartered Bank Ltd	8,967	9,199	55,065	16.29	16.71
Chase Bank Ltd	665	689	4,245	15.67	16.24
Prime Bank Ltd	1,089	1,089	7,286	14.94	14.94
Fina Bank Ltd	852	896	6,146	13.86	14.58
Co-operative Bank of Kenya Ltd	5,882	6,004	41,369	14.22	14.51
Investment & Mortgages Bank Ltd	3,750	3,758	26,033	14.40	14.44
Bank of Africa Ltd	800	848	5,888	13.59	14.41
Fidelity Commercial Bank Ltd	290	310	2,193	13.22	14.15
Commercial Bank of Africa Ltd	3,459	3,622	25,685	13.47	14.10
Stanbic Bank Kenya Ltd	3,144	3,320	23,671	13.28	14.03
Barclays Bank of Kenya Ltd	17,019	18,280	130,644	13.03	13.99
Kenya Commercial Bank Ltd	10,046	10,046	73,813	13.61	13.61
Charterhouse Bank Ltd *	-	-	-		
Sub Total	111,241	119,023	616,216		
NBFI's					
Prime Capital and Credit Ltd.	861	861	3,257	26.44	26.44
Savings & Loan (K) Ltd	813	865	4,263	19.07	20.30
Housing Finance	706	873	5,393	13.10	16.19
Sub Total	2,380	2,599	12,912		
Grand Total	113,622	121,622	629,128		

* Did not publish accounts for year 2007

BANKING SECTOR ACCESS TO FINANCIAL SERVICE							
BANKS	2006						CHANGE %
	< 100,000	>100,000	Total	< 100,000	>100,000	Total	
Large							
Equity Bank Ltd	987,435	27,039	1,014,474	1,710,684	129,648	1,840,332	81.41%
National Bank of Kenya Ltd	131,237	22,309	153,546	207,983	25,043	233,026	51.76%
Diamond Trust Bank Ltd	14,381	6,197	20,578	21,539	8,050	29,589	43.79%
Kenya Commercial Bank Ltd	274,840	69,424	344,264	402,311	85,356	487,667	41.65%
Barclays Bank Of Kenya Ltd	254,321	92,168	346,489	307,977	120,554	428,531	23.68%
Investment & Mortgage Bank Ltd	8,698	9,567	18,265	11,106	10,947	22,053	20.74%
National Industrial Credit Bank Ltd	12,259		18,373	13,509	7,943	21,452	16.76%
OFC Bank Ltd	5,126	5,626	10,752	5,730	6,659	12,389	15.23%
Cooperative Bank of Kenya Ltd	440,035	46,537	486,572	499,056	57,017	556,073	14.28%
Citibank N.A Kenya	862	1,797	2,659	1,132	1,795	2,927	10.08%
Standard Chartered Bank Ltd	78,676	46,344	125,020	82,376	49,242	131,618	5.28%
StANBIC Bank Kenya Ltd	27,029	3,336	30,365	27,604	4,302	31,906	5.07%
Commercial Bank Of Kenya Ltd	12,083	11,053	23,136	12,259	11,398	23,657	2.25%
Medium							
Imperial bank Ltd	3,407	4,059	7,466	6,586	5,941	12,527	67.79%
Fina Bank Ltd	6,422	3,135	9,557	10,676	3,770	14,446	51.16%
African banking Corporation Ltd	3,544	2,579	6,123	6,066	2,987	9,053	47.85%
Family Bank Ltd	313,940	7,760	321,700	453,799	11,239	465,038	44.56%
Bank of Africa Ltd	1,485	1,071	2,556	2,149	1,431	3,580	40.06%
K-REP Bank Ltd	132,617	5,098	137,715	164,640	5,156	169,796	23.30%
Prime bank Ltd	3,896	3,504	7,400	4,624	4,239	8,863	19.77%
Giro Commercial bank Ltd	4,019	1,870	5,889	4,379	2,011	6,390	8.51%
Bank of india	5,382	3,535	8,917	6,017	3,519	9,536	6.94%
Bank of Baroda	15,814	7,431	23,245	16,659	8,013	24,672	6.14%
Habib bank A.G. Zurich	4,494	2,958	7,452	4,420	3,000	7,420	-0.43%
EABS Bank Ltd	30,729	6,174	36,903	22,938	6,390	29,328	-20.53%
Small							
Chase Bank Ltd	986	1,277	2,263	1,683	1,640	3,323	46.84%
Transnational Bank Ltd	7,432	1,075	8,507	9,496	1,557	11,053	29.93%
Consolidated Bank of Kenya Ltd	16,893	2,791	19,684	21,854	3,224	25,078	27.40%
Fidelity Commercial Bank Ltd	1,822	888	2,710	2,243	1,105	3,348	23.54%
Guardian Bank Ltd	4,651	1,935	6,586	5,619	2,061	7,680	16.61%
Credit Bank Ltd	1,898	1,322	3,220	2,218	1,511	3,729	15.81%
Paramount Universal Bank Ltd	5,037	1,146	6,183	6,203	904	7,107	14.94%
City Finance Bank Ltd	672	106	778	744	123	867	11.44%
Southern Credit Banking Corporation Ltd	6,629	2,027	8,656	7,327	2,109	9,436	9.01%
Development Bank of Kenya Ltd	393	316	709	376	359	735	3.67%
Dubai Bank (K) Ltd	1,523	547	2,070	1,523	547	2,070	0.00%
Charterhouse Bank Ltd	3,463	1,152	4,615	3,463	1,152	4,615	0.00%
Oriental Commercial Bank Ltd	4,226	718	4,944	4,206	723	4,929	-0.30%
Habib Bank Ltd	3,432	2,143	5,575	3,411	2,142	5,553	-0.39%
Victoria Commercial Bank Ltd	1,017	1,686	2,703	958	1,599	2,557	-5.40%
Middle East Bank (K) Ltd	1,084	914	1,998	869	801	1,670	-16.42%
Equatorial Commercial bankK Ltd	5,112	844	5,956	3,783	900	4,683	-21.37%
Sub Total	2,839,001	411,458	3,256,573	4,082,195	598,107	4,680,302	43.72%
NBF							
Housing Finance Ltd	33703	7638	41341	37729	8113	45,842	10.89%
Savings and Loan (K) Ltd	9884	20949	30833	9238	2762	12,000	-61.08%
Prime Capital and Credit Ltd	295	574	869	0	0	0	-100.00%
Sub Total	43,882	29,161	73043	46,967	10,875	57,842	-98.26%
GRAND TOTAL	2,882,883	440,619	3,329,616	4,129,162	608,982	4,738,144	42.30%

