BANKI KUU YA KENYA

Central Bank of Kenya

BANK SUPERVISION ANNUAL REPORT 2015

TABLE OF CONTENTS

CENTRAL BANK OF KENYA

VISION STATEMENT

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

THE BANK'S MISSION

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

The Bank's objectives are:-

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

MISSION OF BANK SUPERVISION DEPARTMENT

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

THE BANK'S CORE VALUES

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

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

GOVERNOR'S MESSAGE

The Kenyan banking sector remained stable and resilient in 2015 as evidenced by a 9.2 per cent growth in the banking sector's balance sheet from Ksh. 3.2 trillion in December 2014 to Ksh. 3.5 trillion in December 2015. This is despite the slowdown in global economic growth to 3.1 per cent in 2015 from 3.4 per cent in 2014 largely due to slowdown in growth in China and the sluggish recovery in the Eurozone. The global financial markets were also volatile in most of 2015 following uncertainty in respect of the timing of the increase in U.S. interest rates, and the easing of monetary policy in the Eurozone.

The impact of the adverse global developments on Kenya was minimal due to the diversification of its' economy and a stable financial sector. As a result, the key macroeconomic indicators remained relatively stable and supportive of the growth in 2015. Overall inflation eased from 6.9 per cent in 2014 to 6.6 per cent in 2015 mainly due to lower prices of energy and transport. The Gross Domestic Product is estimated to have expanded by 5.6 per cent in 2015 which was an improvement compared to a 5.3 per cent growth in 2014. This growth was mainly supported by a stable macroeconomic environment and improvement in outputs of agriculture; construction; finance and insurance and real estate sectors.

Despite the banking sector stability and resilience in 2015, two non-systemic banks, Dubai Bank Limited and Imperial Bank Limited, were placed in receivership by the Central Bank of Kenya (CBK) in the second and third quarters of 2015. CBK's actions were necessitated by unique circumstances in each of these banks. These actions were aimed at protecting the interests of the depositors, creditors and the wider public.

CBK and the Kenya Deposit Insurance Corporation, the Receiver Manager, worked closely to resolve the two institutions. CBK commenced efforts to upgrade its supervisory regime and human resource capabilities. Further, the scope of external auditors of banks was expanded to require them to conduct additional work in assessing reliability of banks' information, communication and technology systems.

In November 2015, CBK issued a temporary moratorium on licensing of new commercial banks to allow existing banks to review their business models and consolidate their operations while CBK strengthens its supervisory regimes. This is expected to lead to a stronger and more resilient banking sector.

2016 will be a year of transition seizing on the lessons and challenges in 2015. In this regard, CBK is working towards ushering in a new normal in the banking sector underpinned by three key pillars:-

- Greater transparency, which is supported by accurate data.
- Stronger governance with clear demarcation of responsibilities, greater accountability, fair

market conduct and stronger supervision.
- Effective business models, aimed at strengthening the resilience of banks, reducing costs and supporting innovation.

The three pillars will underpin the emergence of a stronger, resilient banking sector to finance Kenya's developmental aspirations pursuant to Vision 2030. This will in turn support Kenya's aspiration of being an international financial centre.

DR. PATRICK NJOROGE
GOVERNOR

FOREWORD BY DIRECTOR

The Kenyan banking sector registered a robust performance in 2015. Various economic sectors were supported by the sector through provision of loans and advances. The gross loans increased from Ksh. 1.94 trillion in December 2014 to Ksh. 2.17 trillion in December 2015. Some of the economic sectors that received the highest growth in demand for credit in 2015 were Personal/ Household, Trade, Real Estate and Manufacturing.

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

- Total net assets grew by 9.2 per cent from Ksh. 3.2 trillion in December 2014 to Ksh. 3.5 trillion in December 2015, with the growth being supported by the increase in loans and advances.
- Gross loans increased by 11.57 per cent from Ksh. 1,940.78 billion in December 2014 to Ksh. 2,165.3 billion in December 2015. The growth in loans is attributed to increased demand for credit by the various economic sectors.
- Customer deposits increased by 8.73 per cent from Ksh. 2.29 trillion in December 2014 to Ksh. 2.49 trillion in December 2015. The growth was attributed to increased deposit mobilization by banks as they expanded their outreach and leveraging on mobile platforms to mobilise lower cost deposits.
- The pre-tax profit for the sector decreased by 5.03 per cent from Ksh. 141.1 billion in December 2014 to Ksh. 134.0 billion in December 2015. The decline in profitability in 2015 was mainly attributable to a faster growth in expenses compared to the growth in income. The banks income increased by 9.1 per cent in the period ended December 2015 but expenses increased by a higher margin of 16.3 per cent over the same period.
- The average liquidity ratio increased from 37.7 per cent in December 2014 to 38.3 percent registered in December 2015. The increase in the ratio is mainly attributed to a higher growth in total liquid assets compared to the growth in total short-term liabilities. Total liquid assets grew by 13 per cent while total short-term liabilities grew by 12 per cent. The liquidity ratio in 2015 was above the statutory minimum liquidity ratio of 20.0 per cent.

The ratio of gross non-performing loans to gross loans increased from 5.6 per cent in December 2014 to 6.8 per cent in December 2015. The increase in non-performing loans in 2015 was mainly attributable to delays in payments to suppliers and contractors, challenges in the business environment such as insecurity and adverse weather conditions and enhanced re-classification and provisioning.

The banking sector's capital adequacy, which is measured by the ratio of Total Capital to Total Risk Weighted Assets, decreased from 20.0 per cent in December 2014 to 18.8 per cent in December 2015. This is mainly attributed to a higher increase in risk weighted assets as compared to the increase in capital. However, the capital adequacy ratio remained above the statutory minimum of 14.5 per cent.

The banking sector is projected to remain stable and sustain its growth momentum in 2016 as the outcomes of the various reforms and initiatives in the banking sector start to manifest. Some of the reforms and initiatives planned include:-

- Enhancement of CBK's end to end onsite surveillance processes to ensure efficiency and effectiveness.
- Improvement of the consolidated supervision framework for effective surveillance of banking groups.
- Development of an improved framework for identification and supervision of domestic systemically important banks.
- Strengthened risk based supervisory framework for anti-money laundering and combating financing of terrorism.
- Development of an effective crisis management framework.
- Continued rollout of innovative banking products leveraging of technology to cut on costs and enhance efficiency.
- Continued expansion of Kenyan banks within and outside Kenya to exploit business opportunities.

GERALD NYAOMA
DIRECTOR, BANK SUPERVISION DEPARTMENT

CHAPTER ONE

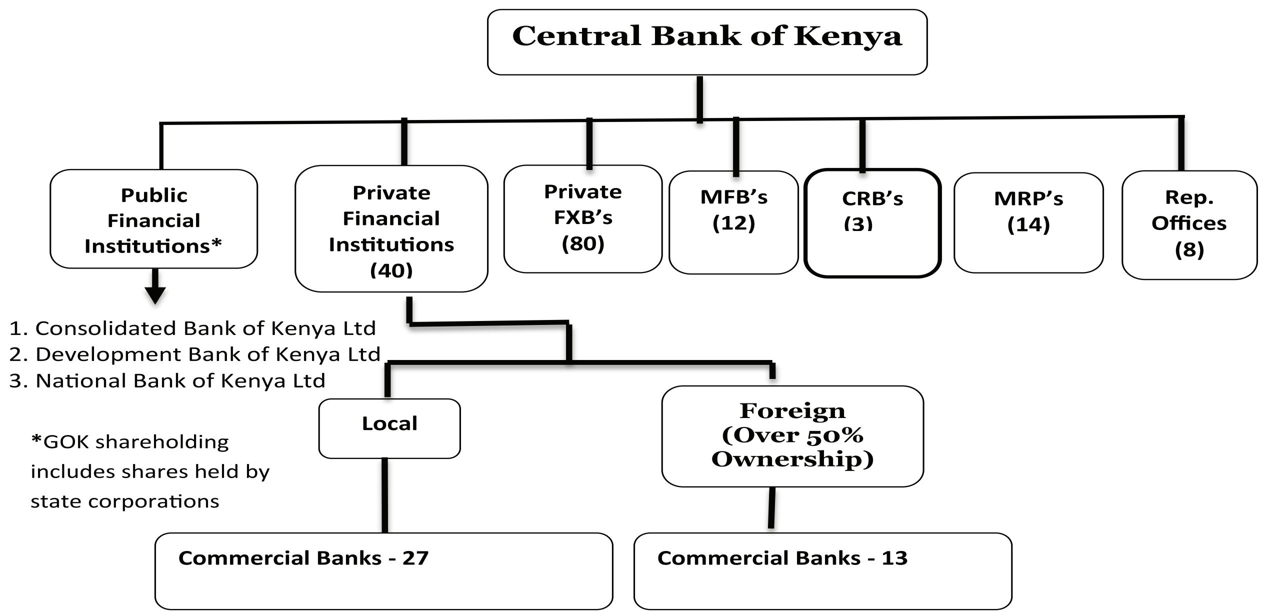
STRUCTURE OF THE BANKING SECTOR

1.1 The Banking Sector

As at 31st December 2015, the banking sector comprised of the Central Bank of Kenya, as the regulatory authority, 43 banking institutions (42 commercial banks and 1 mortgage finance company), 8 representative offices of foreign banks, 12 Microfinance Banks (MFBs), 3 credit reference bureaus (CRBs), 15 Money Remittance Providers (MRPs) and 80 foreign exchange (forex) bureaus. Out of the 43 banking institutions, 40 were privately owned while the Kenya Government had majority ownership in 3 institutions. Of the 40 privately owned banks, 26 were locally owned (the controlling shareholders are domiciled in Kenya) while 14 were foreign-owned (many having minority shareholding).The 26 locally owned institutions comprised 25 commercial banks and 1 mortgage financier. Of the 14 foreign-owned institutions, all commercial banks, 10 were local subsidiaries of foreign banks while 4 were branches of foreign banks. All licensed microfinance banks, credit reference bureaus, forex bureaus and money remittance providers were privately owned. Chart I below depicts the structure of the banking sector as at 31st December 2015.

At the end of 2015 there were 42 Commercial banks, 1 MFC, 12 MFBs, 3 CRBs, 15 MRPs & 80 Forex Bureaus.

Chart 1: Structure of the Banking Sector - December 2015



Bank Supervision Department

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

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

- ✓ Continuous review of the Banking Act, Microfinance Act, Building Societies Act, Regulations and Guidelines issued thereunder which lay the legal foundation for banking institutions, non-bank financial institutions, deposit taking microfinance institutions and building societies.
- ✓ Continuous review of Regulations and Guidelines for Foreign Exchange Bureaus licensed under the Central Bank of Kenya Act.
- ✓ Continuous review of Regulations for Credit Reference Bureaus licensed under the Banking Act.

ii Processing licenses of Commercial Banks, Non-Bank Financial Institutions, Mortgage Finance Institutions, Building Societies, Foreign Exchange Bureaus, Microfinance Banks, Credit Reference Bureaus and Money Remittance Providers.

iii Conducting onsite evaluation of the financial condition and compliance with statutory and and prudential requirements of institutions licensed under the Banking Act, Microfinance Act; and Foreign Exchange Bureaus and Money Remittance Providers licensed under the Central Bank of Kenya Act.

iv Conducting offsite surveillance of institutions licensed under the Banking Act, Microfinance Act, and Foreign Exchange Bureaus and Money Remittance Providers licensed under the Central Bank of Kenya Act through the receipt and analysis of returns received periodically. The Department also processes corporate approvals for banking institutions in regard to opening and closing of places of business, appointment of directors and senior managers, appointment of external auditors, introduction of new products/services, increase of bank charges and review of annual license renewal applications in accordance with statutory and prudential requirements.

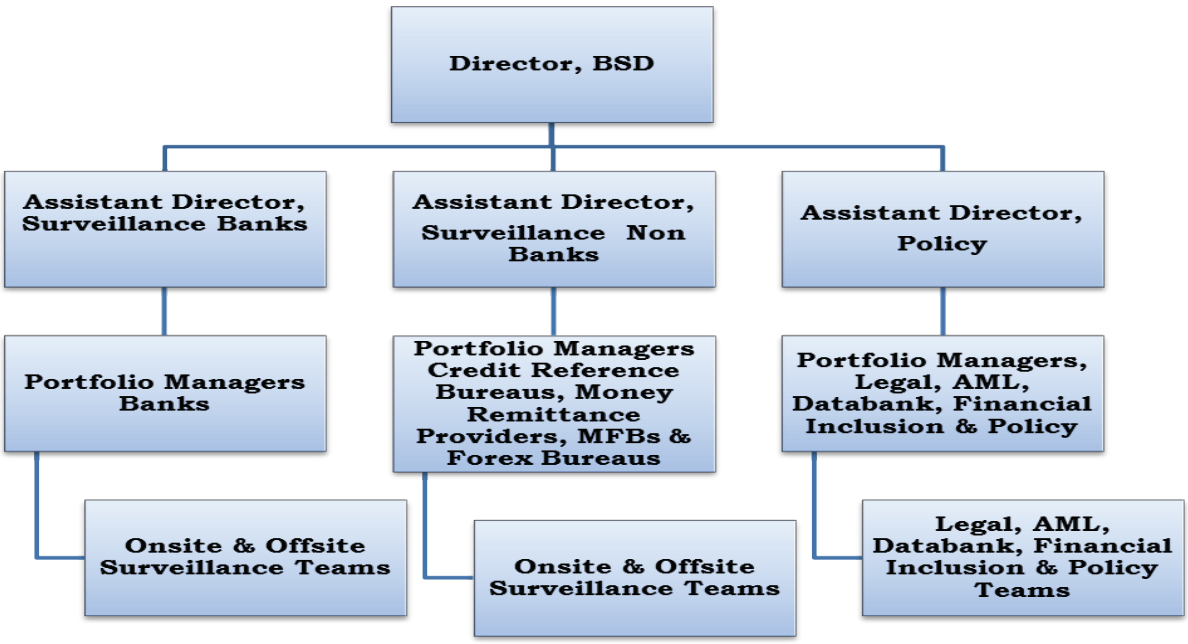
v Hosting of the Secretariat for the National Task Force on Money Laundering (NTF), whose mandate is to develop a legal and regulatory framework to counter and prevent the use of the Kenyan financial system for money laundering. NTF is chaired by the National Treasury. Through the NTF, BSD participates in initiatives by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG). ESAAMLG brings together 14 Eastern and Southern Africa countries with a principal mandate of developing a legal and regulatory anti money laundering (AML) framework.

vi Participation in regional activities organized by regional and international bodies or associations such as the East African Community (EAC), and Common Market for Eastern and Southern Africa (COMESA), the Alliance for Financial Inclusion (AFI) and African Rural and Agricultural Credit Association (AFRACA).

vii Facilitation of the signing of Memoranda of Understanding (MOUs) between the Central Bank of Kenya and other local or foreign supervisory authorities.

As at 31st December 2015, the Bank Supervision Department had a staff compliment of seventy-nine (79) comprising sixty nine (69) technical staff and ten (10) support staff. The department is divided into three divisions as shown in Chart 2.

Chart 2: Bank Supervision Organogram



1.2 Ownership and Asset Base of Commercial Banks

The total net assets in the banking sector stood at Ksh. 3.5 trillion as at 31st December 2015. There were 24 local private commercial banks in December 2015 as compared to 27 local private banks in December 2014 which accounted for 64.6 per cent of total net assets a slight increase from 64.0 per cent in December 2014.

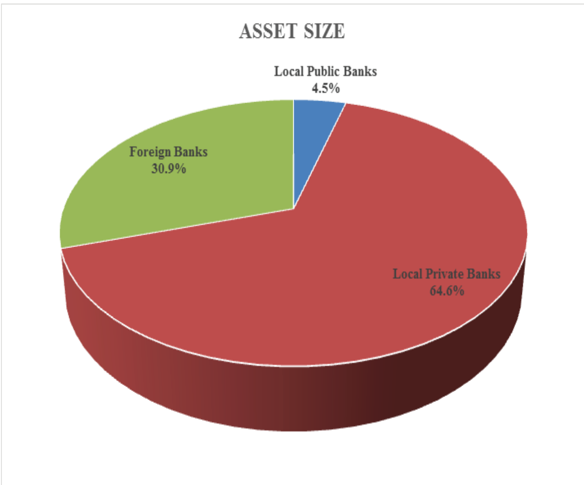
Table 1 and Chart 3 details the breakdown of the ownership of Kenyan banks as at 31st December 2015.

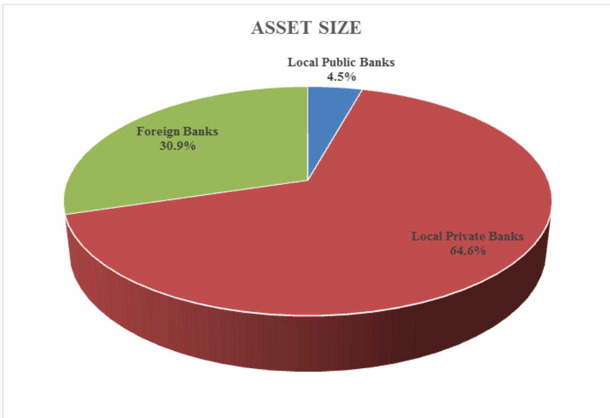
Local private commercial banks accounted for 60.0% of total commercial banks & 64.6% of total assets of all commercial banks respectively.

Table 1: Ownership and Asset Base of Commercial Banks (Ksh. M)

Ownership	Number	% of Total	Total Net Assets	% of Total
Local Public Commercial Banks	3	7.5%	156,373	4.5%
Local Private Commercial Banks*	24	60.0%	2,255,675	64.6%
Foreign Commercial Banks	13	32.5%	1,080,595	30.9%
Total	**40**	**100.0%**	**3,492,643**	**100.0%**
* Imperial Bank and Chase Bank which were under receivership and Charterhouse Bank which was under statutory management as at the time of preparing this report have been excluded.				
Source: CBK				

Chart 3: Ownership and Asset Base of Commercial Banks December 2015





The local public commercial banks remained 3 in 2015 as in 2014. The 3 banks accounted for 4.5 per cent of total net assets in December 2015 as compared to 5.0 per cent in December 2014. The decrease is attributable to slower growth in assets given capital constraints experienced by the public banks.

There were 24 local private commercial banks in December 2015 as compared to 27 local private banks in December 2014; the decline in the number of local private commercial bank is as a result of liquidation of Dubai Bank and placement of Imperial Bank in Receivership. The local private commercial banks accounted for 64.6 per cent of total net assets a slight increase from 64.0 per cent in December 2014. The increase is attributable to increased demand for credit thus increasing loans and advances which form the largest proportion of the bank's assets.

In 2015, a total of 13 commercial banks were foreign owned and accounted for 30.9 per cent of the sector's assets as compared to 31 per cent in December 2014 as indicated in Table 1 and Chart 3. The decrease is attributable to increased market share by local private banks from 64 per cent in 2014 to 64.6% in 2015.

1.3 Distribution of Commercial Banks Branches

Bank branches stood at 1,523 in 2015 compared to 1,443 in 2014, an increase of 38 branches.

The number of bank branches increased from 1,443 in 2014 to 1,523 in 2015, which translated to an increase of 80 branches. The counties that registered the highest increase in number of branches include Nairobi, which registered an increase of 38 branches, Machakos and Mombasa had 7 new branches each and Kajiado had 6 new branches as indicated in Appendix XVI. A total of 19 out of 47 counties registered an increase in the number of bank branches. This was lower compared to 28 counties who registered increased bank branches in 2014. The slowdown in physical bank branches expansion is partly attributed to the adoption of alternative delivery channels such as mobile banking, internet banking and agency banking.

1.4 Commercial Banks Market Share Analysis

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

7 large peer group banks accounted for 58.21% of the total market share from 49.9% in 2014.

For the period ended 31st December 2015, there were 7 large banks with a market share of 58.21 per cent, 12 medium banks with a market share of 32.42 per cent and 21 small banks with a market share of 9.24 per cent as shown in Table 2, Chart 4 and Appendix IV.

Table 2: Commercial Banks Market Share Analysis

Peer Group	Weighted Market Share	No. of Institutions	Total Net Assets, (Ksh. M)	Customer Deposits, (Ksh. M)	Capital & Reserves (Ksh. M)
Large	58.21%	7	2,013,336	1,460,181	310,971
Medium	32.42%	12	1,163,676	804,654	175,467
Small	9.24%	21	315,631	221,084	54,140
Total*	**100.00%**	**40**	**3,492,643**	**2,485,919**	**540,578**
*** Charterhouse Bank under Statutory Management and Imperial Bank & Chase Bank under Receivership have been excluded**					
Source: CBK					

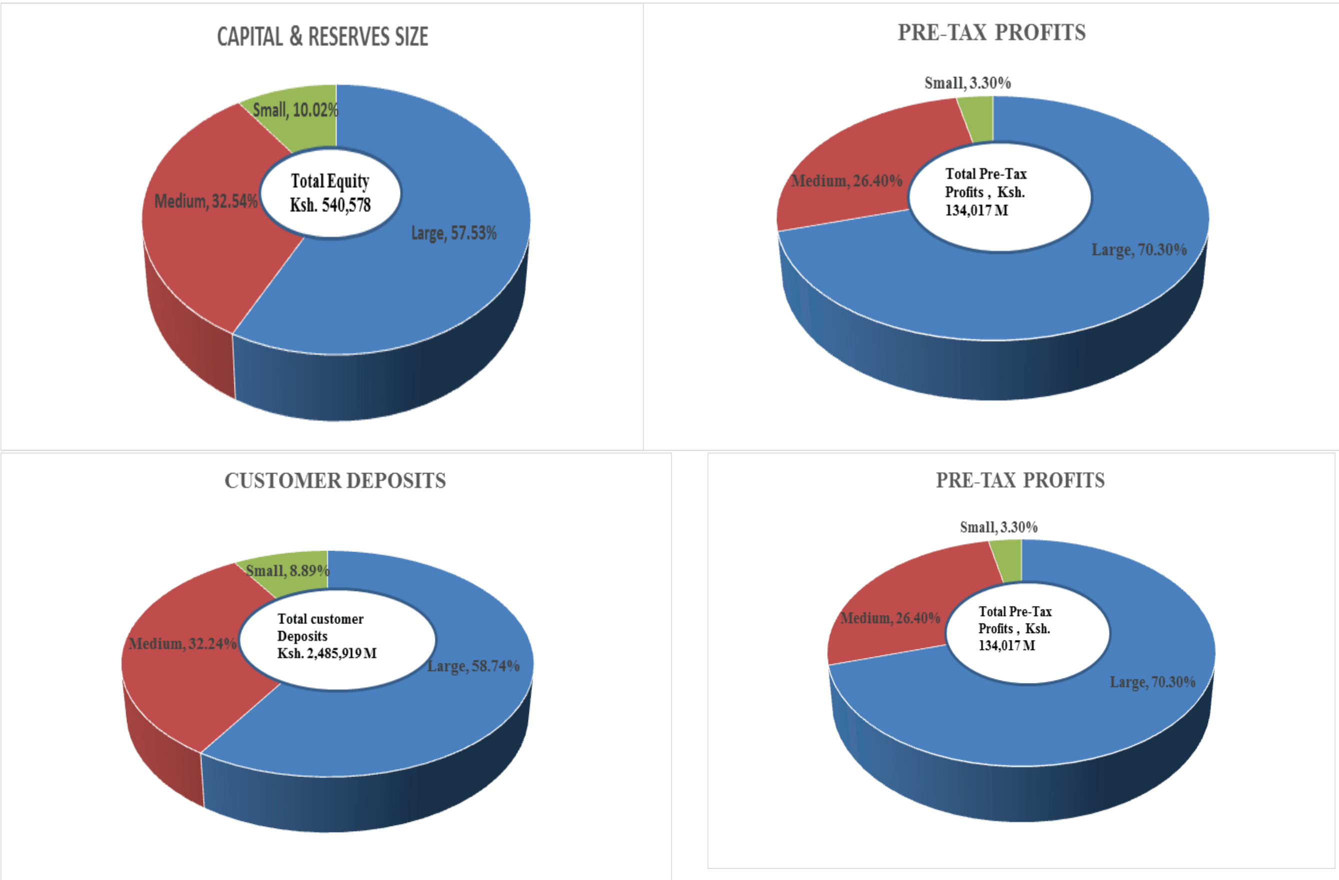
There were shifts in market share positions for the banks in the three peer groups:-

- Banks in large peer group increased their combined market share from 49.9 per cent in December 2014 to 58.21 per cent in December 2015. This is mainly attributable to Diamond Trust Bank and Commercial Bank of Africa moving from the medium peer group to the large peer group during the period. The two banks moved to the large peer group mainly due to their increased deposit bases. Diamond Trust Bank's deposit base increased mainly in the last quarter of 2015 following the placement of Imperial Bank Ltd in receivership. Commercial Bank of Africa's deposit accounts increased as it leveraged on its mobile phone platform based M-Shwari product.

- The combined market share of medium peer group banks fell from 41.7 per cent in December 2014 to 32.42 per cent in December 2015. This is mainly attributed to the exit of Diamond Trust Bank and Commercial Bank of Africa which moved to large peer group; Guaranty Trust Bank moved to the small peer group.

- Banks in small peer group increased their combined market share from 8.4 per cent in December 2014 to 9.24 per cent in December 2015. This is attributed to inclusion of Guaranty Trust Bank, which was previously under the medium peer group.

Chart 4: Commercial Banks Market Share (%) December 2015



In 2015, the banking sector capital & reserves increased by 7.74 per cent from Ksh. 501.7 billion in December 2014 to Ksh. 540.6 billion in December 2015. The large and small peer groups registered increases in capital & reserves while the medium peer group registered a decrease. The movements in peer groups' capital and reserves are mainly attributed to the movements of some banks across the peer groups in 2015.

The increase in capital and reserves is attributable to additional capital injections by commercial banks to meet the core capital and total capital regulatory requirements as well as retained earnings from the profits realized in the year.

The pre-tax profit for the sector decreased by 5.03 per cent from Ksh. 141.1 billion in December 2014 to Ksh. 134.0 billion in December 2015. The decline in profitability in 2015 is attributed to a faster growth in expenses compared to the growth in income. The banks' income increased by 9.1 per cent in 2015 whereas expenses increased by a higher margin of 16.3 per cent over the same period. The large peer group accounted for 70.3 per cent of the total pre-tax profit, an increase from 61.0% recorded in 2014. The increase is attributable to the movement of two banks to the large peer group and increase in the amount of profits made by banks in the large peer group. The small peer group proportion of total pre-tax profit increased slightly from 3.2 per cent in 2014 to 3.3 per cent in 2015, attributable to movement of Guaranty Trust Bank to the small peer group. The medium peer group proportion of total pre-tax profit declined to 26.4 per cent from 35.8 per cent due to a shift of two banks to large peer group and two banks made losses in 2015 as compared to one in 2014.

Customer deposits increased by 8.73 per cent from Ksh. 2.29 trillion in December 2014 to Ksh. 2.49 trillion in December 2015. The growth was attributed to increased deposit mobilization by banks as they expanded their outreach and leveraging on mobile platforms to mobilise cheap deposits.

Appendix IV details the commercial banks market share analysis.

1.5 Automated Teller Machines (ATMs)

ATMs increased by 105.

The number of ATMs increased from 2,613 in December 2014 to 2,718 in December 2015. The increase in 2015 was 105 ATMs or 4.0 per cent as compared to 126 ATMs or 5.1 per cent increase in 2014 as indicated in Table 3. The increase in the use of technology by banks has been driven mainly by stiff competition among the banks, which have had to adopt cost effective channels in offering financial services to ensure efficiency and maintain market share.

Table 3: ATM Network

Month	2014	2015	Increase	% Growth
January	2,501	2,632	131	5.2%
February	2,507	2,643	136	5.4%
March	2,595	2,656	61	2.4%
April	2,609	2,671	62	2.4%
May	2,598	2,697	99	3.8%
June	2,618	2,698	80	3.1%
July	2,602	2,700	98	3.8%
August	2,597	2,710	113	4.4%
September	2,595	2,708	113	4.4%
October	2,596	2,710	114	4.4%
November	2,609	2,713	104	4.0%
December	2,613	2,718	105	4.0%

Source: CBK

1.6 Asset Base of Microfinance Banks

MFBs asset base grew by 22.1% to Kshs.69.5 billion in 2015.

A nationwide microfinance institution is an institution licensed to carry out deposit-taking microfinance business in any part of Kenya while a community microfinance institution is restricted to carrying-out deposit-taking microfinance business within one Government Administrative District, Division or any other specified region as the Central Bank may deem appropriate.

In 2015, the Central Bank granted a nationwide licence to Caritas Microfinance Bank Limited and community licenses to Daraja Microfinance Bank Limited and Choice Microfinance Bank Limited. These increased the number of regulated microfinance banks from nine (9) in December 2014 to twelve (12) as at 31st December 2015.

The microfinance banks registered a growth of 22.1 per cent in total assets from Ksh. 56.9 billion in December 2014 to Ksh. 69.5 billion in December 2015. This was a lower growth compared to 38 per cent in 2014 from Ksh. 41.4 billion in December 2013 to Ksh. 56.9 billion in December 2014. Net advances accounted for 66 per cent of the microfinance bank's total assets while net fixed assets constituted 8 per cent of the total assets base as indicated in Table 4 below. Lending therefore remained the most significant activity undertaken by the MFBs.

During the year, customer deposits remained the main source of funding for microfinance banks, accounting for 58 per cent of total funding compared to 63 per cent in 2014. The drop in deposit funding was compensated by increased borrowings from 12 per cent in 2014 to 19 per cent in 2015.

As at December 2015, the loan portfolio amounted to Ksh. 47.1 billion and deposits amounted to Ksh. 40.6 billion, which is an indicator that the MFBs are able to fund a large proportion of their loan portfolio using customer deposits.

Table 4: Microfinance Banks Balance Sheet Analysis (Ksh. M)

ASSETS	**2014**	**% of Total**	**2015**	**% of Total**
Cash Balance (Local & Foreign notes & coins	2,840	5%	1,898	3%
Deposit balances at banks and financial institutions	6,940	12%	12,961	19%
Government securities	1,004	2%	721	1%
Net Advances	39,184	69%	45,749	66%
Accounts Receivables	390	1%	706	1%
Net Fixed Assets	4,694	8%	5,398	8%
Other Assets	1,920	3%	2,032	2%
TOTAL NET ASSETS	**56,972**	**100%**	**69,465**	**100%**
LIABILITIES & EQUITY FUNDS				
Deposits	35,862	63%	40,589	58%
Borrowings	6,994	12%	13,220	19%
Other Liabilities	3,516	6%	4,023	6%
Capital and Shareholders Funds	10,600	19%	11,633	17%
TOTAL LIABILITIES AND EQUITY FUNDS	**56,972**	**100%**	**69,465**	**100%**

Source: CBK

1.7 Microfinance Banks Market Share Analysis

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

There were 3 MFBs in the large peer group as was the position in 2014.

As at 31st December 2015, there were 3 large microfinance banks with an aggregate market share of 92.26 per cent, One (1) medium microfinance bank with a market share of 3.79 per cent and 8 small microfinance banks with a market share of 3.95 per cent as shown in Table 5.

Microfinance banks in medium peer group experienced a drop in their combined market share from 5.09 per cent in December 2014 to 3.79 per cent in December 2015 due to the exit of Remu Microfinance Bank which moved to the small peer group. The combined market share for the small peer group increased from 2.17% in 2014 to 3.95% in 2015 as a result of Remu moving from the medium peer group and the licensing of Choice MFB and Daraja MFB in 2015.

Table 5: Microfinance Banks Market Share Analysis - December 2015

	Market Size Index	Total Assets	Total Deposits	Total Capital	Number of Active Deposit Accounts (000)	Number of Active Loan Accounts (000)
		Ksh. M		Ksh. M		
Weighting		0.33	0.33	0.33	0.005	0.005
Large						
Kenya Women Finance Trust MFB	45.40%	31,861	17,806	5,309	523	258
Faulu Kenya MFB	36.55%	25,324	16,690	3,794	121	51
Rafiki MFB	10.32%	7,729	4,191	1,120	61	11
Sub-total	**92.26%**	**64,913**	**38,688**	**10,224**	**705**	**319**
Medium						
SMEP MFB	3.79%	2,592	1,287	485	194	18
Sub-total	**3.79%**	**2,592**	**1,287**	**485**	**194**	**18**
Remu MFB	0.87%	397	158	192	3	1
Sumac MFB	0.98%	608	135	204	2	1
Century MFB	0.32%	197	105	47	16	2
Uwezo MFB	0.53%	226	42	134	2	0
U & I MFB	0.44%	184	59	107	4	0
Caritas MFB	0.41%	186	85	88	3	0
Choice MFB	0.19%	77	17	50	2	0
Daraja MFB	0.20%	83	14	53	1	0
Sub-total	**3.95%**	**1,960**	**615**	**874**	**33**	**5**
GRAND TOTAL	**100%**	**69,465**	**40,589**	**11,583**	**932**	**342**

1.8 Foreign Exchange Bureaus

There were eighty (80) licensed forex bureaus as at 31st December 2015 having declined from eighty seven (87) in December 2014. The decline in the number of forex bureaus was attributed to closure of seven (7) forex bureaus, six (6) of which were voluntary while one (1) was due to non-compliance. The six forex bureaus, which closed on voluntary basis, converted into Money Remittance Providers.

Most of the forex bureaus are located in Nairobi as shown in Table 6. The reduction in forex bureaus was in Nairobi and Mombasa with reductions of six and one, respectively.

Table 6: Distribution of Forex Bureaus

City/Town	No. of bureaus	% of Total in 2014	No. of bureaus	% of Total in 2015
Nairobi	70	81%	64	80.0%
Mombasa	9	10%	8	10.0%
Nakuru	2	2%	2	2.5%
Kisumu	2	2%	2	2.5%
Eldoret	2	2%	2	2.5%
Namanga	1	1%	1	1.2%
Busia	1	1%	1	1.2%
Total	**87**	**100%**	**80**	**100%**

CHAPTER TWO

DEVELOPMENTS IN THE BANKING SECTOR

2.1 Introduction

Kenya's banking sector continued to grow in terms of inclusiveness, efficiency and stability on the backdrop of legal, regulatory and supervisory reforms and initiatives. Some of the developments in the banking sector achieved in 2015 were:-

Various reforms were pursued to enhance the stability of the banking sector.

- CBK issued three Microfinance Bank licences to Daraja Microfinance Bank Ltd, Choice Microfinance Bank Ltd and Caritas Microfinance Bank Limited.
- By end of December 2015, seven banks had been granted approval to partner with insurance companies to offer bancassurance services following the issuance of the Prudential Guideline on Incidental Activities (CBK/PG/23) in January 2013.
- CBK issued a declaration of moratorium of licensing of commercial banks on 18th November 2015.
- The FinAccess Geospatial Mapping Survey, 2015 was carried out to track the trends in the geospatial spread and outreach of the financial services touch-points. The survey estimated that 73% of the population is living within a three (3) kilometer radius of a financial services access touch point.
- Impressive increase in the volumes of banking business transacted through agents by both commercial banks and microfinance banks which increased by 37.8% between December 2014 and December 2015.
- Dubai Bank was put under receivership on 14th August 2015 arising from capital and liquidity deficiencies that culminated in the bank's inability to meet its obligations' when they fell due. The bank was subsequently placed in liquidation on 24th August 2015.
- On 13th October 2015, CBK appointed the Kenya Deposit Insurance Corporation (KDIC) as the receiver of Imperial Bank Limited (IBL). This followed a submission by the Board of IBL to CBK of fraudulent activities at the bank.
- The liquidation of Dubai Bank and placement of Imperial Bank in receivership led to skewed liquidity distribution in the sector. Several small and medium banks experienced a liquidity squeeze but with close monitoring and support by the CBK and the KDIC, normal cy was restored in the sector as at the end of the year.

2.2 Developments in Information and Communication Technology

In 2015, Kenya's banking sector witnessed reduced activities in respect to their core banking systems compared to 2014. Most players continued to leverage on their existing information and communication technology (ICT) platforms in the provision of quality banking services that are efficient and have wider scope. Robust ICT platforms have enabled financial institutions respond to the demand of the growing middle class population by offering electronic based banking services such as mobile and internet banking. A few banks use mobile phone platforms to grant short term loans to customers and this has gone a long way to promote financial inclusion. Further, robust ICT platforms have enabled banks to roll out agency banking services where customers are able to carry out banking services such as deposits and withdrawals from a third party contracted by the bank. Such transactions are seamlessly posted into customers' accounts on a real time basis.

