Bank Supervision Annual Report Prepared by the Central Bank of Kenya, is available on the Internet at:

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Bank Supervision Annual Report 2008

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CENTRAL BANK OF KENYA

BANKI KUU YA KENYA

2008

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CENTRAL BANK OF KENYA

VISION STATEMENT

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

THE BANK'S MISSION

To formulate and implement monetary policy directed to achieving and maintaining stability in the general level of prices and foster the liquidity, solvency and proper functioning of a stable market-based financial system while supporting the economic policy of the Government.

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 fomulate and implement foreign exchange policy;
- To hold and manage its foreign exchange reserves;
- To licence and supervise authorised dealers;
- To fomulate 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 and coins.

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.

VALUE STATEMENT

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

1. Professionalism
2. Efficiency
3. Integrity
4. Transparency and Accountability
5. Teamwork
6. Innovativeness
7. Mutual Respect

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GOVERNOR'S MESSAGE

Post election crisis & Safaricom IPO posed challenges to banking sector performance

The year under review was indeed a challenging one for the banking sector. It commenced with one of Kenya's most severe tests, the Post Election Crisis. To the relief of Kenyans, the crisis was resolved by March 2008. However, another major test was in the offing for the financial system with the Safaricom Initial Public Offer (IPO) that was launched in March and closed in April 2008. The IPO's sheer magnitude and inherent "liquidity crunch" was unprecedented. It indeed tested the resilience of the financial sector to the core. The storm was however weathered through the close partnership of the Central Bank, the Kenya Bankers Association and the Capital Markets Authority.

First-round effects of Global Financial Crisis had no impact on Kenyan banking sector

The collapse of Lehman's Brothers as 2008 came to an end, led to an escalation of the Global Financial Crisis and the ensuing evaporation of confidence in financial markets. The crisis started in 2007 with the sub-prime mortgage crisis in the United States and spread to the United Kingdom with the collapse of Northern Rock. Kenya's financial sector was not affected by the "first round effects" as it had no exposure to the "toxic assets" at the heart of the crisis. However, threats to the sector continued to be posed by the lag effects of the crisis as it spread from the centre. Accordingly, the Central Bank stepped up its' surveillance of the sector with an emphasis on capital adequacy, asset quality, liquidity management and foreign exchange exposures.

The sector however registered good performance in 2008 even in the face of global and local turbulences. The banking sector maintained its' stability with all institutions remaining adequately capitalised during the period ending December 2008. Overall, the capital adequacy ratios of all institutions were well above the minimum requirement of 12.0 per cent. Notably, total assets of the sector increased by 24% from Ksh. 951bn at the end of 2007 to Ksh. 1.18 trillion at end of December 2008. I must therefore commend the players in the sector for this impressive performance. The continued good performance of the sector was underpinned by the legal and regulatory reforms that continue to be put in place in line with Vision 2030. Such reforms are poised to continue in response to market dynamism and national aspirations.

Total assets registered Ksh 1.18 trillion representing a growth of 24%

It is imperative that banks are well capitalized to ensure that they can weather periodic local and global turbulences. This will enable banks to effectively and competitively serve their market niches. Accordingly, the Banking Act was amended through the Finance Act, 2008 raising progressively the minimum core capital to Ksh. 1 billion by the end of 2012.

Minimum Core Capital to increase to Ksh 1 billion by 2012 from Ksh 250m

Another important milestone in 2008 was the publication of the Banking (Credit Reference Bureau) Regulations, 2008 in July 2008. These regulations empower the Central Bank of Kenya to license and oversee Credit Reference Bureaus that will collate credit information from banking institutions. Credit referencing mechanisms will enhance risk appraisal by institutions. This will also facilitate the generation of personal collateral information particularly for Kenyans in the informal and Small and Medium Enterprises sectors. The overarching objective of credit information sharing is to therefore enhance access to affordable credit.

Credit Reference Bureaus Regulations gazetted to enhance information sharing on borrowers credit history

In the year, Kenyan banks continued to spread their footprint in the East African region and in other domestic financial sub-sectors. It is therefore gratifying to note that the East African Central Banks of Kenya, Uganda, Tanzania, Rwanda and Burundi finalised a Memorandum of Understanding (MOU) in late 2008. The MOU will facilitate information sharing and supervisory co-operation particularly for regional banking groups. On the domestic front, a similar arrangement is expected to be implemented in 2009 with the Insurance Regulatory Authority (IRA), Capital Markets Authority (CMA) and the Retirement Benefits Authority (RBA). These are important initiatives as the Global Financial Crisis has also underscored the need for co-ordination amongst foreign and domestic regulators.

Regional regulators to sign MOU to enhance information sharing

To overcome periodic shocks, the Central Bank will emphasise the building of strong institutional structures. In this regard, more proactive approaches will be promoted. The Central Bank will enhance its' early warning system to incorporate both micro and macro prudential indicators of financial stability. Banks will also be expected to incorporate forward looking techniques particularly stress testing in their governance and risk management structures. This will ensure that banks are stable and are able to mobilise the resources required for Kenya to stay on the development path even in the midst of the global financial crisis.

CBK committed to Vision 2030

The Central Bank remains committed to working with the Government, the banking sector and other market players to provide an enabling legal and regulatory framework. This is premised on the pivotal role that the sector is expected to play in the realisation of Kenya's development aspirations as encapsulated in Vision 2030. Kenya's aspirations of being a middle income country by 2030 can only be realised on the bedrock of a stable, efficient, safe and accessible financial system.

PROFESSOR NJUGUNA NDUNG'U
GOVERNOR,
CENTRAL BANK OF KENYA

FOREWORD BY DIRECTOR

The banking sector continued on its' growth trajectory in 2008 not withstanding local turbulences arising principally from the post election crisis and the unprecedented Safaricom IPO. The sector also emerged unscathed from the first round effects of the global financial crisis as it was not exposed to the "exotic" assets that fuelled the crisis. The highlights of the sectors' financial performance were:-

- Total assets increased by 24.4% from Ksh. 951.2 billion in December 2007 to Ksh. 1,183.6 bn in December 2008. The growth was underwritten by an expansion in the loan portfolio of banks.
- Deposits increased from Ksh.709.8 billion in December 2007 to Ksh. 864 billion in December 2008. The increase in deposits was attributed to branch expansion and enhanced deposit mobilisation drives by banks.
- The sectors' profit before tax increased by 21.6% from Ksh. 35.6 billion in December 2007 to Ksh. 43.3 billion in 2008. The enhanced profitability was underpinned by strong levels of revenue streams supported by high credit growth.
- With regard to asset quality, the ratio of non-performing loans to gross loans improved from 10.6% in 2007 to 9.2 per cent in 2008. This improvement was supported by enhanced credit underwriting standards applied by banks.

The sector in 2008 met the statutory liquidity and capital adequacy requirements. The average liquidity ratio stood at 37.0% in December 2008 well above the statutory minimum of 20%. Capital adequacy, as measured by the ratio of Total Capital to Total Risk Weighted Assets, increased from 19% in 2007 to 20% in 2008. This is well above the statutory minimum of 12%.

