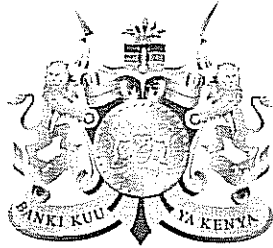


BANKI
KUU YA
KENYA



CENTRAL
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BANKING CIRCULAR NO. 9 OF 2012

TO: ALL CHIEF EXECUTIVES OF COMMERCIAL BANKS, MORTGAGE FINANCE COMPANIES AND CHIEF REPRESENTATIVE OFFICERS OF AUTHORISED REPRESENTATIVE OFFICES IN KENYA OF FOREIGN INSTITUTIONS


ISSUANCE OF REVISED PRUDENTIAL GUIDELINES AND RISK MANAGEMENT GUIDELINES

Pursuant to its mandate of fostering the liquidity, solvency and proper functioning of a stable market-based financial system, the Central Bank of Kenya has conducted a comprehensive review of the Prudential Guidelines and Risk Management Guidelines currently in use. The review has been necessitated by developments in the national, regional and global arenas and the need to proactively strengthen the regulatory framework for banks and other institutions licensed pursuant to the Banking Act.

The purpose of this Circular is therefore to:

- a) Issue the revised Prudential Guidelines to all commercial banks, mortgage finance companies, non – bank financial institutions and Representative Offices in Kenya of foreign institutions and advise that the Guidelines will be effective from **1st January, 2013** thereby replacing the current Prudential Guidelines issued pursuant to Banking Circular No. 11 of 2005. The Prudential Guidelines can be accessed on the Central Bank of Kenya website <http://www.centralbank.go.ke>.
- b) Issue the revised Risk Management Guidelines (RMGs), which take effect from **1st January 2013** thereby replacing the current Risk Management Guidelines issued pursuant to Banking Circular No. 11 of 2005. The Risk Management Guidelines can be accessed on the Central Bank of Kenya website <http://www.centralbank.go.ke>.

The above Guidelines are issued under section 33(4) of the Banking Act, and all institutions should note that a breach of any of the Guidelines attracts remedial actions as specified under the Banking Act and Regulations made thereunder.


E.P.K. PERE
DIRECTOR,
BANK SUPERVISION

5th November 2012

Cc. **Mr. Habil Olaka**
Chief Executive Officer
Kenya Bankers Association
International Life House
NAIROBI