BANKING SECTOR PROTECTED DEPOSITS						
INSTITUTION	Insured	Customer	Insured	Customer	% Change in	% Change in
	Deposits	Deposits	Deposits	Deposits	insured deposits	customer deposits
	2006	2006	2007	2007		
BANKS						
Large						
Kenya Commercial bank Ltd	19,605	71,495	17,123	85,638	-12.66%	19.78%
Barclays bank Of Kenya ltd	14,930	93,837	17,885	109,097	19.79%	16.26%
Cooperative Bank Of Kenya ltd	10,448	48,201	11,908	54,775	13.97%	13.64%
Equity bank Ltd	8,610	16,337	24,450	31,536	183.96%	93.03%
Standard Chartred Bank Ltd	6,691	64,879	7,024	73,841	4.97%	13.81%
National Bank of Kenya ltd	4,282	28,639	4,984	34,722	16.39%	21.24%
Stanbic Bank Kenya Ltd	3,035	19,760	3,751	22,692	23.60%	14.84%
Commercial Bank of Africa	1,456	32,517	1,483	33,362	1.86%	2.60%
CFC Bank Ltd	1,361	18,507	2,043	20,820	50.12%	12.50%
Investment & Mortgage Bank Ltd	1,208	18,220	1,393	23,626	15.35%	29.67%
National Industrial Credit Bank	922	21,978	1,141	24,806	23.82%	12.87%
Diamond Trust Bank Kenya	847	16,726	1,091	24,409	28.80%	45.94%
Citibank N.A.	198	25,331	197	29,605	-0.92%	16.87%
Medium						
K-REP Bank Ltd	1,947	3,308	2,324	4,484	19.34%	35.57%
Bank Of Baroda	1,342	10,122	1,511	12,673	12.59%	25.20%
Bank Of India	1,165	7,146	685	8,608	-41.20%	20.46%
EABS Bank Ltd	1,007	7,011	1,011	7,551	0.34%	7.70%
Imperial Bank Ltd	507	7,074	742	8,588	46.36%	21.40%
Family Bank	2,305	4,160	3,715	6,024	61.21%	44.79%
Prime Bank Ltd	449	8,289	537	10,358	19.47%	24.95%
Habib Bank A.G Zurich	419	4,347	407	5,012	-2.88%	15.28%
Fina Bank Ltd	406	5,199	500	6,670	23.18%	28.30%
African Banking Corporation	344	4,081	409	5,084	18.77%	24.57%
Giro Commercial Bank	249	4,493	264	4,915	6.03%	9.39%
Guardian Bank	297	3,995	342	4,544	15.30%	13.73%
Southern Credit Banking Corporation	314	3,741	353	4,322	12.24%	15.51%
Chase Bank Ltd	767	3,235	1,881	4,276	145.21%	32.18%
Bank of Africa Ltd	140	4,936	187	5,523	34.33%	11.90%
Small						
Consolidated Bank of Kenya Ltd	506	2,463	573	2,851	13.36%	15.75%
Habib Bank Ltd	311	2,433	337	2,730	8.30%	12.23%
Equatorial Commercial Bank Ltd	278	3,281	603	4,117	116.62%	25.46%
Victoria Commercial bank Ltd	199	3,654	187	3,430	-6.08%	-6.15%
Paramount Universal Bank	199	1,745	178	1,875	-10.32%	7.47%
Ttransnational Bank ltd	191	1,264	267	1,800	39.76%	42.39%
Credit bank Ltd	179	1,960	200	2,657	11.88%	35.54%
Charterhouse Bank ltd	161	3,154	170	0	5.60%	-100.00%
Oriental Commercial bank Ltd	135	733	128	823	-5.52%	12.26%
Middle East Bank Ltd	124	2,338	108	1,904	-12.79%	-18.57%
Fidelity Commercial bank Ltd	112	1,977	137	2,749	22.86%	39.07%
Dubai BANK Ltd	78	801	78	1,000	0.00%	24.83%
Development Bank Ltd	41	1,351	45	1,624	9.88%	20.20%
City Finance Bank Ltd	27	126	20	231	-25.56%	83.79%
Sub Total	87,791	584,844	112,371	695,348	28.00%	18.89%
NBFIS						
Savings and Loan (k) Ltd	2,297	3,202	476	3,497	-79.26%	9.20%
Hfck	1,385	7,619	1,307	8,788	-5.65%	15.34%
Prime Capital and Credit Ltd	66	2,209	0	2,124	-100.00%	-3.85%
Sub Total	3,749	13,030	1,783	14,409	-52.43%	10.58%
Grand Total	91,540	597,874	114,155	709,757	24.70%	18.71%

BANKING CIRCULARS ISSUED DURING THE YEAR			
Circular No.	Date of Issue	Title	Subject
1	30.04.2007	Prudential Guideline on Risk Classification of Assets, Provision and Limitation on Interest Recoverable on Non-Performing Loans and Advances(CBK/PG/04)	Review of the prudential guideline on Risk Classification of Assets, Provisioning and "In-Duplum Rule" (CBK/PG/04) to incorporate changes necessitated by the Banking (Amendment) Act, 2006 effective from 1 st May, 2007.
2	15.06.2007	Revision of Central Bank Rate (CBR) and changes in Repo-Operations	-Review and setting the CBR at 8.50% with effect from 15 th June, 2007 following Monetary Policy Advisory Committee recommendations. -Modification of Open Market Operations with Repos whose tenors range from 3 days to 90 days to allow for more flexibility with effect from 5 th June,2007.
3	21.12.2007	Compliance with requirements of the Central Bank of Kenya Act, The Central Bank of Kenya (Foreign Exchange Business Regulations, 2007 and Forex Bureau Guidelines	A requirement by principal officers, directors and shareholders of forex bureaus to comply with legal and regulatory requirements.
4	4.09.2007	Introduction of a Late Day Repo	Introduction of a late day overnight REPO facility available between 2:00 p.m. and 2:30 p.m at 150 basis points below the day's weighted average REPO rate derived from the day's competitive auction bid rates with effect from 5th September, 2007.
5	29.11.2007	Confirmation of Cash Deposits	Encouraged Commercial Banks to put in place internal systems that ensures discrepancies in cash deposited with the Central Bank are eliminated or minimized. Any shortages or excesses found in cash deposits with effect from 1st December, 2007 be debited/credited to the respective Commercial Bank without details of the branch or teller being furnished by the Central Bank.
6	17.12.2007	Modification in Late Day Repo Transaction	Modification of the late day REPO operations in a bid to improve the incentive structure of the late REPO facility and make it more attractive to investors while at the same time ensuring that it plays a role in mopping up excess liquidity. With effect from December, 2007 the minimum threshold was lowered from Kshs 20 million to Kshs 10 million, the late REPO facility made available at 100 basis points instead of the previous 150 basis points below the day's weighted average REPO rate derived from the day's competitive auction bid rates and made available for a minimum of three days as in the competitive auction.
7	18.12.2007	Forex Statistics Returns	Advise to Commercial Banks to fully comply in submitting Forex returns online through the existing Electronic Returns System with effect from 2 nd January, 2007. Further, the Daily Forex Receipts (Form CBK FXDR) and Daily Forex Payments (Form CBK FXDP) were amended to incorporate two additional columns titled 'Sector Codes' and 'Sector Description'.