Banks continued to leverage on technology to enhance efficiency & provide convenience to their customers.

On average, in 2014, one employee was serving 770 customers whereas in 2015 an employee was serving 972 customers as indicated in Table 7. This shows increased efficiency in customer service as a result of banks embracing technology.

Table 7: Growth of Deposit Account Holders Compared to Number of Staff

Year	No. of Deposit Account Holders (1)	Number of Staff (2)	Efficiency Score (½)
1996	1,000,000	16,673	60
2002	1,682,916	10,884	155
2006	3,329,616	15,507	215
2007	4,123,432	21,657	190
2008	6,428,509	25,491	252
2009	8,481,137	26,132	325
2010	11,881,114	28,846	412
2011	14,250,503	30,056	474
2012	15,861,417	31,636	501
2013	21,880,556	34,059	642
2014	28,438,292	36,923	770
2015	35,194,496	36,212	972
Source: CBK			

Core Banking Systems

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

Challenges Associated With Increased Use of ICT to Drive Banking Business

There is no doubt that increased use of ICT as a driver of banking business has come with tremendous benefits to the banking sector. However, the increased use of ICT has replaced manual processes and related controls that were embedded in those processes. As a result there have been increased cases of ICT related frauds in the recent years. Data on fraud reported to Banking Fraud and Investigation Department (BFID) indicates that cases relating to computer, mobile and internet banking are on the rise. Other fraud cases such as card fraud have also been attributed to limited exposure to computer-based transactions processes that have not been matched with effective preventive and detective controls. There is urgent need for the banking sector management to ensure that the increased use of computer-based transaction process is matched with effective controls which should be confirmed by internal and external audits as well as risk functions.

During the year ending 31st December, 2015, CBK commissioned all external auditors of commercial banks and mortgage finance companies to conduct ICT audits on the institutions. In this regard, the external auditors were required to:-

- Review all information systems within the financial institutions including core banking sysems, all operating systems, applications, databases, servers and networking devices and confirm whether all systems and applications are robust enough to ensure data integrity, completeness and accuracy.
- Perform application controls testing which include configuration controls, sensitive access

and segregation of duties controls, interface controls, data integrity controls and obtain reasonable assurance on the accuracy and completeness of key system reports.

- Review and assess whether balances resulting from all transactions and data processed within the institution's IT System are accurately captured and reported in the institution's General Ledger, the Financial Statements and returns submitted to CBK.
- Review IT security controls including application security, privileged access, audit trails, system monitoring and maintenance, integrity and systems ability to recover from unexpected shutdowns and ability to recovery from a disaster resulting in loss of data.
- Assess the adequacy of security measures used to prevent unauthorized access and modification of data and/or parameters of underlying financial transactions. Review any manual intervention activities within automated processes to ensure such interventions are properly authorized and controlled.

The key findings outlined by the external auditors are:-

- Inconsistencies in segregation of duties was noted;
- Inadequate Business Continuity Plans;
- Information security awareness refresher trainings for existing employees were not being done by most banks;
- There exists manual system interfaces in some banks where files which are un-encrypted and editable are extracted from one system and uploaded to the other systems; and
- Users' rights and roles did not correspond to the users' responsibilities.

2.3 Financial Inclusion and Policy Development Initiatives

The promotion of financial inclusion continued to be one of the focus areas of the CBK. The collaboration between stakeholders in the financial sector has contributed largely to the roll out of new products targeting the unbanked. In addition, the collaboration between CBK and the private sector has seen various financial inclusion initiatives come to fruition. The key policy development initiatives undertaken by CBK as at the end of 2015 include:-

i. Licensing of Microfinance Banks

The CBK issued two community Microfinance Bank (MFB) licences to; Daraja Microfinance Bank Ltd and Choice Microfinance Bank Ltd, and a nationwide MFB licence to Caritas Microfinance Bank Limited. Daraja MFB's target market is the Micro and Small Enterprises (MSEs), their owners and employees reside or operate businesses in Dagoreti Division, Nairobi County. In addition, Daraja targets salaried individuals through loans deducted through the payroll check off system.

On the other hand, Choice MFB's target market is pastoralist communities, flower farm workers and the micro, small and medium enterprises (MSMEs), resident and operating, in Kajiado North Constituency. The microfinance bank also targets the non-governmental organizations (NGOs) and higher learning institutions within its administrative operational area.

Caritas MFB's target market is the micro and small enterprises (MSEs), specifically church based groups, farmers, self-help groups, agribusinesses, individuals and disadvantaged groups including slum dwellers, single mothers, people affected by HIV/AIDS, youth, women groups, among others.

The diversity in the target market of the three licensed MFBs will go a long way in the achievement of deeper financial inclusion not only in the microfinance industry but in the formal financial sector's reach across the entire country.

ii. Financial Inclusion Surveys

73% of the Kenyan population had access to financial services in 2015.

- **FinAccess Geospatial Mapping Survey:** The FinAccess Management Team comprising of CBK; Financial Sector Deepening Trust (FSD), Kenya; and the Kenya National Bureau of Statistics (KNBS) with funding from the Bill & Melinda Gates Foundation (B&MGF) conducted the FinAccess Geospatial Mapping Survey whose results and findings were released on 29th October 2015. The 2015 survey was done as a follow up of a 2013 survey to track trends in the geographical spread and outreach of the financial services touch-points. The survey estimated that 73% of the population is living within a three (3) kilometer radius of a financial services access touch point, an increase from 59% in 2013. The survey also estimated that there was a 37.9% increase in mobile money agents and 24% increase in stand-alone ATMs. The financial services access touch-points per 100,000 people also increased to 218 in 2015 compared to 162 in 2013.

This data is useful in understanding the financial inclusion landscape in Kenya. The data will assist in supporting product development and innovation; identify underserved potential markets and guide evidence-based policy decisions that bridge identified gaps in the supply and demand for financial services.

- **The FinAccess Supply Side Survey - Bank Financing of SMEs in Kenya:** CBK in conjunction with FSD Kenya and the World Bank carried out the Financial Access Business supply-side study which was published in September 2015. The study provided a comprehensive view of the supply-side of SME finance and its evolution between 2009 and 2013. In addition, it quantified the extent of banks' involvement with SMEs and its growth rate, showed the exposure of different types of banks in the segment, the portfolio of services most used by SMEs, and the quality of assets. Below are some of the key highlights:

a) Involvement of Kenyan banks in the SME segment has grown between 2009 and 2013. The total SME lending portfolio in December 2013 was estimated at KSh. 332 billion representing 23.4 % of the banks' total loan portfolio while in 2009, this figure stood at Ksh. 133 billion representing 19.5% of the total loan portfolio.

b) The preferred source of financing for a large number of SMEs is overdrafts despite the fact that banks have introduced several trade finance and asset finance products designed for the SME market.

c) The share of SME lending relative to total lending by commercial banks is higher in Kenya (23.4%) compared to other major markets in Sub Saharan Africa like Nigeria (5%) and South Africa (8%). According to a study quoted in the report, this ratio is at 17% in Rwanda Rwanda and 14% in Tanzania placing Kenya as the leading country among the five countries referred to in the study.

d) There was substantial diversity in the way banks approach the SME segment, both in the way they define SMEs and in terms of the banks' business models. This calls for harmonisation of the definition of SMEs to facilitate the analysis of the development of SME finance over time.

Three banking business models were identified in the SME Survey; the corporate-oriented business model (CBM), the supply-chain oriented business model (SBM) and the microenterprise-oriented business model (MBM).

CBM banks utilize financial metrics and ratios when assessing the creditworthiness of SMEs through the analysis of audited financial statements and credit reports. The common products offered by CBM banks include asset finance, working capital finance, foreign exchange settlements, and wealth management.

i

Aziz, T.A. and Berg, G (2012) Financing of Small and Medium-Sized Enterprises in Rwanda. World Bank, Washington DC i

SBM banks typically offer a combination of specialized supply-chain finance products such as invoice discounting and local purchase order financing, and specialized asset finance products such as hire purchase.

MBM banks are characterized by a stronger reliance on 'soft information' or relationship-based lending-information gathered by loan officers over time through repeated interaction with SME managers, as well as other parties, such as suppliers and customers. Examples of financial products offered by MBM banks include overdrafts, working capital loans, asset finance and foreign exchange transactions.

iii. Financial Education Initiatives

CBK took part in financial education initiatives through platforms such as agricultural shows and domestic financial regulators forums held to sensitize the public on financial matters. To increase the outreach, BSD participated in the following Agricultural Society of Kenya (ASK) Shows in 2015:-

i) Nakuru National Agricultural Show.
ii) Southern Kenya Branch – Kisii.
iii) Kisumu Regional Show.
iv) Mombasa International Show.
v) Nyeri ASK Show.
vi) Nairobi International Trade Fair.

2.4 Money Remittance Providers

The Central Bank of Kenya started the licensing and supervision of stand-alone money remittance providers in 2013. The rationale of bringing the Money Remittance Providers under a regulatory framework arose over concerns of increasing remittances made through informal channels and emerging global challenges of money laundering and terrorism financing. Further, diaspora remittances have been increasing over time thus contributing significantly to the country's foreign exchange inflows.

However, following the Garissa Terrorist attack in April 2015, the Counter Financing of Terrorism Inter-Ministerial Committee, through the Kenya Gazette Notice of 7th April 2015 listed 13 Money Remittance Providers (MRPs) among others as entities suspected to be associated with the Al-Shaabab terror group. Consequently, CBK suspended the licences of the 13 MRPs to facilitate further investigations. The suspension of licences was however lifted and communicated to all the MRPs on June 22, 2015 and the MRPs were subsequently de-listed through the Kenya Gazette of August 5, 2015.

By 31st December 2015, the Bank had licensed 15 MRPs. The MRPs have established 26 outlets out of which 24 are located in Nairobi and 2 in Mombasa. The MRPs engaged 65 agents across the country in 2015, a decline from 97 agents engaged across the country in 2014. The aim of engaging agents is to enable MRPs increase access to members of the public. The reduction in agencies was mainly attributable to one MRP, which discontinued several agencies which it deemed non-viable. The distribution of the agents is as shown in Table 8.

Two additional MRPs licenced in 2015.

Table 8: Distribution of MRP Agents

No.	City/Town	No. of Agents 2014	% of Total for 2014	No. of Agents 2015	% of Total for 2015
1	Nairobi	60	61.8%	28	43.1%
2	Dadaab	5	5.1%	5	7.7 %
3	Mombasa	2	2.1%	2	3.1%
4	Nakuru	2	2.1%	2	3.1%
5	Eldoret	2	2.1%	2	3.1%
6	Kitale	2	2.1%	2	3.1%
7	Kajiado	2	2.1%	2	3.1%
8	Kakuma	2	2.1%	2	3.1%
9	Moyale	2	2.1%	2	3.1%
10	Mandera	2	2.1%	2	3.1%
11	Wajir	2	2.1%	2	3.1%
12	Isiolo	2	2.1%	2	3.1%
13	Garissa	2	2.1%	2	3.1%
14	Habaswen	2	2.1%	2	3.1%
15	Malindi	1	1.0%	1	1.5%
16	Elwak	1	1.0%	1	1.5%
17	Busia	1	1.0%	1	1.5%
18	Kisumu	1	1.0%	1	1.5%
19	Malaba	1	1.0%	1	1.5%
20	Kisii	1	1.0%	1	1.5%
21	Namanga	1	1.0%	1	1.5%
22	Meru	1	1.0%	1	1.5%
	Total	**97**	**100%**	**65**	**100%**

2.5 Agency Banking

By December 2015, 17 commercial banks and 3 microfinance banks had contracted 40,592 and 1,154 agents, respectively, spread across the country. In comparison with December 2014, the number of agents contracted increased by 4,745 banks' agents and 1,096 microfinance agents. This was mainly due to increased confidence and acceptability of the agency banking model as an efficient and effective delivery channel. Further, in July 2014, a ruling by the Competition Authority of Kenya (CA) contributed to limiting agent exclusivity clauses in Kenya, allowing individual agents to serve more than one Mobile Financial Services (MFS) provider. Bank agents also took advantage of this, in terms of agent selection, favoring existing Mobile Network Operators (MNO) agents for recruitment rather than solely focusing on recruiting new agents.

Over 90% of the agents are in 3 banks with the largest physical branch presence namely; Equity Bank with 16,734 agents, Kenya Commercial Bank with 11,948 and Co-operative Bank with 7,956. The bank agents are normally associated with the nearby bank branch with their liquidity being managed by the bank branch. This explains why the banks with the largest number of physical branch presence have also led in the agency banking expansion. Notably, the number of approved agents for microfinance banks increased drastically in excess of 768% as compared with December 2014. Despite the increase in the number of approved agents for MFBs, only 3 out of 12 MFBs have contracted agents, which represent 25% of the MFBs. The main challenges cited by the MFBs for the low uptake of agent banking is largely due to the low branch network that MFBs have compared to commercial banks.

During the same period, 8 out of the 12 licensed microfinance banks had established 88 deposit-taking marketing offices marking an improvement; up from 74 deposit-taking marketing offices in 2014. The improvement was supported by the fact that the microfinance banks have steadily leveraged on deposit-taking marketing offices in growing their customer base and boosting their efforts to mobilize deposits.

Number of Transactions

The number of transactions by agents increased by 37.8% from 57,955,472 transactions recorded in 2014 to 79,889,383 in December 2015. A brief summary is provided in Table 9(a) below.

Table 9 (a) - Agency Banking Data for Banks - No of Transactions

Type of Transactions	Number of Transactions			
	2014	2015	% Change	Cumulative (2010 to 2015)
Cash Deposits	25,967,462	36,395,378	40.2%	97,024,452
Cash Withdrawals	24,900,283	26,821,097	7.7%	83,526,387
Payment of Bills	268,115	341,754	27.5%	908,742
Payment of Retirement and Social Benefits	279,079	206,647	-26.0%	1,176,635
Transfer of Funds	1,753	15,220	768.2%	21,214
Account balance enquiries	6,388,489	15,666,352	145.2%	33,794,324
Mini statement requests	57,327	81,820	42.7%	219,712
Collection of loan applications forms	398	396	-0.5%	2
Collection of account opening application forms	119,743	87,183	-27.2%	1,520,454
Collection of debit and credit card application forms	6,093	1,508	-75.3%	117,058
Collection of debit and credit cards	6,730	2,856	-57.6%	60,580
Total	**57,995,074**	**79,889,383**	**37.8%**	**218,370,211**
Number of Agents	**35,847**	**40,592**	**13.2%**	

Bank agents, number & value of transactions recorded a significant growth in 2015.

The increase in transactions facilitated by banks agents was largely attributable to increases in transactions relating to transfer of funds, account balances enquiries, mini statements requests and cash deposits which increased by 768.2%, 145.0%, 42.7% and 40.2%, respectively. The continued expansion of the banks' agent networks indicates the existence of a market need for more structured financial products rather than simply the money transfer, airtime and bill payments use-cases that have been the mainstay of their services. In response to this need, in 2015, the telecommunication companies continued to partner with banks to offer micro-loan and micro-savings products. These products in turn have led to increase in transactions conducted by bank agents.

In comparison to 2014, the increased transactions were payments of bills, mini statement requests, cash withdrawals and cash deposits which increased by 136.4%, 86.3%, 46.6% and 40.1%, respectively. Cash deposits, cash withdrawals and account balance enquiries continued to remain the major transactions carried out by bank agents in 2015 representing 46%, 34% and 20% of the total transactions in the year, respectively. The increased transactions were attributed to the significant increase in the market presence of bank agents, the products and services they offer which are in many ways additive as opposed to competing with those of Mobile Network Operators' (MNO) agents.

Also during the year, some of the agent transactions recorded a decline. These include: collection of debit and credit card application forms, collection of debit and credit cards, collection of account opening application forms, payment of retirement and social benefits. These transactions experienced a decline of 75.3%, 57.6%, 27.2% and 26.0% respectively. The decline in collection of opening application forms relating to debit and credit card and account opening, was due to enhanced Customer Due Diligence (CDD) measures on the part of the banks, resulting to less reliance on agents to conduct these transactions, which in turn reduced the collection of debit and credit cards through agents.

Value of Transactions

In 2015, agents moved approximately 80 million transactions valued at Ksh. 442.2 billion (USD 4.3 billion). This was a marked improvement from 2014, where the total value of transactions carried out through the agency network was Ksh. 345.7 (USD 3.8 billion). In 2014, the growth in value was driven by transactions relating to payments of bills, cash withdrawals and cash deposits. While in 2015, the increase in value was driven by transactions relating to transfer of funds, payments of bills, cash withdrawals and cash deposits which grew by 194%, 174%, 27% and 26% respectively. The improvement was largely attributed to the significant increase in the market presence of bank agents, and the products and services they offer. Further, the increase in the number and value of transactions underlines Kenyans' growing confidence in third-party financial service providers (bank agents). Despite the overall increase in the value of transactions, there was a decline in transactions relating to payment of retirement and social benefits in the year 2015, largely due to an increase in the number of platforms which were used by the Government to roll out its Elderly Cash Transfer Program, including payments through mobile platforms and the Postal Corporation of Kenya.

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

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

Source: CBK

2.6 New Products

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

Banks continued to roll out new banking products in 2015 to remain competitive and diversify revenue sources.

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

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

The financial services industry is being reshaped by the ever changing consumer needs, innovative financial products, technology advancement and the onset of multiple delivery channels. To remain competitive in the new landscape, banks have continued to introduce new products, expand the existing ones, added new delivery channels and enhanced the service quality levels. Banks strive to enhance access to customers as well as differentiate their products and services by use of alternative delivery channels such as e-banking and m-banking.

In 2015, banks submitted over 60 applications seeking CBK's approval to introduce new products and/or new charges. Most applications related to introduction of new products and partnerships with other service providers to offer money transfer services and other services. Other applications included use of mobile phone banking services to facilitate enquiries on accounts as well as enable customers conduct banking transactions e.g. cash withdrawals, account opening, loan applications and commodity payments.

By end of December 2015, seven banks had been granted approval to partner with insurance companies to offer bancassurance services following the issuance of the Prudential Guideline on Incidental Activities (CBK/PG/23) in January 2013. Bancassurance entails insurance companies using banks as agents to sell and distribute insurance products. The bank only acts as a distribution channel for the provision of insurance products but does not undertake or engage in the actual business of underwriting of risks.

2.7 Operations of Representative Offices of Authorized Foreign Financial Institutions

The Central Bank of Kenya authorizes Representative Offices of foreign banks that wish to establish a presence in Kenya as mandated under section 43 of the Banking Act. Under the Act, CBK is empowered to supervise the activities of all Representative Offices operating in Kenya, which are only permitted to undertake information, marketing or liaison roles on behalf of their parent and affiliated institutions but not to conduct banking business.

During 2015, there was no change in the total Representative Offices operating in Kenya, which remained at 8 as at the end of 2014. However, the bank received expressions of interest from a number of international institutions. These were under consideration at the end of the year.

During 2015, Representative Offices facilitated business worth an estimated Ksh. 109.31 billion (USD 1.07 billion), slightly above the Ksh. 107.22 billion (USD 1.05 billion) reported in 2014. Activities largely comprised the following activities:

- Correspondent banking.
- Project finance.

- Trade finance.
- Syndicated lending.

The Representative Offices were mainly active in the commodities, energy, infrastructure and trade sectors.

2.8 Residential Mortgages Market Survey 2015

The Central Bank of Kenya undertook a survey on the development of the mortgage market for residential housing in Kenya in 2015. A detailed questionnaire was distributed to the banks to collect data for the year ending 2015. The information collected comprised:-

a) Size of Mortgage Portfolio;
b) Mortgage Loan Characteristics;
c) Mortgage Risk Characteristics;
d) Obstacles to Mortgage Market Development; and
e) Mortgage outlook for 2016.

The survey, which is conducted annually, provided an update on the size of mortgage portfolio, mortgage loan characteristics, mortgage risk characteristics and the obstacles to mortgage market development. Banks also suggested possible intervention measures to support the mortgage market and shared their views on the residential mortgage market outlook for 2016.

Below are the highlights of the Residential mortgage survey as at 31st December 2015.

a) Size of Mortgage Portfolio

Value of the residential mortgage loans increased by Ksh.39.3 billion in 2015.

i) The value of mortgage loan assets outstanding increased from Ksh. 164.0 billion in December 2014 to Ksh. 203.3 billion in December 2015, representing a growth of Ksh. 39.3 billion or 23.0% due to increased appetite for home ownership as opposed to rentals.
ii) About 71.6% of lending to the mortgage market was by 5 institutions that is, one medium sized bank (23.4%) and four banks from the large banks peer group (48.2%) as compared to 68% lending by 4 institutions (one medium bank and three banks in large peer group) in 2014.
iii) The outstanding value of non-performing mortgages increased from Ksh. 10.8 billion in December 2014 to Ksh. 11.7 billion in December 2015. The NPLs to gross mortgage loans was 5.8% which was below the industry NPLs to gross loans ratio of 7.0%.
iv) There were 24,458 mortgage loans in the market in December 2015 up from 22,013 in December 2014 an increase of 2,445 loan accounts or 11.11 % due to increased demand from the expanding middle class.
v) The average mortgage loan size increased from Ksh. 7.5 million in 2014 to Ksh. 8.3 million in 2015 due to increased property prices.
vi) Almost all banks were offering mortgage loans for both their staff and customers. However, the number of institutions offering mortgages to customers were 34 as compared to 37 in 2014 as indicated in **Appendix XIII**. The decline in the number of commercial banks offering mortgage loans is attributable to the liquidation of Dubai Bank and placement of Imperial Bank Limited and Chase Bank Limited in receivership. The three banks were all offering mortgage loans.

b) Mortgage Risk Characteristics

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

i) Ability to pay – Debt Service Ratio.
ii) Credit history.
iii) Collateral/security value.
iv) Property location and ease of sale in case of default.
v) Purpose; Owner occupier or rental.

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

i) Volatility of the industry in which the business operates.
ii) Business financial ratios.
iii) Past performance of the business.
iv) Tenure of the facility.
v) Other debt obligations being serviced by the borrower.
vi) The legal status of the business (Registration, business activity and shareholders).
vii) Future outlook of the industry the business is in.

It is worth noting that banks mostly financed mortgage loans with Loan to value (LTV) of below 90 per cent.

c) Mortgage Loan Characteristics

i) The interest rate charged in 2015 on mortgages on average was 17.1% and ranged between 11.9 % – 23.0% as compared to 15.8% average with a range of 8.0 % - 21.3% in 2014.
ii) About 89.3% of mortgage loans were on variable interest rates basis in 2015 compared to 92.5% in 2014. There seems to have been more uptake of fixed rate mortgages by home owners to protect themselves from interest rate fluctuations.
iii) Loan to value (maximum loan as a percentage of property value) was pegged below 90% by majority of the banks in 2015 and 2014.
iv) The average loan maturity was 9.6 years with minimum of 5 years and a maximum of 20 years in 2015 as compared to average loan maturity of 10.6 years with a minimum of 3 years and a maximum of 20 years in 2014.

d) Obstacles to Mortgage Market Development

The survey identified a number of the impediments to mortgage market development as indicated in Table 10.

Table 10: Residential Mortgages Market Survey – December 2015

Mortgage Market Obstacles	Frequency of response
High cost of housing/properties	31
High interest rate	26
High incidental costs (legal fee, valuation fee, stamp duty)	25
Low level of income	24
Difficulties with property registration/titling	22
Stringent land laws	12
Access to long term finance	7
High cost of building/construction land	15
Lengthy charge process timelines	7
Start-up cost	7
Credit risk	4

Based on the above ranking of mortgage market constraints, banks identified high cost of housing/ properties, high interest rates, and high incidental cost as the major impediments to the growth of their mortgage portfolios. These are the same constraints to mortgages that were identified by banks in 2014.

e) Suggested Measures to Support the Mortgage Market

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

i) Exploration for alternative building technology in construction to drive efficiency and make housing more affordable.
ii) The Government to consider reduction of taxes and fees such as stamp duty and construction approval fees which will impact on the cost of houses.
iii) Rationalization of valuation and legal fees to help reduce initial incidental costs.
iv) Tax incentives or tax waivers for the first time buyers.
v) Development of a national property index to help buyers and financiers make informed decisions on mortgage pricing.
vi) Full digitization of the lands office to ease title registration process.

f) Mortgage Market Expectations in 2016

The mortgage market is expected to grow in 2016 supported by increasing demand for low cost houses, expanding middle class, improvements in infrastructure and increasing housing developments in the peri-urban areas. The recently launched government financing mortgage scheme for civil servants through the Ministry of Lands and Housing is expected to catalyse a downward trend in mortgage interest rates hence increased demand for mortgages. However, the mortgage market growth momentum may be affected by the level of interest rates, cost of living and supply of low cost housing.

2.9 Employment Trend in the Banking Sector

The banking sector staff levels decreased by 2.0 per cent from 36,923 in December 2014 to 36,212 in December 2015 as indicated in Table 11. All cadres of staff increased with exception of Clerical and Secretarial which reduced by 11.0% or 2,036 thus leading to the overall decrease in the staff levels. This is an indicator of the banks' improved efficiency as a result of automated processes hence reducing the number of required clerical and secretarial staff.

Table 11: Employment in the Banking Sector – December 2015

	2014	2015	% Change
Management	9,584	10,310	7.6%
Supervisory	6,464	6,973	7.9%
Clerical and Secretarial	18,539	16,503	-11.0%
Support Staff	2,336	2,426	3.9%
Total	**36,923**	**36,212**	**-2.0%**
Source: CBK			

2.10 Future Outlook

With the positive domestic economic outlook and the on-going regional integration efforts in the East Africa region, the Kenyan banking sector is expected to register an enhanced performance in 2016 compared to 2015. Following the challenges witnessed in the banking sector towards the end of 2015, 2016 will be a transition year to seize on the lessons and challenges in 2015.

CBK will rollout initiatives to enhance and strengthen the transparency, governance, banks business models and supervision of institutions. Key among these initiatives include:-

- Publication of commercial lending interest rates of banks to facilitate informed borrowing decisions.
- CBK is also considering publication of its enforcement actions taken against institutions.
- Strengthening corporate governance practices in banks with emphasis on the segregation of roles of shareholders, directors and management of banks.
- Improving the skills of supervisory staff on ICT and forensic audits. The Bank is also in the process of recruiting skilled IT staff to strengthen its technical capacity in this regard.
- Strengthen bank supervision function in terms of numbers and competences.
- Reviewing the quantum of penalties for regulatory violations to act as an effective deterrence measure.
- Working with relevant agencies to duly investigate and prosecute cases of fraud and malfeasance.

CHAPTER THREE

MACROECONOMIC CONDITIONS AND BANKING SECTOR PERFORMANCE

3.1 Global Economic Conditions

In 2015, global economic activity remained weak and uneven, expanding by 3.1 per cent compared to 3.4 per cent in 2014. Growth in 2015 was weighed down by developments in the emerging markets and developing economies. In particular, GDP growth in emerging market and developing economies declined by 0.6 percentage points to 4.0 per cent in 2015, while modest recovery was recorded in advanced economies. The main contributing factors to the slowdown in emerging market economies include low prices for oil and other commodities which has affected major commodity exporting countries. Rebalancing of the Chinese economy from investment and manufacturing toward consumption and services has also contributed to the slowdown in emerging market economies.

Global growth in 2016 is projected at 3.2 per cent and 3.5 per cent in 2017 (World Economic Outlook, April 2016), reflecting a modest pick-up in output of both advanced economies and the emerging market and developing economies. Activity in the United States is expected to remain resilient supported by accommodative monetary policy, while stronger private consumption supported by lower oil prices is expected to boost growth in the Euro Area. Growth in emerging market and developing economies is expected to pick up to 4.1 per cent and 4.6 per cent in 2016 and 2017, respectively, mainly supported by recovery in Sub Saharan Africa (SSA), Middle East and Northern Africa (MENA) region and India.

The major challenges remain divergent monetary policy among the major central banks, concerns about the Chinese economy and large declines in oil prices which may contribute to increased volatility in global financial markets. In addition, the risk of geopolitical tensions and potential spill-over into the real economy remains a concern.

Table 12: Real GDP Growth (Per cent)

	Actual	Projections		
	2014	2015	2016	2017
World output	**3.4**	**3.1**	**3.2**	**3.5**
Advanced Economies	**1.8**	**1.9**	**1.9**	**2.0**
United States	2.4	2.4	2.4	2.5
Euro Area	0.9	1.6	1.5	1.6
Germany	1.6	1.5	1.5	1.6
France	0.2	1.1	1.1	1.3
Italy	-0.3	0.8	1.0	1.1
Spain	1.4	3.2	2.6	2.3
Japan	0.0	0.5	0.5	-0.1
United Kingdom	2.9	2.2	1.9	2.2
Canada	2.5	1.2	1.5	1.9
Emerging Market and Developing	**4.6**	**4.0**	**4.1**	**4.6**
Russia	0.7	-3.7	-1.8	0.8
China	7.3	6.9	6.5	6.2
India	7.2	7.3	7.5	7.5
Brazil	0.1	-3.8	-3.8	0.0
Middle East and North Africa, Afgh	2.8	2.5	3.1	3.5
Sub-Saharan Africa	**5.1**	**3.4**	**3.0**	**4.0**
Nigeria	6.3	2.7	2.3	3.5
South Africa	1.5	1.3	0.6	1.2
East African Community	5.9	5.8	6.1	6.3

Source: World Economic Outlook, April 2016; Regional Economic Outlook April 2016

3.2 The Regional Economy

Growth in the region declined to 3.4 per cent in 2015 from 5.1 per cent in 2014. The deterioration reflects declines in commodity prices, putting strains on economic activity among fuel exporters (such as Nigeria and Angola) as well as non-fuel exporters such as Ghana, South Africa and Zambia. In addition other countries such as Guinea, Liberia and Sierra Leone are recovering from the effects of the Ebola epidemic. On the upside, growth among oil importers fared better in 2015, supported by ongoing infrastructure investment and strong private consumption.

Rebalancing and slowdown of the Chinese economy is a driving force behind low commodity prices. China has become the region's major trade partner and increasingly also a source of foreign direct investment and other financial flows. Together with lower oil prices associated with increased global supply and tighter global financing conditions, this is adversely affecting growth.

A further decline in Sub Saharan growth is expected in 2016 to 3 per cent. However, a gradual pickup in output to 4 per cent in 2017 is expected.

Economic growth within the East African Community (EAC) remains strong despite a slight decline in output from 5.9 per cent in 2014 to 5.8 per cent in 2015. The slowdown was mainly associated with political instability in Burundi and uncertainties associated with general elections in Tanzania and Uganda during the review period. An improvement in output within the EAC region is projected at 6.1 per cent in 2016 and 6.3 per cent in 2017.

3.3 Domestic Economy

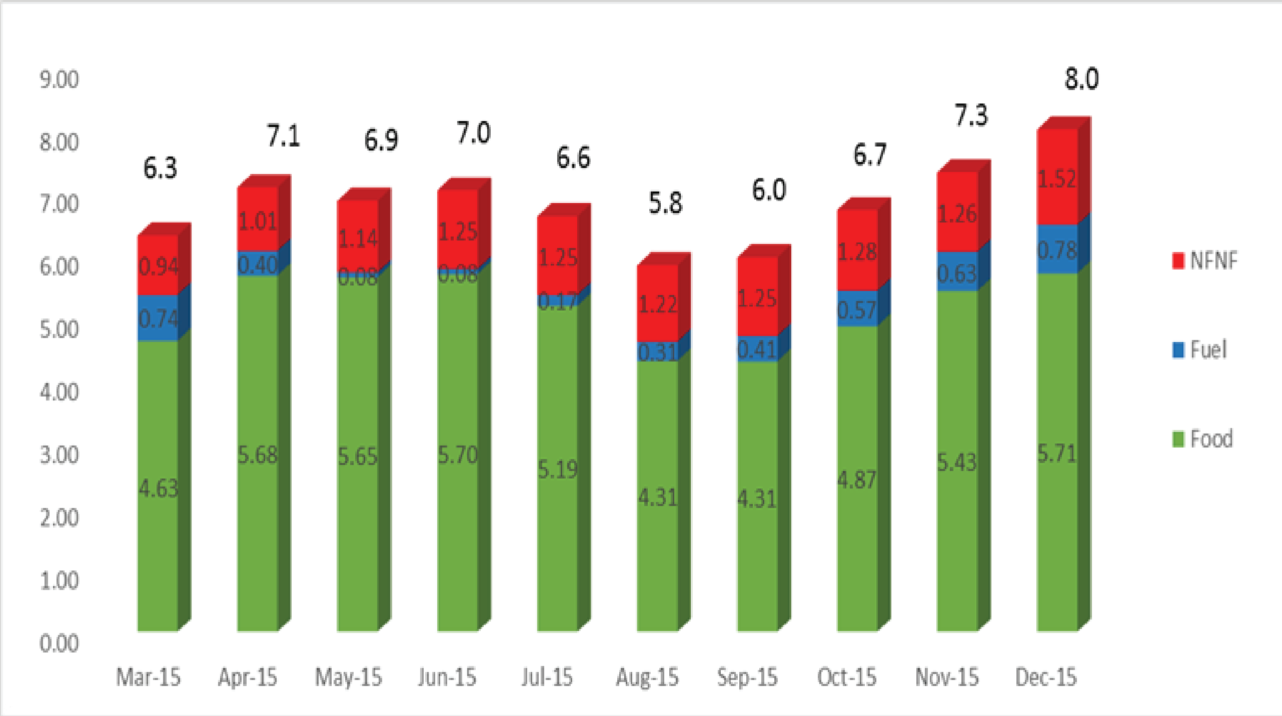
Kenya's economic performance remains robust despite headwinds from the global economic environment. The Gross Domestic Product (GDP) expanded by 5.6 per cent in 2015 which was a slight improvement compared to a 5.3 per cent growth in 2014. This growth was mainly supported by a stable macroeconomic environment and improvement in outputs of agriculture; construction; finance and insurance and real estate. However, growth slowed in a number of sectors including; information and communication, mining and quarrying, and wholesale and retail trade. Similarly, growth in taxes on products slowed down during the review period. The growth of accommodation and food services contracted by 1.3 per cent, a less severe performance compared to a revised decline of 16.7 per cent in 2014.

The growth in agriculture was mainly supported by improved weather conditions that resulted in significant increases in output of maize, horticultural produce and livestock. However, heavy rains in 2015 were unfavorable to cultivation of some crops like potatoes and tomatoes. Nevertheless the significance of crops that were favoured by the weather far outweighed that of crops negatively impacted upon, resulting in an impressive growth of 5.6 per cent in the agriculture sector. Construction recorded the fastest growth of 13.6 per cent in 2015 compared to 13.1 per cent in 2014. Growth in construction activities was mainly driven by the ongoing public infrastructure development coupled with the resilient private sector's expansion in the real estate sector. The financial and insurance sector maintained a robust expansion to grow at 8.7 per cent in 2015 from 8.3 per cent in 2014. This growth was mirrored by a 19.2 per cent rise in the total domestic credit to KSh. 2,830.5 billion in December 2015 compared to a growth of 16.1 per cent in December 2014.

3.4 Inflation

Overall 12-month inflation remained within the Government target band of 5±2.5 per cent in 2015, except in December 2015. Overall 12-month inflation rose from 5.53 per cent in January 2015 to 8.0 per cent in December 2015. The acceleration was mainly reflected in food and non-food non-fuel inflation. The contribution of food inflation to overall inflation rose from 3.31 percentage points in January 2015 to 5.71 per cent in December 2015, largely driven by increases in the cost of a few food items such as potatoes, sukuma wiki, onions, cabbages and tomatoes. The contribution of non-food non-fuel inflation to overall inflation rose from 1.04 percentage points in January 2015 to 1.5 percentage points in December 2015, largely driven by implementation of revised excise tax rates on December 1, 2015. The revised excise tax rates affected the prices of beer and cigarettes, contributing 0.3 percentage points to overall inflation (Chart 5).