On its' part the Central Bank of Kenya continued to support reforms that will foster the stability, safety, efficiency and integrity of the banking sector. In this regard, it is paramount that banks are well capitalized to buffer them from periodic shocks. Accordingly the Banking Act was amended through the Finance Act, 2008 requiring institutions to raise their minimum core capital, gradually, to Ksh. 1.0 billion by December 2012. As at December 2008, all institutions held adequate capital that was in excess of the current statutory minimum of Ksh. 250m. The Bank has since received capital build up plans from the few institutions who are currently below the threshold of Ksh. 1.0 billion.

In efforts to enhance the efficiency of the sector, the Central Bank continued to promote market discipline initiatives with regard to bank charges and lending rates. This was through periodic surveys on bank charges and lending rates that were widely disseminated to the public. The overarching objective of this initiative is to provide consumers with information to facilitate their choice of banking products and services. The Central Bank will continue to explore additional innovative channels of disseminating pricing information to consumers and promote competititon.

The CBK endeavours to promote the integrity of the Kenyan financial system. To this end, the Bank continues to support efforts by the Government to formulate a comprehensive Anti-Money Laundering legal and regulatory framework. It is therefore gratifying to note the tabling of the Proceeds of Crime and Anti-Money Laundering Bill in Parliament in 2008. It is anticipated that the Bill will be debated in Parliament and enacted in the course of 2009.

A vast segment of Kenya's populace continues to be underserved or even unserved by the formal banking sector. The Government has therefore continued to create an enabling environment to extend the outreach of affordable financial services. The Central Bank, in conjunction with other players, formulated Microfinance Regulations which took effect on May 2nd 2008. The Regulations operationalized the Microfinance Act of 2006 paving the way for the licensing of Deposit Taking Microfinance Institutions. These institutions are expected to play a pivotal role in serving the peri urban and rural areas of Kenya. In 2008, the Bank approved 18 business names for promoters who wish to enter this genre of financial services and issued two letters of intent to two prospective Deposit Taking Microfinance Institutions.

The dynamism in the banking sector is expected to continue into 2009 as financial institutions seek new opportunities. It is anticipated that banks will expand their outreach locally and regionally to maintain their growth momentum. Initiatives to raise capital are therefore expected to continue in 2009 as institutions consolidate their market niches and spread their footprint particularly within the East African Community.

The Central Bank will sharpen its' supervisory tools and human resources competences. This is particularly in view of the dynamism in the sector and unfolding developments on the regional and global scenes. The Bank will therefore cultivate its' current cordial relations with the Government, the banking sector, other domestic and foreign regulators and development partners to drive the banking sector to new frontiers.

ROSE DETHO
DIRECTOR, BANK SUPERVISION DEPARTMENT

CHAPTER ONE

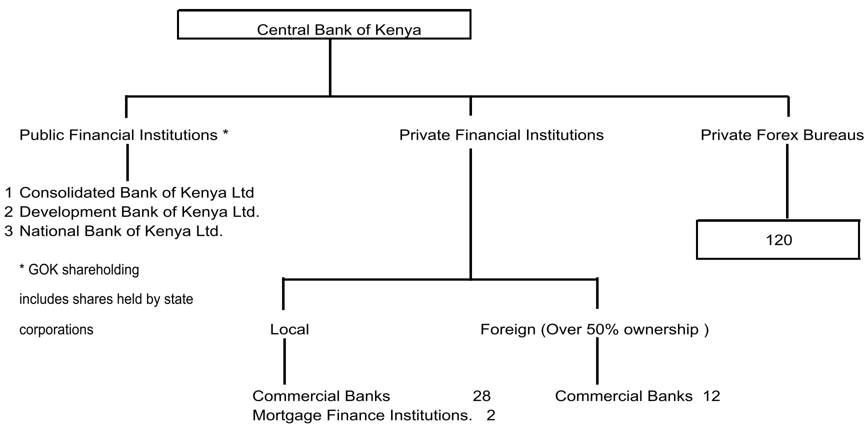
STRUCTURE OF THE BANKING INDUSTRY

1.1 The Banking Sector

The Banking Sector is composed of the Central Bank of Kenya, as the regulatory authority and the regulated; Commercial Banks, Non-Bank Financial Institutions and Forex Bureaus. As at 31st December 2008 the banking sector comprised 45 institutions, 43 of which were commercial banks and 2 mortgage finance companies, and 120 Foreign Exchange Bureaus. Commercial banks and mortgage finance companies are licensed and regulated under the Banking Act, Cap 488 and Prudential Regulations issued thereunder. Foreign Exchange Bureaus are licensed and regulated under the Central Bank of Kenya Act, Cap 491 and Foreign Exchange Bureaus Guidelines issued thereunder.

Out of the 45 institutions, 33 were locally owned and 12 were foreign owned as shown in Chart 1 below. The locally owned financial institutions comprised 3 banks with significant government shareholding, 28 privately owned commercial banks and 2 mortgage finance companies (MFCs). The foreign owned financial institutions comprised 8 locally incorporated foreign banks and 4 branches of foreign incorporated banks. Of the 42 private banking institutions in the sector, 71% are locally owned and the remaining 29% are foreign owned. All Foreign Exchange Bureaus are 100% private and majority are locally owned.

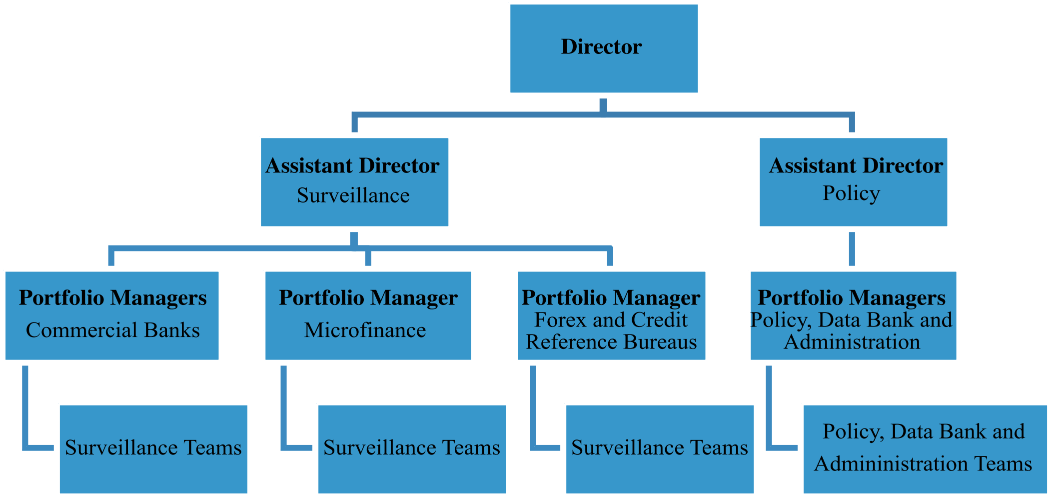
CHART 1: STRUCTURE OF BANKING SECTOR



Pursuant to the second principal objective of the Central Bank of Kenya (CBK) specified under Section 4 (2) of the Central Bank of Kenya Act, Bank Supervision Department (BSD) is mandated to promote and maintain the safety, soundness and integrity of the banking system. This responsibility is undertaken through the implementation of policies and standards that are in line with international best practice for bank supervision and regulation.

