



**GUIDANCE NOTE**  
**ON**  
**IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING**  
**STANDARD (IFRS) 9 ON FINANCIAL INSTRUMENTS**

**April 2018**

# **GUIDANCE NOTE ON IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) 9 ON FINANCIAL INSTRUMENTS**

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- i) Amended quarterly unaudited /audited annual Financial Statements and Other Disclosures template – indicate core and total capital ratios *before* and *after* the additional expected credit loss provisions have been added back.
- ii) Amended monthly return on Capital Adequacy to take into account the Central Bank of Kenya (CBK) Guidance Note on the implementation of IFRS 9.
- iii) A new monthly return – IFRS 9 Implementation Transition Return for tracking provisions over the next five-years relating to facilities/loans that were outstanding and performing as at December 31, 2017 and those issued in 2018 and performing.

## **PART I Preliminary**

- 1.1 Title** – Guidance Note on the implementation of the International Financial Reporting Standard (IFRS) 9 on Financial Instruments.
- 1.2 Authorization** – This Guidance Note is issued pursuant to Section 33(4) of the Banking Act, which grants CBK authority to issue guidance to institutions for maintenance of a stable and efficient banking and financial system. In addition, Section 48(2A) (b) of the Microfinance Act, 2006, mandates the Central Bank to issue guidelines to be adhered to by institutions in order to maintain a stable and efficient deposit taking microfinance system.
- 1.3 Application** – This Guidance Note applies to all institutions licenced under the Banking Act (Cap. 488) and microfinance banks licensed under the Microfinance Act, 2006.

## **PART II Statement of Policy**

### **2.1 Purpose**

The purpose of this Guidance Note is to guide institutions in the computation of the regulatory capital following the coming into effect of IFRS 9. Specifically, institutions have been granted a 5-year transition period to fully comply with IFRS 9 when computing regulatory capital. All provisions computed in line with IFRS 9 are to be charged to the income statement.

## **PART III Implementation of IFRS 9**

### **3.1 Brief on IFRS 9**

International Financial Reporting Standard 9, on Financial Instruments is effective for periods beginning on or after January 1, 2018. IFRS 9 replaced International Accounting Standard (IAS) 39 with regard to the methodology used to compute impairment provisions on financial instruments.

IFRS 9 introduces the Expected Credit Loss (ECL) model that replaced the Incurred Credit Loss (ICL) model under IAS 39. As reporting entities, institutions will have to recognize not only incurred credit losses but also losses that are expected in future. IFRS 9 seeks to improve credit risk provisioning by reporting institutions to enhance their resilience and capacity to withstand losses occasioned by loan defaults.

### **3.2 Recognition and Disclosure Requirements**

CBK is aware that there are diverse supervisory policies in respect of provisioning for impairments and capital in other jurisdictions, which makes it necessary for regulatory authorities to provide guidance. In this regard, CBK requires institutions to take into account the following while implementing IFRS 9: -



- 3.2.1 Recognition of additional provisions under ECL provisioning:** All provisions under the ECL model should be charged to the income statement. However, the provisions relating to performing facilities/loans should be added back over a five-year period for purposes of computing core/total capital. The expected credit losses to be added back shall be those relating to facilities/loans existing and performing as at the end of 2017 and new facilities/loans booked in the year 2018 and performing. All provisions under the ECL model for facilities/loans issued after 2018 shall be provided in full in compliance with IFRS 9 for purposes of computing regulatory capital.
- 3.2.2 Disclosure:** During the transition period, institutions should disclose, in their published results, their core and total capital ratios including *adjusted ratios* after the additional expected credit loss provisions have been added back. This is aimed at facilitating assessment of the impact of the additional ECL provisions on the institution's capital position.
- 3.2.3 Statutory Loan Loss Reserve:** Where the CBK provisions are higher than IFRS 9, the excess provisions shall be treated as an appropriation of retained earnings and not expenses in determining profit and loss. Therefore, such excess provisions shall be credited to the statutory loan loss reserve as provided in the Central Bank Prudential Guideline, CBK/PG/04 on Risk Classification of Assets and Provisioning.