DIRECTORY OF COMMERCIAL BANKS AND NON-BANKING FINANCIAL INSTITUTIONS**A: COMMERCIAL BANKS**

African Banking Corporation Ltd.
 Managing Director: Mr. Shamaz Savani
 Postal Address: P.O Box 46452- 00100, Nairobi
 Telephone: +254-20- 4263000, 251540, 251541.
 Fax: +254-20-222437

Email: headoffice@abcthebank.com
 Website: <http://www.abcthebank.com>
 Physical Address: ABC Bank House, Mezzanine Floor, Koinange St.
 Date Licensed: 5/1/1984
 Peer Medium
 Branches: 8

Bank of Africa Kenya Ltd.
 Managing Director : Mr. Philippe Leon-Dufour
 Postal Address: P. O. 69562 - 00400 Nairobi
 Telephone: +254-20- 3275000, 2211175
 Fax: +254-20-214166/211477
 Email: bkoafrica@boakenya.com
 Website: www.boakenya.com
 Physical Address: Re-Insurance Plaza, Taifa Road.
 Date Licenced: 1980
 Peer Group: Medium
 Branches:5

Bank of Baroda (K) Ltd.
 Managing Director: Mr. Krishna N. Manvi
 Postal Address: P. O Box 30033 - 00100 Nairobi
 Telephone: +254-20-248402/12, 2226416, 2220575
 Fax: +254-20-316070
 Email: barodabk_ho@kenyaweb.com
 Website: www.barodabank.com
 Physical Address: Baroda House, Koinange St.
 Date Licenced: 7/1/1953
 Peer Group: Medium
 Branches: 7

Bank of India
 Chief Executive: Mr. A.K. Jalota
 Postal Address: P. O. Box 30246 - 00100 Nairobi
 Telephone: +254-20-2221414, 2221415, 318698
 Fax: +254-20-229462
 Email: ceboinrb@futurenet.co.ke
 Website: www.bankofindia.com
 Physical Address: Bank of India Blg. Kenyatta Ave.
 Date Licenced: 6/5/1953
 Peer Group: Medium
 Branches: 4

Barclays Bank of Kenya Ltd.
Managing Director: Mr. Adan Mohamed
Postal Address: P. O. Box 30120 - 00100, Nairobi
Telephone: +254-20- 313365/9, 241264-9, 313405, 332230
Fax: +254-20-213915
Email: barclays.kenya@barclays.com
Website: www.barclayskenya.co.ke
Physical Address: Barclays Plaza, Loita St.
Date Licenced: 6/5/1953
Peer Group: Large
Branches: 95

CFC Bank Ltd.
Managing Director: Mr. M. Soundararajan
Postal Address: P. O. Box 72833 - 00200 Nairobi
Telephone: +254-20-36380000. /11/17/18/20/21
Fax: +254-20-3752905/7
Email: enquiries@cfcbank.co.ke
Website: <http://www.cfcbank.co.ke>
Physical Address: CFC Centre, Chiromo Road., Westlands
Date Licensed: 5/14/1955
Peer Group: Large
Branches: 8

Charterhouse Bank Ltd
UNDER STATUTORY MANAGEMENT
Postal Address: P. O. Box 43252 Nairobi
Telephone: +254-20-242246/53
Fax: +254-20-219058, 223060, 242248
Email: info@charterhouse-bank.com
Website:
Physical Address: Longonot Place, 6th Floor , Kijabe St.
Date Licensed: 11/11/1996
Peer Group: Medium
Branches: 8

Chase Bank (K) Ltd.
Managing Director: Mr. Zafrullah Khan
Postal Address: P. O. Box 28987 - 00200 Nairobi
Telephone: +254-20- 2774000, 244035, 245611, 252783, 0722-206917, 0733-432002
Fax: +254-20-246334
Email: info@chasebank.co.ke
Website: <http://www.chasebankkenya.co.ke>
Physical Address: Prudential Assurance. Bldg. , 6th Floor., Wabera St.
Date Licenced: 4/1/1991
Peer Group: Small
Branches: 6

Citibank N.A Kenya
General Manager: Mr. Ademola Ayeyemi
Postal Address: P. O. Box 30711 - 00100 Nairobi
Telephone: +254-20- 2711221, 2754000.
Fax: +254-20-2714810/1
Email: Kenya.citiservice@citi.com
Website: <http://www.citibank.com/eastafrica/kenya/>
Physical Address: Citibank House, Upper Hill Road.
Date Licenced: 7/1/1974
Peer Group: Large
Branches: 3

City Finance Bank Ltd.
 General Manager: Mr. Moses Muiruri
 Postal Address: P. O. Box 22741 - 00400, Nairobi
 Telephone: +254-20- 2210338/9, 2224238/9
 Fax: +254-20-341825/245223
 Email: cfbl@swiftkenya.com
 Website: <http://www.cityfinancebank.co.ke>
 Physical Address: Unity House, Koinange St.
 Date Licenced: 9/10/1984
 Peer Group: Small
 Branches: 1

Commercial Bank of Africa Ltd.
 Managing Director: Mr. Isaac O. Awuondo
 Postal Address: P. O. Box 30437 - 00100, Nairobi
 Telephone: +254-20-2884000
 Fax: +254-20-2734599
 Email: cba@cba.co.ke
 Website: www.cba.co.ke
 Physical Address: CBA Building, Mara / Ragati Road, Upper Hill, .
 Date Licenced: 1/1/1967
 Peer Group: Large
 Branches: 17

Consolidated Bank of Kenya Ltd.
 Chief Executive: Mr. David N. Wachira
 Postal Address: P. O. Box 51133 - 00200, Nairobi
 Telephone: +254-20-340208/340836,340551, 340298,
 Fax: +254-20-340213
 Email: headoffice@consolidated-bank.co
 Website: www.consolidated-bank.com
 Physical Address: Consolidated Bank House, Koinange St.
 Date Licenced: 12/18/1989
 Peer Group: Small
 Branches: 12

Co-operative Bank of Kenya Ltd.
 Managing Director: Mr. Gideon M. Muriuki
 Postal Address: P. O. Box 48231 - 00100 Nairobi
 Telephone: +254-20-3276000
 Fax: +254-20-219831/227747
 Email: md@co-opbank.co.ke
 Website: www.co-opbank.co.ke
 Physical Address: Co-operative House, Haile Selassie Ave.
 Date Licenced: 1/1/1965
 Peer Group: Large
 Branches:54

Credit Bank Ltd.
 Chief Executive:: N. K. Agarwal
 Postal Address: P. O. Box 61064 - 00200 Nairobi
 Telephone: +254-20-222300, 2220789, 222317
 Fax: +254-20-216700
 Email: cblnbi@creditbankltd.com
 Website:
 Physical Address: Mercantile House, Ground Floor , Koinange St.
 Date Licenced: 5/14/1986
 Peer Group: Small
 Branches: 4