BSD has two divisions, Surveillance and Policy as per the organization structure below:-

Chart 2: Bank Supervision Department Organisation Chart



The broad functions of BSD are: -

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

- Continuous review of the Banking Act, Building Societies Act, Regulations and Guidelines issued there under which lay the legal foundation for banking institutions, credit reference bureaus and building societies.

- Formulation and implementation of the Microfinance Act and regulations issued there under which govern the operations of Deposit Taking Microfinance Institutions.

- Continuous review of guidelines for Foreign Exchange Bureaus licensed under the Central Bank of Kenya Act.

(ii) BSD processes the licenses of banks, non-bank financial institutions, mortgage finance companies, building societies, credit reference bureaus, foreign exchange bureaus and deposit taking microfinance institutions.

(iii) BSD conducts onsite evaluation of the financial condition and compliance with statutory and prudential requirements of institutions licensed under the Banking Act, Microfinance Act and Foreign Exchange Bureaus licensed under the Central Bank of Kenya Act. A confidential inspection report is prepared after every inspection and discussed with the Board of Directors in the case of banks.

(iv) BSD carries out offsite surveillance of institutions licensed under the Banking Act and Foreign Exchange Bureaus licensed under the Central Bank of Kenya Act through the receipt and analysis of returns received periodically. BSD 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 charges and reviews annual license renewal applications in accordance with statutory and prudential requirements.

(v) BSD hosts the Secretariat for the National Task Force on Anti-Money Laundering and Combating the Financing of Terrorism (NTF), whose mandate is to develop a legal and regulatory framework to counter and prevent the use of the Kenyan financial system as a conduit for money laundering and terrorism financing. NTF is chaired by the Ministry of Finance. Through the NTF, BSD participates in initiatives by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG). ESAAMLG brings together 14 Eastern and Southern Africa Countries with a principal mandate of developing an effective anti-money laundering and combating financing of terrorism regimes.

As at the end of December 2008, BSD was supported by a staff compliment of sixty eight (68) comprised of 59 technical staff and 9 support staff.

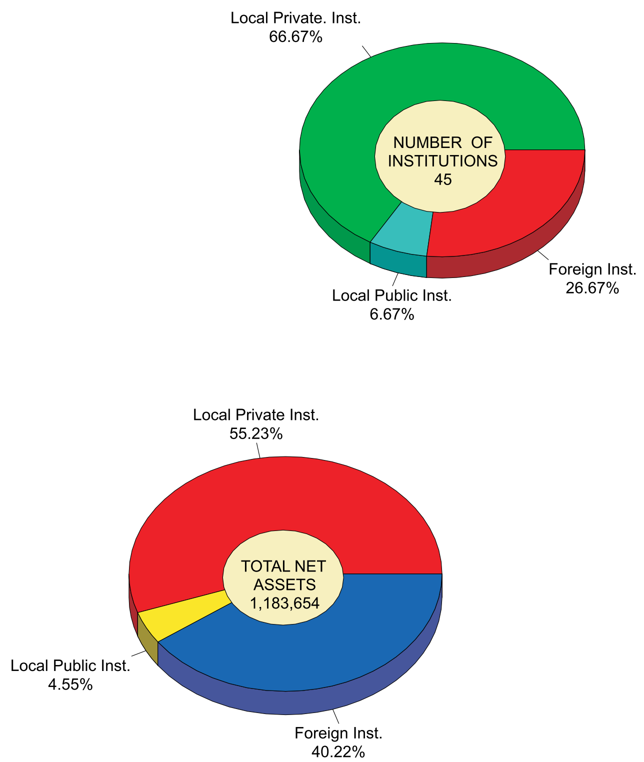
1.2 Ownership and Asset Base of Financial Institutions

- Local Private Financial Institutions which accounted for 67 per cent of the sector's institutions controlled over 55% of the total net assets.
- Financial Institutions with foreign ownership of over 50% accounted for 26 per cent of the sector's institutions and controlled over 40% of the total net assets.
- Three (3) Financial Institutions which the government had significant shareholding accounted for 4.6 per cent of the sector's total net assets in 2008 (see Table 1 and Chart 3).

TABLE 1: OWNERSHIP AND ASSET BASE OF INSTITUTIONS

Ownership	No.	%	Total Net Assets (Ksh M)	%
Local Public Financial Inst.	3	6.7%	53,872	4.6%
Local Private Financial Inst.	30	66.7%	653,710	55.2%
Foreign Inst.	12	26.6%	476,072	40.2%
	45	**100.0%**	**1,183,654**	**100.0%**
Source: CBK				

CHART 3: OWNERSHIP AND ASSET BASE OF INSTITUTIONS
Dec-2008



1.3 Branch Network and Automated Teller Machines (ATMs)

Increased Branch network reflected regional economic activities

Table 2 below shows the distribution of branches in the country. The branch network grew by 20% from 740 in 2007 to 887 in 2008. All provinces registered positive growth in branch network. Nairobi had the highest growth accounting for 60 out of the 147 new branches opened in 2008 and 41% of the total. Central Province was a distant second with 22 new branches and Coast province followed closely with 18 new branches in 2008. Rift Valley, which had 46 new branches in 2007, only managed 9 new branches in 2008. North Eastern Province also attracted 4 new branches in 2008 despite its infrastructural challenges. The branch distribution reflected the level of economic activities across the regions.

Table 2: Branch Network per Province

Province	2007	2008	Growth
Central	78	100	22
Coast	93	111	18
Eastern	61	75	14
Nairobi	293	353	60
North Eastern	6	10	4
Nyanza	52	61	9
Rift Valley	128	137	9
Western	29	40	11
Total	**740**	**887**	**147**
Source: CBK			

ATM NETWORK

Use of ATM by banks on the increase

The ATM network continues to register high growth and it expanded by 313 points (points of service) in 2008, as shown in Table 3 below. This was however, a decline in the ATM expansion as compared with 2007 when the network increased by 395 ATM points. The growth in ATM network demonstrates increased automation of banking services as part of measures to enhance operational efficiency in the sector occasioned by increased competition. The figures in the Table below exclude Pesa Point ATMs.

Table 3: ATM Network			
Month	**2007**	**2008**	**Growth**
January	617	1,018	401
February	617	1,050	433
March	753	1,063	310
April	753	1,104	351
May	753	1,120	367
June	778	1,177	399
July	907	1,218	311
August	820	1,243	423
September	989	1,289	300
October	989	1,312	323
November	1,012	1,325	313
December	1,012	1,325	313
Source: CBK			

1.4 Distribution of Foreign Exchange Bureaus

The Central Bank of Kenya had licensed one hundred and twenty (120) forex bureaus to operate in Kenya, as at 31st December 2008, and their distribution in the major cities and towns was as per Table 4 below.

Over 80% of Forex Bureaus located in Nairobi

Table 4: Distribution of Operating Forex Bureaus		
No	City/Town	
1	Nairobi	98
2	Mombasa	13
3	Malindi	1
4	Nakuru	2
5	Kisumu	2
6	Eldoret	2
7	Lokichogio	1
8	Namanga	1
	Total	**120**
Source: CBK		

Twenty five (25) new forex bureaus were licensed during the year under review, with twenty two (22) in Nairobi and three (3) in Mombasa.

The licences of Diani Forex Bureau Ltd and Maasai Mara Forex Bureau Ltd, located in Mombasa and Narok, respectively, were revoked by Central Bank with effect from 3rd November and 1st December, 2008, respectively, for non-compliance with the Central Bank of Kenya Act and Foreign Exchange Bureaus Guidelines.