## PART IV

### 4.0 Transition Period

Institutions will have a five-year transition period beginning January 2018, to fully comply with IFRS 9 in the computation of regulatory capital.

## PART V Reporting

### ANNEXES

CBK has revised the monthly capital adequacy return, quarterly unaudited/audited financial statements and other disclosures templates and introduced a new monthly return to track losses to be added back for purposes of computing regulatory capital. These revised/new returns/templates are to guide institutions in reporting compliance with both IFRS 9 and CBK Guidance Note during the 5-year transition period.

- i) Amended quarterly unaudited /audited annual Financial Statements and Other Disclosures template – Attached as **Annex I (B)** for banks and **Annex I (MFB)** for microfinance banks.
- ii) Amended monthly return on Capital Adequacy to take into account the CBK Guidance Note on the implementation of IFRS 9 – Attached as **Annex II (B)** for banks and **Annex II (MFB)** for microfinance banks.
- iii) A new monthly return – IFRS 9 Implementation Transition Return for tracking provisions over the next five-years relating to facilities/loans that were outstanding and performing as at December 31, 2017 and those issued in 2018 – Attached as **Annex III (B)** for banks and **Annex III (MFB)** for microfinance banks.

In the event of any query or clarification, please contact:

**The Director**  
**Bank Supervision Department**  
**Central Bank of Kenya**  
**P. O. Box 60000 - 00200**  
**NAIROBI**  
**Tel : 2860000**  
**Email: [fin@centralbank.go.ke](mailto:fin@centralbank.go.ke)**

CBKBL/PR10BL001		
	Annex I (B)	
	QUARTERLY UN-AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES	
	Institution:	0000001
	Financial Year:	2018
	Start Date:	01-03-2018
	End Date:	31-03-2018
I	BALANCE SHEET	
		Shs. '000'
A	ASSETS	
	1 Cash ( both Local & Foreign)	
	2 Balances due from Central Bank of Kenya	
	3 Kenya Government and other securities held for dealing purposes	
	4 Financial Assets at fair value through profit and loss	
	5 Investment Securities:	
	a) Held to Maturity:	-
	a. Kenya Government securities	
	b. Other securities	-
	b) Available for sale:	-
	a. Kenya Government securities	
	b. Other securities	
	6 Deposits and balances due from local banking institutions	
	7 Deposits and balances due from banking institutions abroad	
	8 Tax recoverable	
	9 Loans and advances to customers (net)	
	10 Balances due from banking institutions in the group	
	11 Investments in associates	
	12 Investments in subsidiary companies	
	13 Investments in joint ventures	
	14 Investment properties	
	15 Property and equipment	
	16 Prepaid lease rentals	
	17 Intangible assets	
	18 Deferred tax asset	
	19 Retirement benefit asset	
	20 Other assets	
	21 TOTAL ASSETS	-

QUARTERLY UN-AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES		
	<b>Institution:</b>	0000001
	<b>Financial Year:</b>	2018
	<b>Start Date:</b>	01-03-2018
	<b>End Date:</b>	31-03-2018
<b>B</b>	<b>LIABILITIES</b>	
22	Balances due to Central Bank of Kenya	-
23	Customer deposits	
24	Deposits and balances due to local banking institutions	
25	Deposits and balances due to foreign banking institutions	
26	Other money market deposits	
27	Borrowed funds	
28	Balances due to banking institutions in the group	
29	Tax payable	
30	Dividends payable	
31	Deferred tax liability	
32	Retirement benefit liability	
33	Other liabilities	
34	<b>TOTAL LIABILITIES</b>	-
<b>C</b>	<b>SHAREHOLDERS' FUNDS</b>	
35	Paid up /Assigned capital	
36	Share premium/(discount)	
37	Revaluation reserves	
38	Retained earnings/Accumulated losses	
39	Statutory loan loss reserves	
40	Other Reserves	
41	Proposed dividends	
42	Capital grants	
43	<b>TOTAL SHAREHOLDERS' FUNDS</b>	-
44	Minority Interest	
45	<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	-