Chart 5: Contributions of broad categories to overall inflation in 2015



account of adverse weather conditions associated with the El Niño rains towards the end of the year that disrupted food supply chains, leading to increased prices of various food items. Non-food non-fuel inflation rose to 5.64 per cent in December 2015 from 3.51 per cent in January 2015, on account of the revised excise tax rates that took effect on December 1, 2015, which resulted in significant increases in the prices of beer and cigarettes. Fuel inflation declined from 4.53 per cent in January 2015 to 2.86 per cent in December 2015, largely supported by the low and declining international oil prices witnessed in 2015.

3.5 Exchange rates

Kenya shilling weakened in 2015 against the major world currencies.

The external position remained resilient despite the spillover into Kenya of heighted uncertainty in the global market which put pressure on the exchange rate in the second half of 2015. In particular, the foreign exchange market was volatile in August 2015 and September 2015 largely due to continued strengthening of the U.S dollar against most currencies following the recovery in the U.S. economy, the anticipated increase in the U.S. interest rates and the impact of the devaluation of the Chinese Yuan. The foreign exchange market stabilized in the last quarter of 2015, supported by CBK monetary policy operations, and supply factors including resilience of the remittance inflows and the narrowing of the current account deficit. In December 2015, the shilling appreciated by 2 per cent against the US dollar from an average of 105.27 per US$ in September 2015.

3.6 Interest Rates

CBR moved from 8.5% to 10.0% in June 2015 & to 11.5% in July 2015.

Interest rates on most of the financial instruments on average, increased in 2015 compared to 2014 (Table 13 and Chart 6). This follows the Monetary Policy Committee decision to raise the Central Bank Rate (CBR) by 150 basis points from 8.50 per cent to 10.00 per cent in June 2015 and a further 150 basis points to 11.5 per cent in July 2015, in order to anchor inflationary expectations following the steady weakening of the Kenya shilling against the US dollar and the high volatility in the foreign exchange market.

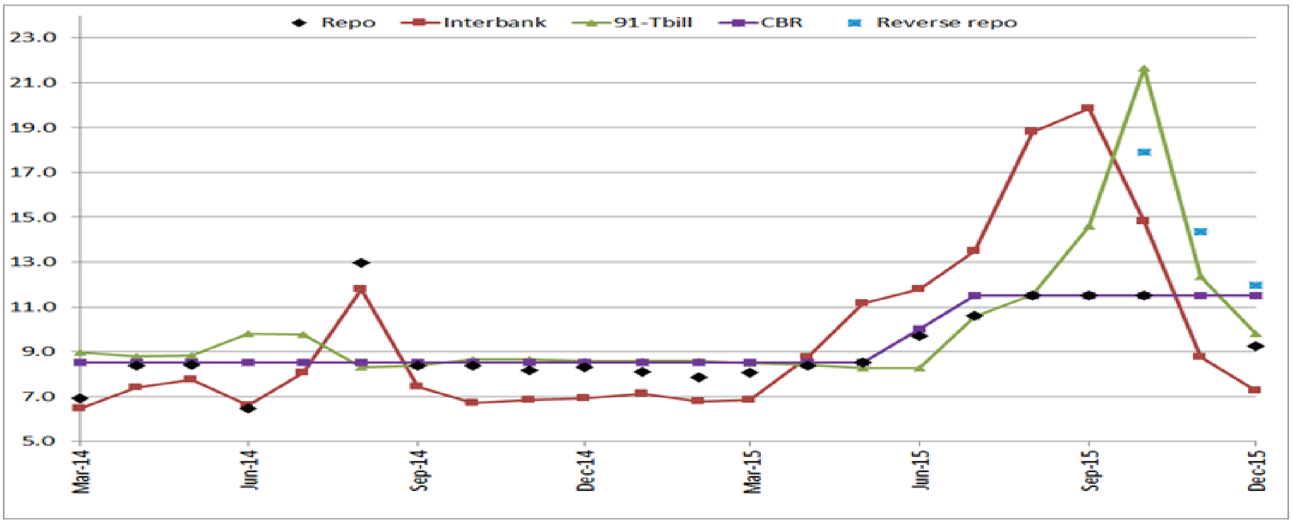
Table 13: Trends in Interest rates

	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Repo	8.29	8.09	7.87	8.08	8.38	8.50	9.70	10.61	11.50	11.50	11.50	...	9.23
Reverse repo	...	...	...	...	...	...	...	...	...	...	17.90	14.37	11.95
Interbank	6.91	7.12	6.77	6.85	8.77	11.17	11.77	13.48	18.80	19.85	14.82	8.77	7.27
91-Tbill	8.58	8.59	8.59	8.49	8.42	8.26	8.26	10.57	11.54	14.61	21.65	12.34	9.81
182-Tbill	9.49	10.19	10.37	10.35	10.26	10.37	10.55	11.99	12.06	13.40	21.52	14.02	11.43
Average Deposit Rate	6.81	6.65	6.68	6.63	6.60	6.55	6.64	6.31	6.91	7.28	7.54	7.56	7.92
Average Lending Rate	15.99	15.93	15.47	15.46	15.40	15.26	15.48	15.75	15.68	16.57	16.58	17.16	17.45
Overdraft	15.86	15.95	15.67	15.68	15.52	15.10	15.65	16.05	15.98	16.65	16.81	17.44	17.19
CBR	8.50	8.50	8.50	8.50	8.50	8.50	10.00	11.50	11.50	11.50	11.50	11.50	11.50
Interest Rate Spread	9.18	9.28	8.78	8.82	8.80	8.70	8.85	9.44	8.77	9.29	9.04	9.60	9.53

Source: Central Bank of Kenya

In line with the tight monetary policy stance, the interbank rate rose to an average of 11.29 per cent in 2015 compared with 7.94 per cent in 2014. The interbank rate was stable in the first quarter of 2015; however, it rose sharply in the second and third quarters. Notably, the increase of the interbank rate in August –September 2015 reflected tight liquidity conditions in the money market arising from subdued government spending and heightened open market operations to mitigate the exchange rate volatility (Chart 6). However, the interbank rate declined in the fourth quarter of 2015, to stand at 7.3 per cent in December 2015 from 19.8 per cent in September 2015, as a result of improved liquidity distribution in the interbank market. During this period the CBK supported liquidity distribution through the issuance of reverse repos.

Chart 6: Short Term Interest Rates

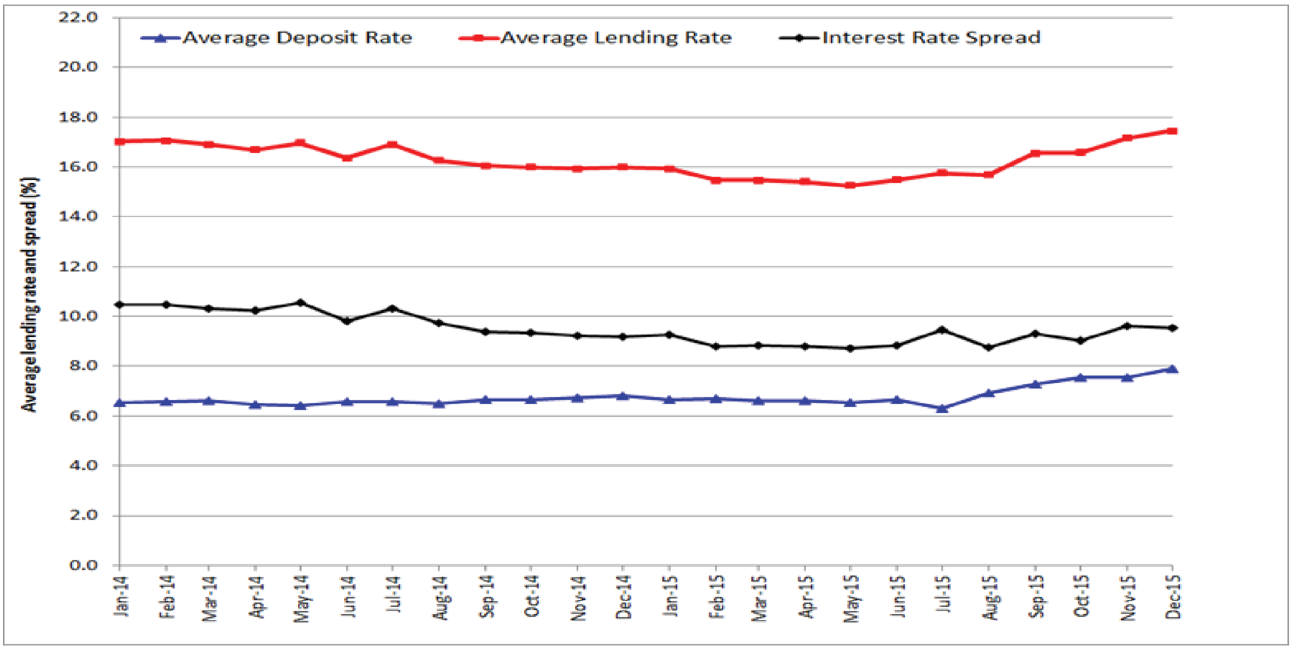


Source: Central Bank of Kenya

The 91-day Treasury bill rate increased by 122 basis points from 8.59 per cent in January 2015 to 9.81 per cent in December 2015 and averaged 10.93 per cent for the year 2015. In the first and second quarters of 2015, the 91-day Treasury bill rate was stable, but commenced an upward trend in July, peaking in October, before declining in November. Similarly the 182-day Treasury bill rate also increased from 10.19 per cent in January 2015 to 11.43 per cent in December 2015 and averaged 12.21 per cent in the year.

Consistent with the tight monetary policy stance, retail interest rates by the commercial banks rose in 2015. The average lending rate increased from 15.93 per cent in January 2015 to 17.45 per cent in December 2015 while the average interest rate paid by banks on deposits increased from 6.65 per cent to 7.92 per cent over the same period. Consequently, the interest rate spread widened to 9.53 per cent in December 2015 from 9.28 per cent in January 2015 (Chart 7).

Chart 7: Commercial Banks Interest Rates



Source: Central Bank of Kenya

3.7 Balance of Payments

Kenya’s current account deficit is estimated to have narrowed to about 6.8 per cent of GDP in 2015 from 9.8 per cent in 2014.The improvement is attributed to a decline in imports of goods and services as well as improved earnings from tea and continued resilience of diaspora remittances. In particular, imports of oil and other imports declined by 38 per cent and 21 per cent respectively in the year to December 2015 reflecting declining commodity prices in the international market especially of oil, whereas the decline in machinery and other transport equipment by 11 per cent mainly reflected the stoppage of aircraft imports in 2015 following the peak in 2014. Exports of goods also improved marginally, on account of higher exports of tea due to favorable prices in the international market. Exports of horticulture were constrained by delays in meeting minimum standards of the European Union market.

Table 14: Developments in the Balance of Payments (USD M Cumulative 12 months)

ITEM	Year to December 2014	Year to December 2015*				Year to December 2015*	Change
		Jan-March	April-June	July-Sep	Oct-Dec		
1. OVERALL BALANCE	**1378**	**-164**	**-482**	**-500**	**853**	**-294**	**-1673**
2. CURRENT ACCOUNT	**-6087**	**-969**	**-1341**	**-746**	**-922**	**-3978**	**2109**
2.1 Goods	**-12719**	**-2449**	**-2806**	**-2370**	**-2563**	**-10189**	**2530**
Exports (fob)	6174	1437	1390	1599	1482	5908	-266
Imports (cif)	18893	3886	4196	3970	4045	16096	-2796
2.2 Services	**6632**	**1480**	**1465**	**1624**	**1641**	**6210**	**-422**
Non-factor services (net)	**3373**	**804**	**958**	**933**	**894**	**3590**	**217**
Income (net)	**-518**	**-100**	**-244**	**-49**	**-74**	**-468**	**51**
Current Transfers (net)	**3777**	**777**	**750**	**740**	**821**	**3088**	**-689**
3. CAPITAL & FINANCIAL ACCOUNT	**7465**	**805**	**859**	**246**	**1775**	**3684**	**-3781**
3.1 Capital Tranfers (net)	**24**	**28**	**40**	**25**	**26**	**118**	**94**
3.2 Financial Account	**7441**	**777**	**818**	**221**	**1749**	**3566**	**-3876**
memo:							
Gross Reserves	**9738**	**9834**	**9473**	**8899**	**9794**	**9794**	**56**
Official	**7895**	**7723**	**7212**	**6711**	**7534**	**7534**	**-360**
*import cover***	*4.6*	*4.6*	*4.4*	*4.4*	*5.2*	*5.2*	*0.5*
Commercial Banks	**1843**	**2111**	**2262**	**2188**	**2259**	**2259**	**416**

**** Provisional.***
***** Based on 36 month average of imports of goods and non-factor services***

3.8 Fiscal Developments

Government revenue increased by Ksh.59.5 billion in the second half of 2015.

Total government revenues and grants amounted to Ksh. 584.5 billion in the period July 2015-December 2015, representing an increase of Ksh. 59.5 billion from Ksh. 525 billion collected in a similar period of the FY 2014/15 (Table 15). Total expenditure and net lending increased by Ksh. 155.2 billion during the period of the FY 2015/16 to December 2015 as compared to a similar period in the FY 2014/15. The Government budgetary operations during the period under review, resulted in a deficit of Ksh184.7 billion (3.4 per cent of GDP) on both commitment and cash basis compared with a deficit of Ksh. 89 billion (1.9 per cent of GDP) incurred in the same period of the FY 2014/15 and the target 6 per cent of GDP.

Table 15: Statement of Government Operations (Ksh Billion)

	FY 2014/15	FY 2015/16		
	Dec Actual	Dec Provisional	Target	Over (+) / below(-) Target
1. TOTAL REVENUE & GRANTS	525.0	584.5	**678.0**	**-93.5**
Revenue	**517.2**	**575.2**	**642.9**	**-67.7**
Tax Revenue	474.0	526.0	576.5	-50.5
Non Tax Revenue	17.3	18.2	15.3	2.9
Appropriations-in-Aid	25.8	31.0	51.1	-20.0
External Grants	7.8	9.2	35.1	-25.8
2. TOTAL EXPENSES & NET LENDING	**614.0**	**769.2**	**997.2**	**-228.1**
Recurrent Expenses	383.9	477.0	512.8	-35.8
Development Expenses	146.5	193.0	332.2	-139.2
County Transfers	83.6	99.2	149.7	-50.5
Others	**0.0**	0.0	2.5	-2.5
3. DEFICIT ON A COMMITMENT BASIS (1-2)	**-89.0**	**-184.7**	**-319.2**	**134.5**
As percent of GDP	-1.9	-3.4	-6.0	2.5
4. ADJUSTMENT TO CASH BASIS	**0.0**	**0.0**	**0.0**	**0.0**
5. DEFICIT ON A CASH BASIS	**-89.0**	**-184.7**	**-319.2**	**134.5**
As percent of GDP	-1.9	-3.4	-6.0	2.5
6. DISCREPANCY: Expenditure (+) / Revenue (-)	**32.1**	**-0.9**	**-1.1**	**0.2**
7. FINANCING	**121.1**	**183.8**	**318.2**	**-134.4**
Domestic (Net)	-69.9	45.5	106.6	-61.1
External (Net)	48.3	137.5	211.5	-74.1
Capital Receipts (domestic loan receipts)	0.0	0.8	1.1	-0.3
Others(Euro Bond sale proceeds)	142.7	0.0	0.0	0.0
Financing gap	0.0	0.0	0.0	0.0

Source: National Treasury and Central Bank of Kenya

Kenya's public and publicly guaranteed debt increased by Ksh 326.1 billion from Ksh 2,829.1 billion (52.8 per cent of GDP) in June 2015 to Ksh 3,155.2 billion (58.9 per cent of GDP) in December 2015 (Table 16). External and domestic debt to GDP ratios rose from 26.3 per cent and 26.5 per cent in June 2015 to 30.1 per cent and 28.7 per cent in December 2015, respectively. The increase in the external component of public debt was attributed to disbursements from the syndicated medium term loan, concessional loan from International Development Association and exchange rate revaluation.

Table 16: Kenya's Public and Publicly Guaranteed Debt (Ksh Billion)

	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Change 2015/16
EXTERNAL**								
Bilateral	430.4	461.1	470.4	477.5	458.0	450.3	481.3	50.9
Multilateral	684.6	707.3	751.0	759.3	730.0	729.8	751.2	66.5
Commercial Banks	276.9	287.7	291.7	295.6	322.3	365.4	366.2	89.3
Supplier Credits	16.6	17.1	17.6	17.8	17.0	17.0	16.5	-0.1
Sub-Total	**1408.6**	**1473.1**	**1530.7**	**1550.2**	**1527.4**	**1562.5**	**1615.2**	**206.6**
(As a % of GDP)	26.3	27.5	28.6	28.9	28.5	29.2	30.1	
(As a % of total debt)	49.8	50.9	52.2	52.8	51.2	50.7	51.2	
DOMESTIC								
Banks	**793.8**	**819.5**	**812.8**	**790.3**	**822.5**	**856.3**	**865.8**	**72.0**
Central Bank	63.3	103.0	115.3	107.6	101.2	96.3	101.4	38.1
Commercial Banks	730.4	716.5	697.5	682.7	721.3	760.0	764.4	34.0
Non-banks	**616.0**	**588.2**	**579.2**	**586.1**	**619.3**	**647.2**	**661.7**	**45.6**
Pension Funds	352.7	358.7	353.3	345.4	366.1	381.9	389.0	36.3
Insurance Companies	127.9	130.0	123.6	121.1	127.3	127.2	129.1	1.2
Other Non-bank Sources	135.4	99.5	102.4	119.6	125.8	138.1	143.6	8.2
Non-residents	**10.7**	**10.9**	**11.1**	**11.5**	**12.5**	**12.9**	**12.6**	**1.9**
Sub-Total	**1420.4**	**1418.6**	**1403.1**	**1388.0**	**1454.2**	**1516.4**	**1540.0**	**119.6**
(As a % of GDP)	26.5	26.5	26.2	25.9	27.1	28.3	28.7	
(As a % of total debt)	50.2	49.1	47.8	47.2	48.8	49.3	48.8	
GRAND TOTAL	**2829.1**	**2891.7**	**2933.8**	**2938.2**	**2981.6**	**3078.9**	**3155.2**	**326.1**
(As a % of GDP)	52.8	54.0	54.8	54.8	55.7	57.5	58.9	

Figures computed using the re-based GDP figures
***** External debt is inclusive of guaranteed debt***
Source: Central Bank of Kenya and The National Treasury

3.9 Domestic Economic Outlook for 2016

The 2016 outlook for the domestic economy is positive. The favorable economic prospects will be supported by completion of infrastructural projects that are expected to boost economic activity, recovery in tourism, higher growth in agriculture on account of better rains and relatively cheaper cost of production following lower international oil prices.

3.10 Performance of the Banking Sector

The banking sector net assets increased by 9.2% in 2015.

The banking sector registered improved financial strength in 2015, with total net assets recording an increase of 9.2% per cent. This was attributable to growth in investments and loans and advances, which increased by 23.2 per cent and 15.12 per cent respectively.

Despite the improved financial strength, the banking sector registered declined profitability in 2015. The sector recorded a 5.03 per cent decline in pre-tax profits during the year. The decline in profitability in 2015 could be explained by a faster growth in expenses compared to the growth in income. The banks income increased by 9.1 per cent in 2015 compared to a higher increase of expenses of 16.3 per cent.

The sector also registered a decline in asset quality with the non-performing loans (NPLs) ratio increasing from 5.6 per cent in December 2014 to 6.8 per cent in December 2015. The increase in NPLs was attributed to delayed payments to contractors and suppliers, enhanced reclassification and provisioning of loans and challenges in the business environment in 2015. However, the sector recorded strong capitalization levels as a result of additional capital injections.

3.11 Commercial Banks Balance Sheet Analysis

The banking sector registered improved financial strength in 2015, with total net assets recording an increase of 9.2% per cent from Ksh. 3,199.4 billion in December 2014 to Ksh. 3,492.6 billion in December 2015 as indicated in Table 17. This is attributable to increased gross loans by 15.11 per cent from Ksh. 1,881.0 billion in December 2014 to Ksh. 2,165.3 billion in December 2015.

The loans and advances, government securities and placements which accounted for 59.9 per cent, 19.6 per cent and 4.1 per cent of the total net assets respectively remained the main components of the banks' balance sheet. Net loans and advances registered an increase of 11.2 per cent from Ksh. 1,881.0 billion in December 2014 to Ksh. 2,091.4 billion in December 2015.

Table 17: Global Balance Sheet Analysis (Ksh. M)

	2014	2015	% Change
Assets			
Cash	61,478	58,842	-4.3%
Balances at Central bank	173,490	192,630	11.0%
Placements	148,096	142,690	-3.7%
Government securities	664,781	684,541	3.0%
Investments	15,807	19,468	23.2%
Loans and Advances (Net)	1,881,024	2,091,361	11.2%
Other assets	254,719	303,113	19.0%
Total Assets	**3,199,396**	**3,492,643**	**9.2%**
Liabilities and Shareholders' Funds			
Customer Deposits	2,292,198	2,485,920	8.5%
Other Liabilities	405,465	466,145	15.0%
Capital and Reserves	501,733	540,578	7.7%
Total Liabilities and Shareholders' Funds	**3,199,396**	**3,492,643**	9.2%
Source: CBK			

The banking sector balances at Central Bank of Kenya increased by 11.5 per cent from Ksh. 173.4 billion in 2014 to Ksh. 192.6 billion in 2015. The increase is associated to the increase in customer deposits which grew by 8.5 per cent from Ksh. 2,292.2 billion in December 2014 to Ksh. 2,485.9 billion in December 2015 thus increasing the cash reserve requirements.

Investments by banks increased by 23.2 per cent to Ksh. 19.5 billion in 2015 from Ksh. 15.8 billion in 2014. The increase is attributed to 87.1 per cent increase by banks investment in other securities (foreign government's bonds and bills) from Ksh. 5.5 billion in 2014 to Ksh. 10.3 billion in 2015. This could be explained by the banks desire to diversify their investment portfolios while managing their liquidity.

Loan and advances increased by 15.12 per cent from Ksh. 1,881.0 billion in December 2014 to Ksh. 2,091.4 billion in December 2015. The growth in loans is attributed to increased demand for credit by all the economic sectors.

The banks other assets increased by 19 per cent. This can be attributed to appreciation of banks investments in buildings as well as increased investment in information technology equipment as banks enhance their uptake of information technology to improve their service efficiency.

The banking sector other liabilities increased by 15.0 per cent between 2014 and 2015. The increase in other liabilities is largely attributed to increased deposits and balances due to foreign banking institutions by 35.2 per cent from Ksh. 63.6 billion to Ksh. 85.9 billion. The increase in deposits and balances due to foreign banking institutions could be attributed to Kenyan banks sourcing for funding from foreign institutions to diversify their funding sources.

In 2015, the banking sector capital & reserves increased by 7.74 per cent from Ksh. 501.7 billion in December 2014 to Ksh. 540.6 billion in December 2015. The general increase in capital and reserves is attributable to additional capital injections by commercial banks to meet the statutory capital adequacy requirements and leverage on business opportunities.

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

The largest proportion of the banking industry gross loans and advances were channeled through the Personal/Household, Trade, Real Estate and Manufacturing Sectors. In total, these four economic sectors accounted for 70.86 per cent of gross loans in December 2015 as indicated in Table 18. Personal/households, Trade and Agriculture sectors accounted for the highest number of loan

25.4% of the banking sector credit extended to personal/ household sector.

accounts with a total of 98.63 per cent. Trade, Personal/household, Manufacturing and Building & Construction accounted for the highest value of non-performing loans by registering 70.17 per cent.

Table 18: Sectoral Distribution of Loan Accounts, Gross Loans and NPLs-December 2015

	No of Loan A/Cs	% of Total	Gross Loans Ksh. M	% of Total	Gross NPLs Ksh. M	% of Total
Agriculture	180,533	2.12%	87,456	4.04%	8,384	5.69%
Manufacturing	15,393	0.18%	266,389	12.30%	16,773	11.38%
Building and Construction	10,552	0.12%	100,200	4.63%	16,243	11.02%
Mining and Quarrying	1,003	0.01%	21,860	1.01%	2,471	1.68%
Energy and water	2,507	0.03%	100,144	4.62%	3,666	2.49%
Trade	394,822	4.64%	423,626	19.56%	44,294	30.06%
Tourism, Restaurant and Hotels	5,563	0.07%	54,529	2.52%	2,562	1.74%
Transport and Communication	40,113	0.47%	185,167	8.55%	12,143	8.24%
Real Estate	20,093	0.24%	293,989	13.58%	12,426	8.43%
Financial Services	20,772	0.24%	80,905	3.74%	2,273	1.54%
Personal/Household	7,815,764	91.87%	551,063	25.45%	26,096	17.71%
Total	**8,507,116**	**100.00%**	**2,165,329**	**100.00%**	**147,331**	**100.00%**

Source: Central Bank of Kenya

3.12 Asset Quality

NPLs increased by 35% in 2015.

Delayed payments, challenges in the business environment, enhanced reclassification and provisioning of loans, and high interest rates led to downgrading of loans accounts by banks thus impacting negatively on the quality of assets. As a result, non-performing loans (NPLs) increased by 36 per cent to Ksh. 147.3 billion in December 2015 from Ksh. 108.3 billion in December 2014. Similarly, the ratio of gross NPLs to gross loans increased from 5.6 per cent in December 2014 to 6.8 per cent in December 2015 as shown in Table 19 and Appendix III.

Table 19: Asset Quality and Provisions (Ksh. M)

	2014	2015	% Change
Net Assets	3,199,396	3,492,643	9.17
Gross Loans and Advances	1,940,781	2,165,329	11.57
Total Loans	1,922,857	2,142,150	11.18
Net Loans	1,881,024	2,091,361	16.45
Gross Non-performing Loans	108,300	147,331	36.04
Interest in Suspense	17,923	23,179	29.33
Total Non-Performing Loans	90,377	124,152	37.37
Total Provisions	41,833	50,789	21.41
Net Non- Performing Loans	48,544	73,363	51.13
Gross Loans/ Net Assets (%)	60.70	62.00	1.30
Gross NPLs/ Gross Loans (%)	5.60	6.80	1.20
Net NPLs/ Gross Loans (%)	2.50	3.39	0.89
Source: CBK			

Risk Classification of Loans and Advances

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

The loans and advances in the normal category increased by 7.8 per cent from Ksh. 1,707.3 billion in December 2014 to Ksh. 1,850.5 billion in December 2015 due to the increased demand for credit in all economic sectors during the year. However, the normal category accounted for 85.5% of the total loans compared to 88% in 2014. This is explained by the deteriorating asset quality of banking sector in the year as explained below.

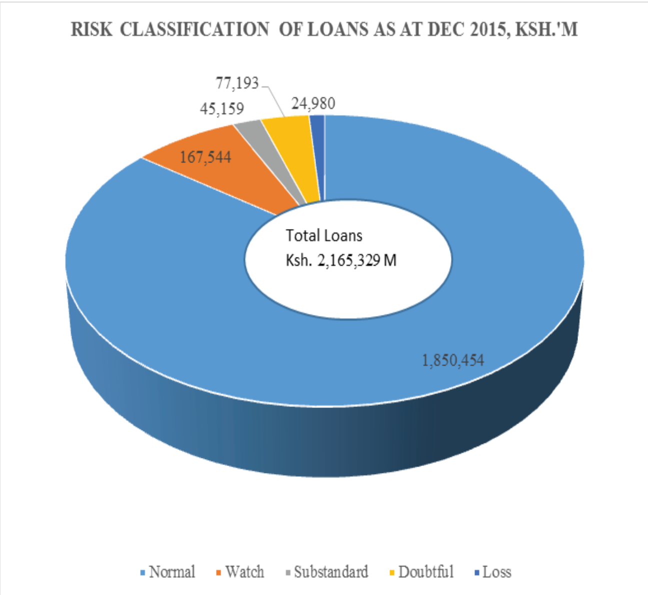
The loans and advances in the watch, substandard and doubtful categories increased by 33.8 per cent, 62.4 per cent and 40.9 per cent respectively as shown in Table 20. This is also reflected by the increased levels of these categories across the entire loan book. The watch, substandard and doubtful categories accounted for 7.7%, 2.1% and 3.6% of the loan book in 2015 compared to 6.5%, 1.4% and 2.8% in 2014. These increases were occasioned by deteriorating asset quality as a result of delayed payments, enhanced reclassification and provisioning of loans, challenges in the business environment and increased interest rates.

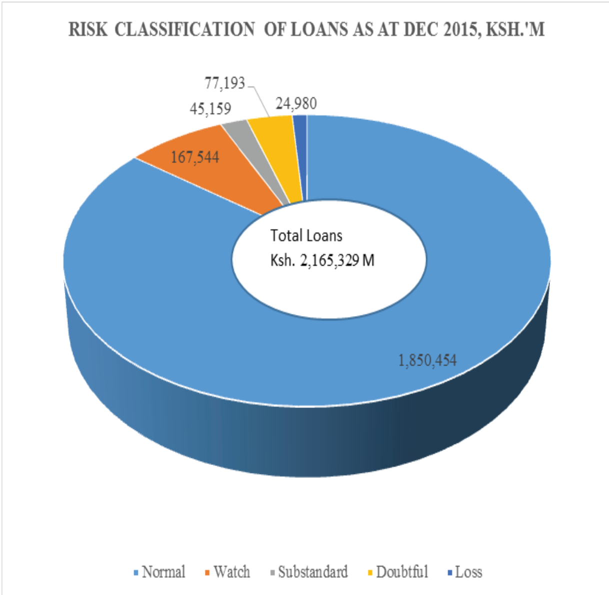
The proportions of loans in all categories increased in 2015 from 2014 as shown in Table 20 and Chart 8.

Table 20: Risk Classification of Loans and Advances (Ksh.M)

	2014	% of Total	2015	% of Total
Normal	1,707,262	88.00%	1,850,454	85.46%
Watch	125,218	6.50%	167,544	7.74%
Substandard	27,810	1.40%	45,159	2.09%
Doubtful	54,791	2.80%	77,193	3.56%
Loss	25,699	1.30%	24,980	1.15%
Total	**1,940,781**	**100.00%**	**2,165,329**	**100.00%**
Source: CBK				

Chart 8: Risk Classification of Loans and Advances





3.13 Capital Adequacy

The Central Bank Prudential Guideline on Capital Adequacy requires banks to adhere to the prescribed capital adequacy prudential ratios. The minimum regulatory capital adequacy ratios, which are measured by the ratio of Core Capital and Total Capital to Total Risk Weighted Assets, are 10.5 per cent and 14.5 per cent respectively. The Core Capital to Total Risk Weighted Assets ratios remained at an average of 16 per cent in 2015 and 2014. However, the Total Capital to Total Risk Weighted Assets ratio decreased marginally from 20.0 per cent in 2014 to 18.9 per cent in 2015 as

Total capital ratio declined marginally in 2015 due to higher increase in assets.

shown in Table 21. The decrease in the capital adequacy ratio is mainly attributed to a higher increase in risk weighted assets compared to the increase in capital. Over the same period, the ratio of core capital to total deposits remained constant at 19.0 per cent in 2015 as was the case in December 2014.

Table 21: Capital Adequacy Ratios

	2012	2013	2014	2015	Minimum Capital Adequacy Ratios
Core Capital/ TRWA	20%	18%	16%	16%	10.5%
Total Capital/ TRWA	23%	21%	20%	19%	14.5%
Core Capital/ Total Deposits	17%	19%	19%	19%	8.0%
*TRWA - Total Risk Weighted Assets					
Source: CBK					

3.14 Liquidity

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

Arising from the placement of Dubai Bank Ltd in liquidation and Imperial Bank Ltd in receivership, CBK closely monitored the banking sector particularly on liquidity and credit risks. Banks that faced liquidity challenges that were not able to access liquidity in the market used the liquidity facilities available at the CBK such as intraday liquidity facility, rediscount of government securities, open market operations and lender of last resort window. The liquidity challenges were primarily caused by liquidity segmentation in the inter-bank market.

Banking sector average liquidity increased to 38.1%.

The average liquidity ratio as at December 2015 stood at 38.1 per cent as compared to 37.7 per cent registered in December 2014. The increase in the ratio is mainly attributed to a higher growth in total liquid assets compared to the growth in total short-term liabilities. Total liquid assets grew by 13 per cent while total short-term liabilities grew by 12 per cent. The banking sector's average liquidity in the twelve months to December 2015 was above the statutory minimum requirement of 20 per cent.

3.15 Profit and Loss

Banks registered decline profitability in 2015.

The banking sector registered declined performance in 2015 with profit before tax decreasing by 5.03 per cent from Ksh. 141.1 billion in December 2014 to Ksh. 134.0 billion in December 2015 as shown in Table 22. The decline in profitability in 2015 could be explained by faster growth in expenses compared to the growth in income. The banks income increased by 9.1 per cent in the period ended December 2015 but expenses increased by a higher margin of 16.3 per cent over the same period. The banks income declined as a result of slower growth in credit in 2015, which grew by 11.6 per cent compared to 22.9 per cent in 2014. However, the lower growth in credit was neutralised by increasing yields on earning assets and advances in 2015. Yield on earning assets increased to 12.7 per cent in 2015 from 11.9 per cent in 2014 while yield on advances increased from 12.8 per cent in 2014 to 13.1 per cent in 2015.

Income

Banks income base expanded by 9.1%.

Total income for the banking sector grew by 9.1 per cent to Ksh. 456.8 billion in December 2015 from Ksh. 418.7 billion in December 2014 as shown in Table 22 below. The increase in income was largely attributed to increase in interest on advances which rose by Ksh. 32.2 billion occasioned by the growth in loans and advances in 2015. Interest income on government securities also increased by Ksh. 5.5 billion from Ksh. 62.3 billion in December 2014 to Ksh. 67.8 billion in December 2015 occasioned by increased interest rates on Government securities. Foreign exchange trading income increased by 12.2 per cent from Ksh. 20.5 billion in 2014 to Ksh. 23.0 billion in 2015. This is attributed to fluctuations in the Kenya Shilling exchange rate to the foreign currency particularly in the first half of 2015.

Table 22: Income and Expenditure Items as a Percentage of Total Income/Total Expenses

	2014		2015	
Income	**Ksh. M**	**% of Total Income**	**Ksh. M**	**% of Total Income**
Interest on Advances	247,170	59.00%	279,324	61.15%
Fees and Commission for Loans and Advances	21,614	5.20%	20,614	4.51%
Other Fees and Commission Income	41,395	9.90%	42,245	9.25%
Interest on Government Securities	62,330	14.90%	67,835	14.85%
Interest on Placement	5,172	1.20%	9,922	2.17%
Other Income	41,017	9.80%	36,870	8.07%
Total Income	**418,698**	**100.00%**	**456,810**	**100.00%**
Expenses		**% of Total Expenses**		**% of Total Expenses**
Interest Expenses	103,635	24.80%	133,126	41.24%
Bad Debts Charge	17,159	4.10%	28,778	8.92%
Salaries and Wages	75,371	18.00%	77,572	24.03%
Other Expenses	81,387	19.40%	83,316	25.81%
Total Expenses	**277,552**	**66.30%**	**322,792**	**100.00%**
Profit Before Tax	**141,145**	**33.70%**	**134,017**	**41.52%**
Source: CBK				

Expenses

As shown in Table 22, the banking sector expenses rose by 16.3 per cent from Ksh. 277.6 billion in December 2014 to Ksh. 322.8 billion in December 2015. The increase in total expenses was largely attributed to a rise in loan loss provisions and interest expenses. Banks registered an increase in bad debt charge and interest expenses in 2015 of Ksh. 11.6 billion and Ksh.29.5 billion respectively.

Banks expenses rose by 16.3% in 2015.

Interest expenses accounted for 41.2 per cent of the total banking sector expenses in 2015 compared to 24.8 per cent in 2014. This increase is in line with the increased cost of deposits to 5.5 per cent in 2015 as compared to 4.9 per cent in 2014. Interest expense as a ratio of income increased from 24.8 per cent in 2014 to 29.1 per cent in 2015. The interest expenses increased as banks competed for deposits.

The increase in bad debt charge of 67.7 per cent is attributable to increased level of non-performing loans in 2015, which necessitated higher levels of provisions. Salaries and wages increased by 2.9 per cent from Ksh. 75.4 billion in December 2014 to Ksh. 77.6 billion in December 2015. However, salaries and wages as a ratio of income declined from 18.0 per cent in 2014 to 17.0 per cent in 2015 reflecting improved banks efficiency from banks enhanced automation of their activities.