Development Bank of Kenya Ltd.
General Manager: Mr. Victor Kidiwa
Postal Address: P. O. Box 30483 - 00100, Nairobi
Telephone: +254-20-340401/2/3/, 340416, 251082, 340198
Fax: +254-20-250399
Email: dbk@devbank.com
Website:
Physical Address: Finance House, Loita St.
Date Licenced: 1/1/1973
Peer Group: Small
Branches: 1

Diamond Trust Bank (K) Ltd.
Managing Director: Mrs. Nasim M. Devji
Postal Address: P. O. Box 61711 - 00200, Nairobi
Telephone: +254-20-2849000, 2210988/9
Fax: +254-20-245495
Email: user@dtbkenya.co.ke
Website: <http://www.diamondtrust-bank.com>
Physical Address: Nation Centre, 8th Floor, Kimathi St.
Date Licenced: 1/1/1946
Peer Group: Large
Branches: 13

Dubai Bank Kenya Ltd.
Chief Executive: : Mr. Mayank Sharma
Postal Address: P. O. Box 11129 - 00400, Nairobi
Telephone: +254-20-311109/14/23/24/32
Fax: +254-20-245242
Email: info@dubaibank-kenya.com
Website: www.dubaibank.co.ke
Physical Address: I C E A Building, Kenyatta Ave.
Date Licenced: 1/1/1982
Peer Group: Small
Branches: 3

EABS Bank Ltd
Chief Executive : Mr. Raja P. Arora
Postal Address: P. O Box 47499 - 00100, Nairobi
Telephone: +254-20-2883000, 249633/4, 0722-204863
Fax: +254-20-2883304
Email: eabs@form-net.com
Website: www.eabsbank.com
Physical Address: Fedha Towers, Muindi Mbingu St.
Date Licenced: 01/11/2005
Peer Group: Medium
Branches: 9

Fina Bank Ltd
Chief Executive: Mr. Frank Griffiths
Postal Address: P. O. Box 20613 - 00200, Nairobi
Telephone: +254-20-246943, 253153, 247113, 253040, 0722-202929
Fax: +254-20-247164/229696
Email: banking@finabank.com
Website: www.finabank.com
Physical Address: Fina House, Kimathi St.
Date Licenced: 1/1/1986
Peer Group: Medium
Branches: 7

First community Bank Limited
 Chief Executive: Mr. Nathif J. Adam
 Postal Address: P. O. Box 26219 - 00100., Nairobi
 Telephone: +254-20-2843000 -3
 Fax: +254-20-213582
 Email: info@fcb.co.ke
 Website: www.firstcommunitybak.co.ke
 Physical Address: Prudential Assurance Building, 1st Floor, Wabera Street
 Date Licenced: 29.04.2008
 Peer Group:
 Branches: 1

Giro Commercial Bank Ltd.
 Managing Director: Mr. T. K. Krishnan
 Postal Address: P. O. Box 46739 - 00200, Nairobi
 Telephone: +254-20-340537, 310350, 2216005, 2217777/6, ,
 Fax: +254-20-319426/230600
 Email: gcbl@swiftkenya.com
 Website:
 Physical Address: Giro House, Kimathi St.
 Date Licenced: 12/17/1992
 Peer Group: Medium
 Branches: 6

Guardian Bank Ltd
 Chief Executive: Mr. Gopinath H. Bhatt
 Postal Address: P. O. Box 67681 - 00200, Nairobi
 Telephone: +254-20-8560548, 8561411, 8561411, 0722-938629
 Fax: +254-20-216633/8561393/8560598/8561411
 Email: moiavenue@guardian-bank.com
 Website:www.guardian-bank.com
 Physical Address: Chandaria Industries Complex, Baba Dogo Road, Ruaraka
 Date Licenced: 12/17/1992
 Peer Group: Medium
 Branches: 5

Gulf African Bank Limited
 A.G. Chief Executive Officer: Mr. Salim M. Abdalla
 Postal Address: P. O. Box 43683 - 00100, Nairobi
 Telephone: +254-20-2740000, 2718608/9
 Fax: +254-20-2729031
 Email: info@gulfafricanbank.com
 Website: www.gulfafricanbank.com
 Physical Address: Gemina Insurance Plaza, Kilimanjaro Avenue, Upper Hill
 Date Licenced: 1/11/2007
 Peer Group: Small
 Branches: 3

Habib Bank A.G Zurich
 Country Manager: Mr. Iqbal A. Allawala
 Postal Address: P. O. Box 30584 - 00100 Nairobi
 Telephone: +254-20-341172/76/77
 Fax: +254-20-217004
 Email: habibbank@wananchi.com
 Website:
 Physical Address: Nagina House, Koinange St.
 Date Licenced: 1/7/1978
 Peer Group: Medium
 Branches: 4

Habib Bank Ltd.
 Regional General Manager African Region: Syed Rizwan Haider
 Postal Address: P. O. Box 43157 - 00100, Nairobi
 Telephone: +254-20-2226433, 2222786, 2226406/7
 Fax: +254-20-214636
 Email: hbiro@hblafrika.com
 Website: www.habibbankltd.com
 Physical Address: Exchange Building, Koinange St.
 Date Licenced: 2/3/1956
 Peer Group: Small
 Branches : 4

Imperial Bank Ltd
 Chief Executive: Mr. Abdulmalek Janmohamed
 Postal Address: P. O. Box 44905 - 00100, Nairobi
 Telephone: +254-20-2874000, 343416 /12/17/18/19/94, 342373
 Fax: +254-20-2719705/2719652, 342374
 Email: info@imperialbank.co.ke
 Website: imperialbank.co.ke
 Physical Address: Imperial Bank House, Bunyala Road, Upper Hill
 Date Licenced: 1/11/1992
 Peer Group: Medium
 Branches: 11

Investment & Mortgages Bank Ltd
 Chief Executive: Mr. Sarit S.Shah
 Postal Address: P.O. Box 30238 - 00100, Nairobi
 Telephone: +254-20-310105-8, 2711994-10
 Fax: +254-20-2713757, 2716372
 Email: invest@imbank.co.ke
 Website: http://www.imbank.com
 Physical Address: I & M Bank House, 2nd Ngong Ave.
 Date Licenced: 1/1/1974
 Peer Group: Large
 Branches: 10

Kenya Commercial Bank Ltd
 Chief Executive Designate : Mr. Martin Luke Oduor -Otieno
 Postal Address: P. O. Box 48400 - 00100, Nairobi
 Telephone: +254-20-3270000, 2852000, 2851000, 250802
 Fax: +254-20-216405/229565
 Email: kcbhq@kcb.co.ke
 Website: http://www.kcb.co.ke
 Physical Address: Kencom House, Moi Ave.
 Date Licenced: 1/1/1896
 Peer Group: Large
 Branches: 135

K-Rep Bank Ltd
 Managing Director: Mr. Kimanathi Mutua
 Postal Address: P. O. Box 25363 - 00603, Nairobi
 Telephone: +254-20- 3873169, 3871511/3870554/3873141/48, 3568996/7
 Fax: +254-20-3873178
 Email: registry@k-repbank.com
 Website: www.k-repbank.com
 Physical Address:K-Rep House, Naivasha Road., Riruta
 Date Licenced: 3/25/1999
 Peer Group: Small
 Branches: 26