1.5 Market Share Analysis (Ksh. M)

Table 5: Market Share Analysis

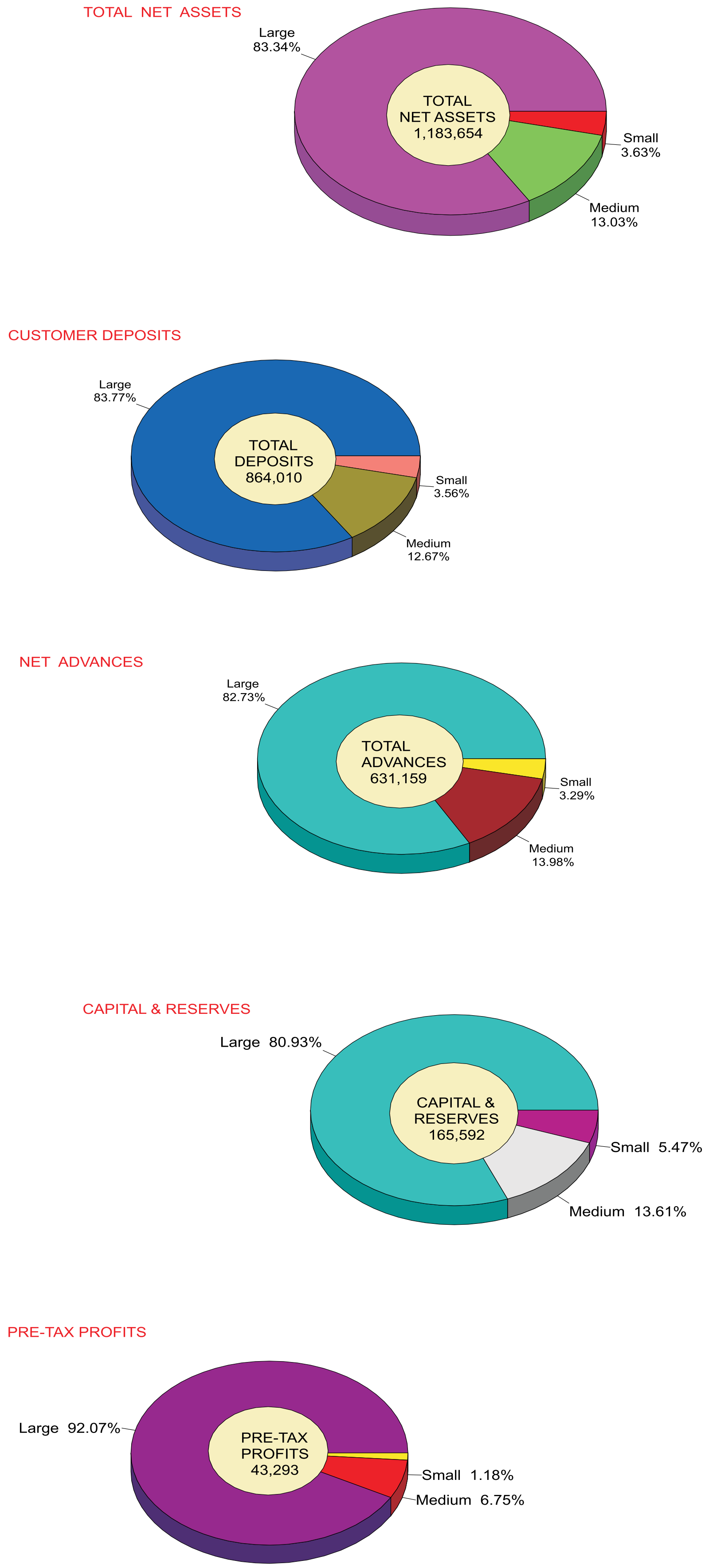
	Total Net Assets	Net Advances	Customer Deposits	Capital & Reserves	Pre-tax Profits
Large	986,435	522,132	723,820	134,006	39,861
Medium	154,258	88,254	109,463	22,533	2,920
Small	42,961	20,773	30,727	9,053	512
Grand Total	**1,183,654**	**631,159**	**864,010**	**165,592**	**43,293**
Source: CBK					

The financial institutions were classified into three peer groups comprising; Large, Medium and Small in terms of net assets as indicated in Table 5 above. Out of the 45 institutions, 14 were in the large peer group with each registering aggregate net assets of over Ksh. 15 billion. The medium peer group comprised 17 institutions with each registering net assets ranging between Ksh. 5 billion and Ksh. 15 billion, while institutions with less than Ksh. 5 billion net assets were 14 in number.

Large banks made up of 14 Institutions dominated the market

As at 31st December 2008, 31 per cent of the institutions were in the large peer group as shown in the Chart 4 below accounting for 83 per cent of the total net assets, 83 per cent of net advances, 84 per cent of customer deposits, 81 per cent of capital & reserves and 92 per cent of profits in the banking sector.

CHART 4: MARKET SHARE ANALYSIS (DECEMBER 2008)



CHAPTER TWO

DEVELOPMENTS IN THE BANKING SECTOR

2.1 Introduction

Kenya's banking sector in 2008 continued to be vibrant and dynamic in embracing changes amidst local and global turbulences. On the ICT front, banks continued to embrace new technology by upgrading and replacing their core banking systems. There was also an increased uptake in the use of mobile phone technology as a service delivery channel. Therefore, in this regard, a number of new products were introduced by financial institutions that leverage on ICT particularly mobile phone technology.

On the consumer front, the Central Bank and the banking sector continued with initiatives to enhance the communication of bank charges and lending rates. The public continues to express its' concern on the perceived high level of bank charges and lending rates. Whereas there are legislative provisions on the approval of bank charges, the Central Bank also continues to lay emphasis on the promotion of competition in the banking sector through market discipline.

2.2 Global Financial Crisis

Global financial markets have experienced considerable turbulence in the recent past. The genesis of this crisis was traced to the subprime mortgage crisis in the United States of America (USA) in 2007. The subprime crisis was triggered by a fall in house prices in the USA. This led to a fall in the value of securities backed by subprime mortgages.

The subprime crisis snowballed into a credit and liquidity crunch in key global financial markets in the U.S. and Europe. The global financial crisis has led to unprecedented liquidity support by Central Banks to banking systems. In the recent past, government interventions in the U.S. and Europe have been necessary to bolster confidence in financial markets.

The Central Bank of Kenya has been keenly monitoring developments in the global financial system. In this regard, and given the growing escalation of the global financial crisis, the Bank considered it imperative to obtain a better understanding of the Kenyan banking sectors' exposure to global financial markets. This was to enable the Bank take suitable proactive measures to mitigate any possible contagion effect of the global crisis on the Kenyan banking sector.

BSD therefore, conducted a survey in October 2008 to establish the exposure of the Kenyan banking sector to global financial markets. The survey sought to establish the following with regard to the Kenyan banking sector:-

1. Balances held with banks outside Kenya (Nostro balances).
2. Balances due to banks outside Kenya (Vostro balances).
3. Placements/deposits held with banks outside Kenya.
4. Lines of Credit from banks outside Kenya.
5. Long-term borrowings from banks outside Kenya.
6. Offshore Investments.
7. Foreign Exchange Transactions with foreign counterparties.
8. Conversions of foreign currency denominated loans to local currency.