Other expenses (including training, advertising, printing and management fees) increased by 2.4 per cent from Ksh. 81.4 billion in December 2014 to Ksh. 83.3 billion in December 2015. The increase reflects increased support services as banks' operations expand.

3.16 Performance Rating

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

Kenya banking sector was rated satisfactory in 2015 compared to a strong rating in 2014.

The banking sector was on overall rated satisfactory in 2015 as compared to a strong rating which was achieved in 2014. The institutions rated strong, satisfactory, fair and marginal in December 2015 were 11, 19, 8 and 2 respectively. This was a decline from the ratings recorded in December 2014 as shown in Table 23. The institutions rated strong decreased from 22 in 2014 to 11 in 2015 due to the general drop in asset quality, earnings levels and liquidity positions of several banks in 2015.

Table 23: Banking Sector Performance Rating (Ksh. M)

Performance	**2014**			**2015**		
	No. of Institutions	**Total Net Assets**	**Market Share**	**No. of Institutions**	**Total Net Assets**	**Market Share**
Strong	22	2,154,740	67.30%	11	1,223,466	35.57%
Satisfactory	16	985,345	30.80%	19	1,961,554	55.97%
Fair	5	59,311	1.90%	8	277,985	7.67%
Marginal	0	-	0.00%	2	29,638	0.79%
Unsatisfactory	0	-	0.00%	0		0.00%
Total*	**43**	**3,199,396**	**100.00%**	**40**	**3,635,092**	100.00%
Overall Rating	**Strong**			**Satisfactory**		
* Charterhouse Bank in Statutory Management, and Imperial Bank and Chase Bank in Receivership have been excluded in the 2015 statistics						
Source: CBK						

3.17 Compliance with Supervisory & Regulatory Requirements

For the year ended 31st December 2015, four banks were in violation of various sections of the Banking Act and CBK Prudential Guidelines. In the previous year, 2014, five banks were not compliant with three sections of the Banking Act.

Some of the incidences of non-compliance noted as at 31st December 2015 include:-

- One institution was in violation of section 12(c) of the Banking Act and CBK Prudential Guideline (CBK/PG/07) which requires that institutions investment in land and buildings should not be more than 20% of Core Capital.
- One Institution was in violation of section 18 of the Banking Act and CBK Prudential Guideline (CBK/PG/03) which provides that an institution should have a minimum core capital to total risk weighted assets ratio of 10.5% and total capital to total risk weighted assets ratio of 14.5%.
- Two institutions were in violation of section 19(1) of the Banking Act which requires that institutions should have a minimum liquidity ratio of 20%.
- One institution was in violation of clause 3.3.3 of CBK Prudential Guideline on Corporate Governance (CBK/PG/02), which requires every member of the board to attend at least 75% of the board meetings of an institution in any financial year.

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

3.18 Performance of Microfinance Banks

MFBs profitability decreased by 41% in 2015.

The microfinance banks' profit before tax decreased by 41 per cent from Ksh. 1,002 million for the period ended December 2014 to Ksh. 592 million for the period ended December 2015 as shown in Table 24 below. As a result, the return on assets and return on equity declined from 2 per cent and 10 per cent in December 2014 to 1 per cent and 5 per cent in December 2015 respectively.

The decline in profits was largely attributed to increase in borrowing expenses by 48% or Ksh. 1.3 billion occasioned by the prevailing tight liquidity in the market hence the microfinance banks increased their borrowings to boost their liquidity levels during the second half of 2015. The total interest on deposits and expenses on funding liabilities increased from Kshs.4.4 billion in 2014 to Kshs.6.5 billion as at 31st December 2015.

The increase in customer deposits by Ksh. 4.7 billion in the year 2015 is attributed to aggressive deposit mobilization, growth in number of branches and marketing offices. The branch network grew from 97 branches in 2014 to 109 branches in 2015 while the marketing offices grew from 74 to 88. As at December 31, 2015 there were 1,142 third party agents. The increase in outreach was occasioned by expansion of MFBs' networks and increase in number of microfinance banks during the year. Out of the deposit base of Ksh. 40.6 billion, 33 per cent comprised of cash collateral held by the microfinance banks as security for loans granted. Similarly, the size of net loan portfolio increased by 17 per cent from Ksh. 39 billion in 2014 to Ksh. 45.7 billion in 2015 demonstrating increase demand for credit.

Table 24: Performance of MFBs - Ksh. 'M'

Parameter	2014	2015	% Change
Pre-Tax Profits	1,002	592	-41%
Customer Deposits	35,862	40,589	13%
Loan Portfolio (Net)	39,184	45,749	17%
Core Capital/Total Risk Weighted Assets	22%	21%	-5%
Total Capital/Total Risk Weighted Assets	25%	24%	-4%
Return on Assets	2%	1%	-50%
Return on Shareholder's funds	10%	5%	-50%
Number of Branches	97	109	12%
Total number of staff	4,329	4,500	4%

As at December 2015, the MFBs' ratio of core capital to risk weighted assets decreased to 21 per cent and was above the minimum requirement of 10 per cent. The ratio of total capital to total risk weighted assets was 24 per cent for the period ended December 2015 against the minimum statutory requirement of 12 per cent.

The 12 microfinance banks had a total staff complement of 4,500 in 2015 compared to 4,329 staff from 9 microfinance banks in 2014. The increased level of staff was occasioned by the expansion of MFBs' networks and increase in the number of microfinance banks during the year.

3.19 Credit Reference Bureaus Reports

The year ended December 2015 marked five and half years since inception of the credit information sharing (CIS) mechanism that was launched in July 2010. During the year, the Central Bank licensed Creditinfo Credit Reference Bureau (CRB) Kenya which became the third credit reference bureau to be licensed following the licensing of Credit Reference Bureau (CRB) Africa (trading as Transunion CRB) and Metropol Credit Reference Bureau. The increase in the number of licensed CRBs has enhanced diversity and competition through introduction of innovative products such as credit scoring models, decision models, trigger alerts, company registry confirmation letters and mobile service products among others which were introduced in the course of the year.

One CRB was licensed in 2015.

The mechanism witnessed growing interest by entities beyond commercial and microfinance banks to participate in the mechanism. As at December 2015, CBK had approved 325 other data sources in accordance with Regulation 23(2) of the Credit Reference Bureau Regulations, 2013 compared to 41 data sources approved as at December 2014. Majority of the data sources approved comprised of Savings and Credit Cooperative Societies which numbered 204 or 63% of the total. Other data sources approved by CBK include credit-only microfinance institutions and trade institutions.

The credit information sharing mechanism remained instrumental in the decision making process of credit providers in Kenya as they seek to mitigate risks associated with information asymmetry. The use of credit reports for credit appraisal process by financial institutions witnessed growth of 256% as indicated in Table 25. As at 31st December 2015, a total of 11.2 million credit reports had been requested by the subscribing banks. Meanwhile, the requests made by customers increased by 125% to 75,078 in 2015. The increased usage by customers is an indication of growing awareness by customers who are increasingly requesting to check their credit status through the CRBs as is evident in the rise of requests made by customers during the year.

Table 25 shows the credit reports accessed from the CRBs since inception of the credit sharing mechanism in July 2010.

Table 25: Number of credit reports requested since August 2010

PERIOD	BANKS & MFBs	% Change	CUSTOMERS	% Change
August- December 2010	284,722	-	434	-
January-December 2011	1,021,717	259%	5,607	1192%
January-December 2012	1,015,327	-1%	22,692	305%
January-December 2013	1,275,522	26%	26,361	16%
January-December 2014	1,674,707	31%	33,442	27%
January-December 2015	5,966,729	256%	75,078	125%
Total	**11,238,724**		**163,614**	
Source: CBK				

The mechanism also registered notable improvements in the quality of data submitted to the CRBs by Banks. The rejection rates for the quarter ended December 2015 stood at an average rate of 3.4% which has progressively improved during the course of the year from average rates of 4.2%, 13%, 14.5% and 20% during the quarters ended September 2015, June 2015, March 2015 and December 2014 respectively. Most of the data rejected by the CRBs was mainly as a result of records missing mandatory fields, and files sent in the wrong file formats.

CHAPTER FOUR

DEVELOPMENTS IN SUPERVISORY FRAMEWORK

4.1 Introduction

The Central Bank continued to strengthen its supervisory framework in 2015 through legislative amendments. The Finance Act, 2015 amended the Banking Act by introducing a raft of new requirements intended to bolster the regulatory framework in the banking sector.

Until 2015, a person and his associates were allowed to individually and independently own shares in an institution. With a view to diversifying shareholding structure and thereby widen the sources of funds for capital in banking institutions, the Banking Act was amended to require the aggregation of shareholding of an individual and his associates. Henceforth shareholding of an individual and his associates shall be limited to 25% of the core capital of a banking institution.

For purposes of ensuring that only fit and proper persons are allowed to have control in banking institutions, the law was amended to permit the Central Bank to vet a person who has less than 5% shareholding in a banking institution if in the opinion of the Central Bank, the person has intentionally reduced his shareholding to below 5% to avoid vetting. If the Central Bank vets such a person and finds him unfit, he will not be allowed to exercise any voting right in the banking institution neither will he exercise any direct or indirect control of the institution.

The Central Bank has been previously issuing annual licenses whereas the global trend is towards issuing perpetual licenses to banking institutions. With a view to unlocking Central Bank's human and other resources which are otherwise committed in processing annual licenses, the law was amended to allow for perpetual licenses.

4.2 Banking Act Amendments

His Excellency the President assented to the Finance Act, 2015 on 11th September 2015. The Act came into force on 1st October 2015 upon its gazettement. The Act amended several statutes including the Banking Act. The key amendments to the Banking Act were:-

Banking Act was amended in 2015.

(i) **Issuance of perpetual licenses**. The Central Bank was empowered to issue perpetual licenses to banking institutions as opposed to annual renewal of licenses. Institutions are however required to pay annual fees to the Central Bank. Issuance of perpetual licenses would enable the Central Bank to deploy its human resources and other resources to other supervisory functions. An institution's perpetual license may nevertheless be revoked if an institution violates the law in such a manner as to warrant revocation of the license. Provisions for revocation of a license are sufficiently provided for in the Banking Act.

(ii) **Clarification of the definition of a "significant shareholder"**. Prior to the 2015 amendment, a significant shareholder was defined as a person holding more than 5% of the shareholding of an institution. This definition had limited application as it did not extend to persons holding exactly 5% of the shares of an institution. A significant shareholder is deemed to control and manage an institution. They are therefore required under the law to be vetted and certified as fit and proper persons to manage and control an institution. With the expansion of the definition, any person holding 5% of the shareholding of an institution is also subject to vetting by the Central Bank.

(iii) **Shareholders who exercise directly and indirectly significant control over institutions**. To ensure that only fit and proper persons control or manage institutions, the law was amended to empower the Central Bank to vet a person holding less than 5% of the shareholding of an institution if the Central Bank has reason to believe that the person deliberately reduced its shareholding to below 5% purposely to avoid vetting. This power will enable the Central Bank to instill integrity in the banking sector by ensuring that unfit persons who hold less than 5% of the shareholding in institutions are vetted and disqualified from managing or controlling an institution.

(iv) **The restriction on ownership of share capital was enhanced** so as to both diversify and broaden the sources of capital open to an institution where an institution is facing capital deficiencies. To this end, the Banking Act was amended to require that an individual and his associates can hold in aggregate only a maximum of 25% of the share capital of an institution. With such diversified shareholding structure, it is envisaged that sources of funds will be sufficiently spread and this will be critical in moments of stress when an institution is required to inject more capital. Diversified shareholding structure is also important in ensuring that decisions that affect an institution are made independently and objectively. This will in the long run promote good corporate governance in institutions.

(v) **The Banking Act was also amended to empower the Kenya Deposit Insurance Corporation (KDIC)** to take over the receivership and liquidation of a banking institution which has been voluntarily wound up. This will ensure that KDIC has the ultimate responsibility of receivership, liquidation of institutions and voluntary winding up of an institution which will protect the interests of stakeholders.

4.3 Host Country Assessments

There were eleven Kenyan banks with cross-border operations in 2015.

The Central Bank of Kenya (CBK), as the home regulator for the eleven banks with cross border operations, has responsibility to ascertain the effectiveness of the regulatory and supervisory frameworks for the host supervisors in the countries where the banks establish presence.

In order to effectively and consistently assess the quality of the regulatory and supervisory frameworks of host supervisors, CBK completed development of a structured framework for assessing host country regulatory and supervisory frameworks in 2015.

Host country assessment involves evaluating the effectiveness of the regulatory regimes of jurisdictions hosting cross-border operations of Kenyan banks as well as developing procedures for undertaking such evaluation.

The structured framework for assessing host country regulatory and supervisory frameworks assists CBK to:-

- Develop supervision strategies for the Kenyan banks with regional operations;
- Identify agenda items to take up with host supervisors in bilateral discussions;
- Evaluate the risk exposure of a bank when it applies to establish operations in a new jurisdiction. This will ensure that a structured approach is taken which incorporates all risk exposures of bank, whether the risks arise in the bank itself, or in a parent, subsidiary or affiliate of the bank. Risks arising outside the bank can threaten the solvency of the bank.
- Take into account the effectiveness of supervision conducted in the host countries in which Kenyan banks have material operations.

4.4 Developments in Anti-Money Laundering and Combating Financing of Terrorism

Technical Assistance, AML Training and Awareness Initiatives:

In 2015, Bank Supervision Department received Technical Assistance (TA) from the International Monetary Fund (IMF). The TA was conducted through two missions in April and October 2015. The purpose of the missions was to assist the Department in developing risk-based off-site and on-site tools for Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) supervision of commercial banks and micro-finance banks.

The focus of the two missions in 2015 was on the supervisory component through designing a Money Laundering and Terrorism Financing (ML/TF) risk profiling methodology, as a foundation for future work on the off-site analysis and on-site inspection components. This incorporated the most commonly used elements:-

i. Identifying and quantifying perceived threats / vulnerabilities for each bank.
ii. Assessing the quality of controls/mitigants in place in each bank.
iii. Calculating residual risk from i and ii above and generating a risk matrix with scores and weights.
iv. Developing a risk profile for each bank, combining a risk matrix with all relevant supervisory information.
v. Designing management information formats to assist the CBK in risk-based decision-making.

The TA received provided a useful framework for implementing a risked based AML/CFT supervision of institutions and enabled the Central Bank to understand the risk profile of each institution. This will facilitate the allocation of supervisory resources with more focus on high risk areas and high risk institutions.

Workshops conducted in 2015 included:-

- Seminar on Mobile and Agency Banking held on 13th November 2015 at the Kenya School of Monetary Studies (KSMS). This was a sensitization on the AML/CFT obligations stipulated in the Proceeds of Crime and Anti-Money Laundering Act, 2009 (POCAMLA).
- Workshop on Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) for lawyers organized by the Office of the Attorney General and Department of Justice held on 30th October 2015 at the Kenya School of Monetary Studies (KSMS). The workshop was aimed at sensitizing lawyers on the POCAMLA reporting obligations on the fight against money laundering.
- Financial Reporting Centre's (FRC) outreach programme to its stakeholders to discuss challenges, issues and solutions regarding compliance with Kenya's Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) legal and regulatory regime held on 27th and 28th October 2015 at the Nairobi Safari Club.
- Regional Workshop for Anti-Money Laundering and Combating the Financing of Terrorism Supervision held from 20th to 24th April 2015 in Arusha, Tanzania. The workshop was aimed at equipping the participants with skills on risk based AML/CFT supervision.
- Regional Workshop for Anti-Money Laundering and Combating the Financing of Terrorism held from 30th March to 2nd April 2015 at the Kenya School of Monetary Studies (KSMS). This created a forum for participants to learn and benchmark AML/CFT practices in the region.

CHAPTER FIVE

REGIONAL AND INTERNATIONAL DEVELOPMENTS AND INITIATIVES

5.1 Introduction

CBK contributed to various regional & international fora agenda.

In 2015, the Bank actively participated in various global and regional initiatives aimed at strengthening overall supervision both domestically and internationally through enhanced cross-border regulatory co-operation. The 2015 regional and international initiatives in which the Bank took part focused on a wide range of supervisory areas including:-

- Implementation of Basel Capital Accords (Basel II/III).
- Macro-prudential Analysis and Stress-testing.
- Crisis management and resolution.
- Anti-Money Laundering and Combatting the Financing of Terrorism.
- Capacity building and knowledge exchange on supervisory matters.

In addition, the Bank convened Supervisory college meetings in May 2015 for three banking groups domiciled in Kenya but with regional operations across East Africa namely KCB Ltd, Diamond Trust Bank Ltd and Equity Bank Ltd. This was the third Supervisory College meeting for KCB Ltd following the first two in 2012 and 2013. The meetings were the second for both Diamond Trust Bank Ltd and Equity Bank Ltd following the inaugural meetings convened in 2013.

5.2 Regional and International Initiatives

- **Monetary Affairs Committee of the East African Community**

The Monetary Affairs Committee (MAC) of the East African Community (EAC) is composed of the Governors' of the five EAC member states Central Banks. The main task of MAC is to progress implementation of EAC decisions towards the envisaged full integration of the member states financial systems. MAC meetings are attended by the Central Bank Governors as well as technical officials. The key activities undertaken by MAC in respect to banking supervision in 2015 include:-

The 18th Ordinary Monetary Affairs Committee (MAC) meeting was convened in February 2015 in Arusha, Tanzania. The meeting reviewed progress on implementation of decisions of the 17th MAC meeting mainly relating to implementation of the convergence criteria, spearheading development of national crisis management frameworks, promoting financial inclusion in respective jurisdictions as well as offering support to other domestic financial sector regulators in developing and rolling out Business Continuity Management guidelines.

The Banking Supervision and Financial Stability Sub-Committee of MAC convened a meeting in January 2015 in Kampala. The objective of the meeting was to assess for each jurisdiction the level of compliance with both the 25 Basel Core Principles and 29 revised Basel Core Principles.

In January 2015, CBK undertook a self- assessment of its compliance with the revised 29 BCPs issued in September 2012. The compliance status was shared during the January 2015 Kampala meeting. CBK has developed an action plan detailing the relevant amendments to be effected to the legal and regulatory framework to ensure full compliance with the remaining relevant BCPs

The MAC Crisis Management Working Group convened its third meeting from 28th to 31st July 2015 in Kampala, Uganda. The meeting reviewed Partner States status on existing resolution powers, processes and legislations. Thereafter, the Partner Status benchmarked the various resolution powers against the Financial Stability Board's "Key Attributes of Effective Resolution Regimes for Financial

Institutions". The meeting recommended that the Partner States review their existing resolution powers, processes and legislations in order to facilitate the convergence process in the EAC region.

The 19th Ordinary MAC meeting was convened in August 2015 in Zanzibar, Tanzania. The meeting amongst others reiterated the need for Partner States Central Banks to implement the convergence criteria within the agreed time lines as well as address the 29 revised Basel Core Principles. Further, the meeting urged the Partner States Central Banks to continue implementing targeted financial inclusion policies based on their diagnostic studies.

- **East African Monetary Union**

EAMU protocol came into force in January 2015.

With the ratification and coming into force of the East African Monetary Union (EAMU) Protocol in January 2015, the Bank participated in forums organised by the Monetary Affairs Committee (MAC) of the EAC aimed at operationalizing the Protocol. Specifically, the Bank was represented at several meetings of MAC's Banking Supervision and Financial Stability Sub-Committee aimed at developing draft harmonized definitions for prudential indicators used across the region for supervisory purposes. The activity was part of efforts by MAC to implement the agreed convergence criteria on macro-prudential indicators to make these comparable across the region, as a prerequisite for the establishment of the proposed East African Monetary Union (EAMU). The harmonized definitions are aimed at addressing regional disparities in domestic supervisory frameworks among member states to facilitate a unified regional approach in supervision. The harmonisation effort was in progress at the end of the year.

- **Common Market for Eastern and Southern Africa**

During the 21st Meeting of the COMESA Committee of Governors of Central Banks held in Lusaka, Zambia in November 2015, Governors reviewed the activities that were undertaken by COMESA Monetary Institute (CMI) and the COMESA Clearing House for enhancing monetary cooperation in the region and endorsed a 2016 Work Plan for the two COMESA institutions. Based on the review, the Governors made the following decisions:-

a. Status Report on the Implementation of the Regional Payment and Settlement System (REPSS)

- Requested Central Banks already using REPSS to continue channeling their cross border trade payments through REPSS by liaising with their respective commercial banks in identifying such transactions and targeting importers and exporters for further transactions;
- Urged Central Banks that are not yet using REPSS to expedite their preparations as the success of the system depends on the volume of trade across borders;
- Requested the Secretariat to come up with a uniform and well-crafted message that clearly depicts the benefits of making and receiving payments through REPSS and the respective Central Banks. This message should then be sent to all Central Banks for customisation and issue to their respective print media;
- Requested the Chairman and the President of the PTA Bank to make available trade finance facilities on REPSS for utilisation by Central Banks and their commercial banks; and
- Documentation relating to REPSS and the REPSS application form for use by bank customers should be resent to Central Banks for appropriate action.

b. Report on Macroeconomic Development by Member Countries in 2014

Governors urged all Central Banks to submit their end of year reports to CMI by 1st July of the following year. The reports should also include recent developments in macro-economic variables which are readily available such as exchange rate, inflation rate, adequacy of international reserves, amongst others.

c. The Effects of Fiscal Policy on the Conduct and Transmission Mechanism of Monetary Policy

- Governors decided that recommendations from the research work would be considered after submission of the final papers
- Governors decided that CMI to organise training on liquidity, interest rates and exchange rate risks management for Central Banks in collaboration with Central Bank of Egypt in 2016.

d. Status of Implementation of the recommendations of the 9th Meeting of the Financial System Development and Stability.

- CMI to work with the Bank of Uganda and the Reserve Bank of Malawi to pilot the implementation of S.H.I.E.L.D.S before rolling out its application to other Central Banks. S.H.I.E.L.D.S is a framework adopted by COMESA member countries for assessing the stability and soundness of the banking system. It stands for Solvency Conditions; Home Economic Conditions; Institutional Quality; Earnings Conditions; Liquidity Conditions; Default Conditions; and Systemic Loss.
- CMI to request IMF for technical assistance for the organisation of a workshop on Enhanced General Data Dissemination Standard (EGDDS). This might also address the heavy data requirements of S.H.I.E.L.D.S rating.

e. Implementation of the COMESA Assessment Framework for Financial System Stability.

- Future reports to provide details on compliance to the revised Core Principles for Effective Banking Supervision clearly stipulating extent of compliance, non-compliance or non-applicability.
- Member Central Banks to submit Financial Soundness Indicators to CMI by 30th June every year for the preceding year to enable CMI post it on its website.

f. Macro Prudential policy

- Member countries to have institutional arrangements which specify responsibilities, powers and inter-agency coordination to undertake macroprudential surveillance;
- Member states to start compiling necessary data that is needed for macroprudential analysis;
- The Institutional arrangement to merge all the key aspects of the financial system, including banking institutions, the insurance and pension sectors, financial markets and payment systems;
- CMI to organize trainings in 2016 on:-

  a. Basel III and Macroprudential Surveillance; and
  b. Application of stress testing in the financial system.

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

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

In 2015, the Bank Supervision Department being the host of the Secretariat to the National Taskforce on Anti-Money Laundering and Combating the Financing of Terrorism (NTF), continued to coordinate Kenya's participation in ESAAMLG activities including the 29th ESAAMLG Taskforce of Senior Officials Meeting held in Arusha, Tanzania in March 2015, the 30th ESAAMLG Taskforce of Senior

Officials Meeting and the 15th Council of Ministers' Meeting both held in South Africa in September, 2015. Some of the notable outcomes of the meetings included the following:-

- The challenges the region is facing in implementing the revised Financial Action Task Force (FATF) Revised AML/CFT standards were noted especially in conducting money laundering and terrorist financing risk assessment. Other challenges include:-

  - ✓ Lack of information on beneficial owners of corporate entities due to weak legal framework in the region which allows for registration of corporate entities without disclosing the ultimate beneficiaries.
  - ✓ Tracing of laundered assets.
  - ✓ Prosecution of money laundering offences.
  - ✓ The extension of AML/CFT measures to designated non-financial businesses and professions (DNFBs).
  - ✓ Identification of suspicious transactions.

- All member countries were directed to adequately prepare for assessments and to provide all necessary support and assistance to the ESAAMLG Secretariat and the Assessors to enable the second round mutual evaluations. The outcome of these mutual evaluations would benefit all member countries through improvement of their AML/CFT regimes.
- Kenya was among the countries recognized for releasing assessors when the taskforce requested member countries for assessors. Other countries recognized for this positive act were Uganda, Botswana, Lesotho, Namibia, South Africa, Zimbabwe, Malawi, Seychelles, Swaziland and Zambia. Member countries were urged to continue releasing assessors for the upcoming assessments.
- The member countries were encouraged by the FATF Secretariat to actively participate in the activities taking place in the FATF to promote the interest of the region, most notably in relation to the on-going global survey on implementation of financing of terrorism measures, revision of the International Cooperation Review Group (ICRG) process and Follow-up procedures, the Global Network Coordination Group and de-risking and setting of a technical assistance training academy in South Korea.
- A permanent Working Group on Risk, Compliance and Financial Inclusion was formed. The mandate of this Working Group that is to address the challenges of balancing financial integrity and financial inclusion within the ESAAMLG Region was expanded to include:-

  - ✓ Promoting the implementation of AML/CFT policies and legislative frameworks that align with international standards and promoting financial inclusion goals, including conducting national risk assessments and developing national AML/CFT strategies.
  - ✓ Supporting the capacity of the ESAAMLG members to develop and implement financial inclusion strategies.
  - ✓ Promoting supervisors and regulators understanding of the risk based approach as entailed by the FATF and the proportionate application of AML/CFT measures.
  - ✓ Facilitating public and private sector collaboration in the development of AML/CFT policies that strike a balance between financial inclusion and financial integrity goals.
  - ✓ Considering the impact/effects of inappropriate implementation of AML/CFT measures, such as de-risking in the ESAAMLG region.
  - ✓ Collaborating on shared issues of concern regarding financial inclusion and financial integrity with the relevant international and regional inter-governmental organizations such as the Alliance for Financial Inclusion (AFI), the World Bank, and IMF, the international standard setters including the Basel Committee, the Southern African

Development Community (SADC), and the East African Community (EAC), so as to avoid duplication of efforts.

✓ Strengthening the AML/CFT supervisory capacity in the ESAAMLG Region.

- Kenya's Post Implementation Evaluation report that is used to gauge the effectiveness of the AML/CFT system in place was considered. It was recorded that Kenya had made significant progress in addressing the deficiencies under its Non-Core and Non-Key Recommendations and only had a few remaining unaddressed. The deficiencies remaining covered; the lawyers and notaries; other independent legal professionals and Trust & Company Service Providers who are not subject to the AML obligations under POCAMLA; measures dealing with countries that insufficiently apply the FATF Standards; and issues relating to availability of information on beneficial ownership and control of legal persons and legal arrangements.

- **Alliance for Financial Inclusion (AFI)**

The Alliance for Financial Inclusion (AFI) is a global network of financial policy makers, in which the Central Bank of Kenya is a member. 2015 was a milestone year for AFI, starting with the continued growth of the AFI network – rising to more than 120 members from over 90 countries that are working to unlock the potential of the world's 2 billion unbanked through the power of financial inclusion.

AFI spearheaded a number of initiatives and activities for its members. CBK participated in the following initiatives:

i) **Global Policy Forum (GPF)**

The Global Policy Forum (GPF) was created as a platform for central banks and other financial sector policy making and regulatory institutions in developing and emerging countries to engage in dialogue and share experiences in increasing access to financial services with their peers and other stakeholders. The GPF is the largest and most significant annual meeting of financial inclusion policymakers. The first GPF was held in Kenya in 2009. The 2015 AFI Global Policy Forum (GPF) took place in Maputo, Mozambique.

CBK participated in AFI's 7th Global Policy Forum, 2015 which was hosted by Banco de Mozambique; Mozambique's Central Bank in the coastal city of Maputo from 2nd- 4th September 2015, under the theme "Inspiring Innovation to advance Inclusion" and was attended by over 450 senior financial inclusion policymakers and regulators, along with leaders from international organizations and the private sector. The most prominent and well attended sessions during the meeting were "Green Finance" and "Gender". Members recognized that environmental risks are a growing concern of central banks and financial regulators, and learned that developing and emerging countries are leading the way in innovative financing of a green, sustainable economy. Members also unanimously agreed that bridging the financial inclusion gender gap needs to be a priority if we want our societies to function properly. It was agreed that these topics would be explored further in 2016.

The key highlights of the 2015 AFI Global Policy Forum included the following:-

a) Adoption of the Maputo Accord for making SME finance a priority area.
b) Recognition of critical issues such as green finance and gender inequality.
c) Using innovative technologies and partnerships to stem the tide of de-risking.
d) Members were encouraged to embrace the spirit of innovation, allow space to experiment and have bold aspirations for financial inclusion.
e) Taking interoperability to a new level, linking not just service providers, but also non-banks and banks, in order to scale up access and usage.

ii) Joint Learning Programme

In September 2013, the Central Bank of Kenya (CBK) approved a request by the AFI to host a Joint Learning Programme (JLP) knowledge exchange visit for AFI members to share and learn about Kenya's financial inclusion experiences. The JLP was initiated because of the growing number of requests for independent knowledge exchanges to Kenya. AFI has similar collaborations with the central banks of Brazil, Mexico, and Malaysia.

In February 2015, CBK successfully hosted a 5-day practical and interactive programme dubbed the "Financial Inclusion International Week Joint Knowledge Exchange Visit" at the Kenya School of Monetary Studies (KSMS). The programme was aimed at providing a peer learning platform to enable participants to exchange knowledge in key areas in financial inclusion, including Digital Finance, Credit Information Sharing, Data & Measurement and Consumer Protection. The programme drew participants from Colombia, El Salvador, Honduras, Paraguay, Ecuador, Ghana and Peru.

The first two days of the JLP were in form of a conference where the delegates got a chance to learn about Kenya through presentations and discussions on various topics including; Kenya's Financial Sector Architecture and Landscape, Financial Inclusion in Kenya and Financial Inclusion Initiatives. Some of the financial inclusion initiatives discussed include; Agency Banking, Credit Information Sharing, Mobile Financial Services, National Payment Systems with insights from the regulatory perspectives. Initiatives such as Credit Information Sharing and Consumer Protection were tackled from both the regulatory perspective and the private sector perspectives.

The last three days of the JLP involved field visits by the delegates to various private sector institutions, including Safaricom Limited, Kenya Commercial Bank Limited, Equity Bank Limited and Commercial Bank of Africa Limited. These visits allowed them to gain a practical perspective particularly on mobile-phone financial services and agency banking.

iii) Africa Mobile Financial Services Policy Initiative (AMPI)

The African Mobile Phone Financial Services Policy Initiative (AMPI) is a policy framework that was established to provide a platform for African AFI Network members to come together to determine effective solutions for advancing Mobile Financial Services (MFS) across the African continent. CBK participated in the 3rd Annual African Mobile Phone Financial Services Policy Initiative (AMPI) Leaders Roundtable which took place from 23-24 July 2015 in Yamoussoukro, Cote d'Ivoire. The 3rd annual meeting focused on the changing landscape within the digital financial services industry, the innovations currently developing within Fintech (Financial Technology) companies and how the region can continue to promote and support Africa's global leadership in the field through AMPI.

To move AMPI forward, the leaders resolved to:-

a) Institutionalize AMPI by deploying an AMPI Project Manager in Africa, reviewing the tasks of the Help Desk members and focusing their role on supporting the Project Manager on technical implementation and agreeing on time budget for Help Desk members.
b) Focus AMPI's role on supporting implementation of digital financial services (DFS), related reform projects on the national level, facilitating knowledge exchanges in the region and conducting impact studies.
c) Strengthen communication and information sharing on AMPI activities.
d) Approach other development partners for a funding partnership to facilitate implementation of the activities identified in the Strategic plan.

A follow up meeting of Leaders of AFI members from Africa was held in Maputo, in September 2015 where the leaders examined the proposed points for the revision of the AMPI Strategic Plan and further discussed the strengthening of the operational capacity of AMPI.

i) AFI's Transition to Independence

Several key activities in relation to AFI's transition to independence were undertaken in 2015:-

a) The AFI Management Unit successfully relocated from Bangkok, Thailand to Kuala Lumpur, Malaysia. This was after Bank Negara Malaysia (BNM) was selected, in 2014, to host AFI.
b) Following the successful relocation, AFI members focused on creating and finalizing governance structures and systems while designing a membership fee structure that would ensure the organization could begin its independence on solid financial footing.
c) In the last quarter of 2015, a majority of members committed themselves to the payment of membership fees for year 2016 operations, demonstrating how the members were taking ownership of the network.
d) Another key milestone was achieved in July 2015 when AFI's revised Articles of Association incorporating members' feedback on governance principles were formalized by the signing of five promoting members.
e) Lastly, the completion of the registration of AFI's establishment under Malaysian law as an international organization was also a major milestone.

- **Financial Stability Board Regional Consultative Group**

The Central Bank of Kenya continued to participate in the activities of the Financial Stability Board (FSB) Regional Consultative Group (RCG) for Sub-Saharan Africa in 2015. FSB's RCG for Sub-Saharan Africa is one of the six RCGs established by FSB in 2011 to expand and formalise financial stability outreach beyond FSB membership. The other RCGs are the Americas, Commonwealth of Independent States, Europe, the Middle East and North Africa. The aim of the RCGs is to bring together financial authorities from FSB member and non-member countries to exchange views on vulnerabilities affecting financial systems and ways by which to promote financial stability.

The Central Bank of Kenya (CBK) participated in the eighth meeting of the FSB's RCG for SSA in December 2015 in Cape Town, South Africa. The meeting discussed vulnerabilities in the global financial system, regional financial stability issues and possible policy responses. In particular, the impact on growth and financial stability emanating from lower global commodity prices, slowdown in China, potential normalisation of US monetary policy, currency mismatch arising from foreign currency denominated public debt and the current drought conditions in some parts of Africa. The Group observed that growth continued, but had decelerated. Members emphasised the need for continued structural reforms and cross-border cooperation to address shared challenges to the financial system and to continue monitoring financial institutions that are active across the region.

The meeting also discussed the importance of financial inclusion in the region and the key developments and initiatives in this regard. Discussions focused on steps to promote financial inclusion in individual countries, how the objectives of financial inclusion could be aligned to that of financial stability, what the primary challenges being faced are and what further policy options can be explored by ministries of finance, central banks and supervisory and regulatory authorities.

Finally, the meeting exchanged views on the extent to which cyber-security poses a threat to financial stability in the Sub-Saharan African region, given the growing concerns globally on this issue, including the potential that cyber-attacks have to cause reputational damage to financial institutions or compromise market integrity and market availability.

As part of FSB's RCG for Sub-Saharan activities, a Working Group on Home-Host Co-operation and Information Sharing was established in 2013. In 2015, CBK was represented in the discussions of this working group in finalising a questionnaire to be used to establish the status of cooperation and information sharing among the regulatory agencies in the SSA countries in respect to cross-border banking groups. As at the end of 2015, the survey questionnaire had been finalised for circulation to all Sub-Saharan countries for completion within the first quarter of 2016. The findings of the survey will form a basis of recommendations to strengthen home-host cooperation and information sharing in the region.

- **IMF's East Africa Technical Assistance Centre (East AFRITAC)**

The Central Bank of Kenya (CBK) has benefited from East AFRITAC's technical assistance in developing a stronger and effective banking sector regulatory and supervisory framework. The main activities undertaken by CBK's Bank Supervision Department in 2015 with the support of the East AFRITAC include:-

i) BSD hosted an IMF East AFRITAC mission between 26th October and 6th November 2015. The aim of the mission was to provide Technical Assistance and Training on the Implementation of Pillar 2 of the Basel II framework. Pillar 2 implementation plays a key role in defining a commercial bank's risk management and governance practices.

ii) One BSD officer attended an East AFRITAC regional workshop on Bank Resolution and Crisis Management held on 9th to 13th November 2015 in Addis Ababa, Ethiopia. During the workshop the participants, examined the conceptual and operational issues related to bank resolution and crisis management. The workshop also availed opportunities for the participants to share experiences from the sub-Saharan countries. Bank crisis mainly arise as a result of institution specific crisis characterized by bank or industry specific factors, and system wide crisis triggered by weak fundamentals of firms (pronounced imbalances) in combination with macroeconomic shocks.