QUARTERLY UN-AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES		
Institution:	0000001	
Financial Year:	2018	
Start Date:	01-03-2018	
End Date:	31-03-2018	
<b>II PROFIT AND LOSS ACCOUNT</b>		
<b>1.0</b>	<b>INTEREST INCOME</b>	
1.1	Loans and advances	
1.2	Government securities	
1.3	Deposits and placements with banking institutions	
1.4	Other Interest Income	
1.5	Total interest income	-
<b>2.0</b>	<b>INTEREST EXPENSE</b>	
2.1	Customer deposits	
2.2	Deposits and placement from banking institutions	
2.3	Other interest expenses	-
2.4	Total interest expenses	-
<b>3.0</b>	<b>NET INTEREST INCOME/(LOSS)</b>	-
<b>4.0</b>	<b>NON-INTEREST INCOME</b>	
4.1	Fees and commissions on loans and advances	
4.2	Other fees and commissions	
4.3	Foreign exchange trading income/(Loss)	
4.4	Dividend Income	
4.5	Other income	
4.6	Total Non-interest income	
<b>5.0</b>	<b>TOTAL OPERATING INCOME</b>	-
<b>6.0</b>	<b>OTHER OPERATING EXPENSES</b>	
6.1	Loan loss provision	
6.2	Staff costs	
6.3	Directors' emoluments	
6.4	Rental charges	
6.5	Depreciation charge on property and equipment	
6.6	Amortisation charges	
6.7	Other operating expenses	
6.8	Total Other Operating Expenses	-
<b>7.0</b>	<b>Profit/(loss) Before Tax and Exceptional Items</b>	-
8.0	Exceptional Items	-
<b>9.0</b>	<b>Profit/(Loss) After Exceptional Items</b>	-
10.0	Current Tax	
11.0	Deferred Tax	
<b>12.0</b>	<b>Profit/(Loss) After Tax and Exceptional Items</b>	-
13.0	Minority Interest	-
<b>14.0</b>	<b>Profit/(loss) after tax, exceptional items and Minority Interest</b>	-
<b>15.0</b>	<b>Other Comprehensive Income</b>	
15.1	Gains/(Losses) from translating the financial statements of foreign operations	-
15.2	Fair value changes in available for sale financial assets	
15.3	Revaluation surplus on Property, plant and equipment	
15.4	Share of other comprehensive income of associates	
15.5	Income tax relating to components of other comprehensive income	
<b>16.0</b>	<b>Other Comprehensive Income for the year net of tax</b>	-
<b>17.0</b>	<b>Total comprehensive income for the year</b>	-
<b>18.0</b>	<b>EARNINGS PER SHARE- BASIC &amp; DILUTED</b>	
<b>19.0</b>	<b>DIVIDEND PER SHARE -DECLARED</b>	