Middle East Bank (K) Ltd
 Managing Director: Mr. Peter Harris
 Postal Address: P. O. Box 47387 - 00100 Nairobi
 Telephone: +254-20-2723120/24, 2722879, 2723124, 2723130, 0722-205903' 0733-333441
 Fax: +254-20-343776
 Email: ho@mebkenya.com
 Website: www.mebkenya.com
 Physical Address: Mebank Towers - Milimani Rd.
 Date Licenced: 10/1/1980
 Peer Group: Small
 Branches: 2

National Bank of Kenya Ltd
 Managing Director: Mr. Reuben M. Marambii
 Postal Address: P. O. Box 72866 - 00200 Nairobi
 Telephone: +254-20-2828000, 2226471, 0735-995151, 0720-620400
 Fax: +254-20-311444/223044
 Email: info@nationalbank.co.ke.
 Website: www.nationalbank.co.ke
 Physical Address: National Bank Building, Harambee Ave.
 Date Licenced: 1/1/1968
 Peer Group: Large
 Branches: 34

National Industrial Credit Bank Ltd
 Managing Director: Mr. James W. Macharia
 Postal Address: P. O. Box 44599 - 00100 Nairobi
 Telephone: +254-20-2888000, 2888600, 2718200, 2718200, 0722-203885/6/7,
 Fax: +254-20-2888505/13
 Email: info@nic-bank.com
 Website: http://www.nic-bank.com
 Physical Address: N.I.C House, Masaba Rd.
 Date Licenced: 9/17/1959
 Peer Group: Large
 Branches: 15

Oriental Commercial Bank Ltd
 Chief Executive: Mr. Binay K. Dutta
 Postal Address: P.O BOX 44080 - 00100, Nairobi
 Telephone: +254-20-2228461/2, 242265, 221875
 Fax: +254-20-219469
 Email: info@orientalbank.co.ke
 Website:
 Physical Address: Finance House, Koinange St.
 Date Licenced: 8/2/1991
 Peer Group: Small
 Branches: 5

Paramount Universal Bank Ltd
 Chief Executive: Mr. Ayaz A. Merali
 Postal Address: P. O. Box 14001 - 00800, Nairobi
 Telephone: +254-20-4449266/7
 Fax: +254-20-449265
 Email: pbl.bank@africaonline.co.ke
 Website:
 Physical Address: Sound Plaza Building, 4th Floor - Woodvale Gr., Westlands
 Date Licenced: 10/1/1993
 Peer Group: Small
 Branches: 4

<p>Prime Bank Ltd Chief Executive: Mr. Vasant K. Shetty Postal Address: P. O. Box 43825 - 00100, Nairobi Telephone: +254-20-4203000/4203116/4203148 Fax: +254-20-4451247 Email: headoffice@primebank.co.ke Website: www.primebankkenya.com Physical Address: Prime Bank Bldg, Chiromo Lane / Riverside Drive, Westlands Date Licenced: 3/1/1992 Peer Group: Medium Branches: 9</p>	<p>Commercial Bank Ltd Director: Mr. Yoges Address: P. O. Box 4 : +254-20-2719499 -20-2713778, 271 toria@vicbank.com</p> <p>Address: Victoria To nced: 6/1/1987 p: Small 1</p>
<p>Southern Credit Banking Corporation Ltd. Managing Director: Mrs. Christine M. Kuria Postal Address: P. O. Box 11666 - 00400, Nairobi Telephone: +254-20-2220948, 2220939, 2218622, Fax: +254-20-246309/221338 Email: admin@ho.southern.com Website: www.southerncredit.co.ke Physical Address: Southern House, Nginda Lane, Off-Murang'a Rd. Date Licenced: 01/10/1980 Peer Group: Small Branches: 9</p>	<p>BANKING FINANCIA</p> <p>Finance Ltd Director: Mr. Frank Address: P. O. Box 30 : +254-20- 32620 -20-334670/25085 using@housing.co www.housing.co.ke Address: Rehani Ho nced: 5/7/1965 p: Medium 10</p>
<p>Stanbic Bank Kenya Ltd Managing Director: Mr. Mike L. du Toit Postal Address: P. O. Box 30550 - 00100, Nairobi Telephone: +254-20-3268000 Fax: +254-20-310601 Email: stanbic@africaonline.co.ke Website: www.stanbic.co.ke Physical Address: Stanbic Bank Building, Kenyatta Ave. Date Licenced: 5/9/1970 Peer Group: Large Branches: 8</p>	<p>nd Loan (K) Ltd Director: Ms. Frasn Address: P. O. Box 4 : +254-20- 342189 -20-318539/21426 /loan@kcb.co.ke www.kcb.com Address: Lonrho H nced: 1977 p: Small 9</p>
<p>Standard Chartered Bank (K) Ltd Chief Executive: Mr. Richard Etemesi Postal Address: P. O. Box 30003 - 00100 Nairobi Telephone: +254-20-32930000, 3293900 Fax: +254-20-223380 Email: mds.office@ke.standardchartered.com Website: www.standardchartered .com Physical Address: Stanbank House, Moi Ave. Date Licenced: 10/1/1910 Peer Group: Large Branches: 34</p>	
<p>Trans-National Bank Ltd Chief Executive: Mr. Dharendra R. Rana Postal Address: P. O. Box 34353 - 00100 Nairobi Telephone: +254-20-2224234-6, 2210335, 252190/1, 2224235/6 Fax: +254-20-252225 Email: ceo@tnbl.co.ke Website: www.tnbl.co.ke Physical Address: Transnational Plaza, City Hall Way. Date Licenced: 8/1/1985 Peer Group: Small Branches: 9</p>	

Commercial Bank Ltd
Director: Mr. Yogesh K. Pattni
Address: P. O. Box 41114 - 00100 Nairobi
Telephone: +254-20-2719499, 2719815, 2710271, 2716108
+254-20-2713778, 2715857
Email: info@vicbank.com

Address: Victoria Towers, Kilimanjaro Ave. Upper Hill
Established: 6/1/1987
Size: Small

HOUSING FINANCIAL INSTITUTIONS (NBFIs)

Housing Finance Ltd
Director: Mr. Frank M. Ireri
Address: P. O. Box 30088 - 00100, Nairobi
Telephone: +254-20- 3262000, 317474, 2221101
+254-20-334670/250858
Email: info@housing.co.ke
www.housing.co.ke

Address: Rehani House, Kenyatta Ave.
Established: 5/7/1965
Size: Medium

Loan (K) Ltd
Director: Ms. Frashya Wangui Ngatia
Address: P. O. Box 45129 - 00100, Nairobi
Telephone: +254-20- 342189, 342190, 251328, 344203,
+254-20-318539/214267
Email: info@kcb.co.ke
www.kcb.com
Address: Lonrho House, 18th floor, Standard St.
Established: 1977
Size: Small