- **African Rural and Agricultural Credit Association (AFRACA)**

In 2015, CBK through Kenya School of Monetary Studies (KSMS) continued its' collaborative partnership with the African Rural and Agricultural Credit Association (AFRACA). AFRACA is a continental membership organization comprised of Central Banks, Agricultural Banks, Commercial Banks, Microfinance Institutions and country-specific programmes that deal with agriculture and rural finance in Africa. The Central Bank of Kenya, in an effort to promote a robust economy through agricultural finance, collaborated with AFRACA to host the International Study Visit on Microfinance dubbed "New Frontiers in Microfinance & Social Business in East Africa" in Nairobi, Kenya in March 2015.

The conference was attended by over 150 participants who discussed various topics such as how innovation opens new frontiers in microfinance and social business, green microfinance and the social business model developed and promoted by Prof. Mohammed Yunus which seeks to design and implement business solutions to poverty. In addition, the conference focused on the practical uses and the successes to which mobile phone technologies are put in value chains, especially in respect to financial services. At the end of the conference delegates were urged to take necessary actions at individual or country level to increase rural financial inclusion in a way that enhances livelihoods and incomes of African agricultural communities.

- **Bank Supervision Application (BSA)**

The Bank Supervision Application (BSA) is a computer software used by Bank Supervisors from twelve (12) Central Banks to support banking supervision operations. The software was jointly developed by Bank Supervision and Information Technology functions of the participating Central Banks. The Bank of Mozambique currently hosts the BSA Support Office (BSO), which coordinates the support and management of the software.

The BSA system has undergone three upgrades and currently is running on BSA Version 3.0. The BSA Version 3.0 has three modules:-

- **Bank Supervision System (BSS) Module**, which facilitates workflow management in the Central Bank.
- **Institution Information Submission System (IISS) Module,** which is used by the licensed institutions to submit their periodic returns to the Central Bank.
- **Risk Analysis Automation System (RAAS) Module,** which is used for analysis and generation of financial reports based on returns submitted by the licensed institutions.

During the 2015 BSA User's meeting held in July 2015, the BSA Users adopted the BSO's recommendation for upgrade of the BSA to BSA Version 4.0. The recommendation for upgrade was necessitated by increased user requirements and changing technology trends. The specific features to be incorporated in BSA version 4.0 are currently being developed and will include among others the following;-

- Enhancements of current BSA modules (Bank Supervision System Module, Institution Information Submission System Module and Risk Analysis Automation System Module) to meet the growing users' requirements.
- Development of a new module to handle financial services consumers' complaints. This will enable customers to channel directly any complaints unresolved by the financial institutions to the Central Banks.
- Incorporation of Stress Testing Functionality module to enhance identification of vulnerabilities and overall risk exposures in the banking system that could lead to systemic problems.

- **Knowledge Exchanges**

The Central Bank of Kenya continued to host delegations from Africa in 2015 for study tours and knowledge exchange visits aimed at enriching cross-border relationships and sustaining long-term partnerships. The knowledge exchange visits that took place in 2015 are as indicated below:

Table 26: Knowledge Exchange Visits

	Period	Institution(s)	Area(s) of Interest
1.	February 2015	National Bank of Rwanda	Operation and Regulation of Forex Bureaus in Kenya.
2.	March 2015	Bank of Tanzania	Operation and Regulation of Foreign Exchange (Forex) Bureaus in Kenya.
3.	May 2015	Reserve Bank of Zimbabwe and Zimbabwe Association for Microfinance Institutions	Operation and Regulation of Microfinance Banks in Kenya.
		Bank of Uganda	Department's interactions with the Monetary Policy Committee.
4.	May / June 2015	Bank of Uganda	Operation and Regulation of Credit Reference Bureaus (CRBs) in Kenya.
5.	August 2015	Central Bank of Namibia	Licensing and Regulation of Credit Reference Bureaus and Microfinance Banks in Kenya.
6.	November/ December 2015	Bank of Uganda	Development of Banking Legislation
		National Bank of Ethiopia	Operations and Regulation of Agency Banking in Kenya.

- **Memorandum of Understanding**

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

In 2015, the Central Bank of Kenya (CBK) together with the other East African Community Central Banks made an amendment to the Multilateral MOU signed in 2009 to incorporate minimum essentials of an MOU concerning cooperation in supervision of financial institutions. The amendments covered the following main areas:-

(i) The preferred modality for an Authority to request for assistance from the other Authority.
(ii) An undertaking to promote mutual assistance and to facilitate the exchange of information.
(iii) How to assess requests from any Authority.
(iv) How to treat an application for a licence or permission to open a branch, a joint venture, a subsidiary financial institution or a representative office in one jurisdiction by a financial institution from another jurisdiction within the EAC.
(v) Imposition of a requirement to first review any relevant examination or other supervisory reports prepared by the host supervisor in respect of a cross border entity before the home regulator conducts an onsite examination of the entity in the host country.
(vi) How to deal with a crisis involving a cross border entity (crisis management).
(vii) Cooperation in dealing with cross border financial crimes.

CBK continues to establish contacts with more central banks from various countries with a view to negotiating MOUs. A list of the MOUs that CBK has so far entered into is outlined in Appendix XV.

5.3 Kenyan Banks Regional Footprint

Background

As at 31st December 2015, eleven Kenyan banks had subsidiaries operating in the East African Community (EAC) Member States and South Sudan. These banks are: Kenya Commercial Bank Ltd; Diamond Trust Bank Kenya Ltd; Commercial Bank of Africa; Bank of Africa; Guaranty Trust Bank; Equity Bank; I & M Bank; Imperial Bank (In Receivership); African Banking Corporation, NIC Bank Limited and the Co-operative Bank of Kenya Ltd. The regional presence is as per Table 27.

Branches of Kenyan banks in EAC & South Sudan increased by 18 in 2015.

Table 27: Branches of Kenyan Banks Subsidiaries in the Region

	Institution	Uganda	Tanzania	Rwanda	Burundi	South Sudan	TOTAL
1	KCB	16	12	12	5	18	**64**
2	Diamond Trust	36	24	-	4	-	**64**
3	Commercial Bank of Africa	2	11	-	-	-	**13**
4	Bank of Africa	36	23	-	-	-	**59**
5	Guaranty Trust Bank	8	-	16	-	-	**24**
6	Equity Bank	31	12	11	-	11	**65**
7	I & M Bank	-	8	16	-	-	**24**
8	Imperial Bank (In Receivership)*	5	-	-	-	-	**5**
9	ABC	4	-	-	-	-	**4**
10	NIC Bank	2	5	-	-	-	**7**
11	The Co-operative Bank of Kenya	-	-	-	-	4	**4**
TOTAL		**140**	**96**	**55**	**9**	**33**	**333**

The Uganda subsidiary of Imperial Bank (In Receivership) was sold in March 2016

In addition, I&M Bank (K) has shareholding equivalent to 50% in Bank One Limited in Mauritius while Prime Bank (K) has shareholding equivalent to 11.4% in First Merchant Bank in Malawi. Equity Group Holdings Limited acquired a subsidiary in the Democratic Republic of Congo in 2015.

BOA Uganda is now an associate, effective January 31, 2015 after BOA Kenya's shareholding in BOA Uganda was diluted following a rights issue that BOA Kenya did not participate in. As at December 31, 2015, BOA Kenya owned 43.24% of BOA Uganda.

On the other hand, BOA Tanzania is now an investment, effective September 2015 after BOA Tanzania was diluted following a rights issue that BOA Kenya did not participate in. As at December 31, 2015, BOA Kenya owned 15.7% of BOA Tanzania.

Commercial Bank of Africa Limited and Co-operative Bank of Kenya Limited opened their respective subsidiaries in Uganda and South Sudan during the later part of 2015.

The performance analysis of the subsidiaries of the eleven banks as at 31st December 2015 based on number of branches, number of employees, assets, loans, deposits and profits is as indicated below.

Performance Highlights

i) Branches

The subsidiaries had opened 333 branches as at December 31, 2015 compared to 315 the previous year.

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

ii) No. of Employees

The subsidiaries had a total of 5,952 employees compared to 5,759 the previous year. Uganda had the highest number of employees at 38.3% mainly as a result of the largest number of branches of subsidiaries located there.

iii) Total assets

Total assets of subsidiaries stood at Ksh. 413.2b compared to Ksh. 419.3 billion the previous year. The decline was attributed to the South Sudan crisis. The assets held by subsidiaries of Kenyan banks in South Sudan declined by 50% from Kshs.117.7 billion in 2014 to Kshs.58.8 billion in 2015. This reduced the asset contribution of Kenyan banks in South Sudan compared to all crossborder operations from 25.2% in 2014 to 13.8% in 2015.

- Subsidiaries operating in Tanzania accounted for 38.6% of the total assets.
- Subsidiaries operating in Uganda accounted for 29.7% of the total assets.
- Subsidiaries operating in Burundi accounted for 16.1% of the total assets.
- Subsidiaries operating in South Sudan accounted for 13.8% of the total assets.

iv) Gross loans

Gross loans of subsidiaries were worth Ksh. 205.2 billion against Ksh. 189.3 billion the previous year.

- Subsidiaries operating in Tanzania had the highest loans amount and accounted for 47.8% of the total loans.
- This was followed by subsidiaries operating in Uganda which accounted for 29.5% of the total loans.
- Subsidiaries operating in Rwanda accounted for 19.3% of the total loans.

v) Deposits

Subsidiaries had gross deposits worth Ksh. 347.8 billion compared to Ksh. 319.7 billion the previous year an increase of 8.7%.

- Subsidiaries operating in Tanzania had the highest deposit concentration and accounted for 32% of the total deposits.
- Subsidiaries operating in Uganda accounted for 25.7% of the total deposits.
- Subsidiaries operating in Burundi accounted for 16.5% of the total deposits.

vi) Profitability

The subsidiaries registered a total profit before tax of Ksh. 8.4 billion compared to Ksh. 5.5 billion the previous year.

- Subsidiaries operating in South Sudan accounted for 33% of the total profits, although only three banks had operations there. This demonstrates a good business potential in South Sudan.
- Subsidiaries operating in Tanzania accounted for 26.9% of the total profits.
- Subsidiaries operating in Rwanda accounted for 21.5% of the total profits.
- A total of three subsidiaries registered losses in various countries in the region compared to four the previous year. Two of the subsidiaries that registered losses before tax were operating in Uganda, indicating stiff competition though one of them had the subsidiary set up in year 2013 and is therefore still new to the market. The third loss making subsidiary is in Tanzania.

Appendix I

BANKING SECTOR BALANCE SHEET - DECEMBER 2015-Ksh.M

		2014				2015			
		BANKS TOTAL	NBFIs TOTAL	GRAND TOTAL	% OF TOTAL	BANKS TOTAL	NBFIs TOTAL	GRAND TOTAL	% OF TOTAL
A	**ASSETS**								
1	Cash (both Local & Foreign)	61,193	286	61,478	1.9%	58,519	323	58,842	1.7%
2	Balances due from Central Bank of Kenya	170,733	2,756	173,490	5.4%	188,503	4,127	192,630	5.5%
3	Kenya Government and other securities held for dealing purposes	35,420	-	35,420	1.1%	26,180	-	26,180	0.7%
4	Financial Assets at fair value through profit and loss	755	-	755	0.0%	2,842	-	2,842	0.1%
5	Investment Securities:	-	-	-		-	-	-	-
	a) Held to Maturity:	-	-	-		-	-	-	-
	a. Kenya Government securities	300,012	-	300,012	9.4%	371,435	1,571	373,006	10.7%
	b. Other securities	5,535	-	5,535	0.2%	10,354	-	10,354	0.3%
	b) Available for sale:	-	-	-		-	-	-	-
	a. Kenya Government securities	329,085	264	329,349	10.3%	284,776	580	285,355	8.2%
	b. Other securities	10,272	-	10,272	0.3%	9,113	-	9,113	0.3%
6	Deposits and balances due from local banking institutions	72,394	7,616	80,011	2.5%	67,749	4,910	72,658	2.1%
7	Deposits and balances due from banking institutions abroad	67,118	967	68,086	2.1%	69,424	608	70,032	2.0%
8	Tax recoverable	2,082	4	2,087	0.1%	1,881	-	1,881	0.1%
9	Loans and advances to customers (net)	1,835,780	45,244	1,881,024	58.8%	2,038,340	53,021	2,091,361	59.9%
10	Balances due from banking institutions in the group	36,778	-	36,778	1.1%	70,949	-	70,949	2.0%
11	Investments in associates	5,572	-	5,572	0.2%	5,809	-	5,809	0.2%
12	Investments in subsidiary companies	31,580	255	31,835	1.0%	32,538	-	32,538	0.9%
13	Investments in joint ventures	-	173	173	0.0%	-	256	256	0.0%
14	Investment properties	4,839	-	4,839	0.2%	1,061	-	1,061	0.0%
15	Property and equipment	50,716	1,282	51,998	1.6%	58,091	1,339	59,430	1.7%
16	Prepaid lease rentals	974	40	1,014	0.0%	951	39	990	0.0%
17	Intangible assets	18,570	521	19,091	0.6%	19,709	819	20,528	0.6%
18	Deferred tax asset	13,822	445	14,267	0.4%	19,031	585	19,616	0.6%
19	Retirement benefit asset	1,924	-	1,924	0.1%	1,236	-	1,236	0.0%
20	Other assets	83,749	637	84,386	2.6%	85,347	632	85,978	2.5%
21	**TOTAL ASSETS**	**3,138,905**	**60,491**	**3,199,396**	**100.0%**	**3,423,835**	**68,809**	**3,492,643**	**100.0%**
						-		-	
B	**LIABILITIES**					-		-	
22	Balances due to Central Bank of Kenya	7,232	-	7,232	0.2%	5,046	-	5,046	0.1%
23	Customer deposits	2,255,888	36,310	2,292,198	71.6%	2,444,032	41,888	2,485,920	71.2%
24	Deposits and balances due to local banking institutions	54,461	-	54,461	1.7%	46,401	-	46,401	1.3%
25	Deposits and balances due to foreign banking institutions	63,559	-	63,559	2.0%	85,937	-	85,937	2.5%
26	Other money market deposits	338	-	338	0.0%	8,579	-	8,579	0.2%
27	Borrowed funds	147,389	16,996	164,385	5.1%	166,009	17,466	183,475	5.3%
28	Balances due to banking institutions in the group	57,182	-	57,182	1.8%	73,709	-	73,709	2.1%
29	Tax payable	1,068	-	1,068	0.0%	1,637	11	1,647	0.0%
30	Dividends payable	163	46	209	0.0%	1,534	-	1,534	0.0%
31	Deferred tax liability	615	-	615	0.0%	208	-	208	0.0%
32	Retirement benefit liability	142	-	142	0.0%	165	-	165	0.0%
33	Other liabilities	55,412	862	56,274	1.8%	59,087	354	59,442	1.7%
34	**TOTAL LIABILITIES**	**2,643,448**	**54,215**	**2,697,663**	**84.3%**	**2,892,347**	**59,719**	**2,952,065**	**84.5%**
						-		-	
C	**SHAREHOLDERS' FUNDS**					-		-	
35	Paid up /Assigned capital	126,789	1,158	127,947	4.0%	121,413	5,000	126,413	3.6%
36	Share premium/(discount)	77,897	1,557	79,454	2.5%	82,334	3,514	85,847	2.5%
37	Revaluation reserves	2,832	702	3,534	0.1%	(2,078)	-	(2,078)	-0.1%
38	Retained earnings/Accumulated losses	252,515	2,616	255,131	8.0%	288,543	166	288,709	8.3%
39	Statutory loan loss reserves	16,642	64	16,706	0.5%	19,113	393	19,506	0.6%
40	Other Reserves	509	(45)	464	0.0%	(3,781)	(33)	(3,814)	-0.1%
41	Proposed dividends	15,832	174	16,005	0.5%	23,561	-	23,561	0.7%

Appendix II

	BANKING SECTOR PROFIT AND LOSS ACCOUNT - DECEMBER 2015-Ksh.M	2014				2015			
		BANKS	NBFIs	GRAND TOTAL	% OF TOTAL	BANKS	NBFIs	GRAND TOTAL	% OF TOTAL
1.0	**INTEREST INCOME**								
1.1	Loans and advances	241,356	5,814	247,170	59.0%	272,106	7,218	279,324	61.1%
1.2	Government securities	62,294	36	62,330	14.9%	67,712	123	67,835	14.8%
1.3	Deposits and placements with banking institutions	4,648	524	5,172	1.2%	9,163	759	9,922	2.2%
1.4	Other Interest Income	2,491	-	2,491	0.6%	2,411	-	2,411	0.5%
1.5	**Total interest income**	**310,789**	**6,374**	**317,164**	**75.7%**	**351,393**	**8,100**	**359,493**	78.7%
2.0	**INTEREST EXPENSES**								
2.1	Customer deposits	86,230	1,883	88,113	31.7%	111,076	2,892	113,968	35.3%
2.2	Deposits and placement from banking institutions	7,165	-	7,165	2.6%	8,510	-	8,510	2.6%
2.3	Other interest expenses	6,884	1,473	8,357	3.0%	9,021	1,627	10,648	3.3%
2.4	**Total interest expenses**	**100,279**	**3,356**	**103,635**	**37.3%**	**128,607**	**4,519**	**133,126**	41.2%
3.0	**NET INTEREST INCOME/(LOSS)**	**210,510**	**3,018**	**213,528**		**222,786**	**3,582**	**226,367**	
4.0	**NON-INTEREST INCOME**								
4.1	Fees and commissions on loans and advances	21,381	232	21,614	5.2%	20,422	192	20,614	4.5%
4.2	Other fees and commissions	41,316	80	41,395	9.9%	42,138	107	42,245	9.2%
4.3	Foreign exchange trading income/(Loss)	20,461	18	20,479	4.9%	22,960	60	23,020	5.0%
4.4	Dividend Income	2,162	2	2,164	0.5%	808	200	1,008	0.2%
4.5	Other income	15,703	180	15,882	3.8%	10,308	122	10,430	2.3%
4.6	**Total Non-interest income**	**101,022**	**512**	**101,534**	**24.3%**	**96,636**	**681**	**97,317**	**21.3%**
	TOTAL INCOME (1.5 + 4.6)	**411,812**	**6,886**	**418,698**	**100.0%**	**448,029**	**8,781**	**456,810**	**100.0%**
5.0	**TOTAL OPERATING INCOME**	**311,533**	**3,530**	**315,062**		**319,422**	**4,262**	**323,684**	
						-		-	
6.0	**OTHER OPERATING EXPENSES**					-		-	
6.1	Loan loss provision	16,608	551	17,159	6.2%	28,275	504	28,778	8.9%
6.2	Staff costs	74,406	965	75,371	27.2%	76,568	1,004	77,572	24.0%
6.3	Directors' emoluments	2,153	14	2,167	0.8%	2,234	19	2,252	0.7%
6.4	Rental charges	8,738	31	8,769	3.2%	9,494	61	9,555	3.0%
6.5	Depreciation charge on property and equipment	10,179	78	10,257	3.7%	10,778	93	10,872	3.4%
6.6	Amortisation charges	4,323	13	4,335	1.6%	4,311	11	4,322	1.3%
6.7	Other operating expenses	55,265	593	55,858	20.1%	55,482	833	56,315	17.4%
6.8	**Total Other Operating Expenses**	**171,672**	**2,245**	**173,917**	**62.7%**	**187,141**	**2,525**	**189,667**	**58.8%**
	TOTAL EXPENSES (2.4 + 6.8)	**271,951**	**5,601**	**277,552**	**100.0%**	**315,749**	**7,044**	**322,792**	**100.0%**
7.0	**Profit/(loss) Before Tax and Exceptional Items**	**139,861**	**1,285**	**141,145**		**132,280**	**1,737**	**134,017**	
8.0	Exceptional Items	1,390	18	1,408		(240)	(83)	(323)	
9.0	**Profit/(Loss) After Exceptional Items**	**139,643**	**1,267**	**140,909**		**132,521**	**1,820**	**134,341**	
10.0	Current Tax	42,996	546	43,542		41,256	620	41,876	
11.0	Deferred Tax	(3,854)	(150)	(4,004)		(2,726)	(125)	(2,851)	
12.0	**Profit/(Loss) After Tax and Exceptional Items**	**100,501**	**870**	**101,371**		**93,991**	**1,325**	**95,316**	
13.0	Minority Interest					-		-	
14.0	**Profit/(loss) after tax, exceptional items and Minority Interest**	**100,501**	**870**	**101,371**		**93,991**	**1,325**	**95,316**	
15.0	**Other Comprehensive Income**								
15.1	Gains/(Losses) from translating the financial statements of foreign operations	(60)	0	(60)		(1,084)	-	(1,084)	
15.2	Fair value changes in available for sale financial assets	1,946	0	1,946		(8,211)	(19)	(8,230)	
15.3	Revaluation surplus on Property, plant and equipment	279	0	279		(1,036)	-	(1,036)	
15.4	Share of other comprehensive income of associates	29	0	29		(25)	-	(25)	
15.5	Income tax relating to components of other comprehensive income	(100)	0	(100)		1,390	6	1,396	
16.0	**Other Comprehensive Income for the year net of tax**	**2,094**	**0**	**2,095**		**(8,966)**	**(13)**	**(8,980)**	

Appendix III

BANKING SECTOR OTHER DISCLOSURES - DECEMBER 2015-Ksh.M	2014			2015			
	BANKS TOTAL	NBFIs TOTAL	GRAND TOTAL	BANKS TOTAL	NBFIs TOTAL	GRAND TOTAL (Ksh. M)	ANNUAL % GROWTH
NON-PERFORMING LOANS AND ADVANCES							
(a) Gross Non-performing loans and advances	104,137	4,163	108,300	143,234	4,097	147,331	36.0%
(b) Less: Interest in Suspense	17,721	202	17,923	22,569	610	23,179	29.3%
(c) Total Non-Performing Loans and Advances (a-b)	86,416	3,961	90,377	120,665	3,487	124,152	37.4%
(d) Less: Loan Loss Provision	41,019	814	41,833	49,796	993	50,789	21.4%
(e) Net Non-Performing Loans and Advances(c-d)	45,396	3,147	48,544	70,869	2,494	73,363	51.1%
(f) Discounted Value of Securities	42,574	3,147	45,721	66,219	2,494	68,713	50.3%
(g) Net NPLs Exposure (e-f)	2,823	-	2,823	4,650	-	4,650	64.7%
				-		-	-
INSIDER LOANS AND ADVANCES				-		-	-
(a) Directors, Shareholders and Associates	25,408	431	25,839	22,564	736	23,300	-9.8%
(b) Employees	60,592	852	61,444	66,346	1,002	67,348	9.6%
(c) Total Insider Loans and Advances and other facilities	86,001	1,282	87,283	88,910	1,738	90,648	3.9%
OFF-BALANCE SHEET ITEMS				-		-	-
(a) Letters of credit, guarantees, acceptances	408,531	75	408,605	385,956	256	386,212	-5.5%
(b) Forwards, swaps and options	267,049	-	267,049	336,233	-	336,233	25.9%
(c) Other contingent liabilities	31,842	-	31,842	39,119	-	39,119	22.9%
(d) Total Contingent Liabilities	**707,421**	**75**	**707,496**	**761,308**	**256**	**761,564**	7.6%
CAPITAL STRENGTH							
(a) Core capital	430,523	4,841	435,363	457,198	8,095	465,293	6.9%
(b) Minimum Statutory Capital	42,000	1,000	43,000	39,000	1,000	40,000	-7.0%
(c) Excess/(Deficiency)(a-b)	388,523	3,841	392,363	418,198	7,095	425,293	8.4%
(d) Supplementary Capital	84,053	1,731	85,784	83,067	1,453	84,520	-1.5%
(e) Total Capital (a+d)	**514,575**	**6,571**	**521,147**	**540,265**	**9,548**	**549,813**	5.5%
(f) Total risk weighted assets	2,606,297	43,534	2,649,831	2,855,529	52,672	2,908,201	9.8%
(g) Core Capital/Total Deposits Liabilities	**19.1%**	**13.3%**	**19.0%**	**18.7%**	**19.3%**	**19.0%**	0.0%
(h) Minimum statutory Ratio	**8.0%**	**8.0%**	**8.0%**	**8.0%**	**8.0%**	**8.0%**	
(i) Excess/(Deficiency) (g-h)	11.1%	5.3%	11.0%	10.7%	11.3%	11.0%	0.0%
(j) Core Capital /Total Risk Weighted Assets	**16.5%**	**11.1%**	**16.4%**	**16.0%**	**15.4%**	**16.0%**	0.0%
(k) Minimum Statutory Ratio	**8.0%**	**8.0%**	**8.0%**	**10.5%**	**10.5%**	**10.5%**	
(l) Excess (Deficiency) (j-k)	8.5%	3.1%	8.4%	5.5%	4.9%	5.9%	-2.5%
(m) Total Capital/Total Risk Weighted Assets	**19.7%**	**15.1%**	**19.7%**	**18.9%**	**18.1%**	**18.9%**	0.0%
(n) Minimum Statutory Ratio	**12.0%**	**12.0%**	**12.0%**	**14.5%**	**14.5%**	**14.5%**	0.0%
(o) Excess/(Deficiency) (m-n)	7.7%	3.1%	7.7%	4.4%	3.6%	5.2%	0.0%
LIQUIDITY							
(a) Liquidity Ratio	**37.8%**	**27.7%**	**37.8%**	**38.3%**	**25.1%**	**38.3%**	0.0%
(b) Minimum Statutory Ratio	**20.0%**	**20.0%**	**20.0%**	**20%**	**20%**	**20%**	0.0%
(c) Excess (Deficiency) (a-b)	17.8%	7.7%	17.8%	18.3%	5.1%	18.3%	0.0%
Performance Indicators							
Yield on Earning Assets	11.9%	11.7%	11.9%	12.7%	13.3%	12.7%	
Cost of Funding Earning Assets	3.6%	6.1%	3.7%	4.5%	7.4%	4.6%	
Interest Margin on Earning Assets	8.3%	5.6%	8.2%	8.2%	5.9%	8.1%	
Yield on Advances	12.8%	12.8%	12.8%	13.1%	13.5%	13.1%	
Cost of Deposits	4.8%	8.7%	4.9%	5.4%	10.8%	5.5%	
Return on Assets (ROA)	3.4%	2.1%	4.4%	2.9%	2.5%	2.9%	
Return on Equity (ROE)	26.7%	21.3%	28.1%	23.9%	19.2%	23.8%	
Overheads to Earnings	41.1%	32.5%	40.9%	41.6%	28.8%	41.3%	
Gross NPLs/Gross Loans	5.3%	8.9%	5.4%	6.8%	6.1%	6.8%	
RATINGS							
Capital Adequacy	3.00	3.00	3.00		3.00	3.00	
Asset Quality	1.00	1.00	1.00		1.00	1.00	
Earnings	1.00	2.00	1.00		2.00	2.00	
Liquidity	1.00	2.00	1.00		3.00	1.00	
Composite Score	1.50	2.00	1.00		2.25	1.00	
Performance Category	**Satisfactory**	**Satisfactory**	**Strong**		**Satisfactory**	**Strong**	

Rating	PERFORMANCE CATEGORY	CAPITAL ADEQUACY Total Capital/TRWA (%)	ASSET QUALITY (NPA-Provisions)/ Gross Advances (%)	MANAGEMENT Total Weighted Score	EARNINGS Net Profits/Total Assets (%)	LIQUIDITY Net Liquid Assets/Total (%)	COMPO-SITE RATING Average Score
1	Strong	19.50% and above	0-5%	1.0 - 1.4	Over 3%	Over 34%	1.0-1.4
2	Satisfactory	15.60%-19.49%	5.1%-10.0%	1.5 - 2.4	2.0%-2.9%	26%-34%	1.5-2.4
3	Fair	12.00%-15.59%	10.1%-15.0%	2.5 - 3.4	1.0%-1.9%	20%-25%	2.5-3.4
4	Marginal	8.31%-11.99%	15.1%-20.0%	3.5 - 4.4	0.0%-0.9%	15%-19%	3.5-4.4
5	Unsatisfactory	8.30 and below	Over 20%	4.5 - 5.0	Net Loss	Under 15%	4.5-5.0

Source: Banks Published Financial Statements

Appendix IV

BANKING SECTOR MARKET SHARE - DECEMBER 2015

		MARKET SIZE INDEX*	NET ASSETS	% OF THE MARKET	TOTAL DEPOSITS	% OF THE MARKET	TOTAL SHAREHO-LDERS' FUNDS	% OF THE MARKET	TOTAL NUMBER OF DEPOSIT ACCOUNTS (Millions)	% OF THE MARKET	TOTAL NUMBER OF LOAN ACCOUNTS (Millions)	% OF THE MARKET
			Ksh. M		Ksh M.		Ksh M.					
	Weighting		**0.33**		**0.33**		**0.33**		**0.005**		**0.005**	
	Large Peer Group>5%											
1	Kenya Commercial Bank Ltd	14.10%	467,741	13.4%	347,702	14.0%	80,886	15.0%	3.795	10.95%	1.259	14.8%
2	Co-operative Bank of Kenya Ltd	9.83%	339,550	9.7%	263,709	10.6%	49,311	9.1%	2.849	8.22%	1.191	14.0%
3	Equity Bank Ltd	9.44%	341,329	9.8%	236,610	9.5%	47,440	8.8%	8.780	25.34%	0.947	11.1%
4	Standard Chartered Bank (K) Ltd	7.00%	234,131	6.7%	172,036	6.9%	40,914	7.6%	0.218	0.63%	0.054	0.6%
5	Barclays Bank of Kenya Ltd	6.94%	241,153	6.9%	165,359	6.7%	39,716	7.3%	1.502	4.34%	0.320	3.8%
6	Commercial Bank of Africa Ltd	5.58%	198,484	5.7%	148,537	6.0%	22,708	4.2%	12.934	37.33%	2.691	31.6%
7	Diamond Trust Bank (K) Ltd	5.32%	190,948	5.5%	126,229	5.1%	29,996	5.5%	0.656	1.89%	0.013	0.2%
	Sub-Total	**58.21%**	**2,013,336**	**57.65%**	**1,460,181**	**58.74%**	**310,971**	**57.53%**	**30.734**	**88.70%**	**6.477**	**76.1%**
	Medium Peer Group> 1% & < 5%											
8	CfC Stanbic Bank (K) Ltd	4.92%	198,578	5.4%	108,130	4.2%	28,251	5.3%	0.134	0.39%	0.033	0.4%
9	NIC Bank Ltd	4.50%	156,762	4.5%	105,194	4.2%	26,454	4.9%	0.091	0.26%	0.032	0.4%
10	I&M Bank Ltd	4.37%	147,846	4.2%	103,741	4.2%	26,187	4.8%	0.099	0.29%	0.011	0.1%
11	National Bank of Kenya Ltd	3.42%	125,295	3.6%	110,622	4.4%	10,914	2.0%	0.695	2.01%	1.608	18.9%
12	Citibank N.A. Kenya	2.84%	88,147	2.5%	62,022	2.5%	19,407	3.6%	0.002	0.01%	0.001	0.0%
13	Family Bank Ltd.	2.36%	81,190	2.3%	62,731	2.5%	11,927	2.2%	1.794	5.18%	0.159	1.9%
14	Bank of Baroda (K) Ltd	2.04%	68,178	2.0%	52,929	2.1%	11,273	2.1%	0.043	0.13%	0.002	0.0%
15	Prime Bank Ltd	1.82%	65,001	1.9%	50,819	2.0%	8,725	1.6%	0.024	0.07%	0.004	0.0%
16	Bank of Africa (K) Ltd	1.81%	69,280	2.0%	47,488	1.9%	8,496	1.6%	0.082	0.24%	0.025	0.3%
17	Housing Finance Ltd	1.76%	68,809	2.0%	41,888	1.7%	9,090	1.7%	0.074	0.21%	0.003	0.0%
18	Ecobank Kenya Ltd	1.42%	52,427	1.5%	34,479	1.4%	7,561	1.4%	0.039	0.11%	0.007	0.1%
19	Bank of India	1.16%	42,163	1.2%	24,613	1.0%	7,183	1.3%	0.016	0.05%	0.001	0.0%
	Sub-Total	**32.42%**	**1,163,676**	**32.99%**	**804,654**	**32.24%**	**175,467**	**32.54%**	**3.095**	**8.93%**	**1.887**	**22.2%**
	Small Peer Group<1%											
20	Guaranty Trust Bank Ltd	0.97%	29,374	0.8%	15,490	0.6%	7,906	1.5%	0.017	0.05%	0.026	0.3%
21	Gulf African Bank Ltd	0.72%	24,714	0.7%	19,024	0.8%	3,877	0.7%	0.069	0.20%	0.008	0.1%
22	Sidian Bank Ltd	0.60%	19,107	0.5%	13,380	0.5%	3,837	0.7%	0.245	0.71%	0.045	0.5%
23	African Banking Corporation Ltd	0.59%	22,058	0.6%	15,774	0.6%	2,837	0.5%	0.033	0.09%	0.002	0.0%
24	Victoria Commercial Bank Ltd	0.59%	20,020	0.6%	14,024	0.6%	3,512	0.6%	0.004	0.01%	0.001	0.0%
25	Jamii Bora Bank Ltd	0.50%	16,782	0.5%	10,946	0.4%	3,163	0.6%	0.122	0.35%	0.022	0.3%
26	Giro Commercial Bank Ltd	0.49%	15,810	0.5%	12,802	0.5%	2,835	0.5%	0.008	0.02%	0.002	0.0%
27	Development Bank of Kenya Ltd	0.46%	16,943	0.5%	9,665	0.4%	2,844	0.5%	0.002	0.01%	0.001	0.0%
28	Guardian Bank Ltd	0.43%	14,609	0.4%	12,495	0.5%	1,984	0.4%	0.010	0.03%	0.001	0.0%
29	Equatorial Commercial Bank Ltd	0.40%	14,470	0.4%	10,378	0.4%	2,069	0.4%	0.021	0.06%	0.008	0.1%
30	First Community Bank Ltd	0.40%	14,613	0.4%	12,350	0.5%	1,613	0.3%	0.124	0.36%	0.003	0.0%
31	Fidelity Commercial Bank Ltd	0.39%	15,025	0.4%	10,403	0.4%	1,745	0.3%	0.009	0.03%	0.002	0.0%
32	Habib Bank Ltd	0.39%	10,230	0.3%	10,116	0.4%	2,573	0.5%	0.004	0.01%	0.000	0.0%
33	Consolidated Bank of Kenya Ltd	0.37%	14,136	0.4%	9,996	0.4%	1,615	0.3%	0.049	0.14%	0.004	0.0%
34	Habib Bank A.G. Zurich	0.36%	14,440	0.4%	6,861	0.3%	2,147	0.4%	0.006	0.02%	0.000	0.0%
35	Trans - National Bank Ltd	0.33%	10,533	0.3%	7,593	0.3%	2,033	0.4%	0.056	0.16%	0.007	0.1%
36	Paramount Universal Bank Ltd	0.30%	10,526	0.3%	8,067	0.3%	1,536	0.3%	0.009	0.02%	0.003	0.0%
37	Oriental Commercial Bank Ltd	0.30%	8,496	0.2%	6,218	0.3%	2,240	0.4%	0.005	0.01%	0.001	0.0%
38	Credit Bank Ltd	0.28%	10,287	0.3%	7,267	0.3%	1,392	0.3%	0.017	0.05%	0.006	0.1%
39	UBA Kenya Ltd	0.20%	7,781	0.2%	4,137	0.2%	1,119	0.2%	0.006	0.02%	0.001	0.0%
40	Middle East Bank (K) Ltd	0.19%	5,678	0.2%	4,099	0.2%	1,263	0.2%	0.002	0.01%	0.001	0.0%
	Sub-Total	**9.24%**	**315,631**	**9.04%**	**221,084**	**8.89%**	**54,140**	**10.02%**	**0.820**	**2.37%**	**0.143**	**1.7%**
	Grand-Total	**100%**	**3,492,643**	**100%**	**2,485,920**	**100%**	**540,578**	**100%**	**34.650**	**100%**	**8.507**	**100%**

* - Market share index is the composite of net assets, deposits, capital , number of deposit accounts and number of loan accounts.