QUARTERLY UN-AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES		
Institution:	0000001	
Financial Year:	2018	
Start Date:	01-03-2018	
End Date:	31-03-2018	
<b>III OTHER DISCLOSURES</b>		
<b>1.0 NON-PERFORMING LOANS AND ADVANCES</b>		
(a) Gross Non-performing loans and advances		
(b) Less: Interest in Suspense		
(c) Total Non-Performing Loans and Advances (a-b)	-	
(d) Less: Loan Loss Provision		
(e) Net Non-Performing Loans and Advances(c-d)	-	
(f) Discounted Value of Securities		
(g) Net NPLs Exposure (e-f)	-	
<b>2.0 INSIDER LOANS AND ADVANCES</b>		
(a) Directors, Shareholders and Associates		
(b) Employees		
(c) Total Insider Loans and Advances and other facilities	-	
<b>3.0 OFF-BALANCE SHEET ITEMS</b>		
(a) Letters of credit, guarantees, acceptances		
(b) Forwards, swaps and options		
(c) Other contingent liabilities	-	
(d) Total Contingent Liabilities	-	
<b>4.0 CAPITAL STRENGTH</b>		
(a) Core capital		
(b) Minimum Statutory Capital		
(c) Excess/(Deficiency)(a-b)	-	
(d) Supplementary Capital		
(e) Total Capital (a+d)	-	
(f) Total Risk Weighted Assets		
(g) Core Capital/Total Deposit Liabilities		
(h) Minimum statutory Ratio		
(l) Excess/(Deficiency) (g-h)	0.0%	
(j) Core Capital / Total Risk Weighted Assets	#DIV/0!	
(k) Minimum Statutory Ratio		
(l) Excess (Deficiency) (j-k)	#DIV/0!	
(m) Total Capital/Total Risk Weighted Assets	#DIV/0!	
(n) Minimum statutory Ratio		
(o) Excess/(Deficiency) (m-n)	#DIV/0!	
(p) Adjusted Core Capital/Total Deposit Liabilities*		
(q) Adjusted Core Capital/Total Risk Weighted Assets*		
(r) Adjusted Total Capital/Total Risk Weighted Assets*		
<b>14 LIQUIDITY</b>		
14.1 (a) Liquidity Ratio		
14.2 (b) Minimum Statutory Ratio		
14.3 (c) Excess (Deficiency) (a-b)		
<b>Notes</b> * The Adjusted Capital Ratios includes the expected credit loss provisions added back to Capital in line with the CBK Guidance Note issued in April 2018 on implementation of IFRS 9.		
We declare that this return, to the best of our knowledge and belief is correct.		
Name of Compiling Officer: .....	Sign: .....	
Name of authorizing officer (1): .....	Sign: .....	
Name of authorizing officer (2): .....	Sign: .....	

## Annex II (B) - CBK57/PR357002: CAPITAL TO RISK WEIGHTED ASSETS

Institution:

Financial Year:

Start Date:

End Date:

	Version 3.0.5

	Compliant with CBK/PG/03 AMOUNT (KHS' 000)	Adjusted where applicable in line with CBK's Guidance on IFRS 9* AMOUNT (KHS' 000)
<b>1. CAPITAL COMPONENTS</b>		
<b>1.1 CORE CAPITAL (Tier 1)</b>		
1.1.1. Paid-up ordinary share capital/Assigned Capital		
1.1.2. Non-repayable share premium		
1.1.3 Retained earnings/Accumulated losses		
1.1.4 Net After tax profits, current year to-date (50% only)		
1.1.5 Non-cumulative irredeemable preference shares		
1.1.6 Other reserves		
1.1.7 Sub-Total (1.1.1 to 1.1.6)	-	-
<b>Less Deductions</b>		
1.1.8 Investments in shares of unconsolidated subsidiary institutions and equity instruments of other institutions		
1.1.9 Goodwill		
1.1.10 Deferred Tax Asset		
1.1.11 Other Intangible Assets		
1.1.12 Total Deductions (1.1.8 to 1.1.11)	-	-
1.1.13 CORE CAPITAL (1.1.7 Less 1.1.12)	-	-
<b>1.2 Supplementary Capital (Tier 2)</b>		
1.2.1 Revaluation reserves (25%)		
1.2.2 Cumulative irredeemable preference shares		
1.2.3 Convertible notes and similar capital investments		
1.2.4 Perpetual subordinated debt		
1.2.5 Limited life redeemable preference shares		
1.2.6 Term subordinated debt		
1.2.7 Statutory Loan Loss Reserve		
1.2.8 Total supplementary capital (1.2.1 to 1.2.7)	-	-
1.2.9 Supplementary Capital/Core Capital (%)	#DIV/0!	#DIV/0!
1.3. TOTAL CAPITAL (1.1.13 + 1.2.8)	-	-
1.4 Total shareholder's funds (Per CBK BSM)		
1.5 Difference (1.4 Less 1.3)*	-	-

\* - A reconciliation for the difference to be attached on a separate sheet.