Appendix (xi)

FOREX BUREAUX DIRECTORY, AS AT 31ST DECEMBER 2007			
No	Name of Bureau	Location	E-mail Address & Fax
1.	ABC Place Forex Bureau Ltd P. O. Box 63533 – 00619 Nairobi Tel: 4450445/6/7; 4450005/6	ABC Place, Waiyaki Way, Nrb	abcforex@hotmail.com Fax: 254-2-4446163
2.	Alpha Forex Bureau Ltd P. O. Box 476 – 00606 Nairobi Tel: 4451435/7	Pamstech House Woodvale Grove Westlands	Alpha-forex@yahoo.com Fax: 254-2-4451436
3.	Amal Express Forex Bureau Ltd P. O. Box 3165 – 00100 Nairobi Tel: 6765141/0722725667	Amal Plaza 1 st Avenue Eastleigh Nairobi	amalforexbureau@hotmail.com Fax: 254-2-6761315
4.	Amana Forex Bureau Ltd P. O. Box 68578 – 00622 Nairobi Tel: 6761296	Eastleigh, Sect.VIII, 1st Ave. Nairobi	Amanaexpress236@hotmail.com Fax: 254-2-6760137
5.	Amex Forex Bureau Ltd P. O. Box 45448 – 00100 Nairobi Tel: 246469/243495/245157/0722-230391, 0733-561938	Ground Floor, IPS Building Standard Street	info@amex.co.ke Fax: 254-2-244668
6.	Arcade Forex Bureau Ltd P. O. Box 21646 – 00505 Nairobi Tel: 3871946/3875380 Cell:0721-810274	Adams Arcade Ngong Road	 Fax: 254-2-571924
7.	Aristocrats Forex Bureau Ltd P. O. Box 10884 – 00400 Nairobi Tel: 245247/228080	Kenindia House Nairobi	aristoforex@nbi.ispkenya.com Fax: 254-2-213794
8.	Bamburi Forex Bureau Ltd. P. O. Box 97803 Mombasa Tel: 041-5486950, 0722-412649/ 0733-466729	Nyali Mombasa	bamburiforex@hotmail.com Fax: 254-41-5486948
9.	Bay Forex Bureau (NBI) Ltd. P. O. Box 42909 – 00100 Nairobi Tel: 244186/ 248289	The Stanley Bldg. Kenyatta Avenue Nairobi	info@bayforexbureau.com Fax: 254-2-229665/248676
10.	Blue Nile Forex Bureau Ltd. I & M Towers, Muindi Mbingu Street, Nairobi P. O. Box 47740 – 00100 Nairobi Tel: 2224100/2221927	Ground Floor, I & M Towers, Muindi Mbingu Street, Nairobi	bluenile@wananchi.com Fax: 254-2-222721
11.	Bluseas Forex Bureau Ltd. P. O. Box 66012 Nairobi Tel: 2251884	Clyde House Kimathi Street Nairobi	 Fax: 254-2-318895
12.	Capital Bureau De Change Ltd. P. O. Box 54210 – 00200 Nairobi Tel: 251704/8	Jubilee Insurance House	 Fax: 254-2-241307

13.	Capital Hill Forex Bureau Ltd. P. O. Box 20373 – 00200 Nairobi Tel: 2733594/0722-410550	1 st Floor, NHIF Building, Ngong Road.	Fax: 254-2-2733594
14.	Cashline Forex Bureau Ltd P. O. Box 64672 – 00619 Nairobi Tel: 4452296/97/98	Sound Plaza Westlands	cash@cashlinefx.co.ke Fax: 254-20-4452299
15.	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
16.	Chase Bureau De Change Ltd P. O. Box 45746 – 00100 Nairobi Tel: 2227777/2244491	Gilfillan House Kenyatta Ave./ Banda Street Nairobi	chasefx@chasecyber.com Fax: 254-2-244651
17.	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
18.	Coast Forex Bureau Ltd P. O. Box 89413 – 80100 Mombasa Tel: 041- 225140/2224980	City House, , Moi Avenue Fontanella, Mombasa	Fax: 254-41-230268
19.	Connection Forex Bureau Ltd P. O. Box 63533 – 00619 Nairobi Tel: 883535/6/7, 0720-711111, 0735-711111	Karen Connection, Lower Plain's Road, Off-Karen Road	connectionforex@yahoo.com Fax:254-2-883558
20.	Continental Forex Bureau Ltd P. O. Box 49580 – 00400 Nairobi Tel: 2222140, 3168025	Old Mutual Building Kimathi Street Nairobi	Fax: 254 2-216163
21.	Cosmos Forex Bureau Ltd P. O. Box 10284 – 00100 Nairobi Tel: 250582/5	Rehema House Nairobi	Fax: 254-2-250591
22.	Crater Forex Bureau Ltd P. O. Box 7357– 20100 Nakuru Tel: 051- 2214183, 2216524	Menengai Motors George Morara Avenue	Fax: 254-51-2214183
23.	Crown Bureau De Change Ltd P. O. Box 22515– 00400 Nairobi Tel: 250720/1/2	Corner House, Mama Ngina Street Nairobi	info@crown.co.ke Fax: 254-2-252365
24.	Dahab Shill Forex Bureau Ltd P.O. Box 2218105/252641 Nairobi Standard Street Tel: 2218105, 252641	2 nd Floor, Lonrho House, Standard Street, Nairobi Nairobi	Fax: 254-2-252642/342947

25.	Dalmar Exchange Bureau Ltd P. O. Box 71295 – 00622 Nairobi Tel: 6762301	2 nd Floor, Al Habib Centre 1 st Ave. Eastleigh Nairobi	Fax: 254-2-6760818
26.	Diani Forex Bureau Ltd P. O. Box 90775 Nairobi or P. O. Box 5362 Diani Tel: 041-226047/0127-2205-7 Diani	Paradise Cottages Mombasa	N/A
27.	Dollar Forex Bureau Ltd P. O. Box 1722 Malindi Tel: 042-30602/71/31979	FN Centre Malindi Municipality	Fax: 254-42-31976
28.	Downtown Cambio Forex Bureau Ltd P. O. Box 42444 – 00100 Nairobi Tel: 608659; 609547/607721	Wison Airport Nairobi	Fax: 254-2-608354
29.	Euro Dollar Bureau De Change Ltd P. O. Box 13946 – 00800 Nairobi Tel: 4448501/2	Mpaka House Westlands Nairobi	info@eurodollar.co.ke Fax: 254-2-4447729
30.	Finerate Forex Bureau Ltd P. O. Box 10733– 00100 Nairobi Tel: 250406/7, 250412, 0733634733	Bruce House, Ground Floor	fineforex@iconnect.co.ke Fax: 254-2-250407
31.	Forex Bureau Afro Ltd P. O. Box 14353 – 00800 Nairobi Tel: 250676/222950/247041	Jamia Plaza Kigali Street Nairobi	Fax: 254-2-251078
32.	Fort Jesus Forex Bureau Ltd P. O. Box 89991 – 80100 Mombasa Tel: 041-2230114/5/6 0733634733/0722-203358	Old Mombasa Road	fortjesusforex@hotmail.com Fax: 254-41-2316717
33.	Fulus Bureau De Change Ltd P. O. Box 90206 Mombasa Tel: 041-222273; 222283	Nkrumah Road Mombasa	Fax: 254-41-222283
34.	Gateway Forex Bureau Ltd P. O. Box 68975 Nairobi Tel: 0722-970897	Not operational	N/A
35.	Giant Forex Bureau de Change Ltd P. O. Box 56947 – 00200 Nairobi Tel: 827970	Unit 1- Departure	Fax: 254-2-825327
36.	Give and Take Forex Bureau Ltd P. O. Box 51463 – 00200 Nairobi Tel: 7120581/7120046	Gigiri, China Garden Nairobi	Fax: 254-2-7120046
37.	Gigiri Forex Bureau Ltd P. O. Box 45448 – 00100 Nairobi Tel: 521515/520495	Gigiri Shopping Centre	info@amex.co.ke Fax: 254-2-244886