Source: Banks Published Financial Statements

Appendix V

	BANKING SECTOR PROFITABILITY- DECEMBER 2015					
		1	2	3	4	5
			RETURN ON ASSETS		RETURN ON EQUITY	
	BANKS	PROFIT BEFORE TAX	NET ASSETS	RETURN ON ASSETS(1/2)	SHAREHOLDERS EQUITY	RETURN ON EQUITY(1/4)
		Ksh. M	Ksh. M		Ksh. M	
1	Kenya Commercial Bank Ltd	23,445	467,741	5.01%	80,886	29.0%
2	Equity Bank Ltd.	22,388	341,329	6.56%	47,440	47.2%
3	Co - operative Bank of Kenya Ltd	14,073	339,550	4.14%	49,311	28.5%
4	Barclays Bank of Kenya Ltd	12,074	241,153	5.01%	39,716	30.4%
5	Standard Chartered Bank (K) Ltd	8,974	234,131	3.83%	40,914	21.9%
6	I&M Bank Ltd	8,367	147,846	5.66%	26,187	32.0%
7	CfC Stanbic Bank (K) Ltd	7,077	198,578	3.56%	28,251	25.1%
8	Diamond Trust Bank (K) Ltd	7,055	190,948	3.69%	29,996	23.5%
9	NIC Bank Ltd	6,260	156,762	3.99%	26,454	23.7%
10	Commercial Bank of Africa Ltd	6,227	198,484	3.14%	22,708	27.4%
11	Citibank N.A. Kenya	5,577	88,147	6.33%	19,407	28.7%
12	Family Bank Ltd.	2,883	81,190	3.55%	11,927	24.2%
13	Prime Bank Ltd	2,593	65,001	3.99%	8,725	29.7%
14	Bank of Baroda (K) Ltd	2,486	68,178	3.65%	11,273	22.0%
15	Bank of India	1,470	42,163	3.49%	7,183	20.5%
17	Gulf African Bank Ltd	1,093	24,714	4.42%	3,877	28.2%
18	Victoria Commercial Bank Ltd	677	20,020	3.38%	3,512	19.3%
19	Guaranty Trust Bank Ltd	547	29,374	1.86%	7,906	6.9%
20	Sidian Bank Ltd	520	19,107	2.72%	3,837	13.5%
21	Habib Bank A.G. Zurich	510	14,440	3.53%	2,573	19.8%
22	Habib Bank Ltd	485	10,230	4.74%	2,147	22.6%
23	Giro Commercial Bank Ltd	479	15,810	3.03%	2,835	16.9%
24	African Banking Corporation Ltd	355	22,058	1.61%	2,837	12.5%
25	Guardian Bank Ltd	329	14,609	2.25%	1,984	16.6%
26	Trans - national Bank Ltd	252	10,533	2.39%	2,033	12.4%
27	Development Bank of Kenya Ltd	178	16,943	1.05%	2,844	6.3%
28	Paramount Universal Bank Ltd	169	10,526	1.60%	1,536	11.0%
29	Ecobank Kenya Ltd	93	52,427	0.18%	7,561	1.2%
30	Consolidated Bank of Kenya Ltd	49	14,136	0.35%	1,615	3.0%
31	Middle East Bank (K) Ltd	43	5,678	0.75%	1,263	3.4%
32	Oriental Commercial Bank Ltd	42	8,496	0.49%	2,240	1.9%
33	Jamii Bora Bank Ltd	36	16,782	0.22%	3,163	1.2%
34	First Community Bank Ltd	11	14,613	0.07%	1,613	0.7%
35	Credit Bank Ltd	(179)	10,287	-1.74%	1,392	-12.8%
36	Fidelity Commercial Bank Ltd	(277)	15,025	-1.84%	1,745	-15.9%
37	UBA Kenya Ltd	(304)	7,781	-3.91%	1,119	-27.2%
38	Equatorial Commercial Bank Ltd	(655)	14,470	-4.53%	2,069	-31.7%
39	Bank of Africa (K) Ltd	(1,434)	69,280	-2.07%	8,496	-16.9%
40	National Bank of Kenya Ltd	(1,684)	125,295	-1.34%	10,914	-15.4%
41	Chase Bank Ltd*	-	-	-	-	-
42	Imperial Bank Ltd *	-	-	-	-	-
43	Charterhouse Bank Ltd **	-	-	-	-	-
	Sub-Total	**132,280**	**3,423,835**	**3.86%**	**542,572**	**24.4%**
	NBFI'S					
1	Housing Finance Company of Kenya Ltd	1,737	68,809	2.52%	9,090	19.1%
	Sub-Total	**1,737**	**68,809**		**9,090**	
	Grand Total	**134,017**	**3,492,643**	**3.84%**	**551,662**	**24.3%**
	*- Banks in receivership					
	** - Bank under statutory management					

Appendix VI

BANKING SECTOR GROSS LOANS AND NON-PERFORMING LOANS (NPLs)

	Banks	Gross Loans and Advances, Ksh.M		Gross Non-performing Loans, Ksh.M	
		2014	2015	2014	2015
1	Kenya Commercial Bank Ltd	257,399	324,284	13,368	19,289
2	Equity Bank Ltd.	192,973	229,394	7,469	6,832
3	Co - operative Bank of Kenya Ltd	181,370	212,711	7,982	8,189
4	Barclays Bank of Kenya Ltd	128,204	148,846	4,554	5,336
5	Diamond Trust Bank (K) Ltd	95,258	128,266	1,199	3,656
6	Standard Chartered Bank (K) Ltd	128,768	122,905	10,752	14,698
7	NIC Bank Ltd	97,984	111,286	5,969	13,195
8	Commercial Bank of Africa Ltd	92,667	107,683	3,770	4,723
9	I&M Bank Ltd	91,163	104,302	1,913	5,072
10	CfC Stanbic Bank (K) Ltd	89,797	103,535	3,370	4,858
11	National Bank of Kenya Ltd	68,093	72,842	7,237	11,762
12	Family Bank Ltd.	39,681	57,975	2,847	3,515
13	Housing Finance Ltd	46,260	54,624	4,163	4,097
14	Prime Bank Ltd	35,060	41,617	666	989
15	Bank of Africa (K) Ltd	39,236	41,075	2,412	9,744
16	Bank of Baroda (K) Ltd	29,002	32,263	1,065	2,364
17	Ecobank Kenya Ltd	24,116	30,902	2,461	2,444
18	Citibank N.A. Kenya	24,541	27,683	881	1,768
19	Bank of India	12,438	17,973	71	364
20	Gulf African Bank Ltd	14,068	15,864	1,033	1,398
21	African Banking Corporation Ltd	13,513	15,538	885	2,677
22	Sidian Bank Ltd	11,214	13,317	776	1,608
23	Victoria Commercial Bank Ltd	10,979	13,124	-	-
24	Guaranty Trust Bank Ltd	12,851	12,826	472	570
25	First Community Bank Ltd	9,990	11,532	1,518	2,777
26	Jamii Bora Bank Ltd	6,464	10,767	602	778
27	Equatorial Commercial Bank Ltd	11,555	10,400	3,028	3,388
28	Consolidated Bank of Kenya Ltd	10,766	10,155	2,811	1,958
29	Fidelity Commercial Bank Ltd	10,467	10,037	811	1,604
30	Guardian Bank Ltd	10,295	9,926	787	1,029
31	Giro Commercial Bank Ltd	7,786	9,389	250	185
32	Development Bank of Kenya Ltd	9,332	9,094	1,322	1,870
33	Credit Bank Ltd	5,887	7,388	586	515
34	Trans - national Bank Ltd	6,609	7,339	529	733
35	Paramount Universal Bank Ltd	5,389	6,485	1,063	815
36	Oriental Commercial Bank Ltd	5,078	5,582	552	831
37	Habib Bank A.G. Zurich	3,443	5,329	84	116
38	Habib Bank Ltd	4,707	4,271	342	434
39	Middle East Bank (K) Ltd	3,719	4,009	1,116	1,093
40	UBA Kenya Ltd	785	2,790	52	58
41	Chase Bank Ltd*	55,837		3,196	
42	Imperial Bank Ltd*	31,827	-	2,020	-
43	Dubai Bank Ltd**	4,208		2,314	
44	Charterhouse Bank Ltd***		-		-
	TOTAL	**1,940,781**	**2,165,329**	**108,300**	**147,331**

***Source**: Banks Published Financial Statements*

*- Banks under Receivership

**-Bank in liquidation

*** - Bank under Statutory Management

Appendix VII

	BANKING SECTOR CAPITAL AND RISK WEIGHTED ASSETS - DECEMBER 2015					
	BANKS	CORE CAPITAL	TOTAL CAPITAL	OVERALL RISK WEIGHTED ASSETS	CORE CAPITAL TO RISK WEIGHTED ASSETS RATIO	TOTAL CAPITAL TO RISK WEIGHTED ASSETS RATIO
		Ksh. M	Ksh. M	Ksh. M		
1	Kenya Commercial Bank Ltd	56,103	61,072	397,490	14.1%	15.4%
2	Equity Bank Ltd.	47,659	52,887	325,484	14.6%	16.2%
3	Co - operative Bank of Kenya Ltd	43,283	63,372	298,137	14.5%	21.3%
4	Barclays Bank of Kenya Ltd	35,419	41,222	224,121	15.8%	18.4%
5	Standard Chartered Bank (K) Ltd	33,259	40,147	189,747	17.5%	21.2%
6	CfC Stanbic Bank (K) Ltd	25,881	30,351	162,284	15.9%	18.7%
7	Diamond Trust Bank (K) Ltd	25,421	30,299	171,281	14.8%	17.7%
8	I&M Bank Ltd	23,559	26,544	138,179	17.0%	19.2%
9	NIC Bank Ltd	21,529	30,357	148,256	14.5%	20.5%
10	Citibank N.A. Kenya	18,448	19,101	67,435	27.4%	28.3%
11	Commercial Bank of Africa Ltd	17,099	25,201	140,604	12.2%	17.9%
12	Family Bank Ltd.	11,329	13,884	73,606	15.4%	18.9%
13	Bank of Baroda (K) Ltd	11,181	11,547	42,539	26.3%	27.1%
14	National Bank of Kenya Ltd	9,784	10,531	75,266	13.0%	14.0%
15	Ecobank Kenya Ltd	9,083	9,904	39,685	22.9%	25.0%
16	Prime Bank Ltd	8,351	8,351	48,318	17.3%	17.3%
17	Bank of Africa (K) Ltd	6,970	8,651	52,778	13.2%	16.4%
18	Bank of India	6,948	7,144	16,889	41.1%	42.3%
19	Guaranty Trust Bank Ltd	5,023	5,172	18,647	26.9%	27.7%
20	Gulf African Bank Ltd	3,877	3,877	24,593	15.8%	15.8%
21	Sidian Bank Ltd	3,756	3,785	15,340	24.5%	24.7%
22	Victoria Commercial Bank Ltd	3,342	3,475	18,004	18.6%	19.3%
23	Giro Commercial Bank Ltd	2,715	2,835	11,781	23.0%	24.1%
24	Habib Bank A.G. Zurich	2,495	2,573	9,577	26.0%	26.9%
25	Jamii Bora Bank Ltd	2,186	2,300	14,151	15.4%	16.3%
26	African Banking Corporation Ltd	2,181	3,012	18,304	11.9%	16.5%
27	Oriental Commercial Bank Ltd	2,031	2,108	6,172	32.9%	34.2%
28	Guardian Bank Ltd	1,984	1,984	11,256	17.6%	17.6%
29	Trans - national Bank Ltd	1,928	2,033	9,473	20.4%	21.5%
30	Habib Bank Ltd	1,856	2,147	5,776	32.1%	37.2%
31	Development Bank of Kenya Ltd	1,745	2,018	7,394	23.6%	27.3%
32	Equatorial Commercial Bank Ltd	1,628	2,033	11,649	14.0%	17.5%
33	First Community Bank Ltd	1,519	2,024	13,249	11.5%	15.3%
34	Paramount Universal Bank Ltd	1,450	1,532	6,349	22.8%	24.1%
35	Fidelity Commercial Bank Ltd	1,389	1,700	10,276	13.5%	16.5%
36	Credit Bank Ltd	1,345	1,403	8,964	15.0%	15.7%
37	Middle East Bank (K) Ltd	1,247	1,257	3,793	32.9%	33.1%
38	UBA Kenya Ltd	1,107	1,119	4,704	23.5%	23.8%
39	Consolidated Bank of Kenya Ltd	1,086	1,312	13,974	7.8%	9.4%
40	Chase Bank Ltd*	-	-	-	-	-
41	Imperial Bank Ltd *	-	-	-	-	-
42	Charterhouse Bank Ltd **	-	-	-	-	-
	Sub-Total	**457,198**	**540,265**	**2,855,529**	**16.0%**	**18.9%**
	NBFI'S					
1	Housing Finance Company of Kenya Ltd	8,095	9,548	52,672	15.4%	18.1%
	Sub-Total	**8,095**	**9,548**	**52,672**	15.4%	18.1%
	Grand Total	**465,293**	**549,813**	**2,908,201**	**16.0%**	**18.9%**

**- Banks in receivership.
** - The bank is under statutory management.

									Appendix VIII
	BANKING SECTOR ACCESS TO FINANCIAL SERVICES - DECEMBER 2015								
			Total Number of Deposit Accounts						
		Peer	**DECEMBER 2014**			**DECEMBER 2015**			
	BANKS	**Group - 2014**	**< 100,000**	**>100,000**	**Total**	**< 100,000**	**>100,000**	**Total**	**% change**
1	Kenya Commercial Bank Ltd	Large	2,170,746	153,271	2,324,017	3,623,417	171,162	3,794,579	63.28%
2	Co - operative Bank of Kenya Ltd	Large	2,416,683	158,594	2,575,277	2,674,156	175,029	2,849,185	10.64%
3	Equity Bank Ltd	Large	8,198,409	238,609	8,437,018	8,516,351	263,799	8,780,150	4.07%
4	Barclays Bank of Kenya Ltd	Large	1,269,041	104,797	1,373,838	1,393,429	108,992	1,502,421	9.36%
5	Standard Chartered Bank Ltd	Large	152,586	62,512	215,098	156,623	61,209	217,832	1.27%
6	Commercial Bank of Africa Ltd	Large	9,330,505	19,965	9,350,470	12,911,238	22,707	12,933,945	38.32%
7	Diamond Trust Bank Kenya Ltd	Large	553,596	28,879	582,475	617,034	38,509	655,543	12.54%
8	CfC Stanbic Bank Ltd	Medium	92,040	21,783	113,823	108,795	25,506	134,301	17.99%
9	NIC Bank Ltd	Medium	56,884	22,327	79,211	66,358	24,432	90,790	14.62%
10	I & M Bank Ltd	Medium	52,398	29,334	81,732	65,327	33,591	98,918	21.03%
11	National Bank of Kenya Ltd	Medium	536,375	35,658	572,033	648,178	47,214	695,392	21.57%
12	Chase Bank Ltd*	Medium	42,247	12,470	54,717	-	-	-	-
13	Citibank N.A.	Medium	2,993	1,418	4,411	563	1,472	2,035	-53.87%
14	Family Bank Ltd	Medium	1,489,604	48,382	1,537,986	1,727,149	66,515	1,793,664	16.62%
15	Bank of Baroda Ltd	Medium	22,899	21,016	43,915	20,637	22,825	43,462	-1.03%
16	Bank of Africa Kenya Ltd	Medium	46,713	8,866	55,579	73,120	9,344	82,464	48.37%
17	Imperial Bank Ltd*	Medium	34,281	18,117	52,398	-	-	-	-
18	Prime Bank Ltd	Medium	10,187	12,781	22,968	11,050	13,247	24,297	5.79%
19	Housing Finance Co. of Kenya Ltd	Medium	56,218	12,051	68,269	61,681	12,728	74,409	8.99%
20	Ecobank Ltd	Medium	44,372	9,078	53,450	30,880	8,500	39,380	-26.32%
21	Bank of India	Medium	7,029	9,191	16,220	8,505	7,869	16,374	0.95%
22	Guaranty Trust Bank Ltd	Small	11,609	5,750	17,359	12,242	5,197	17,439	0.46%
23	Gulf African Bank Ltd	Small	50,100	9,374	59,474	58,273	10,562	68,835	15.74%
24	African Banking Corporation Ltd	Small	26,010	5,286	31,296	27,923	4,960	32,883	5.07%
25	Victoria Commercial Bank Ltd	Small	1,122	2,307	3,429	1,243	2,427	3,670	7.03%
26	Sidian Bank Ltd	Small	334,210	8,421	342,631	239,372	5,330	244,702	-28.58%
27	Giro Commercial Bank Ltd	Small	4,570	4,960	9,530	3,711	4,570	8,281	-13.11%
28	Fidelity Commercial Bank Ltd	Small	4,610	4,483	9,093	5,150	3,825	8,975	-1.30%
29	Development Bank of Kenya Ltd	Small	881	1,096	1,977	928	976	1,904	-3.69%
30	Jamii Bora Bank Ltd	Small	70,104	1,902	72,006	118,498	3,753	122,251	69.78%
31	Equatorial Bank Ltd	Small	15,411	3,367	18,778	17,054	3,651	20,705	10.26%
32	First Community Bank Ltd	Small	88,402	15,797	104,199	98,434	25,128	123,562	18.58%
33	Guardian Bank Ltd	Small	6,644	2,913	9,557	7,225	3,237	10,462	9.47%
34	Consolidated Bank of Kenya Ltd	Small	42,349	6,107	48,456	43,009	6,089	49,098	1.32%
35	Habib Bank A.G. Zurich	Small	3,060	2,899	5,959	2,734	2,858	5,592	-6.16%
36	Trans- National Bank Ltd	Small	42,774	3,425	46,199	52,474	3,181	55,655	20.47%
37	Habib Bank Ltd	Small	2,070	1,904	3,974	2,035	1,957	3,992	0.45%
38	Paramount Universal Bank Ltd	Small	1,801	5,164	6,965	1,768	6,792	8,560	22.90%
39	Oriental Commercial Bank Ltd	Small	3,730	1,518	5,248	3,384	1,458	4,842	-7.74%
40	Credit Bank Ltd	Small	10,263	2,585	12,848	14,321	2,496	16,817	30.89%
41	Middle East Bank Ltd	Small	850	1,151	2,001	830	973	1,803	-9.90%
42	UBA Bank Ltd	Small	4,931	434	5,365	5,176	417	5,593	4.25%
43	Charterhouse Bank Ltd	Small	3,478	1,282	4,760	3,478	1,343	4,821	1.28%
44	Dubai Bank Ltd**	Small	6,205	838	7,043	-	-	-	
	Sub-Totals		**27,320,990**	**1,122,062**	**28,443,052**	**33,433,753**	**1,215,830**	**34,649,583**	**21.82%**
	Microfinance Banks								
1	Kenya Women Microfinance Bank Limited	Large	1,145,615	8,340	1,153,955	1,020,716	9,251	1,029,967	-10.74%
2	Faulu Microfinance Bank Limited	Large	536,530	10,850	547,380	494,145	10,701	504,846	-7.77%
3	Rafiki Microfinance Bank Limited	Large	97,237	3,140	100,377	118,959	3,814	122,773	22.31%
4	SMEP Microfinance Bank Limited	Medium	425,169	838	426,007	455,164	1150	456,314	7.11%
5	REMU Microfinance Bank Limited	Small	5,165	84	5,249	7,419	87	7,506	43.00%
6	Century Microfinance Bank Limited	Small	8,923	33	8,956	16,071	47	16,118	79.97%
7	Sumac Microfinance Bank Limited	Small	1,553	76	1,629	2,487	112	2,599	59.55%
8	Uwezo Microfinance Bank Limited	Small	3,144	67	3,211	3,868	65	3,933	22.49%
9	U & I Microfinance Bank Limited	Small	7,792	35	7,827	8,444	51	8,495	8.53%
10	Caritas Microfinance Bank Limited	Small	-	-	-	2,529	44	2,573	-
11	Choice Microfinance Bank Limited	Small	-	-	-	2,745	26	2,771	-
12	Daraja Microfinance Bank Limited	Small	-	-	-	1,008	20	1,028	-
	Sub-Totals		**2,231,128**	**23,463**	**2,254,591**	**2,133,555**	**25,368**	**2,158,923**	**-4.24%**
	Grand Total		**29,552,118**	**1,145,525**	**30,697,643**	**35,567,308**	**1,241,198**	**36,808,506**	**19.91%**

Source: *Banks Published Financial Statements*

*- Banks in receivership.

** - Bank paced under liquidation in 2015.

	Appendix IX							
	BANKING SECTOR PROTECTED DEPOSITS							
		DECEMBER 2014			**DECEMBER 2015**			
	BANKS	**PEER GROUP 2015**	**INSURED DEPOSITS Ksh. M**	**CUSTOMER DEPOSITS Ksh. M**	**INSURED DEPOSITS Ksh. M**	**CUSTOMER DEPOSITS Ksh. M**	**CHANGE IN INSURED DEPOSITS**	**CHANGE IN CUSTOMER DEPOSITS**
1	Kenya Commercial Bank Ltd	Large	29,275	276,750	32,938	347,564	11.12%	25.59%
2	Co - operative Bank of Kenya Ltd	Large	33,129	219,416	36,992	266,614	10.44%	21.51%
3	Equity Bank Ltd	Large	57,851	202,560	63,258	237,025	8.55%	17.01%
4	Barclays Bank of Kenya Ltd	Large	16,287	176,915	17,378	188,820	6.28%	6.73%
5	Standard Chartered Bank Ltd	Large	8,187	161,904	8,428	174,462	2.86%	7.76%
6	Commercial Bank of Africa Ltd	Large	7,874	121,963	5,205	148,321	-51.29%	21.61%
7	Diamond Trust Bank Ltd	Large	4,042	102,060	5,229	126,577	22.70%	24.02%
8	CfC Stanbic Bank Ltd	Medium	3,760	102,244	3,812	109,132	1.36%	6.74%
9	NIC Bank Ltd	Medium	3,077	91,997	3,493	104,988	11.91%	14.12%
10	I & M Bank Ltd	Medium	3,765	87,185	4,316	104,466	12.76%	19.82%
11	National Bank of Kenya Ltd	Medium	6,725	104,458	9,603	110,864	29.97%	6.13%
12	Chase Bank Ltd*	Medium	1,767	79,149	-	-	-	-
13	Citibank N.A.	Medium	150	56,518	155	65,121	3.38%	15.22%
14	Family Bank Ltd	Medium	8,538	47,318	9,877	62,731	13.56%	32.57%
15	Bank of Baroda Ltd	Medium	2,558	48,683	2,718	52,929	5.90%	8.72%
16	Bank of Africa Ltd	Medium	1,347	49,674	1,645	53,167	18.13%	7.03%
17	Imperial Bank Ltd*	Medium	2,310	48,168				
18	Prime Bank Ltd	Medium	1,485	45,022	1,549	50,798	4.15%	12.83%
19	Housing Finance Co. of Kenya Ltd	Medium	1,907	36,310	1,959	41,881	2.65%	15.34%
20	Ecobank Ltd	Medium	1,417	32,363	1,032	34,257	-37.28%	5.85%
21	Bank of India Ltd	Medium	1,130	24,668	958	26,660	-17.94%	8.08%
22	Guaranty Trust Bank Ltd	Small	732	23,030	656	19,418	-11.59%	-15.69%
23	Gulf African Bank Ltd	Small	1,463	15,335	1,636	18,408	10.59%	20.04%
24	African Banking Corporation Ltd	Small	903	16,050	859	15,774	-5.07%	-1.72%
25	Victoria Commercial Bank Ltd	Small	262	12,289	277	14,024	5.27%	14.12%
26	Sidian Bank Ltd	Small	2,444	12,066	2,684	13,380	8.95%	10.89%
27	Giro Commercial Bank Ltd	Small	553	12,455	508	12,806	-8.93%	2.82%
28	Fidelity Commercial Bank Ltd	Small	515	14,216	456	10,815	-12.93%	-23.92%
29	Development Bank of Kenya Ltd	Small	128	10,800	116	11,700	-10.57%	8.34%
30	Jamii Bora Bank Ltd	Small	441	8,497	727	10,946	39.38%	28.82%
31	Equatorial Bank Ltd	Small	448	14,331	498	10,376	10.10%	-27.59%
32	First Community Bank Ltd	Small	2,105	13,339	3,158	12,396	33.34%	-7.07%
33	Guardian Bank Ltd	Small	384	12,643	424	12,494	9.48%	-1.18%
34	Consolidated Bank of Kenya Ltd	Small	988	11,125	955	10,319	-3.48%	-7.24%
35	Habib Bank A.G. Zurich	Small	374	8,929	363	10,082	-3.16%	12.91%
36	Trans-National Bank Ltd	Small	537	7,659	550	7,589	2.36%	-0.91%
37	Habib Bank Ltd	Small	252	6,399	249	6,861	-1.21%	7.22%
38	Paramount Universal Bank Ltd	Small	670	8,035	827	8,147	18.96%	1.39%
39	Oriental Commercial Bank Ltd	Small	194	6,231	188	6,218	-3.05%	-0.21%
40	Credit Bank Ltd	Small	342	7,323	346	7,520	1.27%	2.68%
41	Middle East Bank Ltd	Small	134	4,632	115	4,099	-16.81%	-11.50%
42	UBA Kenya Bank Ltd	Small	67	3,136	64	3,446	-4.10%	9.88%
43	Charterhouse Bank Ltd***	Small	172	3,613	180	3,784	4.62%	4.74%
44	Dubai Bank Ltd	Small	131	1,751	-	-	-	-
	Totals		**210,820**	**2,349,209**	**226,383**	**2,536,980**	**7.38%**	**7.99%**
	Microfinance Banks							
1	Kenya Women Microfinance Bank Limited	Large	9,229	17,076	9,635	17,918	4.21%	4.93%
2	Faulu Microfinance Bank Limited	Large	3,274	13,987	3,014	16,270	-8.62%	16.32%
3	SMEP Microfinance Bank Limited	Medium	797	977	775	1,285	-2.78%	31.57%
4	Rafiki Microfinance Bank Limited	Large	630	2,847	2,161	4,144	70.85%	45.57%
5	REMU Microfinance Bank Limited	Small	26	175	35	158	24.65%	-9.52%
6	Century Microfinance Bank Limited	Small	26	135	32	105	19.13%	-22.26%
7	U & I Microfinance Bank Limited	Small	21	52	15	57	-42.04%	9.76%
8	Uwezo Microfinance Bank Limited	Small	20	64	21	41	4.29%	-36.52%

Appendix X

MICROFINANCE BANKS BALANCE SHEET - DECEMBER 2015 -Ksh. M

		KWFT	FAULU	RAFIKI	SMEP	REMU	SUMAC	CENTURY	UWEZO	U&I	CARITAS	CHOICE	DARAJA	TOTAL
STATEMENT OF FINANCIAL POSITION														
1.0	**ASSETS**													
1.1	Cash and bank balances	914	276	519	161	7	4	3	8	1	2	1	1	1,898
1.2	Short term deposits with banks	5,334	4,756	2,255	191	80	55	28	89	27	128	13	5	12,961
1.3	Government securities	-	721	-	-	-	-	-	-	-	-	-	-	721
1.4	Advances to customers (net)	22,094	16,584	4,270	1,728	257	433	79	97	142	11	19	36	45,749
1.5	Due from related organisations	-	-	-	-	-	-	-	-	-	-	-	-	-
1.6	Other receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
1.7	Tax recoverable	153	171	11	25	8	-	2	-	-	-	-	-	371
1.8	Deferred tax Asset	212	-	34	-	13	5	41	3	2	0	11	15	335
1.9	Other investment	400	43	-	-	3	0	-	-	-	-	-	-	445
1.10	Investment in associate companies	1	-	-	-	-	-	-	-	-	-	-	-	1
1.11	Intangible assets	155	465	50	72	9	24	26	8	2	15	20	15	861
1.12	Property and equipment	2,598	2,307	589	415	19	88	19	22	11	30	14	12	6,123
	TOTAL ASSETS	**31,861**	**25,324**	**7,729**	**2,592**	**397**	**608**	**197**	**226**	**184**	**186**	**77**	**83**	69,465
2.0	**LIABILITIES**													
2.1	Cash collaterals held	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Customer deposits	17,806	16,690	4,191	1,287	158	135	105	42	59	85	17	14	40,589
2.3	Borrowings	8,206	2,671	1,544	576	40	144	22	-	18	-	-	-	13,220
2.4	Deposit & balances due to banking institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
2.5	Deferred tax liability	-	58	-	32	-	-	-	-	-	-	-	-	90
2.6	Due to related organisations	-	-	-	-	-	-	-	-	-	-	-	-	-
2.7	Other liabilities	1,157	1,605	950	52	3	121	18	5	2	13	4	3	3,932
	TOTAL LIABILITIES	**27,169**	**21,024**	**6,686**	**1,947**	**202**	**400**	**144**	**47**	**78**	**98**	**21**	**16**	57,832
3.0	**SHARE CAPITAL & RESERVES**													
3.1	Share capital	186	480	1,000	464	222	163	215	197	97	170	84	96	3,373
3.2	Share premium	2,851	2,900	-	80	16	36	-	-	-	-	2	8	5,892
3.3	Retained earnings	1,339	237	(38)	(53)	(47)	8	(162)	(17)	9	(82)	(29)	(37)	1,129
3.4	Revaluation reserve	-	213	-	133	0	-	-	-	-	-	-	-	346
3.5	Statutory reserve	316	470	81	22	4	-	-	-	-	-	-	1	893
3.6	**Total Shareholders' funds**	**4,692**	**4,299**	**1,043**	**645**	**195**	**207**	**53**	**180**	**107**	**88**	**57**	**67**	**11,633**
	TOTAL LIABILITIES AND EQUITY	**31,861**	**25,324**	**7,729**	**2,592**	**397**	**608**	**197**	**226**	**184**	**186**	**77**	**83**	**69,465**

Appendix XI

	MICROFINANCE BANKS PROFIT & LOSS ACCOUNT - DECEMBER 2015	KWFT	FAULU	RAFIKI	SMEP	REMU	SUMAC	CENTURY	UWEZO	U & I	CARITAS	CHOICE	DARAJA	TOTAL
1.0	**Income**	**Ksh. M**	**Ksh. M**	**Ksh. M**	**Ksh. M**	**Ksh. M**	**Ksh. M**	**Ksh. M**	**Ksh. M**	**Ksh. M**	**Ksh. M**	**Ksh. M**	**Ksh. M**	**Ksh. M**
1.1	Interest on Loan Portfolio	6,021	3,227	874	478	51	120	26	40	31	0	1	2	10,873
1.2	Fees and Commission on Loan Portfolio	697	405	132	65	12	13	9	9	9	0	1	1	1,353
1.3	Government Securities	2	85	-	-	-	-	-	-	-	-	-	-	88
1.4	Deposit and Balances with Banks and Financial Inst.	232	536	251	6	9	1	3	-	-	10	-	4	1,053
1.5	Other Investments	-	-	-	-	0	-	-	-	-	-	1	-	1
1.6	Other Operating Income	411	101	132	69	3	2	5	1	-	0	-	1	725
1.7	Non- Operating Income	-	1	-	-	-	-	-	-	1	-	-	-	2
	Total Income	**7,363**	**4,355**	**1,390**	**618**	**76**	**135**	**43**	**50**	**42**	**10**	**3**	**8**	**14,095**
2.0	**Expenses**													
2.1	Interest and Fee Expense on Deposits	942	1,387	231	39	14	30	8	4	2	1	0	0	2,657
2.2	Other Fees and Commissions expense	51	220	13	- 0	3	4	3	-	-	1	0	-	294
2.3	Provision for Loan Impairment	263	165	83	4	7	5	22	6	3	0	0	0	559
2.4	Staff Costs	2,669	1,048	406	227	41	16	31	18	9	24	19	15	4,524
2.5	Director's Emoluments	91	12	1	10	0	5	2	0	1	1	1	1	126
2.6	Rental Charges	252	165	105	67	8	8	5	4	2	9	3	2	630
2.7	Depreciation Charges	353	125	11	29	3	6	4	2	2	4	1	3	541
2.8	Amortization Charges	22	25	7	8	1	2	5	2	0	3	3	3	82
2.9	Other Administrative Expense	1,466	759	373	201	20	27	21	11	8	28	16	18	2,948
2.10	Non-Operating Expense	-	-	-	-	-	-	-	-	3	0	-	-	3
	Total Expenses	**6,106**	**3,908**	**1,229**	**586**	**97**	**101**	**101**	**48**	**30**	**70**	**43**	**43**	**12,364**
3.0	**Operating Profit**	**1,257**	**447**	**161**	**33**	**(21)**	**34**	**(58)**	**2**	**11**	**(60)**	**(40)**	**(35)**	**1,730**
4.0	Interest and Fee Expense on Borrowings(Finance Costs)	699	264	115	37	0	21	0	-	2		-	-	1,138
5.0	**Profit/(Loss) before tax**	**558**	**183**	**46**	**(4)**	**- 21**	**13**	**(58)**	**2**	**9**		**(40)**	**(35)**	**592**
6.0	Current Tax	172	67	17		-	6	-	1	3	-0	-		265
6.1	Deferred Tax	(8)	-	-	-3	- 6	0	(5)	-	-1	-	-11	10	-23
7.0	**Net Profit (After Taxes and Before Donations)**	**394**	115	29	(1)	- 15	7	(53)	0.2	7	(60)	(29)	(45)	616
8.0	Donations for Operating Expense	1	-			-				-				1
9.0	**Net Profit After Taxes**	**395**	**115**	**29**	**(1)**	**(15)**	**7**	**(53)**	**0.2**	**7**	**(60)**	**(29)**	**(45)**	616
9.1	Other Comprehensive Income		-								-	-		-
9.2	Surplus on revaluation of building	-	-		-	-	-	-		-	-	-		-
9.3	Deferred tax on revaluation surplus	-	-		-	-	-	-		-	-	-		-
9.4	**Total comprehensive income**	**395**	**115**	**29**	**(1)**	**(15)**	**7**	**(53)**	**0.2**	**7**	**(60)**	**(29)**	**(45)**	616