## 2. On – Balance Sheet Assets

	Amount (Ksh. '000')	Risk Weight	Risk Adjusted Asset Value (Ksh. '000')
2.1 Cash (including foreign notes and coins)		0	-
2.2 Balances with Central Bank of Kenya		0	-
2.3 Kenya Government Treasury Bills		0	-
2.4 Kenya Government Treasury Bonds		0	-
2.5 Lending fully secured by cash		0	-
2.6 Loans guaranteed by the Government of Kenya and OECD Central Governments		0	-
2.7 Loans guaranteed by the Governments of other EAC Member States		0.2	-
2.8 Deposits and balances due from local institutions		0.2	-
2.9 Deposits and balances due from foreign institutions		0.2	-
2.10 Foreign Treasury Bills and bonds		0.2	-
2.11 Claims guaranteed by Multi-Lateral Development Banks		0.2	-
2.12 Mortgage Loans secured by residential property		0.5	-
2.13 Other Loans and advances (net of provisions)		1	-
2.14 Other investments		1	-
2.15 Fixed Assets (net of Depreciation)		1	-
2.16 Amounts due from group companies		1	-
2.17 Other assets		1	-
2.18 TOTAL (2.1 to 2.17)			-
2.19 Total assets (per CBK BSM)			
2.20 Difference (2.19 Less 2.18)*			

\* - A reconciliation for the difference to be attached on a separate sheet.

Risk Weighted Assets Summary	
3. Total Risk Adjusted off-balance sheet Assets (From Form B)	
4. Adjusted Credit Risk Weighted Assets (from 2.18 above)	
4.1 Total Risk Weighted Assets for on and off balance sheet items (3 + 4)	
4.2 Market Risk qualifying Assets included in 4.1 above (2.3+2.4+2.10+2.14)	
4.3 Adjusted Credit Risk Weighted Assets (4.1 less 4.2)	
5. Total Market Risk Weighted Assets Equivalent (From Form C)	
6. Operational Risk Equivalent Assets (From Form D)	

7. Capital Ratio Computations	Compliant with CBK/PG/03	Adjusted where applicable in line with CBK's Guidance on IFRS 9
7.1 Core Capital as per 1.1.13 above	-	-
7.2 Total Capital as per 1.3 above	-	-
7.3 Adjusted Credit Risk Weighted Assets as per 4.3 above	-	-
7.4 Total Market Risk Weighted Assets Equivalent as per 5 above	-	-
7.5 Total Risk Weighted assets Equivalent for Operations Risk as per 6 above	-	-
7.6 Total Risk Weighted Assets (7.3 + 7.4 + 7.5)	-	-
7.7 Total Deposits		
7.8 Core Capital to Total Risk Weighted Assets Ratio (7.1/7.6)%	#DIV/0!	#DIV/0!
7.9 Minimum Core Capital to Total Risk Weighted Assets requirement	-10.50%	10.50%
8.0 Excess/(Deficiency) 7.8 less 7.9	#DIV/0!	#DIV/0!
8.1 Core Capital to Deposit Ratio (7.1/7.7)%	#DIV/0!	#DIV/0!
8.2 Minimum Core Capital to Deposits requirement	10.5%	10.5%
8.3 Excess/(Deficiency) (8.1 less 8.2)	#DIV/0!	#DIV/0!
8.4 Total Capital to Total Risk Weighted Assets Ratio (7.2/7.6)%	#DIV/0!	#DIV/0!
8.5 Minimum Total Capital to Total Risk Weighted Assets requirement	14.50%	14.50%
8.6 Excess/(Deficiency) (8.4 less 8.5)	#DIV/0!	#DIV/0!

\*The Adjusted column takes into account the expected credit loss provisions added back to Capital in line with CBK Guidance Note issued in April 2018 on implementation of IFRS 9.

### AUTHORIZATION:

We declare that this return, to the best of our knowledge and belief is correct.

Name of Compiling Officer: .....

Date: .....

Name of authorizing officer (1): .....

Date: .....

Name of authorizing officer (2): .....

Date: .....