38.	Global Forex Bureau Ltd P.O. Box 47583-00100 Nairobi Nairobi Tel: 6762982	2 nd Floor, Tasir Complex, 1 st Ave. Eastleigh, Nairobi	N/A
39.	Glory Forex Bureau Ltd P. O. Box 42909 – 00100 Nairobi Tel: 244333/241164/243115	Norwich Union House Kimathi Street, Nairobi	Fax: 252-2-245614
40.	GNK Forex Bureau Ltd P. O. Box 14297 – 00100 Nairobi Tel: 890303/891243/891848/892048	Jubilee Centre Karen Nairobi	gnkforex@swiftkenya.com Fax: 254-2-892266
41.	Goldfield Forex Bureau Ltd P. O. Box 40317 – 00100 Nairobi Tel: 332565/244554/ 248713/4	Fedha Towers, Nairobi	goldfield@swiftkenya.com Fax: 254-2-2223761
42.	Hill Forex Bureau Ltd P. O. Box 21819 – 00400 Nairobi Tel: 246094/245863	Ground Floor, Rahimtulla, Plaza Upper Hill, Nairobi	Fax: 254-2-2711646
43.	Hurlingham Forex Bureau Ltd P. O. Box 11123 – 00400, Nairobi. Tel. 2724409, 2727663	China Centre, Ngong Road	Fax: 254-2-2731981
44.	Jodeci Bureau De Change Ltd P. O. Box 21819 – 00400 Nairobi Tel: 822845/822850	Unit 1, JKIA Nairobi	Fax: 254-2-245741
45.	Junction Forex Bureau Limited P.O. Box 43888-00100 Nairobi Tel: 3861289,0725852840/	The Junction of Ngong Road/ Dagoreti Corner	junctionforexbureauLtd@yahoo.com
46.	Industrial Area Forex Bureau Ltd P. O. Box 45746 – 00100 Nairobi Tel: 551186/551198	Bunyala Road, Industrial Area Nairobi	Fax: 254-2-551186
47.	Island Forex Bureau Ltd P. O. Box 84300 Mombasa Tel: 041-2223988/ 2229626	Moi Avenue, Mombasa	islandforex@hotmail.com Fax: 254-41-2227057
48.	Kaah Forex Bureau Ltd P. O. Box 10327 – 00400 Nairobi Tel: 6767494/6760504	Eastleigh Section 11, Nairobi	Fax: 254-2-6767543
49.	Karen Bureau De Change Ltd P. O. Box 24673 – 00502 Nairobi Tel: 884674; 884675	Karen Provision Stores ,Corner Lang'ata/ Ngong Rd.	Fax: 254-2-884675

50.	Kenza Exchange Bureau Ltd P. O. Box 21819 – 00400 Nairobi Tel: 827034/ 245863	JKIA, Arrival Unit 1 Nairobi	N/A
51.	L'ache Forex Bureau Ltd P.O. Box 16512-00100 Nairobi Tel: 3514509, 2119568/9, 0711-229408	Diamond Plaza, 2 nd Floor, Parklands	info@lache.co.ke Fax: 254-2-2733485
52.	Langa'ta Forex Bureau Ltd. P. O. Box 13580 – 00800 Nairobi Tel: 891703/447204/5/6	Merchantile House Loita Street	Fax: 254-2-443859
53.	Langa'ta Mall Forex Bureau Ltd. P. O. Box 34257 – 00100 Nairobi Tel: 020-2363735	Eastleigh, Nairobi	Fax: 254-2-608047
54.	Leo Forex Bureau Ltd P. O. Box 82304 Mombasa Tel: 041-2230396/7/8; 2230399	T. S. S. Towers Nkrumah Road, Mombasa	leoforex@swiftmombasa.com Fax: 254-41-230399
55.	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
56.	Loki Forex Bureau Ltd. P. O. Box 12523 – 00100 Nairobi Tel: 0723-886999	Lokichogio	N/A
57.	Mandeeq Forex Bureau Ltd P. O. Box 85670 – 80100 Mombasa Tel: 041-228028/2230082	Al-Nasser Building, Digo Rd, Mombasa	mandeeqforex@hotmail.com
58.	Maritime Forex Bureau Ltd P. O. Box 43296 – 80100 Mombasa Tel: 041- 2319175/6/7	Nkrumah Road, Mombasa	Fax: 254-41-2319178
59.	Masai Mara Forex Bureau Ltd P. O. Box 54210 – 00200 Nairobi or P.O. Box 234 Narok Tel: 050-23038	Maa Towers, Narok	Fax: 254-50-23038
60.	Maxfair Forex Bureau Ltd P. O. Box 10334 – 00100 Nairobi Tel: 226212/ 2228842	Ground Floor, Standard Bldg Wabera Street Nairobi	maxfair@swiftkenya.com Fax: 254-2-227299
61.	Metropolitan Bureau De Change Ltd P. O. Box 7080 – 00300 Nairobi Tel: 820203	Unit 2 Departure, JKIA	Fax: 254-2-252116
62.	Middletown Forex Bureau Ltd P. O. Box 41830 Nairobi Tel: 211227	Westminister House Kaunda Street Nairobi	mtforex@iconnect.co.ke Fax: 254-2-332534