The survey also sought to establish the following aspects:-

1. Institutions views on how the global financial crisis would impact directly and indirectly on them specifically and on the Kenyan financial sector in general.
2. Risk mitigation strategies institutions have put in place in view of the ongoing global financial crisis.
3. Key measures that institutions feel the Central Bank should undertake to shield the Kenyan banking sector from any potential adverse effects of the global financial crisis.

Responses were received from all the 43 banks and 2 mortgage institutions.

The summary of key findings is set out here below:-

1. All commercial banks reported to having Nostro account balances with banks outside Kenya with a balance of Ksh. 37 billion as at 9th October 2008. 11 of the Kenyan banks had credit Nostro Balances of Ksh. 2.3 billion in four of the restructured/adversely mentioned foreign financial institutions namely Fortis (Belgium) (Ksh. 42 m), Citibank (USA) (Ksh. 2.2 billion), Societe Generale (France) (Ksh. 28 million) and Credit Agricole (France) (Ksh. 40 million). The credit balance in these restructured/adversely mentioned banks accounted for 6% of the total Nostro account balances. The risk of loss was considered insignificant and the likelihood of its occurrence low in view of the rescue packages being implemented by the institutions' respective governments.

2. All commercial banks reported holding Vostro balances due to banks outside Kenya. The balance was Ksh. 35 billion as at 9th October 2008. The likelihood of a sudden withdrawal of substantial Vostro account balances was not considered high since majority of the banks involved are from Africa. No severe liquidity crunches have been noted so far amongst African banking institutions.

3. Placements/deposits with banks outside Kenya amounted to Ksh. 84 billion as at 9th October 2008.

4. Eight (8) banks reported having long term borrowings (over five years maturity) totalling Ksh. 11 billion as at 9th October 2008. Going forward, it may be difficult for banks to obtain long term facilities from foreign banks as they weigh the impact of the financial crisis. However, multilateral development banks (MDBs) and development financial agencies such as International Finance Corporation (IFC), Agence Francaise De Developpement (AFD) and FMO seem readily available to come to the aid of the banks. Accordingly, MDBs and Development Financial Institutions provided almost half of the long-term financing to Kenyan banks as at 9th October 2008.

5. Ten (10) banks reported having offshore investments worth Ksh. 8 billion as at 9th October 2008. This was an increase of 22% and 4% from as at 31st August 2008 and 30th September 2008 respectively. The increase in offshore investments was mainly attributed to increased equity investments by Kenyan banks in the East African Community over the review period. None of the offshore investments is in a restructured or adversely mentioned institution and most of the investments are in subsidiary/associate companies based in Africa. It is also noteworthy that the sector had and still has no exposure to the subprime mortgages or other exotic instruments (Collateralized Debt Obligations) that were one of the key drivers of the ongoing global financial crisis.

6. Twenty four (24) of the 45 financial institutions reported having forex transactions outstanding worth Ksh. 85.8 billion as at 9th October 2008. The forex transactions outstanding as at 9th October 2008 comprised Spots, Forwards, Swaps and Options, a confirmation that currency derivatives; swaps, forwards and options are actively employed by the Kenyan banks to hedge against foreign exchange risks.

7. All the 43 banks indicated that they had not had any conversion of foreign currency denominated loans into local currency between July 1st, 2008 and

the date of their response, October 17th, 2008. This is an indicator that the Kenyan banks and borrowers believe that the weakening of the Kenyan Shilling is short lived not to warrant conversion of foreign currency denominated loans to domestic currency. Conversely, it could imply that the Kenyan banks had already hedged against foreign exchange movements and the changes were within their expectations.

Kenyan Banking Sector remained strong in the wake of global financial crisis due to low levels of their participation in global financial markets

All the institutions indicated that the global financial crisis is unlikely to have a direct impact on them due to the low levels of their participation in global financial markets. However, they all agree that they stand to suffer from indirect effects emanating from the crisis' impact on the entire financial sector and the economy in general. The slowdown in the global and local economies will have adverse effect on the financial sector. Liquidity and credit crunch may arise due to reduced foreign remittances, capital flows, and lines of credit. The slowdown may precipitate loan defaults due to a general decline in the values of properties and dampened private sector activities such as manufacturing, tourism, imports and exports.

Nonetheless, Banks in Kenya are optimistic that the risk mitigating strategies they have put in place will enable them ameliorate the adverse effects of the crisis. Some of these strategies include:-

- Testing of liquidity contingency plans.
- Strict appraisal of new credit facilities coupled with close and continuous monitoring of existing credit portfolio.
- Granting of local currency loans in event of non-availability of foreign currency.
- Intensified marketing for deposits from customers to ensure a stable source of funding.
- Diversification of loan book being pursued to avoid concentration risks as well as limiting exposure to mortgage lending.
- Liquidity stress testing and Value at Risk scenario testing.
- Proactively managing relationships with foreign banks and reducing or suspending credit lines so as to limit exposure.

In a nutshell, the survey indicated that though not significant, the Kenyan banking sector has some exposure to global financial markets. This therefore calls for continued vigilance on the part of both banks and the Central Bank in monitoring developments in global financial markets and taking proactive remedial measures. The Central Bank has already stepped up its' surveillance of financial institutions with daily reporting of foreign exchange exposure taking effect from October 2008. CBK's surveillance will continue to focus on capital adequacy and liquidity management which have been the drivers behind distress in financial institutions in the ongoing crisis. Emphasis will be laid on:-

- Internal Capital Adequacy Assessment Programs (ICAAP) put in place by institutions.
- Development and testing of Liquidity Contingency Funding plans.

CBK, together with market players, will continue to strengthen the legal and regulatory framework to foster the stability, efficiency and accessibility of the Kenyan banking system. Further, CBK will continue to work with other players at the macro level to develop strategies to shield the Kenyan economy from the headwinds of the global financial crisis.

2.3 Developments in Information and Communication Technology (ICT)

The last decade has seen unprecedented investment in Information and Communication Technology (ICT) in the banking industry in the country. It is becoming clear that ICT is now a major determinant of growth in banking business as it influences the unit cost of providing banking services and the types of products that a bank can offer to its customers. Apart from traditional deposit taking/ withdrawal, ATMs, lending and treasury services, banks operating on modern ICT infrastructure are offering their customers' premium services such as mobile and internet banking.

Stiff competition in the banking industry has seen bank business managers embark on business strategies biased towards increased business volumes. Increased consumer awareness has led to customers demanding efficient services at affordable cost. Therefore, to optimize the bank's objective function, and faced with the constraint of providing efficient and affordable services, the only feasible solution is to invest in good ICT infrastructure. It is now apparent that any bank embarking on business growth strategy has to consider whether its ICT platform is adequate and robust enough to support its business model. Any mismatch between business growth and IT infrastructure could lead to unmanageable operational risks.

The most notable impact of development in ICT on the banking sector has been improved efficiency. As more and more banking business processes are automated, banks are in a position to offer services to many customers using reduced human resources. The table below illustrates the growth of deposit accounts in banks and non-bank financial institutions compared to the number of staff employed by these institutions.