Appendix XII

	MICROFINANCE BANKS OTHER DISCLOSURES-DECEMBER 2015- Ksh. M													
		KWFT	FAULU	RAFIKI	SMEP	REMU	SUMAC	CENTURY	UWEZO	U & I	CARITAS	CHOICE	DARAJA	TOTAL
1	**NON-PERFORMING LOANS AND ADVANCES**													
(a)	Gross Non-Performing Loans and Advances	2,558	612	514	326	73	78	48	43	11	-	-	-	4,264
	Less:													
(b)	Interest in Suspense	188	109	11	29	15	-	13	10	1	-	-	-	376
(c)	Total Non-Performing Loans and Advances (a-b)	2370	503	503	297	59	78	35	33	9	-	-	-	3,888
	Less:													
(d)	Impairment Loss Allowance	625	249	157	262	14	22	35	6	4	-	-	-	1,373
(e)	Net Non-Performing Loans (c-d)	**1745**	**254**	**346**	**36**	**44**	**56**	**1**	**27**	**5**	**-**	**-**	**-**	2,515
2	**INSIDER LOANS AND ADVANCES**													
(a)	Directors, Shareholders and Associates	85	40	2	21	11	13	-	-	15	-	-	-	187
(b)	Employees	672	381	6	37	3	2	6	4	5	1	2	2	1,119
(c)	Total Insider Loans, Advances and Other Facilities	756	421	8	58	14	14	6	4	19	1	2	2	1,305
3	**OFF-BALANCE SHEET ITEMS**													
(a)	Guarantees and Commitments	-	333	928	-	-	-	-	-	-	-	-	-	1,261
(b)	Other Contingent Liabilities	45	556	676	-	-	-	-	-	-	-	-	-	1,276
(c)	Total Contingent Liabilities	45	889	1603	-	-	-	-	-	-	-	-	-	2,537
4	**CAPITAL STRENGTH**													
(a)	Core Capital	4,375	3,617	961	467	188	204	52	177	107	88	50	67	10,352
(b)	Minimum Statutory Capital	**60**	**60**	**60**	**60**	**60**	**60**	**60**	**60**	**20**	**60**	**20**	**20**	-
(c)	Excess/(Deficiency) (a-b)	4315	3557	901	407	128	144	(8)	117	87	28	30	47	9,752
(d)	Supplementary Capital	935	261	160	18	4	-	-	-	-	-	-	-	1,377
(e)	Total Capital (a+d)	5309	3878	1120	485	192	204	52	177	107	88	50	67	11,729
(f)	Total Risk Weighted Assets	23,424	18,453	5,244	1,615	325	558	189	141	135	75	65	63	50,286
(g)	Core Capital/ Total Deposit Liabilities	25%	22%	23%	36%	119%	151%	50%	423%	181 %	103%	293%	489%	26%
(h)	**Minimum Statutory Ratio**	**8%**	**8%**	**8%**	**8%**	**8%**	**8%**	**8%**	**8%**	**8%**	**8%**	**8%**	**8%**	**8%**
(i)	Excess/(Deficiency) (g-h)	17%	14%	15%	28%	111%	143%	42%	415%	173 %	95%	285%	481%	18%
(j)	Core Capital/ Total Risk Weighted Assets	19%	20%	18%	29%	58%	36%	27.6%	125%	79%	118%	76%	106%	21%
(k)	**Minimum Statutory Ratio**	**10%**	**10%**	**10%**	**10%**	**10%**	**10%**	**10%**	**10%**	**10 %**	**10%**	**10%**	**10%**	**10%**
(l)	Excess/(Deficiency) (j-k)	9%	10%	8%	**19%**	48%	26%	18%	115%	69%	108%	66%	96%	11%
(m)	Total Capital/ Total Risk Weighted Assets	23%	21%	21%	30%	59%	36%	27.6%	125%	79%	118%	76%	106%	23%
(n)	**Minimum Statutory Ratio**	**12%**	**12%**	**12%**	**12%**	**12%**	**12%**	**12%**	**12%**	**12 %**	**12%**	**12%**	**12%**	**12%**
(O)	Excess/(Deficiency) (m-n)	11%	9%	9%	18%	47%	24%	16%	113%	67%	106%	64%	94%	11%
5	**LIQUIDITY**													
(a)	Liquidity Ratio	28%	31%	53%	24%	40%	40%	33.4%	217%	28%	67%	69%	44%	32%
(b)	**Minimum Statutory Ratio**	**20%**	**20%**	**20%**	**20%**	**20%**	**20%**	**20%**	**20%**	**20 %**	**20%**	**20%**	**20%**	**20%**
(c)	Excess/(Deficiency) (a-b)	8%	11%	33%	4%	20%	20%	13%	197%	8%	47%	49%	24%	12%
	Source: MFBs Published Financial Statements													

Appendix XIII

RESIDENTIAL MORTGAGES MARKET DEVELOPMENT SURVEY - DECEMBER 2015

		Dec-14				Dec-15			
	Institution	Mortgage Outstanding (Ksh. M)	No. of Mortgages Accounts	Value of NPLs Mortgage (Ksh. M)	No. of Mortgages NPLs Accounts	Mortgage Outstanding (Ksh. M)	No. of Mortgages Accounts	Value of NPLs Mortgage (Ksh. M)	No. of Mortgages NPLs Accounts
1	Kenya Commercial Bank Ltd	41,327.00	5,914.00	2,521.00	300.00	47,749.00	7,007.00	2,776.00	341.00
2	Housing Finance Company Ltd	45,278.00	5,840.00	4,149.00	558.00	47,581.16	5,993.00	3,031.96	525.00
3	Cooperative Bank of Kenya Ltd	5,694.00	483.00	837.00	75.00	18,183.00	643.00	1,074.00	50.00
4	Standard Chartered Bank Ltd	13,092.64	1,652.00	142.68	25.00	17,290.01	1,885.00	117.88	24.00
5	CfC Stanbic Ltd	13,039.80	1,678.00	362.48	13.00	14,716.00	1,684.00	788.00	97.00
6	Equity Bank Ltd	6,375.00	1,351.00	162.00	33.00	7,798.00	1,612.00	195.50	48.00
7	Barclays Bank Ltd	4,922.00	933.00	66.00	14.00	6,578.00	977.00	90.00	16.00
8	Chase Bank (K) Ltd*	3,268.70	176.00	373.30	53.00	5,200.89	348.00	455.68	15.00
9	Commercial Bank of Africa Ltd	3,929.00	438.00	126.00	84.00	4,552.71	465.00	120.09	15.00
10	Jamii Bora Bank Ltd	1,052.00	277.00	57.00	44.00	4,494.00	334.00	156.00	25.00
11	I&M Bank Ltd	3,293.00	407.00	32.00	8.00	3,446.27	366.00	46.34	9.00
12	Family Bank Ltd	2,899.12	399.00	38.28	5.00	3,390.57	586.00	112.00	19.00
13	Consolidated Bank Ltd	3,201.80	299.00	776.05	37.00	2,838.98	297.00	761.60	54.00
14	NIC Bank Ltd	1,621.00	188.00	32.00	7.00	2,829.00	285.00	21.00	21.00
15	Development Bank Ltd	3,314.80	634.00	499.70	80.00	2,757.76	513.00	719.12	80.00
16	Fidelity Bank Ltd	1,052.00	70.00	46.00	7.00	2,357.00	58.00	317.00	9.00
17	National Bank of Kenya Ltd	2,311.30	404.00	179.30	70.00	2,313.00	401.00	288.00	60.00
18	African Banking Corporation Ltd	904.00	86.00	68.80	10.00	2,026.00	143.00	72.40	8.00
19	Bank of Africa Ltd	1,901.00	116.00	26.90	3.00	1,622.00	127.00	155.90	17.00
20	Ecobank Ltd	701.00	170.00	65.00	30.00	1,099.00	164.00	194.00	22.00
21	First Community Bank Ltd	101.43	27.00	14.90	6.00	833.66	171.00	78.35	6.00
22	Gulf African Bank Ltd	885.80	109.00	30.86	3.00	761.31	94.00	49.35	4.00
23	Bank of Baroda Ltd	468.45	57.00	1.87	3.00	667.75	80.00	30.89	2.00
24	Diamond Trust Bank of Kenya Ltd	574.99	60.00	4.17	1.00	554.00	58.00	37.37	5.00
25	Prime Bank Ltd	517.00	33.00	-	-	413.00	35.00	-	-
26	Guardian Bank Ltd	389.00	30.00	-	-	365.07	25.00	-	-
27	Paramount Universal Bank Ltd	190.36	26.00	25.75	1.00	312.77	30.00	27.90	1.00
28	Giro Commercial Bank Ltd	209.96	29.00	-	-	239.61	34.00	-	-
29	Bank of India	174.34	17.00	-	-	191.29	20.00	-	-
30	Equatorial Commercial Bank Ltd	46.24	7.00	-	-	111.63	15.00	20.85	2.00
31	Middle East Bank Ltd	28.00	3.00	-	-	28.00	3.00	-	-
32	Oriental Commercial Bank Ltd	4.70	3.00	-	-	5.94	2.00	-	-
33	Victoria Commercial Bank Ltd	5.41	1.00	-	-	4.90	2.00	-	-
34	UBA Bank of Kenya Ltd	6.28	1.00	-	-	4.01	1.00	-	-
35	Habib Bank Ltd	-	-	-	-	-	-	-	-
36	Transnational Bank Ltd	619.00	26.00	-	-	-	-	-	-
37	Imperial Bank Ltd*	605.00	67.00	157.45	4.00	-	-		
38	Dubai Bank Ltd **	3.40	2.00	-	-	-	-		
39	Charterhouse Bank Ltd***	-	-	-	-	-	-	-	-
40	Citibank N.A.	-	-	-	-	-	-	-	-
41	Credit Bank Ltd	-	-	-	-	-	-	-	-
42	Guaranty Trust Bank	-	-	-	-	-	-	-	-
43	Habib A.G. Zurich	-	-	-	-	-	-	-	-
44	Sidian Bank Ltd	-	-	-	-	-	-	-	-
	Total	**164,007**	**22,013**	**10,795**	**1,474**	**203,315**	**24,458**	**11,737**	**1,475**

*** - Banks in receivership**

**** - Bank under liquidation**

***** - Bank under statutory management.**

Source: Commercial Banks

Appendix XIV

Banking Circulars Issued in 2015

Circular No.	Date	Title	Purpose
1.	14th January 2015	Operationalization of the Kenya Banks' Reference Rate (KBRR)	To apprise institutions on the revised KBRR from 9.13 per cent to 8.54 per cent.
2.	19th March 2015	Implementation of the UN Security Council Resolutions on Sudan	To apprise institutions on the Resolutions pertaining to sanctions due to violence and violations of human rights and international humanitarian law in Darfur, Sudan.
3.	4th May 2015	Foreign exchange dealing with unauthorized dealers / brokers	To apprise institutions licensed by the Central Bank of Kenya to conduct foreign exchange dealing only with authorized foreign exchange dealers and within official trading hours.
4.	28th May 2015	Authorized Foreign Exchange Dealers/Brokers	To inform institutions on the authorization of ICAP Voice Brokers to operate in the Kenya foreign exchange market with commercial banks.
6.	15th June 2015	Authorized Foreign Exchange Inter-Dealer Broker – Micromega Africa Money Brokers	To inform institutions on the authorization of Micromega Africa Money Brokers (MAMB) as an inter-dealer in the domestic foreign exchange market.
7.	7th July 2015	Change of the Kenya Bank's Reference Rate	To apprise institutions on the revised KBRR from 8.54 per cent to 9.87 per cent.
8.	9th July 2015	Review of the Central Bank Rate (CBR) and introduction of a 3-Day Repo	To notify institutions on the Monetary Policy Committee decisions to raise the CBR to 11.50 per cent and the introduction of a 3-day Repo that will would be available from Monday to Thursday every week.
9.	21st July 2015	Compliance with the Prudential Guideline on Foreign Exchange Exposure Limits – CBK/PG/06	To clarify the intraday foreign exchange limits not exceeding the 10 per cent overall limit at any time during the day and to reiterate that institutions should be compliant at all times with the Prudential Guideline on Foreign Exchange Exposure Limits.
10.	23rd July 2015	Inter-Bank Foreign Exchange Market	To notify institutions on the changes related to the inter-bank market operations to promote efficiency and transparency in the foreign exchange market.

Appendix XV

A Summary of Signed MOUs

No.	Memorandum of Understanding (MOU)	Date of Signing
1.	Multilateral MOU by the Central Banks of the East African community member states (Bank of the Republic of Burundi (BRB), Central Bank of Kenya (CBK), National Bank of Rwanda (NBR), Bank of Uganda (BOU) and Bank of Tanzania (BOT)	28.01.2009 Amended in March 2015
2.	Multilateral MOU by the Domestic Financial Sector Regulators (Capital Markets Authority, Central Bank of Kenya (CBK), Insurance Regulatory Authority (IRA) and Retirement Benefit Authority (RBA)	31.08.2009 Amended on 28.08.2013
3.	Bilateral MOU between South Africa Reserve Bank (SARB) and Central Bank of Kenya (CBK)	01.07.2010
4.	Bilateral MOU between Central Bank of Nigeria (CBN) and Central Bank of Kenya (CBK)	23.06.2011
5.	Bilateral MOU between Bank of Mauritius (BoM) and Central Bank of Kenya (CBK)	08.08.2011
6.	Bilateral MOU on Technical Cooperation between the Bank of Southern Sudan and the Central Bank of Kenya	19.12.2012
7.	Bilateral MOU between Reserve Bank of Malawi (RBM) and Central Bank of Kenya (CBK)	23.04.2013
8.	Bilateral MOU between Reserve Bank of Zimbabwe (RBZ) and Central Bank of Kenya (CBK)	15.05.2013
9.	Bilateral MOU between Bank of Zambia (BoZ) and Central Bank of Kenya (CBK)	12.06.2013
10.	Bilateral MOU between the Financial Reporting Centre and Central Bank of Kenya (CBK)	30.09.2013
11.	Bilateral MOU between the Reserve Bank of India and Central Bank of Kenya (CBK)	16.10.2014

Appendix XVI

BANKS BRANCH NETWORK PER COUNTY- DECEMBER 2015

		2014	2015	Increase/Decrease
1	Baringo	8	8	0
2	Bomet	9	8	-1
3	Bungoma	20	19	-1
4	Busia	12	12	0
5	Elgeyo/Marakwet	4	5	1
6	Embu	11	12	1
7	Garissa	7	8	1
8	Homa Bay	11	11	0
9	Isiolo	6	8	2
10	Kajiado	42	48	6
11	Kakamega	17	16	-1
12	Kericho	16	17	1
13	Kiambu	75	80	5
14	Kilifi	35	35	0
15	Kirinyaga	15	15	0
16	Kisii	24	27	3
17	Kisumu	41	43	2
18	Kitui	14	14	0
19	Kwale	13	12	-1
20	Laikipia	14	14	0
21	Lamu	8	8	0
22	Machakos	22	29	7
23	Makueni	12	14	2
24	Mandera	2	3	1
25	Marsabit	6	6	0
26	Meru	40	39	-1
27	Migori	11	13	2
28	Mombasa	127	134	7
29	Murang'a	21	21	0
30	Nairobi City	570	608	38
31	Nakuru	60	60	0
32	Nandi	12	12	0
33	Narok	12	12	0
34	Nyamira	5	5	0
35	Nyandarua	10	10	0
36	Nyeri	28	30	2
37	Samburu	2	2	0
38	Siaya	6	6	0
39	Taita/Taveta	10	10	0
40	Tana River	3	3	0
41	Tharaka-Nithi	3	5	2
42	Trans Nzoia	16	19	3
43	Turkana	5	5	0
44	Uasin Gishu	43	45	2
45	Vihiga	6	6	0
46	Wajir	6	4	-2
47	West Pokot	3	2	-1
	Total	**1,443**	**1,523**	**80**

Appendix XVII

DIRECTORY OF COMMERCIAL BANKS, MORTGAGE FINANCE COMPANIES, KENYA BANKERS ASSOCIATION, NON-OPERATING HOLDING COMPANIES AND AUTHORISED REPRESENTATIVE OFFICES

A: COMMERCIAL BANKS

1	African Banking Corporation Limited Group Managing Director: Mr. Shamaz Savani Postal Address: P.O Box 46452-00100, Nairobi Telephone: +254-20- 4263000, 4447352, 4442382, 4443482, 44447358, 22251540/1, 0722207386, 0735611223, 0719015000, Fax: +254-20-4447354 Email: headoffice@abcthebank.com; talk2us@abcthebank.com Website: http://www.abcthebank.com Physical Address: ABC Bank House, Mezzanine Floor, Koinange Street. Date Licensed: 08-12-1994 Peer Group: Small Branches: 11
2	Bank of Africa Kenya Limited Managing Director : Mr. Ronald Marambii Postal Address: P. O. Box 69562-00400 Nairobi Telephone: +254-20- 3275000, 3275200, 0703058000 Fax: +254-20-2211477 Email: headoffice@boakenya.com Website: www.boakenya.com Physical Address: Re-Insurance Plaza, Ground Floor, Taifa Road. Date Licenced: July 2004 Peer Group: Medium Branches: 42
3	Bank of Baroda (K) Limited Managing Director: Mr. Yatish Chander Tewari Postal Address: P. O Box 30033 – 00100 Nairobi Telephone: +254-20-2248402/12, 2226416, 2220575, 2227869, 2248402/12, 2226416, 310439 Fax: +254-3310439 Email: ho.kenya@bankofbaroda.com, Kenya@bankofbaroda.com Website: www.bankofbaroda kenya.com Physical Address: Baroda House, Koinange Street Date Licenced: 01-07-1953 Peer Group: Medium Branches: 13.

4	Bank of India Chief Executive Officer: Mr. Agyey Kumar Azad Postal Address: P. O. Box 30246 - 00100 Nairobi Telephone: +254-20-2221414 /5 /6 /7, 0720606707, 0734636737 Fax: +254-20-2221417 Email: cekenya@boikenya.com Website: www.bankofindia.com Physical Address: Bank of India Building, Kenyatta Avenue Date Licenced: 05-06-1953 Peer Group: Medium Branches: 7
5	Barclays Bank of Kenya Limited Managing Director: Mr. Jeremy Awori Postal Address: P. O. Box 30120 – 00100, Nairobi Telephone: +254-20-4254000, 4254601 Fax: +254-20-2213915 Email: barclays.kenya@barclays.com Website: www. barclayskenya.co.ke Physical Address: Barclays Westend, Waiyaki Way, Westlands. Date Licenced: 1916 Peer Group: Large Branches: 108, Sales Centre – 1
6	CfC Stanbic Bank Limited Chief Executive Officer: Mr. Philip Odera Postal Address: P. O. Box 72833 - 00200 Nairobi Telephone: +254-20-3638000 /11 /17 /18 /20 /21, 3268000, 3269000, 0711-0688000 Fax: +254-20-3752901/7 Email: cfcstanbic@stanbic.com Website: http://www.cfcstanbicbank.co.ke Physical Address: CFC Centre, Chiromo Road, Westlands Date Licensed: 01-06-2008 Peer Group: Medium Branches: 27
7	Charterhouse Bank Limited UNDER - STATUTORY MANAGEMENT Postal Address: P. O. Box 43252 -00100 Nairobi Telephone: +254-20-2242246 /47 /48/ 49 Fax: +254-20-2219058, 2223060, 2242248 Email: info@charterhouse-bank.com Website: N/A Physical Address: Longonot Place, 6th Floor, Kijabe Street. Date Licensed: 01-08-1998 Peer Group: Small Branches: 10

8	Chase Bank (K) Limited IN RECEIVERSHIP Postal Address: P. O. Box 66015-00800 Nairobi Telephone: +254-20- 2774000, 0732174100,0703074000, 0736-432025, 0703074101. Fax: +254-20-4454816/4454800-10 Email: info@chasebank.co.ke, atyouservice@chasebank.co.ke Website: http://www.chasebankkenya.co.ke Physical Address: Riverside Mews, Riverside Drive Date Licenced: 01-04-1996 Peer Group: Medium Branches: 44 Mini-Branches 14.
9	Citibank N.A Kenya Chief Executive Officer: Ms. Joyce-Anne Wainaina Postal Address: P. O. Box 30711 - 00100 Nairobi Telephone: +254-20- 2754000. 2711221 Fax: +254-20-2714810/1 Email: Kenya.citiservice@citi.com Website: http://www.citibank.co.ke Physical Address: Citibank House, Upper Hill Road, Upper Hill Date Licenced: 01-07-1974 Peer Group: Medium Branches: 3; Agency 1
10	Commercial Bank of Africa Limited Chief Executive Officer: Mr. Jeremy Ngunze Postal Address: P. O. Box 30437 – 00100, Nairobi Telephone: +254-20-2884000, 2884444, 0711056000, 0732156000, 0734600234, 0732156444 Fax: +254-20-2734599 Email: iqueries@cbagroup.com, contact@cbagroup.com Website: www.cbagroup.com Physical Address: CBA Building, Mara / Ragati Road, Upper Hill Date Licenced: 01-01-1967 Peer Group: Large Branches: 31, Agencies-5
11	Consolidated Bank of Kenya Limited Chief Executive Officer: Mr. Thomas Kipkemei Kiyai Postal Address: P. O. Box 51133 - 00200, Nairobi Telephone: +254-20-340208/340836, 340551, 340298, 340747,340298,211950, 0703016000 Fax: +254-20-340836 Email: headoffice@consolidated-bank.com Website: www.consolidated-bank.com Physical Address: Consolidated Bank House, 6th Floor, Koinange Street Date Licenced: 18-12-1989 Peer Group: Small Branches: 17, Agency-1

12	Co-operative Bank of Kenya Limited Managing Director: Dr. Gideon M. Muriuki Postal Address: P. O. Box 48231 - 00100 Nairobi Telephone: +254-20-3276000, 2776000, 0711049000, 0732106000 Fax: +254-20-2245506 Email: customerservice@co-opbank.co.ke Website: www.co-opbank.co.ke Physical Address: Co-operative House, 4th Floor Annex , Haile Selassie Avenue Date Licenced: 01-07-1968 Peer Group: Large Branches: 142
13	Credit Bank Limited Chief Executive Officer: Mr. Phares Chege Thumbi Postal Address: P. O. Box 61064-00200 Nairobi Telephone: +254-20-2222300/2220789/2222317,2283000, 0728607701, 0738222300 Fax: +254-20-2216700 Email: info@creditbankltd.co.ke Website: www.creditbank.co.ke Physical Address: Mercantile House, Ground Floor, Koinange Street Date Licenced: 30-11-1994 Peer Group: Small Branches: 15
14	Development Bank of Kenya Limited Chief Executive Officer: Mr. Victor Kidiwa Postal Address: P. O. Box 30483 - 00100, Nairobi Telephone: +254-20-3340401 /2 /3, 3340416, 2251082, 3340198,3340478, 3317449,3344184,2250143, 3317449, 3340416 0724253980/1, 0735046336 Fax: +254-20-2250399 Email: dbk@devbank.com Website: www.devbank.com Physical Address: Finance House,16th Floor. Loita Street. Date Licenced: 20-09-1996 Peer Group: Small Branches: 3

15	Diamond Trust Bank Kenya Limited Managing Director: Mrs. Nasim M. Devji Postal Address: P. O. Box 61711 – 00200, Nairobi Telephone: +254-20-2849000, 0732121000, 0719031000, 0732121000, 0719031000 Fax: +254-20-2245495 Email: info@dtbafrica,com Website: http://www.dtbafrica.com Physical Address: Nation Centre, 8th Floor, Kimathi Street Date Licenced: 15-11-1994 Peer Group: Large Branches: 59
16	Ecobank Kenya Limited Managing Director: Mr. Samuel Ashitey Adjei Postal Address: P. O Box 49584- 00100 Nairobi Telephone: +254-20-2883000, 4968000, 0719098000 Fax: +254-20-2883304, 2883815 Email: info@ecobank.com Website: www.ecobank.com Physical Address: Ecobank Towers, Muindi Mbingu Street. Date Licenced: 16-06-2008 Peer Group: Medium Branches: 31
17	Equatorial Commercial Bank Limited Managing Director: Mr. Timothy Gitonga Postal Address: P. O. Box 52467-00200 Nairobi Telephone: +254-20- 4981000, 0713600724, 0733333780 Fax: +254-20-2719625, 0703047000, 070304777 Email: ecbcustomerservice@ecb.co.ke Website: www.equatorialbank.co.ke Physical Address: Equatorial Fidelity Centre, Waiyaki Way, Westlands. Date Licenced: 23-06-1995 Peer Group: Small Branches: 13

18	Equity Bank Limited Managing Director & C.E.O: Dr. James N. Mwangi Postal Address: P. O. Box 75104-00200, Nairobi Telephone: +254-20- +254 20 2262000/2262956 /2262828, 0763026000, 07633026956, 0763026828 Fax: +254-020-2737276 Email: info@equitybank.co.ke Website: www.equitybankgroup.com Physical Address: Equity Centre, 9th Floor, Hospital Road, Upper Hill Date Licenced: 28-12-2004 Peer Group: Large Branches: 167, Sub-Branch-12
19	Family Bank Limited Managing Director & CEO: Mr. David Irungu Thuku Postal Address: P. O. Box 74145-00200 Nairobi Telephone: +254-020- 3252000, 3318940/2/7, 2244166, 2240601, 0733332300, 0728120444/555 Fax: +254-020- 318174 Email: info@familybank.co.ke, customerservice@familybank.co.ke Website: www.familybank.co.ke Physical Address: Family Bank Towers, 6th Floor, Muindi Mbingu Street Date Licenced: 01-05-2007 Peer Group: Medium Branches: 88
20	Fidelity Commercial Bank Limited Managing Director: Mr. Rana Sengupta Postal Address: P. O. Box 34886-00100 Nairobi Telephone: +254-20-2242348, 2244187, 2245369, 2220845, 2243461, 2248842, 3315917, 2240766, 0722372531, 0733911835 Fax: +254-20-2243389/2245370 Email: customerservice@fidelitybank.co.ke Website: www.fidelitybank.co.ke Physical Address: I.P.S Building, 7th Floor, Kimathi Street Date Licenced: 07-03-1996 Peer Group: Small Branches: 15

21	Guaranty Trust Bank (K) Ltd Chief Executive: Ms. Ibukunoluwa Odegbaike Postal Address: P. O. Box 20613 – 00200, Nairobi Telephone: +254-20-3284000, 073084000 Fax: +254-20-342024 Email: banking@gtbank.com Website: www.gtbank.com Physical Address: Sky Park Plaza, Plot 1870, Woodvale Close, Westlands Date Licenced: -13-01-1995 Peer Group: Small Branches: 16
22	First Community Bank Limited Chief Executive Officer: Mr. Fazal Mehmood Saib Postal Address: P. O. Box 26219-00100., Nairobi Telephone: +254-20-2843000 -3, 07202843000, 0738-407521 Fax: +254-20-344101 Email: info@fcb.co.ke Website: www.firstcommunitybank.co.ke Physical Address: Prudential Assurance Building, 1st Floor, Wabera Street Date Licenced: 29-04-2008 Peer Group: Small Branches: 18
23	Giro Commercial Bank Limited Chief Executive Officer: Mr. Sanjay Gidoomal Postal Address: P. O. Box 13400-00800, Nairobi Telephone: +254-20-4229000, 0722823684, 0722823684, 0788999044 Fax: +254-20-229300 Email: girobank@girobankltd.com Website: www.girobankltd.com Physical Address: Eldama Park- Eldama Ravine Road, Off Peponi Road, Westlands Date Licenced: 17-12-1992 Peer Group: Small Branches: 8
24	Guardian Bank Limited Managing Director: Mr. Vasant K. Shetty Postal Address: P. O. Box 67681 – 00200, Nairobi Telephone: +254-020-2226771, 2226774, 2226341, 2226483, 0722-282213, 0733-888060 Fax: +254-020 -2216633 Email:biashara@guardian-bank.com, headoffice@guardian-bank.com Website:www.guardian-bank.com Physical Address: Guardian Centre, Biashara Street Date Licenced: 20-12-1995 Peer Group: Small Branches: 10

25	Gulf African Bank Limited Chief Executive Officer: Mr. Abdallah Abdulkhalik Postal Address: P. O. Box 43683 – 00100, Nairobi Telephone: +254-20-2740000, 2718608/9, 2740111, 0711075000 Fax: +254-20-2715655 Email: info@gulfafricanbank.com Website: www.gulfafricanbank.com Physical Address: Gemina Insurance Plaza, Kilimanjaro Avenue, Upper Hill Date Licenced: 01-11-2007 Peer Group: Small Branches: 17
26	Habib Bank A.G Zurich Country Manager: Mr. Mohamed Ali Hussain Postal Address: P. O. Box 30584 - 00100 Nairobi Telephone: +254-20-3341172/76/77, 3340835, 3310694, 0720208259 Fax: +254-20-2217004 /2218699 Email: habibbank@wananchi.com Website: www.habibbank.com Physical Address: Habib House, Koinange Street. Date Licenced: 01-07-1978 Peer Group: Small Branches: 6
27	Habib Bank Limited Country Manager: Mr. Salman Ahmed Khan Malik Postal Address: P. O. Box 43157 – 00100, Nairobi Telephone: +254-20-2226433, 2222786, 2226401/7 Fax: +254-20-2224636, 2214636 Email: hblro@hblafrica.com Website: www.hbl.com Physical Address: Building No.15, Koinange Street. Date Licenced: 02-03-1956 Peer Group: Small Branches : 6
28	Imperial Bank Limited IN RECEIVERSHIP Postal Address: P. O. Box 44905 – 00100, Nairobi Telephone: +254-20-2874000, 3343416, 0711-019000, 0732-119000 Fax: +254-20-2719705/2719652, 3342374, 2719498 Email: info@imperialbank.co.ke Website: www.imperialbank.co.ke Physical Address: Imperial Court, Westlands Road, Westlands. Date Licenced: 08-12-1994 Peer Group: Medium Branches: 26

29	I & M Bank Limited Chief Executive Officer: Mr. Kihara Maina Postal Address: P.O. Box 30238 – 00100, Nairobi Telephone: +254-20-3221000, 3271375/27, 0719088000, 0753221000 Fax: +254-20-2711994 Email: invest@imbank.co.ke Website: http:www.imbank.com Physical Address: I & M Bank House, 2nd Ngong Avenue, Off Ngong Road Date Licenced: 27-03-1996 Peer Group: Medium Branches: 34
30	Jamii Bora Bank Limited Chief Executive Officer: Mr. Samuel Kimani Postal Address: P. O. Box 22741 – 00400, Nairobi Telephone: +254-20- 2224238/9, 2214976, 2219626, 2210338/9, 0722-201112, 0734600682 Fax: +254-20-341825 Email: info@jamiiborabank.co.ke Website: http:www.jamiiborabank.co.ke Physical Address: Jamii Bora House, Koinange Street. Date Licenced: 02-03-2010 Peer Group: Small Branches: 27
31	Kenya Commercial Bank Limited Chief Executive Officer: Mr. Joshua Oigara Postal Address: P. O. Box 48400 – 00100, Nairobi Telephone: +254-20-3270000, 2851000, 2852000, 0711012000, 0734108200 Fax: +254-20-2242408’ 2216405 Email: kcbhq@kcb.co.ke Website: http:www.kcbbankgroup.com Physical Address: Kencom House, 8th Floor, Moi Avenue. Date Licenced: 01-01-1896 Peer Group: Large Branches: 193
32	Sidian Bank Limited (Formerly K-Rep Bank) Managing Director: Mr. Titus Karanja Postal Address: P. O. Box 25363 – 00603, Nairobi Telephone: +254-20- 3906000-7, 0711-058000-7, 0732-158000 Fax: +254-20-3568995 Email: registry@k-repbank.com Website: www.k-repbank.com Physical Address: K-Rep Centre, Wood Avenue, Kilimani Date Licenced: 23-03-1999 Peer Group: Small Branches: 37, Agency-1

33	Middle East Bank (K) Limited Managing Director: Mr. Dhirandra Rana Postal Address: P. O. Box 47387 - 0100 Nairobi Telephone: +254-20-2723120/24, 2722879, 2723124, 2723130, 0722-205903, 0733-333441, 0731001310, 0717531448 Fax: +254-20-343776 / 2256901 Email: ho@mebkenya.com Website: www.mebkenya.com Physical Address: Mebank Tower, Milimani Road, Milimani Date Licenced: 15-12-1980 Peer Group: Small Branches: 5
34	National Bank of Kenya Limited Ag. Managing Director & CEO: Mr. Wilfred Musau Postal Address: P. O. Box 72866 - 00200 Nairobi Telephone: +254-20-2828000, 0711-038000, Fax: +254-20-311444/2223044 Email: info@nationalbank.co.ke Website: www.nationalbank.co.ke Physical Address: National Bank Building, 2nd Floor, Harambee Avenue Date Licenced: 01-01-1968 Peer Group: Medium Branches: 81
35	NIC Bank Limited Group Managing Director: Mr. John Mburu Gachora Postal Address: P. O. Box 44599 - 00100 Nairobi Telephone: +254-20-2888000, 4849000, 0711041000, 0732141000 Fax: +254-20-2888505/13 Email: info@nic-bank.com Website: http:www.nic-bank.com Physical Address: N.I.C House, Masaba Road, Upper Hill Date Licenced: 28-09-1995 Peer Group: Medium Branches: 31

36	Oriental Commercial Bank Limited Ag. Managing Director: Mr. Rakesh Kashyap Postal Address: P.O BOX 14357-00800, Nairobi Telephone: +254-20-3743278/87, 3743289/98, 0714611466, 0733610410 Fax: +254-20-3743270 Email: info@orientalbank.co.ke Website: www.orientalbank.co.ke Physical Address: Apollo Centre, 2nd Floor, Ring Road-Westlands Date Licenced: 08-02-1991 Peer Group: Small Branches: 9
37	Paramount Universal Bank Limited Chief Executive Officer: Mr. Ayaz A. Merali Postal Address: P. O. Box 14001 -00800 Nairobi Telephone: +254-20-4449266/7/8, 446106 /7, 4441528, 4441527, 0723564254, 0734258020, 0728-606652, 0735445506 Fax: +254-20-449265 Email: info@paramountbank.co.ke Website: www.paramountbank.co.ke Physical Address: Sound Plaza Building, 4th Floor, Woodvale Grove, Westlands Date Licenced: 05-07-1995 Peer Group: Small Branches: 7
38	Prime Bank Limited Chief Executive Officer: Mr. Bharat Jani Postal Address: P. O. Box 43825 – 00100, Nairobi Telephone: +254-20-4203000 /116 /148, 4450810, 0722205491 Fax: +254-20-4451247 Email: headoffice@primebank.co.ke Website: www.primebank.co.ke Physical Address: Prime Bank Building, Chiromo Lane/Riverside Drive Junction, Westlands Date Licenced: 03-09-1992 Peer Group: Medium Branches: 20

39	Standard Chartered Bank Kenya Limited Chief Executive Officer: Mr. Lamin Kemba Manjang Postal Address: P. O. Box 30003 - 00100 Nairobi Telephone: +254-20-3293000, 3293900, 3291000, 3294000, 0719081000, 0732104000, 0703093000 Fax: +254-20-3747880 Email: Talk-Us@sc.com Website: www.standardchartered.com Physical Address: Standard Chartered Building, Westlands Road, Chiromo Lane, Westlands Date Licenced: 10-01-1910 Peer Group: Large Branches: 38, Agencies 3, Sales & Service Centre 1
40	Transnational Bank Limited Chief Executive Officer: Mr. Sammy Langat Postal Address: P. O. Box 75840-00200 Nairobi Telephone: +254-20-2252216/19, 2224235/6, 2252188/90/91, 0720-081772, 0733-505656 Fax: +254-20-2252225 Email: info@tnbl.co.ke Website: www.tnbl.co.ke Physical Address: Transnational Plaza, City Hall Way Date Licenced: 08-01-1985 Peer Group: Small Branches: 21
41	UBA Kenya Bank Limited Managing Director: Mr. Isaac Njiru Mwige Postal Address: P. O. Box 34154 - 00100 Nairobi Telephone: +254-020- 3612000/1/2, Fax: +: +254-020-3612049, 0726-926367, 0735-500196/180/175 Email: ubakenya@ubagroup.com Website: www. ubagroup.com Physical Address: Apollo Centre, 1st Floor, Ring Road / Vale Close, Westlands Date Licenced: 25-09-2009 Peer Group: Small Branches: 4

42	Victoria Commercial Bank Limited Managing Director: Mr. Yogesh K Pattni Postal Address: P. O. Box 41114 - 00100 Nairobi Telephone: +254-20-2719499, 2719815, 2710271, 2716108, 2719814.2713208, 2716196, 0721328183 Fax: +254-20-2713778/2715857 Email: victoria@vicbank.com Website: www.victoriabank.co.ke Physical Address: Victoria Towers, Mezzanine Floor, Kilimanjaro Avenue, Upper Hill Date Licenced: 11-01-1996 Peer Group: Small Branches: 4
B	**MORTGAGE FINANCE COMPANIES**
1.	HFC Limited Managing Director: Mr. Sam Mwaniki Waweru Postal Address: P. O. Box 30088 -00100 Nairobi Telephone: +254-20- 3262000, 317474, 2221101, 0722201174, 0722201175, 0733617682/3 Fax: +254-20-340299/2250858 Email: housing@housing.co.ke Website: www.housing.co.ke Physical Address: Rehani House, 2nd Floor, Kenyatta Avenue/Koinange Street Junction Date Licenced: 07-05-1965 Peer Group: Medium Branches: 19, Agency 1
C	**KENYA BANKERS ASSOCIATION**
	Chief Executive Officer: Mr. Habil Olaka Postal Address: P. O. Box 73100--00200 Nairobi Telephone: +254-20-2221704, 2217757, 2224014, 2224015, 0733812770, 0711562910 Fax: +254-20-2221792 Email: ceo@kba.co.ke Website: www.kba.co.ke Physical Address: International House, 13th Floor, Mama Ngina Street
D.	**AUTHORISED NON-OPERATING BANK HOLDING COMPANIES**
1	**Bakki Holdco Limited** Licensed Subsidiary: Sidian Bank Ltd (formerly K-Rep Bank Ltd) Postal Address: P.O. Box 10518 -00100, Nairobi Telephone: 0709902000 E-mail: info@centum.co.ke Website: www.centum.co.ke (NB: Bakki Holdco is a subsidiary of Centum Ltd) Physical Address: 5th Floor, International Life House, Mama Ngina Street, Nairobi Date Authorised: 31st December, 2014