63.	Mona Bureau De Change Ltd P. O. Box 46180 – 00100 Nairobi Tel: 828111/2, Cell: 0733-744348	Panari Centre, Mombasa Road Nairobi	Fax: 254-2-828113
64.	Mustaqbal Forex Bureau Ltd P. O. Box 12536 – 00100 Nairobi Tel: 676651	Eastleigh, Nairobi	Fax: 254-2-6766650/1
65.	Muthaiga Forex Bureau Ltd P. O. Box 63533 – 00619 Nairobi Tel: 3748883/6512/ 3750331/ 386, 0722-362666, 0722-362999	Muthaiga Shopping Centre Nairobi	muthaigaforex@hotmail.com Fax: 254-2-3746512, 3750331
66.	Nairobi Bureau De Change Ltd P. O. Box 644 – 00624, Village Mkt Nairobi Tel: 822884	Unit 2 JKIA Nairobi	Fax: 254-2-241307
67.	Nairobi Forex Bureau Ltd P. O. Box 73194– 00200 Nairobi Tel: 244767/223039	Gujarat House Muindi Mbingu Street Nairobi	Fax: 254-2-244767
68.	Namanga Forex Bureau Ltd P. O. Box 12577 – 00100 Nairobi Tel: 02-213642/ 045-5132476	Namanga	NA
69.	Nature Forex Bureau Ltd (Formerly Dalsan Forex Bureau Ltd) P.O. Box 18213-00100 Nairobi Te;: 6761986/0722-682218	Shariff Shopping Complex, Opposite Garissa Lodge, Eastleigh 1 1 st Avenue	nnuradiin2001@hotmail.com Fax: 254-2-6766278
70.	Nawal Forex Bureau Ltd P.O. Box 43888 Nairobi : Tel: 2720111	Chaka Road Chaka Place	Fax: 254-2-272011
71.	Overseas Forex Bureau Ltd P. O. Box 66864 – 00800 Nairobi Tel: 216250/ 249657/8/9	Ground Floor, View Park Towers Monrovia/Utalii Street	Fax: 0254-2-213027
72.	Pacific Forex Bureau Limited P. O. Box 47521 – 00200, Nairobi. Tel. 310880, 310882/3	Lonhro House, Standard Street	
73.	Peaktop Exchange Bureau Ltd P.O. Box 13074-00100 Nairobi Tel: 244371/313438, 0722 - 332518	20 th Century, on Mama Ngina/Kaunda Streets, Nairobi	Fax: 254-2-210210
74.	Pearl Forex Bureau Ltd P. O. Box 58059 – 00200 Nairobi Tel: 2724769/ 2724778	Hurlingham Shopping Centre	Fax: 254-2-2724770
75.	Pel Forex Bureau Ltd P. O. Box 957 Kisumu Tel: 057-22495/44425	Allmamra Plaza Oginga Odinga Road Kisumu	pel@swiftkisumu.com Fax: 254-57-22495

76.	Penguin Forex Bureau Ltd P. O. Box 3438 – 80100 Mombasa Tel: 041- 316618/2228170	Nkrumah Road Mombasa	Fax: 254-41-2228194
77.	Pinnacle Forex Bureau Ltd P. O. Box 10020 – 00400 Nairobi Tel: 219240/249283/249284	Corner House Kimathi Street	pinnacleforex@yahoo.com Fax: 254-2-214832
78.	Pwani Forex Bureau Ltd P. O. Box 87200 – 80100 Mombasa Tel: 041-2221727/2221734/2221845	Mombasa Block 404 XV11/M1 Abdel Nasseiz	forex@pwaniforex.com Fax: 254-41-2221870
79.	Rift Valley Forex Bureau Ltd P. O. Box 12165 Nakuru Tel: 051-2212495	Merica Hotel Building Court Road Nakuru	riftvalleyforex@yahoo.com Fax: 254-2-2210174
80.	Safari Forex Bureau Ltd P. O. Box 219 Eldoret Tel: 053-2063347	KVDA Plaza Eldoret	Fax: 254-053-2063997
81.	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
82.	Shepherds Forex Bureau Ltd P. O. Box 63533 – 00619 Nairobi Tel: 3754926/7/3754935, 0720-715888, 0720-220222	Muthaiga, Nairobi	Shepherdsforex@yahoo.com Fax: 254-2-3761073
83.	Solid Exchange Bureau Ltd P. O. Box 19257 Nairobi Tel: 822922/0722-853769	JKIA-Unit 2	Fax: 254-2-822923
84.	Speedy Forex Bureau Ltd P.O. Box 45888 Nairobi Tel: 225941/22564/226529	Jubilee Insurance Exchange, Kaunda Street	speedyexchange@yahoo.com Fax: 254-2-221761
85.	Sterling Forex Bureau Ltd P. O. Box 43673 – 00200 Nairobi Tel: 228923/340624	Laxmi Plaza, Biashara Street	infor@sterlingforexbureau.com Fax: 254-2-330894
86.	Sunshine Forex Bureau Ltd P. O. Box 68991– 0622 Nairobi Tel: 6762261/63 : Fax: 6762260	Eastleigh 1 st Ave, Seven Street, Nairobi	Fax: 254-2-6762260
87.	Taipan Forex Bureau Ltd P. O. Box 42909 Nairobi Tel: 244186/ 244188	Stanley Hotel Building	taipan@africaonline.co.ke Fax: 254-2-229665/248676
88.	Tawakal Forex Bureau Ltd P. O. Box 71623 – 00622 Nairobi Tel: 6766171	Ubah Centre, Eastleigh Nairobi	tfbureau@yahoo.com Fax: 254-2-6765756

89.	Trade Bureau De Change Ltd P. O. Box 7080 – 00300 Nairobi Tel: 2241107	Cotts House City Hall Way Transnational Bank	trade@wananchi.com tradebdc@yahoo.com Fax: 254-2-317759
90.	Travellers Forex Bureau Ltd P. O. Box 13580 – 00800 Nairobi Tel: 447204/5/6	The Mall Westlands	Fax: 254-2-443859
91.	Union Forex Bureau Ltd P. O. Box 43847– 00100 Nairobi Tel: 4441855/4448327	Sarit Centre Westlands	unionforex@hotmail.com Fax: 254-2-4441855
92.	Village Market Forex Bureau Ltd P. O. Box 625 – 00621 Nairobi Tel: 712901/7122473	Village Market Complex Limuru Road	Fax: 254- 2-520946 Fax: 712902
93.	Victoria Forex Bureau De Change Ltd P. O. Box 705 – 40100 Kisumu Tel 057-2025626/2021134/2023809	Sansora Building Central Square Kisumu	Fax: 254-57-202536
94.	Wallstreet Bureau De Change Ltd P. O. Box 6841- 30100 Eldoret Tel: 053-2062907	Bargetuny Plaza Uganda Road Eldoret	Fax: 254- 53-2062907
95.	Warwick Forex Bureau Ltd P. O. Box 30687– 00100 Nairobi Tel: 37555563/523055 Cell: 0722521192/0721253664	The Warwick Centre Gigiri Nairobi	warwickforex@wananchi.com Fax: 254-2-520997
96.	Westlands Forex Bureau Ltd P. O. Box 45746 – 00100 Nairobi Tel: 4451745/ 4451746/551186	Westlands Nairobi	Fax: 254-2-551198
97.	Yaya Centre Exchange Bureau Ltd P. O. Box 76302 – 00508 Nairobi Tel: 02-3869097	Yaya Centre	Fax: 254-2-3869869