### Annex III (B)

CBK/IFRS9/01: MOVEMENT IN PERFORMING LOANS AND PROVISIONS ADDED BACK	
Institution:	
Financial Year:	
Start Date:	
End Date:	
<b>a) Movement in Performing Loans</b>	<b>Kshs.'000</b>
*Opening balance of performing loans as at the beginning of the month	
*Add loans issued in the current month	
Less performing loans that migrated to Non-Performing loans in the current month	
Less repayment of performing loans in the current month	
Closing balance of performing loans as at the end of the month	0
<b>b) Movement in Provisions Added Back</b>	
Opening balance of provisions on performing loans added back at the beginning of the month	
Additional provisions added back on new performing loans issued in the current month	
Less Provisions added back on performing loans that migrated to Non-Performing loans in the current month	
Less Provisions added back on performing loans repaid in the current month	
Closing balance of provisions added back on performing loans at the end of the month	0
*Performing loans relate to those outstanding as at Dec 31, 2017 and those issued in 2018 and Performing	
<b>AUTHORIZATION:</b>	
We declare that this return, to the best of our knowledge and belief is correct.	
Name of Compiling Officer: .....	
Name of authorizing officer (1): .....	
Name of authorizing officer (2): .....	

## ANNEX I (MFB) UNAUDITED QUARTERLY DISCLOSURES

<b>Institution:</b>	0000001
<b>Financial Year:</b>	2018
<b>Start Date:</b>	01-03-2018
<b>End Date:</b>	31-03-2018

	OTHER DISCLOSURES	Prior Year Same Quarter KSh. '000 (Un-audited)	31st Dec Prior Year KSh. '000 (Audited)	1st Quarter Current Year KSh. '000 (Un-audited)
Ref. No.				
1	<b>NON-PERFORMING LOANS AND ADVANCES</b>			
(a)	Gross Non-Performing Loans and Advances			
	Less:			
(b)	Interest in Suspense			
(c)	Total Non-Performing Loans and Advances (a-b)			
	Less:			
(d)	Impairment Loss Allowance			
(e)	Net Non-Performing Loans (c-d)			
2	<b>INSIDER LOANS AND ADVANCES</b>			
(a)	Directors, Shareholders and Associates			
(b)	Employees			
(c)	Total Insider Loans, Advances and Other Facilities			
3	<b>OFF-BALANCE SHEET ITEMS</b>			
(a)	Guarantees and Commitments			
(b)	Other Contingent Liabilities			
(c)	Total Contingent Liabilities			
4	<b>CAPITAL STRENGTH</b>			
(a)	Core Capital			
(b)	Minimum Statutory Capital			
(c)	Excess/(Deficiency) (a-b)			
(d)	Supplementary Capital			
(e)	Total Capital (a+d)			
(f)	Total Risk Weighted Assets			
(g)	Core Capital/ Total Deposit Liabilities			
(h)	Minimum Statutory Ratio			
(i)	Excess/(Deficiency) (g-h)			
(j)	Core Capital/ Total Risk Weighted Assets			
(k)	Minimum Statutory Ratio			
(l)	Excess/(Deficiency) (j-k)			
	OTHER DISCLOSURES	Prior Year Same Quarter KSh. '000 (Un-audited)	31st Dec Prior Year KSh. '000 (Audited)	1st Quarter Current Year KSh. '000 (Un-audited)
Ref. No.				
(m)	Total Capital/ Total Risk Weighted Assets			
(n)	Minimum Statutory Ratio			
(o)	Excess/(Deficiency) (m-n)			
(p)	Adjusted Core Capital/Total Deposit Liabilities*			
(q)	Adjusted Core Capital/Total Risk Weighted Assets*			

(r)	Adjusted Total Capital/Total Risk Weighted Assets*			
5	LIQUIDITY			
(a)	Liquidity Ratio			
0	Minimum Statutory Ratio			
(c)	Excess/(Deficiency) (a-b)			

Notes: This return should be compiled on a quarterly basis, to be received on or before the twentieth day after the end of quarter.