2	**CfC Stanbic Holdings Limited** Licensed Subsidiary: CfC Stanbic Bank Ltd Postal Address: P.O Box 72833-00200, Nairobi Telephone: + 254 20 3638000 E-mail: cfcstanbic@stanbic.com Website: www.cfcstanbicbank.co.ke Physical Address: CfC Stanbic Centre 1st Floor, Chiromo Road, Westlands, Nairobi Date Authorised: 21st June 2013
3	**Equity Group Holdings Limited** Licensed Subsidiary: Equity Bank Kenya Ltd Postal Address: P.O. Box 75104 – 00200, Nairobi Telephone: +254 763 3026000 Contact Centre: +254 763 063 000 E-mail: info@equitygroupholdings.com Website: www.equitygroupholdings.com Physical Address: Equity Centre, 9th Floor, Hospital Road, Upper Hill, Nairobi Date Authorised: 31st December, 2014
4	**HF Group Limited** Licensed Subsidiary: HFC Ltd Postal Address: PO Box 30088 – 00100, Nairobi Telephone: +254(20)-3262000, 0722715256, 0722708660, 0722201175, 0733617682 E-mail: housing@hfgroup.co.ke Website: www.hfgroup.co.ke Physical Address: Rehani House, Kenyatta Avenue/ Koinange Street Junction, Nairobi. Date Authorised: 3rd June, 2015
5	**I & M Holdings Limited** Licensed Subsidiary: I & M Bank Kenya Ltd Postal Address: P.O. BOX 30238-00100, Nairobi Telephone: +254 20 322 1000, +254 719 088 000, +254 732 100 000, +254 753 221 000 E-mail: invest@imbank.co.ke Website: www.imbank.com Physical Address: I&M Bank House, 2nd Ngong Avenue, Nairobi Date Authorised: 13th May, 2013
6	**KCB Group Limited** Licensed Subsidiary: KCB Bank Kenya Ltd Postal Address: 48400 – 00100, Nairobi Telephone: +254 20 3270000 / 2851000 /2852000 / +254 711012 000 / 734 108200 / SMS: 22522 E-mail: contactus@kcbbankgroup.com Website: www.kcbbankgroup.com Physical Address: Kencom House, Nairobi Date Authorised: 1st November, 2015

7	**M Holdings Limited** Licensed Subsidiary: Oriental Commercial Bank Ltd Postal Address: P O Box 73248-00200 Nairobi, Kenya Telephone: + 254 20 2228461/2 E-mail address: mholdings2014@gmail.com Physical address: Jadala Place, 3rd Floor, Ngong Lane, Ngong Road, Nairobi Date Authorised: 18th February, 2015
E.	**AUTHORISED REPRESENTATIVE OFFICES**
1	**Bank of China Limited Kenya Representative Office** Chief Representative Officer: Mr. Qi Wang Address: P.O. Box 21357 - 00505 – Nairobi, Kenya Telephone No.: +254 - 20 - 3862811 / 2 Telephone No.: +254 - 20 - 3862811 / 2 Mobile: +254 - 788808600 Email: wangq@bankofchina.com Physical Address: Unit 1, 5th Floor, Wing B, Morningside Office Park, Ngong Road, Nairobi Date Authorised: 29th June 2012
2	**Bank of Kigali Ltd Kenya Representative Office** Chief Representative Officer: Mr. Patrick Masumbuko Address: P.O. Box 73279-00200 GPO– Nairobi, Kenya Telephone No.: +254 (20) 2711076 Email: pmasumbuko@bk.rw Physical Address: Ground Floor, Capitol Hill Square, Off Chyulu Road, Upper Hill, Nairobi Date Authorised: 12th February 2013
3	**Central Bank of India Kenya Representative Office** Chief Representative Officer: Mr. S.S. Rao Address: P.O. Box 66860- 00800 Nairobi, Kenya Telephone No.: +254 20 3742008 Fax No.: +254 20 3742011 Mobile : +254 (0)732283722 Email: cronairobi@centralbank.co.in Physical Address: Suite No. 5A, MMID Studios, Westlands Road, Westlands Date Authorised: 12th February 2013
4	**FirstRand Bank Limited Kenya Representative Office** Chief Representative Officer: Mrs. Alfetta Koome Mungai Address: P.O. Box 35909, 00200 – Nairobi, Kenya Telephone No.: +254 20 4908201 / 4908206 Cell: +254790469978 Email: Alfetta.Koome@rmb.co.za Physical Address: Ground Floor, Eaton Place, UN Crescent, Gigiri, Nairobi Date Authorized: 29th November 2011

5	**HDFC Bank Limited Kenya Representative Office** Chief Representative Officer: Mr. Kapil Gusani Address: P.O. Box 14235 - 00800 – Nairobi, Kenya Mobile No. : +254 738905141 Telephone No: +254 20 3749857/63 Email address : Kapil.Gusani@hdfcbank.com Physical Address: Prosperity House, Westlands Road, Off Museum Hill, Westlands, Nairobi Date Authorised: 26th June 2008
6	**Mauritius Commercial Bank Limited Kenya Representative Office** Chief Representative Officer: Mr. Jan Morren Address: P.O. Box 35699 - 00800 – Nairobi, Kenya Mobile No. : +254 716403709 Telephone No: +254 20 44931000 Email address : jan.morren@mcb.mu Physical Address: Bloom Centre, KMA Centre, Mara Road, Upper Hill, Nairobi Date Authorised: 27th November 2014
7	**Nedbank Limited Kenya Representative Office** Chief Representative Officer: Mr. Jaap van Luijk Address: P.O Box 39218 - 00623, Nairobi, Kenya Telephone: +254-20 - 8045102 Email: kenyacontact@nedbank.co.ke Physical Address: The Exchange Building, 3rd Floor, 55 Westlands Road, Nairobi Date Authorised: 18th June 2010
8	**Rabobank Nederland Kenya Representative Office** Chief Representative Officer: Mr. Ritesh Shah Address: P.O. Box 1105-00606, Nairobi, Kenya Mobile : +254 202 955 000/1/2 | Mobile : 254 700 331-203/+ 254 700 331 194 Email: Ritesh.Shah@rabobank.com Website Address: www.rabobank.com Physical Address: 17th Floor, Delta Corner Tower, Waiyaki Way, Nairobi Date Authorised: 5th June 2014

Appendix XVIII

NO	DIRECTORY OF MICROFINANCE BANKS
1	Caritas Microfinance Bank Limited Chief Executive Officer: Mr. George Mugwe Maina Postal Address: P. O. Box 15352 - 00100, Nairobi Telephone: +254 - 020 - 5151500 Email: info@caritas-mfb.co.ke Website: www.caritas-mfb.co.ke Physical Address: Cardinal Maurice Otunga Plaza, Ground floor, Kaunda Street, Nairobi Date Licensed: 02.06.2015 Branches: 1
2	Century Microfinance Bank Limited Acting Chief Executive Officer: Mr. Reuben Mwangi Postal Address: P. O. Box 38319 - 00623, Nairobi Telephone: +254 - 020 - 2664282, 0722 - 168721, 0756 - 305132 Email: info@century.co.ke Website: www.century.co.ke Physical Address: K.K. Plaza, 1st Floor, New Pumwani Road - Gikomba, Nairobi Date Licensed: 17.09.2012 Branches: 2
3	Choice Microfinance Bank Limited Chief Executive Officer: Ms. Lydiah Maina Postal Address: P. O. Box 18263 - 00100, Nairobi Telephone: +254 - 020 3882206 / 207, 0736 - 662218, 0724 - 308000 Email: info@choicemfb.com Website: www.choicemfb.com Physical Address: Siron Place, Ongata Rongai, Magadi Road, Nairobi Date Licensed: 13.05.2015 Branches: 1
4	Daraja Microfinance Bank Limited Acting Chief Executive Officer: Mr. Githuku Mwangi Postal Address: P.O. Box 100854 - 00101, Nairobi Telephone: +254 - 020 - 3879995 / 0733 - 988888, 0707 – 444888, 0718 - 444888 Email: daraja@darajabank.co.ke Website: www.darajabank.co.ke Physical Address: Karandini Road, off Naivasha Road, Nairobi Date Licensed: 12.01.2015 Branches: 1

5	Faulu Microfinance Bank Limited Managing Director: Mr. Charles Kimani Njuguna Postal Address: P. O. Box 60240 - 00200, Nairobi Telephone: +254 - 020 - 3877290/3/7; 3872183/4; 3867503, 0711 - 074074, 0708 - 111000 Fax: +254-20-3867504, 3874875 Email: info@faulukenya.com, customercare@faulukenya.com, contact@faulukenya.com Website: www.faulukenya.com Physical Address: Faulu Kenya House, Ngong Lane, Off Ngong Road Date Licenced: 21.05.2009 Branches: 39
6	Kenya Women Microfinance Bank Limited Managing Director: Mr. James Mwangi Githaiga Postal Address: P. O. Box 4179-00506, Nairobi Telephone: +254 - 020 - 3067000, 2470272-5/2715334-5, 0729920920, 0732633332, 0703 - 067000 Email: info@kwftdtm.com Website: www.kwftdtm.com Physical Address: Akira House, Kiambere Road, Upper Hill, Nairobi Date Licenced: 31.03.2010 Branches: 31
7	Rafiki Microfinance Bank Limited Managing Director: Mr. Ken Obimbo Postal Address: P. O. Box 12755 - 00400, Nairobi Telephone: +254-020-2166401/0730 170 000/500 Email: info@rafiki.co.ke Website: www.rafiki.co.ke Physical Address: Rafiki House, Biashara Street, Nairobi Date Licensed: 14.06.2011 Branches: 17
8	Remu Microfinance Bank Limited Acting Chief Executive Officer: Ms. Nancy Waweru Postal Address: P. O. Box 20833 - 00100, Nairobi Telephone: +254 - 020 - 2214483/2215384/ 2215387/8/9, 2631070, 2215380, 2215384/5/7/8/9, 0733-554555 Email: info@remultd.co.ke Website: www.remultd.co.ke Physical Address: Finance House, 14th Floor, Loita Street, Nairobi Date Licensed: 31.12.2010 Branches: 3

9	**SMEP Microfinance Bank Limited** Chief Executive Officer: Mr. Symon Kamore Postal Address: P. O. Box 64063 - 00620, Nairobi Telephone: +254 - 020 - 3572799/2055761, 2673327/8, 0711606900 Email: info@smep.co.ke Website: www.smep.co.ke Physical Address: SMEP Building - Kirichwa Road, Off Argwings Kodhek Road, Nairobi Date Licensed: 14.12.2010 Branches: 7
10	**Sumac Microfinance Bank Limited** Chief Executive Officer: Mr. John Kamau Njihia Postal Address: P. O. Box 11687 - 00100, Nairobi Telephone: +254 - 020 - 2212587, 2210440, 2249047, 0738637245, 0725223499 Fax: 20 2210430 Email: info@sumacmicrofinancebank.co.ke Website: www.sumacmicrofinancebank.co.ke Physical Address: Consolidated Bank House, 2nd Floor, Koinange Street, Nairobi Date Licensed: 29.10.2012 Branches: 4
11	**U & I Microfinance Bank Limited** Chief Executive Officer: Mr. Simon Mwangi Ngigi Postal Address: 15825 - 00100, Nairobi Telephone: +254 - 020 - 2367288, 0713 - 112791 Email: info@uni-microfinance.co.ke Website: www.uni-microfinance.co.ke Physical Address: Asili Complex, 1st Floor, River Road, Nairobi Date Licensed: 08.04.2013 Branches: 2
12	**UWEZO Microfinance Bank** Ag Chief Executive Officer, Mr. Edward Mwithali Postal Address: 1654 - 00100, Nairobi Telephone: 2212919, 0703591302 Email: info@uwezodtm.com Website: www.uwezodtm.com Physical Address: Rehani House, 11th Floor, Koinange Street, Nairobi Date Licensed: 08.11.2010 Branches: 2

13	**Maisha Microfinance Bank Limited** Chief Executive Officer: Ireneus Gichana Postal Address: P.O. Box 49316 -00100 GPO Nairobi Telephone: 0792 002 300/020 2220648 Email: info@maishabank.com Website: www.maishabank.com Physical Address: 2nd floor, Chester House-Commercial Wing, Koinange Street, Nairobi Date Licenced:21st May 2016 Branches: 1

Appendix XIX

NO	DIRECTORY OF CREDIT REFERENCE BUREAUS
1.	**Credit Reference Bureau Africa Limited (Trading as TransUnion)** Acting Chief Executive Officer: Ms. Rose Kinuthia Postal Address: P.O. Box 46406 - 00100, Nairobi Telephone: +254 - 020 - 3751799/3751360/2/4/5 Fax: +254 - 020 - 3751344 Email: info@crbafrica.com Website: www.crbafrica.com Physical Address: CRB Centre, Prosperity House, 2nd Floor, Westlands Road, Nairobi
2.	**Metropol Credit Reference Bureau Limited** Managing Director: Mr. Sam Omukoko Postal Address: P.O. Box 35331 - 00200, Nairobi Telephone: +254 - 020 - 2713575 Email: info@metropol.co.ke Website: www.metropolcorporation.com Physical Address: 1st Floor, Shelter Afrique Centre, Upper Hill, Nairobi
3.	**Creditinfo Credit Reference Bureau Kenya Limited** Acting Chief Executive Officer: Mr. Stephen Kamau Kunyiha Postal Address: P.O. Box 38941 - 00623, Nairobi Telephone: +254 - 020 - 3757272 Email: cikinfo@creditinfo.co.ke or consumercare@creditinfo.co.ke Website: www.creditinfo.co.ke Physical Address: Park Suites, Office 12, Second Floor, Parklands Road, Nairobi

Appendix XX

DIRECTORY OF FOREIGN EXCHANGE BUREAUS

	Name of Bureau	Location	E-mail Address & Fax
1	Alpha Forex Bureau Ltd P. O. Box 476 – 00606 Nairobi Tel: 4451435/7	Pamstech House Woodvale Grove Westlands, Nairobi	alphaforexbureau@hotmail.com Fax: 254-2-4451436
2	Arcade Forex Bureau Ltd P. O. Box 21646 – 00505 Nairobi Tel: 3871946/2189121/ 0721810274	Adams Arcade Shopping Centre, Ngong Road, Nairobi	arcadeforex@yahoo.com Fax: 254-2-571924
3	Aristocrats Forex Bureau Ltd P. O. Box 10884 – 00400 Nairobi Tel: 245247/228080	Kenindia House, Loita Street Nairobi	aristoforex@nbi.ispkenya.com aristocratsforex@gmail.com Fax: 254-2-213794
4	Avenue Forex Bureau Ltd P. O. Box 1755 – 80100 Mombasa	Motor Mart Building, Moi Avenue, Mombasa	avenueforex@gmail.com info@avenueforex.com
5	Bamburi Forex Bureau Ltd P. O. Box 97803 Mombasa Tel: 041-5486950, 0722-412649/ 0733-466729	City Mall Nakumatt Nyali, Mombasa - Malindi Road	bamburiforex@hotmail.com Fax: 254-41-5486948
6	Bay Forex Bureau (Nairobi) Ltd P. O. Box 42909 – 00100 Nairobi Tel: 2244186/ 2248289/2244188	The Stanley Building Kenyatta Avenue, Nairobi	info@bayforexbureau.com bayforex@swiftkenya.com Fax: 254-2-229665/248676
7	Boston Forex Bureau Limited P.O. Box 11076–00400 Nairobi Tel: 0205249664/ 0732622429/ 0702022429	Nakumatt Ukay Centre, Westlands, Nairobi	marioshah_101@hotmail.com.

8	CBD Forex Bureau Limited P. O. Box 10964 – 00400 Nairobi Tel: 316123	Clyde House, Kimathi Street, Nairobi	cbdforex@gmail.com Fax: 254-2-318895
9	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
10	Classic Forex Bureau Limited P. O. Box 39166 – 00623 Nairobi Tel: 3862343/4	Prestige Plaza, 1st Floor, Ngong Road, Nairobi	info@classicforex.co.ke Fax No. 3862346
11	Commercial Forex Bureau Limited P. O. Box 47452 – 00100 Nairobi Tel. 020-2210307/8	Vedic House, Mama Ngina Street, Nairobi	info@commercialforex.co.ke
12	Conference Forex Bureau Company Limited P. O. Box 32268 – 00600 Nairobi Tel. 3581293, 020-3586802	KICC, Ground Flour, Harambee Avenue, Nairobi	cfbltd@akarim.net **Fax: 254-2-224126**
13	Continental Forex Bureau Ltd P. O. Box 49580 – 00400 Nairobi Tel: 2222140, 3168025	Old Mutual Building, Ground Floor, Kimathi Street, Nairobi	cfbbusiness@yahoo.com Fax: 254 2-216163
14	Cosmos Forex Bureau Ltd P. O. Box 10284 – 00100 Nairobi Tel: 250582/5	Rehema House, Ground Floor, Standard/Kaunda Street, Nairobi	cosmosforex@yahoo.com Fax: 254-2-250591
15	Crater Forex Bureau Ltd P.O. Box 130 -20100 Nakuru Tel: 051- 2214183, 2216524	Menengai Motors, George Morara Avenue, Nakuru	craterforex@wananchi.com Fax: 254-51-2214183

16	Crossroads Forex Bureau Limited P. O. Box 871 – 00502 Nairobi, Tel: 0729-888444	Crossroads Shopping Centre, Karen, Nairobi	info@crossroadsforex.co.ke **Fax: 254-02-3884133**
17	Crown Bureau De Change Ltd P. O. Box 22515– 00400 Nairobi Tel: 2250720/1/2	Sai Office, James Gichuru Road, Elmolo Drive, Nairobi	info@crown.co.ke Fax: 254-2-252365
18	Dalmar Exchange Bureau Ltd P. O. Box 16381-00610 Nairobi Tel:+254-20-6761628,6760476 6762301	Olympic Shopping Complex, 2nd Floor, Eastleigh, 1st Avenue, 7th Street, Nairobi	dalmarforex@gmail.com Fax:+254-20-6760470
19	Downtown Cambio Forex Bureau Ltd P. O. Box 42444 – 00100 Nairobi Tel: 608659; 609547/607721	Downtown Building, Wilson Airport, Langata Road, Nairobi	ken@downtownforex.co.ke Fax: 254-2-608354
20	Forex Bureau Afro Ltd P. O. Box 100414 – 00101 Nairobi Tel: 2247041/2250676/222950	Jamia Plaza Kigali Street Nairobi	forexafro@gmail.com Fax: 254-2-7250502
21	Gala Forex Bureau Ltd P. O. Box 35021-00100 Nairobi Tel: 020310241 Mobile: 0729750000	20th Century, 1st Floor Mama Ngina/ Kaunda Street, Nairobi	galaforexbureau@gmail.com Fax: 254 20 310261
22	Gateway Forex Bureau Ltd P. O. Box 11500 – 00100 Nairobi Tel: 2212955/45/49, 0700-003435	Town House, Kaunda Street, Nairobi	info@gatewayforex.co.ke Fax: 254-20-2212942.

23	Giant Forex Bureau de Change Ltd P. O. Box 56947 – 00200 Nairobi Tel: 827970	Unit 1, Jomo Kenyatta International Airport, Nairobi	giantforex@mitsuminet.com Fax: 254-2-825327
24	Give and Take Forex Bureau Ltd P. O. Box 51463 – 00200 Nairobi Tel: 7120581/3562152	Gigiri, China Garden Nairobi	giventakeforex@wanainchi.com Fax: 254-2-7120046
25	Glory Forex Bureau Ltd P. O. Box 42909 – 00100 Nairobi Tel: 2244333/2241164/2243115	Norwich Union House Kimathi Street, Nairobi	gloryforex@yahoo.com Fax: 254-2-245614
26	GNK Forex Bureau Ltd P. O. Box 14297 – 00100 Nairobi Tel: 890303/891243/891848/892048	The Great Jubilee Shopping Centre, Ground Floor, Langata Road, Nairobi	gnkforex@swiftkenya.com Fax: 254-2-892266
27	Green Exchange Forex Bureau Ltd P. O. Box 20809 – 00100 Nairobi Tel:+2540202214547/8/9	Emperor Plaza, Ground Floor, Koinange Street, Nairobi	greenexchangeforexbureau@hotmail.com Fax: 254-2-2214550
28	Industrial Area Forex Bureau Ltd P. O. Box 45746 – 00100 Nairobi Tel: 551186/551198	Bunyala Road, Industrial Area, Nairobi	indafx@gmail.com Fax: 254-2-551186
29	Island Forex Bureau Ltd P. O. Box 84300 Mombasa Tel: 041-2223988/ 2229626	Abdulrasul Inst. Building, Makadara Road, Moi Avenue, Mombasa	islandforex@hotmail.com Fax: 254-41-2227057
30	Junction Forex Bureau Limited P. O. Box 43888 – 00100 Nairobi Tel: 3861268/9, 0725-852840	The Junction of Ngong Road/ Dagoreti Corner, Nairobi	junctionforexbureaultd@yahoo.com

31	Kenza Exchange Bureau Ltd P. O. Box 21819 – 00400 Nairobi Tel: 822504/ 2245863	JKIA, Arrival Unit 1 Nairobi	okambua@gmail.com, rokora@yahoo.com
32	La'che Forex Bureau Ltd P. O. Box 45191 – 00100 Nairobi Tel: 3514509, 2119568/9, 0711-229408, 3752109	Diamond Plaza, 2nd Floor, Parklands, Nairobi	info@lache.co.ke Fax: 254-2-2733485
33	Leo Forex Bureau Ltd P. O. Box 82304– 80100 Mombasa Tel: 041-2230396/7/8; 2230399	T. S. S. Towers Nkrumah Road, Mombasa	leoforex@swiftmombasa.com Fax: 254-41-230399
34	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
35	Lion Bureau De Change Ltd P.O Box 4581-00200 Nairobi Tel: 0732911138, 0731863896, 0202600072	Taj Shopping Mall North Airport Road, Embakasi, Nairobi	anthony.nyuguto@gmail.com info@lionbureau.com
36	Magnum Forex Bureau De Change Ltd P. O. Box 46434 – 00100 Nairobi	Nakumatt Mega, Uhuru Highway, Nairobi	magnumkenya@gmail.com
37	Maritime Forex Bureau Ltd P. O. Box 43296 – 80100 Mombasa Tel: 041- 2319175/6/7	Hassanali Building, Nkrumah Road, Nairobi	maritimeforex@africal.co.ke Fax: 254-41-2319178

38	Metropolitan Bureau De Change Ltd P. O. Box 7080 – 00300 Nairobi Tel: 827963	Galleria Mall, Langata Road, Nairobi	metropolitanforex@gmail.com , carolm@metroforex.co.ke Fax: 254-2-252116
39	Middletown Forex Bureau Ltd P. O. Box 41830 – 00100 Nairobi Tel: 2211227	Westminister House Kaunda Street Nairobi	mtforex@iconnect.co.ke Fax: 254-2-332534
40	Mona Bureau De Change Ltd P. O. Box 46180 – 00100 Nairobi Tel: 828111/2, Cell: 0733-744348	Panari Centre, Mombasa Road Nairobi	monaraj@ymail.com Fax: 254-2-828113
41	Moneypoint Forex Bureau Ltd P. O. Box 3338-00100 Nairobi Tel No. 020-2211346/7	Tubman Road, Anish Plaza, Nairobi	moneypointforex@hotmaill.com Fax:+254-20-2211342
42	Morgan Forex Bureau De Change Ltd P. O. Box 79012 – 00400 Nairobi Tel No. 020-4444073	Kipro Centre, Sports Street, Westlands, Nairobi	morgankenya@gmail.com Fax: 254 -2-4444074
43	Mustaqbal Forex Bureau Ltd P. O. Box 100745 – 00101 Nairobi Tel: 020-2497344	Mosque House, 6th Street, Eastleigh, Nairobi	mustaqbalforex@yahoo.com Fax: 254-2-6766650
44	Muthaiga-ABC Forex Bureau Ltd P. O. Box 63533 – 00619, Tel: 4048883/4044146 Cell: 0722-362665/0733-362665	Muthaiga Shopping Centre, Nairobi	mfbfx@mafxgroup.com
45	Nairobi Bureau De Change Ltd P. O. Box 644 – 00624, Village Market Nairobi Tel: 822884	Unit 2 JKIA Nairobi	info@nairobibureau.com Fax: 254-2-241307

46	Nairobi Forex Bureau Ltd P. O. Box 12523 – 00100 Nairobi Tel: 2244767/2223039	Gujarat House, Muindi Mbingu Street, Nairobi	nfbwesternunion@yahoo.com Fax: 254-2-244767
47	Namanga Forex Bureau Ltd P. O. Box 12577 – 00100 Nairobi Tel: 02-213642/ 045-5132476	Immigration Building, Namanga Town	namangaforexbureau@yahoo.com
48	Nawal Forex Bureau Ltd P. O. Box 43888 – 00100 Nairobi Tel: 2720111	Chaka Place, Chaka Road, Nairobi	nawalforexbureau@yahoo.com Fax: 254-2-272011
49	Net Forex Bureau Ltd P. O. Box 102348– 00100, Jamia Nairobi Tel: 020 – 249999	Metro Building, Koinange Street, Nairobi	netforexbureau@yahoo.com Fax: 254-2-250088
50	Offshore Forex Bureau Limited P. O. Box 26650 – 00100 Nairobi Tel: 020 – 310837/8	Cianda House, Ground Floor, Koinange Street, Nairobi	offshoreforex@hotmail.com Fax: 254-02-310839
51	Pacific Forex Bureau Limited P. O. Box 24273 – 00100 Nairobi Tel. 310880, 310882/3	Lonhro House, Standard Street, Nairobi	pacific@sahannet.com, 'pacificbc@yahoo.com
52	Peaktop Bureau De Change Ltd P. O. Box 13074 – 00100 Nairobi Tel: 2244371/313438, 0722 – 332518	20th Century, Mama Ngina/Kaunda Streets, Nairobi	info@peaktop.co.ke, peaktop-bureau@gmail.com Fax: 254-2-210210
53	Pearl Forex Bureau Ltd P. O. Box 58059 – 00200 Nairobi Tel: 2724769/ 2724778	Hurlingham Shopping Centre, Unipen Flats, Nairobi	pearlforex@rocketmail.com Fax: 254-2-2724770

54	Pel Forex Bureau Ltd P. O. Box 957 – 40100 Kisumu Tel: 057-2024134/2044425	Allmamra Plaza Oginga Odinga Road, Kisumu	pel@swiftkisumu.com Fax: 254-57-2022495
55	Penguin Forex Bureau Ltd P. O. Box 3438 – 80100 Mombasa Tel: 041- 316618/2228170	Reel House, Jomo Kenyatta Avenue, Makupa, Mombasa	info@penguinforex.co.ke Fax: 254-41-2228194
56	Princess Forex Bureau Ltd. P.O. BOX 104140 – 00101 Nairobi Tel: +254 20 2217978	Eco-Bank Towers, Nairobi	princessforexbureau@gmail.com
57	Pwani Forex Bureau Ltd P. O. Box 87200 – 80100 Mombasa Tel: 041-2221727/2221734/2221845	Mombasa Block 404 XV11/M1 Abdel Nasser	forex@pwaniforex.com Fax: 254-41-2221870
58	Rand Forex Bureau Limited P. O. Box 30923 - 00100 Nairobi Tel: 0722200815	Kampus Mall, University Way, Nairobi	info@randforex.co.ke
59	Real Value Forex Bureau Limited P. O. Box 2903 – 00100 Nairobi Tel: 236044/55/66/77	Shariff Complex, 5th Avenue, Eastleigh, Nairobi	realvaluefx@gmail.com
60	Regional Forex Bureau Limited P. O. Box 634 – 00100, Nairobi Tel. 313479/80,311953	Kimathi House, Kimathi Street, Nairobi	regionalfx@gmail.com Fax: 254-20-312296
61	Rift Valley Forex Bureau Ltd P. O. Box 12165 Nakuru Tel: 051-2212495/2210174	Merica Hotel Building, Court Road, Nakuru	riftvalleyforex@yahoo.com Fax: 254-51-2210174

62	Safari Forex Bureau Ltd P. O. Box 219 Eldoret Tel: 053-2063347	KVDA Plaza, Eldoret	safariforexbureau@yahoo.com Fax: 254-053-2063997
63	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
64	Simba Forex Bureau Limited P. O. Box 66886 – 00800 Nairobi Tel. 020 – 445995, 0722 – 703121	Moi International Airport, Mombasa	simbaforexmombasa@gmail.com Fax No: 020 – 4443706
65	Sisi Forex Bureau Limited P.O. Box 60770 - 00200 Nairobi Tel: 2445846/0722-382995	Agip House, Haile Selasie Avenue, Nairobi	sisiforex@sisi.co.ke
66	Sky Forex Bureau Limited P. O. Box 26150 – 00100 Nairobi Tel: 020-2242062/3	20th Century, Mama Ngina/ Kaunda Street, Nairobi	info@skyforexbureau.com Fax No. 020-2242064
67	Solid Exchange Bureau Ltd P. O. Box 19257– 00501 Nairobi Tel: 822922/0722-853769	JKIA Unit 2, Nairobi	solidexchangebureau@yahoo.com Fax: 254-2-822923
68	Sterling Forex Bureau Ltd P. O. Box 43673 – 00200 Nairobi Tel: 2228923/340624	Laxmi Plaza, Biashara Street, Nairobi	info@sterlingforexbureau.com Fax: 254-2-330894
69	Sunny Forex Bureau Limited P. O. Box 34166 – 00100 Nairobi Tel: 2252013/252079	Uniafric House, Koinange Street, Nairobi	sunnyfoexbureau@yahoo.com Fax: 254-2-252076
70	Taipan Forex Bureau Ltd P. O. Box 42909 – 00100 Nairobi Tel: 827378	JKIA, International Arrivals Terminal, Nairobi	taipan@africaonline.co.ke Fax: 254-2-229665/248676

71	Tower Forex Bureau Limited P.O. Box 25934 - 00100 Nairobi Tel. 0723434343, 0739270511, 0772372744	I & M Bank Tower, Kenyatta Avenue, Nairobi	nim711@hotmail.com.
72	Trade Bureau De Change Ltd P. O. Box 7080 – 00300 Nairobi Tel: 2241107	St Eliss House, City Hall Way, Nairobi	trade@wananchi.com tradeb-dc@yahoo.com Fax: 254-2-317759
73	Travellers Forex Bureau Ltd P. O. Box 13580 – 00800 Nairobi Tel: 447204/5/6	The Mall, Ring Road Westlands, Nairobi	bmawjee@hotmail.com Fax: 254-2-443859
74	Travel Point Forex Bureau Limited P. O. Box 75901 – 00200 Nairobi Tel. 827872, 827877	JKIA, International Arrivals Terminal, Nairobi	info@travelpoint.co.ke Fax: 254-2-827872
75	Union Forex Bureau Ltd P. O. Box 43847– 00100 Nairobi Tel: 4441855/4448327/4447618	Sarit Centre , Lower Kabete Road , Westlands, Nairobi	unionforex@hotmail.com Fax: 254-2-4441855
76	Ventures Forex Exchange Bureau Ltd P.O. Box 2665 - 00200 Nairobi Tel: 0722650195	Bishop Magua Centre, 1st floor, Ngong Road, Nairobi	venturesforexbureau@gmail.com, wanjiru101@yahoo@.com
77	Victoria Forex Bureau De Change Ltd P. O. Box 705 – 40100 Kisumu Tel 057-2025626/2021134/2023809	Sansora Building, Central Square, Kisumu	victoriaforex@yahoo.com Fax: 254-57-202536
78	Wallstreet Bureau De Change Ltd P. O. Box 6841- 30100 Eldoret Tel: 053-2062907	Bargetuny Plaza, Uganda Road, Eldoret	wallstreet756@gmail.com Fax: 254- 53-2062907

79	Westlands Forex Bureau Ltd P. O. Box 45746 – 00100 Nairobi Tel: 3748786	14 Riverside Drive, Nairobi	westforex@wananchi.com Fax: 254-2-3748785
80	Yaya Centre Exchange Bureau Ltd P. O. Box 76302 – 00508 Nairobi Tel: 02-3869097	Yaya Centre Towers, Argwings Kodhek Road, Nairobi	info@yayaforex.co.ke Fax: 254-2-3870869

Appendix XXI

DIRECTORY OF MONEY REMITTANCE PROVIDERS (MRPs)

	Name of MRP	Location	Email Address
1	Amal Express Money Transfer Limited P.O.BOX 3165 – 00100 Nairobi Tel: 0722878597 or 0723281122	Amal Plaza, 1st Avenue Eastleigh, Nairobi	info@amalexpress.co.ke
2	Amana Money Transfer Ltd P.O. Box 68578 – 00622 Nairobi Tel : 6761296 / 2379824	Amana Shopping Complex, Captain Mungai Street, Eastleigh, Nairobi.	amanamnytransfer@gmail.com/amanaforex@hotmail.com
3	Bakaal Express Money Transfer Ltd P.O.BOX 71248 – 00610 Nairobi Tel: 2394513 or 0717399039	Amco Shopping Mall, 1st Avenue Eastleigh, Nairobi	nbiinfo@bakaal.com
4	Continental Money Transfer Limited P.O. Box 49387 – 00100 Nairobi Tel : 2217138/40	Eco Bank Towers, Kaunda Street, Nairobi	info@continentalmoneytransfer.com
5	Dahabshill Money Transfer Limited. P.O. Box 68991 – 00622 Nairobi Tel:2222728/9 or 0720169999	20th Century Building, Standard Street, Nairobi	ken.dmtc@dahabsiil.com
6	Flex Money Transfer Limited P.O. Box 23786-00100 Nairobi Tel:020-3861100/ 0715919391	Green House, Pent House, Grind Number 40 Ngong Road, Nairobi	info@flex-money.com www.flex-money.com
7	Global Money Transfer Limited P.O. Box 47583 – 00100 Nairobi Tel:020-2321972/ 0722701990	1st Floor Shariff Centre, Eastleigh Nairobi	Globalfrx@gmail.com

8	Hodan Global Money Remittance and Exchange Limited P.O. Box 68811 – 00622 Nairobi Tel:2084862	Hong Kong Shopping Mall, 1st Avenue, Athumani Kipanga Street, Eastleigh, Nairobi	hodanforex2008@hotmail.com
9	Iftin Express Money Transfer Limited P.O. Box 100184 – 00101 Nairobi Tel: 2629818	AMCO Shopping Mall, 1st Avenue, Eastleigh, Nairobi	iftinforex@gmail.com
10	Juba Express Money Transfer Limited P.O.BOX 17773 – 00100 Nairobi Tel: 2240540, 0727699669 or 0772699669	Hamilton House, Kaunda Street Nairobi	info@jubaexpress.co.ke
11	Kaah Express Money Transfer Limited P.O.BOX 10327 – 00400 Nairobi Tel: 0206767494/604 or 0724710153	Kaah building, 2nd Avenue, 8th Street, Eastleigh, Nairobi	kaahexpress.kenya@gmail.com
12	Kendy Money Transfer Limited P.O.BOX 76163 – 00508 Nairobi Tel: 0202377054	Sameer Business Park, Block E, Off Mombasa Road	info@kendytechnologies.co.ke
13	Safaricom Money Transfer Services Limited P. O. Box 66827 – 00800 Nairobi Tel: 20 427 3272 / 0722 00 3272	Safaricom House, Waiyaki Way, Westlands, Nairobi	ceo@safaricom.co.ke
14	Tawakal Money Transfer Limited P.O. BOX 42909 – 00100 Nairobi Tel : 6766171	Ubah Center, 5th Street Eastleigh, Nairobi.	tfbureau@yahoo.com
15	UAE Exchange Money Remittance Limited P.O Box 51695 – 00100 Nairobi Tel: 2220101	IPS Building, Kimathi Street, Nairobi.	kimathistreet.branch@ke.uaeexchange.com

The Bank Supervision Annual Report, prepared by the Central Bank of Kenya

is available on the internet at: http://www.centralbank.go.ke