Use of ICT services in banking sector on the increase

Table 6: Growth of Deposit Account holders compared to number of staff.

Year	No. of Deposit Account holders	No. of Staff	Efficiency Score
1996	1,000,000	16,673	60
2002	1,682,916	10,884	155
2006	3,329,616	15,507	215
2007	4,725,755	21,657	218
2008	6,428,509	25,491	252

Source: Deposit Protection Fund

Table 6 above shows that in 1996 one staff member was on average serving 60 bank customers compared to 252 customers in year 2008.

During the year ended 31 December 2008, there were various strides on ICT development as various banks embark on their growth strategy. The most notable one being acquisition of T24 Banking Software by Kenya Commercial Bank and Commercial Bank of Africa. Standard Chartered Bank in conjunction with Mobile phone service provider Zain introduced mobile banking services (ZAP). Further, Equity Bank in conjunction with Safaricom introduced a mobile handset based banking service, Eazzy 24-7 that enables customers to transact business through their cellphone as the bank credits and debits respective accounts in real-time.

The development in ICT however poses various challenges to the banking industry. Automation of business processes leads to a rise in the number of transactions processed so is the increase in operational risks relating to processing, approval, dissemination and storage of the processed information. This calls for a policy shift on institutions' risk management framework as more effort is now required to ensure information is efficiently processed and data integrity and confidentiality is maintained.

The enhanced use of technology by financial institutions is increasingly becoming an area of focus for Central Bank of Kenya in ensuring a stable and efficient financial system. In order to effectively carry on with its mandate, the Bank Supervision Department has aligned itself with the changing supervisory environment. In year 2005 the Department adopted risk based supervision methodology, which ensures supervisory resources are mainly utilized to review processes which pose greatest threat to stability of the institutions. The Department has also embraced technology for both off-site and on-site supervisory processes. The Department uses Bank Supervision Application (BSA) and TeamMate software for off-site and on-site reviews respectively. There is also increased use of Computer Assisted Auditing Techniques (CAATs) for on-site data analysis and review.

During the year ending 31 December 2008, the Department released Business Continuity Management Guideline for financial institutions. This Guideline outlines the minimum requirements that supervised financial institutions are expected to implement to ensure that business operations are not adversely affected in the event of a disruption. It is envisaged that by implementing this Guideline, supervised financial institutions will both reduce the likelihood and impact of operational disruption and ensure business continuity.

2.4 Developments in Microfinance

The microfinance industry in Kenya comprises of various types of institutions registered and regulated and/or supervised under different legislations, including commercial banks; development finance institutions such as the Agricultural Finance Corporation (AFC) and Kenya Post Office Savings Bank (KPOSB); microfinance institutions of different institutional forms such as companies, trusts and NGOs; Saving and Credit Co-operatives societies (Sacco); Accumulating and Rotating Savings and Credit Associations (ASCAs and ROSCAs) and money lenders, among others.

Commercial Banks and Kenya Post Office Savings Bank (KPOSB)

There are four commercial banks undertaking microfinance business, namely: Equity, Family, K-REP and Co-operative banks. However, the number of commercial banks down streaming their business to include microfinance business, particularly to low-income households and small and micro enterprises is growing rapidly; and the size of the microfinance business in the banking industry has increased significantly over the years.

In addition to commercial banks, KPOSB offers financial services and products, especially savings mobilization to a significant portion of the Kenyan populace and is rapidly expanding its presence. KPOSB is a state owned corporation established under the KPOSB Act and operates under that Act and the State Corporations Act under the oversight of the Ministry of Finance. As at 31st December 2008, KPOSB had about

1.2 million active deposit accounts/clients, a 7.7% drop compared to 1.3 million in 2007 and 1.1 million in 2006. Kenya Post Office Savings Bank total deposits dropped by 12.4 % to Ksh.10.1 billion in 2008 compared to Ksh.11.54 billion in 2007 and Ksh.12.1 billion in 2006. The institution's total assets slightly dropped by 5.0% to Ksh.15.3 billion in 2008 from Ksh.16.1 billion in 2007 and Ksh.14.9 billion in 2006. KPOSB operates a nationwide network comprising of 87 branches, an increase of 2 branches compared to 85 in 2007 and 75 in 2006.

Microfinance Institutions

Microfinance institutions registered growth in asset-base

The exact number of microfinance business practitioners operating country wide is largely unknown. However, the Association of Microfinance Institutions (AMFI), as at 31st December 2008, had 34 registered members. 30 AMFI members are retail microfinance institutions with 1.44 million active deposit accounts/ clients, an increase of 41% from 1.02 million in 2007and 0.72 million in 2006. The value of total deposits excluding commercial banks increased by 33.8% to Ksh.15.80 billion in 2008 compared to Ksh.11.81 billion in 2007 and Ksh. 8.19 billion in 2006, whilst the total assets increased by 42% to Ksh.45.83 billion in 2008 compared with Ksh.32.28 billion in 2007 and Ksh.21.41 billion in 2006. These institutions had an aggregate of active loan clients of 1.26 million, a 32.6% increase compared to 0.95 million in 2007 and 0.66 million in 2006 and value of total loans disbursed during the year increased by 41.6% to Ksh.47.52 billion compared to Ksh.33.56 billion in 2007 and Ksh.22.84 billion in 2006; whilst the total outstanding loans increased by 67% to Ksh.35.38 billion from Ksh.21.18 billion in 2007 and Ksh.14.04 billion in 2006. These 30 AMFI members operated a total of 825 branch offices in 2008, a 27.3% increase from 648 in 2007 and 531 in 2006.

Savings and Credit Co-operative Societies (Sacco Societies)

The Kenyan Savings and Credit Cooperative Societies (Sacco Societies) movement is the largest in Africa and plays a key role in the provision of financial services and products to the majority of Kenyans, especially to the low income segments of the population and micro and small scale enterprises in both urban and rural areas. Sacco Societies are currently registered, regulated and supervised under the Co-operative Societies Act by the Ministry of Co-operative Development and Marketing (MOCD&M). The Co-operative Societies Act also covers all other types of co-operatives including production and marketing and trading.

Over the years, many Sacco Societies have diversified their services and products including providing near-banking services commonly referred to as Front Office Service Activities (FOSAs), which have led to an unprecedented growth and development of Sacco Societies. Currently, there are close to 250 Sacco Societies with FOSA operations. In view of this development coupled with governance constraints in the conduct of the Sacco Societies business, the Government and key stakeholders saw the need to develop an appropriate legislation to regulate and supervise financial co-operatives (Sacco Societies) and leave all other co-operative societies under the Co-operative Societies Act. To this end, the Government has enacted a new legal, regulatory and supervisory framework, the Sacco Societies Act, 2008 (Act No.14), which is yet to come into effect. The MOCD&M has further set up a Task Force to work out modalities for the establishment of a new body, the Sacco Societies Regulatory Authority, to license, regulate and supervise Sacco Societies; as well as develop regulations to be issued under the Act to operationalize it. The Task Force is expected to complete these tasks towards the end of 2009.