\* The Adjusted Capital Ratios includes the expected credit loss provisions added back to Capital in line with the CBK Guidance Note issued in April 2018 on implementation of IFRS 9.

We declare that this return, to the best of our knowledge and belief is correct.

Name of Compiling Officer: .....Sign..... Date: .....

Name of authorizing officer (1): .....Sign..... Date: .....

Name of authorizing officer (2): .....Sign..... Date: .....



## Annex II (MFB) CAPITAL TO RISK WEIGHTED ASSETS RETURN

<b>Institution:</b>	0500000	
<b>Financial Year:</b>	2018	Version 3.0.6
<b>Start Date:</b>	01-01-2018	
<b>End Date:</b>	31-01-2019	
		Compliant with MFB Regulations
		Adjusted where applicable in line with CBK's Guidance on IFRS 9**
<b>1. CAPITAL COMPONENTS</b>	<b>AMOUNT (KSh' 000)</b>	<b>AMOUNT (KSh' 000)</b>
<b>1.1 CORE CAPITAL (Tier 1)</b>		
1.1.1 Paid-up ordinary share capital / Assumed Capital		
1.1.2 Non-repayable share premium		
1.1.3 Retained earnings / Accumulated losses		
1.1.4 Net After tax profits, current year to-date (N/A, only)		
1.1.5 Capital Gains		
1.1.6 Non-cumulative irredeemable preference shares		
1.1.7 Other reserves		
1.1.8 Sub-Total (1.1.1 to 1.1.7)		
<b>LESS DEDUCTIONS</b>		
1.1.9 Investments in subsidiary institutions and equity instruments of other institutions		
1.1.10 Goodwill		
1.1.11 Intangible assets		
1.1.12 Total Deductions (1.1.9 to 1.1.11)		
1.1.13 CORE CAPITAL (1.1.8 Less 1.1.12)		
<b>1.2 SUPPLEMENTARY CAPITAL (TIER 2)</b>		
1.2.1 Revaluation reserves (25%)		
1.2.2 Cumulative irredeemable preference shares		
1.2.3 Convertible notes and similar capital investments		
1.2.4 Perpetual subordinated debt		
1.2.5 Limited life redeemable preference shares		
1.2.6 Term subordinated debt		
1.2.7 Statutory Loss Reserve		
1.2.8 Total Supplementary Capital (1.2.1 to 1.2.7)		
1.2.9 Supplementary Capital/Core Capital (%)	0.0%	0.0%
1.3 TOTAL CAPITAL (1.1.13 + 1.2.8)		
1.4 Total shareholder's funds (Per Un-Audited Monthly Balance Sheet (MFR6-1))		
1.5 Difference (1.4 Less 1.3)*		

<b>2. ON - BALANCE SHEET ASSETS</b>	<b>AMOUNT (KSh. 000)</b>	<b>WEIGHT</b>	<b>WEIGHTED ASSET VALUE (KSh. 000)</b>
2.1 Cash in local currency		0	-
2.2 Balances with Central Bank of Kenya		0	-
2.3 Kenya Government Treasury Bills		0	-
2.4 Kenya Government Treasury Bonds		0	-
2.5 Lending - fully secured by cash		0	-
2.6 Advances guaranteed by the Government of Kenya and OECD Central Governments		0	-
2.7 Cash in foreign currency		0	-
2.8 Deposits and balances due from local institutions		0.2	-
2.9 Deposits and balances due from foreign institutions		0.2	-
2.10 Foreign Treasury Bills and bonds		0.2	-
2.11 Loans guaranteed by Multilateral Development Banks		0.2	-
2.12 Loans and advances secured residential property		0.5	-
2.13 Other Loans and Advances (net of provisions)		1.0	-
2.14 Other Investments		1.0	-
2.15 Fixed Assets (Net of depreciation)		1.0	-
2.16 Amount due from group companies		1.0	-
2.17 Other assets		1.0	-
2.18 TOTAL (2.1 to 2.17)			-
2.19 Total Assets (Per Un-Audited Monthly Balance Sheet (MFR6-1))			
2.20 Difference			

<b>3. OFF-BALANCE SHEET ASSETS</b>	<b>CREDIT RISK EQUIVALENT</b>	<b>WEIGHT</b>	<b>WEIGHTED ASSET VALUES</b>
Counterparty/Security			
3.1 Transaction secured by cash		0.0	-
3.2 Government of Kenya and OECD Central Governments		0.0	-
3.3 Items with a maturity of one year and below		0.5	-
3.4 Items with a maturity exceeding a year		1.0	-
3.5 Others		1.0	-
3.6 TOTAL (3.1 to 3.5)			-

<b>4. CAPITAL RATIO CALCULATIONS</b>	<b>Compliant with MFB Regulations</b>	<b>Adjusted where applicable in line with CBK's Guidance on IFRS 9</b>
4.1 Core Capital as per 1.1.12 above		
4.2 Total Capital as per 1.3 above		
4.3 Total Risk Weighted Assets value of on-balance sheet items as per 2.18 above		
4.4 Total Risk Weighted Assets value of off-balance sheet items as per 3.7 above		
4.5 Total Risk Weighted Assets (4.3 + 4.4)		
4.6 Total Deposits/Per Un-Audited Monthly Balance Sheet (MFR6-1)		
4.7 Core Capital to Risk Weighted Assets Ratio (4.1/4.5)*		
4.8 Minimum Core Capital to Risk Weighted Assets requirement		
4.9 Excess (deficiency) (4.7 less 4.8)		
5.0 Core Capital to Deposits Ratio (4.1/4.6)*		
5.1 Minimum Core Capital to Deposits Requirement		
5.2 Excess (Deficiency) (5.0 less 5.1)		
5.3 Total Capital to Risk Weighted Assets Ratio (4.2/4.5)*		
5.4 Minimum Total Capital to Risk Weighted Assets Requirement		
5.5 Excess (Deficiency) (5.3 less 5.4)		

\* A reconciliation for the difference to be attached on a separate sheet.

\*\*The Adjusted column takes into account the expected credit loss provisions added back to Capital in line with the CBK's Guidance Note issued in April 2018 on implementation of IFRS 9

Note: Monthly return to be received on or before the tenth day of the following month

## AUTHORIZATION:

We declare that this return, to the best of our knowledge and belief is correct

We declare that this return, to the best of our knowledge and belief is correct

Name of Compiling Officer: \_\_\_\_\_ Sign: \_\_\_\_\_

Name of authorizing officer (1): \_\_\_\_\_ Sign: \_\_\_\_\_

Name of authorizing officer (2): \_\_\_\_\_ Sign: \_\_\_\_\_

Date: \_\_\_\_\_

### Annex III (MFB)

CBK/IFRS9/01: MOVEMENT IN PERFORMING LOANS AND PROVISIONS ADDED BACK	
<b>Institution:</b>	
<b>Financial Year:</b>	
<b>Start Date:</b>	
<b>End Date:</b>	
<b>a) Movement in Performing Loans</b>	<b>Kshs.'000</b>
*Opening balance of performing loans as at the beginning of the month	
*Add loans issued in the current month	
Less performing loans that migrated to Non-Performing loans in the current month	
Less repayment of performing loans in the current month	
Closing balance of performing loans as at the end of the month	0
<b>b) Movement in Provisions Added Back</b>	
Opening balance of provisions on performing loans added back at the beginning of the month	
Additional provisions added back on new performing loans issued in the current month	
Less Provisions added back on performing loans that migrated to Non-Performing loans in the current month	
Less Provisions added back on performing loans repaid in the current month	
Closing balance of provisions added back on performing loans at the end of the month	0
*Performing loans relate to those outstanding as at Dec 31, 2017 and those issued in 2018 and Performing	
<b>AUTHORIZATION:</b>	
We declare that this return, to the best of our knowledge and belief is correct.	
<b>Name of Compiling Officer:</b> .....	
<b>Name of authorizing officer (1):</b> .....	
<b>Name of authorizing officer (2):</b> .....	