Government enacted Sacco Societies Act to provide prudential regulations and supervision to enhance efficiency and stability

According to information available, the number of Sacco Societies as at December 31, 2008 was 5350, a 4.5% growth compared to 5122 in 2007 and 4876 in 2006; Sacco Societies' membership increased by 15.7% from 5.35 million in 2006 to 6.19 million members in 2007. The aggregate savings deposits increased by 39.3% to Ksh.53.61 billion in 2007 from Ksh.38.47 billion in 2006, while the share capital increased by 11% to Ksh.123.16 billion in 2007 from Ksh.110.93 billion in 2006. The total outstanding loan portfolio increased by 8.9% to Ksh.104.98 billion in 2007 from Ksh.96.36 billion in 2006.

2.5 Bank Charges and Lending Rates

The Central Bank continued enforcing legislative provisions that require the approval of bank charges. More importantly, the Bank continued with initiatives to enhance the communication of bank charges and lending rates. This initiative involving periodic media launches of surveys on bank charges and lending rates commenced in 2007. In 2008, two launches were conducted in April and October. In 2009, an independent impact assessment of this initiative will be conducted by a market research firm. The results of this assessment will be used as key input in reviewing this market discipline initiative to ensure its' continued effectiveness.

2.6 Cost of Credit/Annual Percentage Rates (APR)

In 2007, the Kenya Bankers Association (KBA) and CBK formed a Joint Taskforce to enhance the communication of bank charges and lending rates. One of the key initiatives being undertaken by the Taskforce is the possible adoption of an Annual Percentage Rate (APR) as a measure of the cost of credit by the Kenyan banking sector. An APR is a measure of the cost of credit that incorporates the interest rate on credit facilities plus other charges e.g. commitment fees. It is therefore an "all inclusive" measure of the cost of credit that facilitates comparison of credit facilities by customers. It is widely used in the United States and United Kingdom.

A study on the possible introduction of an APR in Kenya was funded by the Financial Sector Deepening Trust (FSD), Kenya. Genesis Analytics, a South African Consultancy firm undertook the study. The study reviewed established disclosure regimes in the United States, United Kingdom, Canada, Ireland and the European Union which all use the APR regime. Disclosure regimes in other emerging markets in particular South Africa, Malaysia, Peru and Ghana were also reviewed.

The Kenyan financial environment was also reviewed using data from CBK and the Financial Access (FinAccess) survey. A series of in-depth focus groups conducted by the Steadman Group were also used to gauge consumer and market perceptions. Other disclosure approaches reviewed by the study were:-

- **Repayment Schedule (RS)**-This maps out the payments that are required to be made by the consumer at each time interval, starting from when the loan amount is disbursed to when the principal, interest and any other charges have been paid off.

- **Total Cost of Credit (TCC)**-The sum of all interest payments, fees and charges on the loan contract. It is generally the difference between the amount that is given as the principal amount and the total amount that is paid back by the borrower.

The key conclusions emanating from the study were:-

- Consumers generally do not make substantive use of detailed information when shopping around and can get confused by excessive information. Thus the focus groups generally found the repayment schedule and total cost of credit methods to be the most relevant to their needs.
- Disclosure requirements should be comprehensively and clearly set out. At the minimum, disclosure requirements should ensure that consumers understand the contracts, terms and conditions of the credit agreements that they are entering into.
- Credit disclosures should extend to all credit providers including microfinance institutions and SACCO's.
- A regulatory body should be actively engaged in applying and monitoring the content and methods of disclosure by credit providers.
- Television and Radio advertisements were identified as the most effective channels to enhance awareness of any new disclosure requirements.

The main recommendations made in the study report are:-

- The interest rate disclosure regime in Kenya should start with a simple standardized measure such as the TCC and the RS. An APR measure can be introduced as a next step, once consumers and credit providers become more familiar with the concept of standardized disclosure.
- The disclosure regime should be applied to credit providers beyond the banking sector.
- As a first step, comprehensive disclosure requirements should be clearly set out and defined, requiring all financial institutions to disclose all the terms and conditions of the credit to the consumer prior to entering into a contract. A standardised format for credit agreements that is easy to understand and sets out price information clearly needs to be developed that can be applied to all institutions.

Information disclosure on cost of credit to be enhanced

- There should be a parallel effort to work with financial education programs to incorporate information about the disclosure regime and to build consumer financial literacy to enable them to benefit from the new regime.

- The disclosure regime should be made mandatory, with supporting regulation to enforce and monitor the regulations. This can be addressed through revisiting the pending Consumer Protection Bill (2007), or by drafting supporting legislation.

Discussions are currently underway between CBK and the Kenya Bankers Association on modalities of initially adopting the simpler TCC and RS methodologies in the short term. The adoption of the APR would then be considered after implementation of the simpler approaches.

2.7 New Products

During the year 2008, institutions continued to introduce new products that comprised mainly of new deposit accounts and electronic banking products leveraging on mobile phone technology. The introduction of various new products was mainly driven by competition in the industry, particularly the adoption of ICT in delivery of banking services.

2.8 Employment Trends in the Sector

Employment in the sector rose to support expansion of banking services

Employment in the banking sector increased by 17.7 percent from 21,657 in 2007 to 25,491 employees by end of 2008 as shown in Table 7. The increase in staffing was largely attributed to expansion in branch network in most institutions and the expansion in business volume. The number of staff at clerical level remained the same as institutions focused on the managerial level. The number of support staff registered a significant growth comprising mainly of sales persons as banks engaged in aggressive marketing initiatives.

TABLE 7: EMPLOYMENT IN THE BANKING SECTOR

	2008	2007	% change
Management	5,784	4,727	22.40%
Supervisory	5,435	3,865	40.60%
Clerical and Secretarial staff	12,787	12,773	0.10%
Support staff	1,485	292	408.56%
Total	**25,491**	**21,657**	**17.70%**
Source: CBK			

2.9 Future Outlook

The dynamism in the banking sector is expected to continue into 2009 as financial institutions continue to seek new opportunities in the face of an anticipated subdued risk appetite arising from uncertainty surrounding the global financial crisis. Though the sector emerged unscathed from the first round effects, there are concerns that the lag effects of the crisis could impact the real sector. This may then in turn affect the quality of the loan portfolio held by banks.

However, it is expected that banks will continue to explore new opportunities locally and regionally to maintain their growth momentum. Initiatives to raise capital are therefore expected to continue in 2009 as institutions consolidate their market niches and explore new opportunities particularly within the East African Community.

CHAPTER THREE

MACROECONOMIC CONDITIONS AND BANKING SECTOR PERFORMANCE

3.1 Global Economic Conditions

Global Economy estimated to have grown by 2.7% down from 3.7% in 2007

The global economy faced unprecedented challenges in 2008 occasioned by the crisis in the United States housing sector which began in 2007, and spilled-over to the financial markets. Consequently, the global economy experienced slower growth against projected outcomes for 2008. The global economy is estimated to have expanded by 2.7 per cent in 2008 from 3.7 per cent and 3.9 per cent in 2007 and 2006, respectively. The slower growth rates experienced in 2008 are further attributed in part to high commodity and crude oil prices. Most advanced economies experienced a recession during the review period, a situation that is projected to continue until 2010.

Growth in the Euro area was hard hit by tightening financial conditions resulting in a decline in real GDP growth in the region from 2.6% in 2007 to 1% in 2008. The region is likely to record a worsening current account balance in 2009 due to anticipated sluggish export growth in the region occasioned by weak global demand.

The US economy experienced a slackened real GDP growth estimated at 1.4% in 2008 compared to 2% in 2007. The decline was attributed to collapse of various financial institutions especially those that had heavily invested in mortgage financing.

Japan's economy experienced a slowdown with real GDP growth estimated at 0.5% in 2008 compared to 3.1% in 2007. The decline was occassioned by external shocks which led to contraction in the country's export markets, reduction in domestic demand and appreciation of the Japanese Yen against other major currencies.

Sub-Saharan African countries growth declined to 6.1% from 6.9% in 2007

In Sub-Saharan Africa growth declined from 6.9 per cent in 2007 to an estimated 6.1 per cent in 2008. Despite its poor performance in 2008, there was reported growth in most countries including Congo, Tanzania, Uganda, Ghana, Nigeria, Cameroon and Cote d'Vore. Poorly performing countries including Kenya, Ethiopia, Sudan and South Africa lost 5.4, 3.0, 1.7 and 1.3 percentage points in real GDP growth in 2008 compared to 2007, respectively. Zimbabwe's increasing economic and political crisis in 2008 worsened the hyperinflation recorded since 2000 dimming the country's prospects for economic recovery.

Although the global financial crisis is expected to ease within the course of 2009, its effects are likely to impact negatively on many of the Organization of Economic Coorporation and Development (OECD) countries. As a result, most of the major economies of the world are projected to contract and the global economic outlook in 2009 is projected to be bleak.

3.2 The Domestic Economy

Domestic economy dips to 1.7% from 7.1% occasioned by post election violence, global financial crisis, high fuel & food prices

The economic growth momentum that started in 2003 was constrained by a number of both internal and external factors in the year under review. These factors included the 2008 post election disruptions, the global financial crisis, adverse weather conditions, the high fuel and food prices among others. Combined, these factors slowed down the economic growth from 7.1 per cent in 2007 to 1.7 per cent in 2008.

Though the post-election violence was experienced only in the first quarter of 2008, its spill-over effects were manifest throughout 2008 resulting in substantial declines in growth of most of the sectors of the economy. Among the key sectors that were heavily impacted on include Agriculture and Forestry, Hotel and Restaurants whose value added contracted substantially by 5.1 per cent and 36.1 per cent respectively in 2008 compared to growths of 2.0 per cent and 16.3 per cent correspondingly in 2007. In addition to disruption associated with the post-election skirmishes, agricultural activities were adversely affected by high costs of fertilizers, weather pattern changes and drought in some regions of the country during the year. Despite the unfavourable environment, Construction and Education sectors managed to grow by 8.3 per cent and 5.8 per cent compared to 6.9 per cent and 3.7 per cent in 2007 respectively.

Tourism sector registered a decline as a result of reduction in tourists arrivals, following the spillover effects of the post election crisis earlier in the year despite aggressive marketing in both local and international markets. The manufacturing sector grew by 3.8 per cent in 2008 compared to 6.5 per cent in 2007, mainly suppported by increased production of cement and beverages.

Despite relatively weak financial leakages with advanced economies, the current global financial crisis is likely to continue impacting negatively on the domestic economy. This effects will include a reduction in demand for and prices of commodities in the world market, reduction in capital flows such as investments, official development assistance and remittances, and reduced earnings from tourism.

However, there are indications of improved prospects for domestic economic growth in 2009 supported by growth in the manufacturing, transport and communication, financial services, and building and construction sectors.

3.3 Inflation

Inflation up due to oil & food prices

Overall inflation increased from 12.0 per cent in December 2007 to 27.7 per cent in December 2008. The increase in overall inflation was reflected in the high oil and food prices. Average annual inflation increased from 9.8 per cent in December 2007 to 26.2 per cent in December 2008.

The underlying inflation increased from 5.3 per cent in December 2007 to 9.0 per cent in December 2008. The inflation outlook in the coming year will largely depend on the developments in the food prices, following Government's decision to supply maize flour at lower costs and to increase the food supply by importing more maize into the country. Inflationary pressure is also expected to decline on account of lower crude oil prices currently being experienced globally.

3.4 Exchange Rates

Kenyan shilling weakened against major currencies

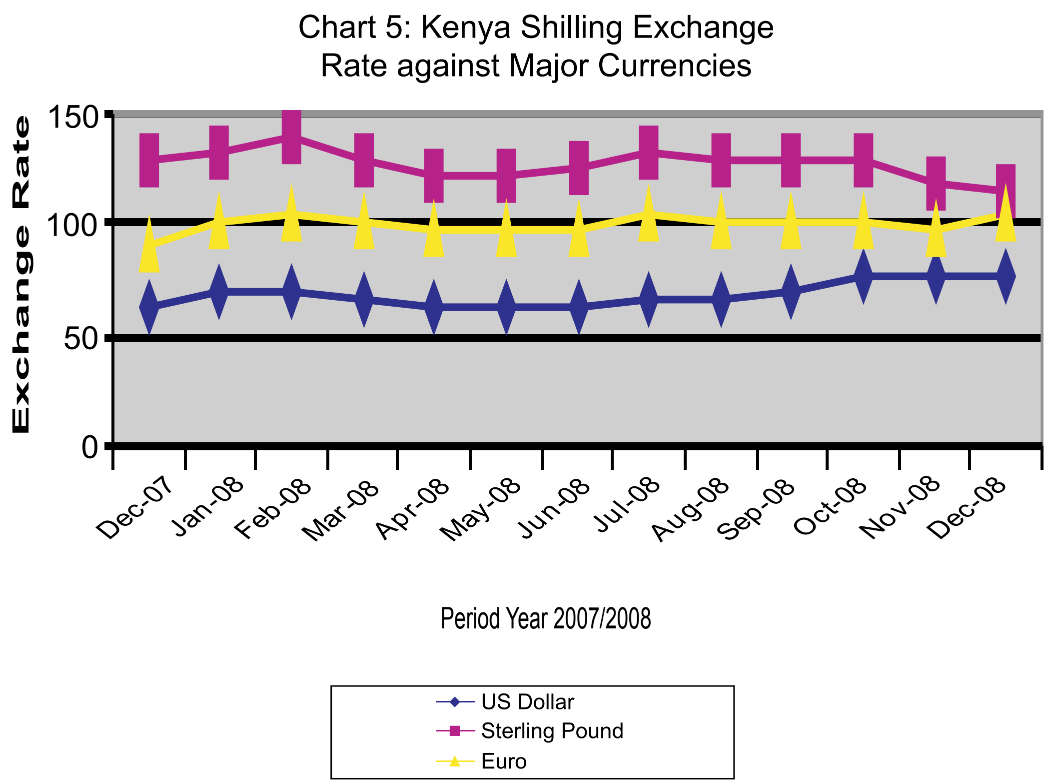
The Kenya Shilling weakened against the US dollar, the Japanese Yen and the Euro, but strengthened against the Sterling Pound in December 2008 as shown in Table 8 and Chart 5. The Shilling weakened relative to the US dollar mainly due to increased demand for the US dollar in the domestic foreign exchange market that was driven by expectations of increased importation of maize. Thus, against the US dollar, the Shilling weakened to exchange at an average of Ksh. 78.0 per US dollar in December 2008 compared with Ksh. 63.3 per US dollar in December 2007. The Shilling also weakened vis-à-vis the Japanese Yen and the Euro in December 2008 to trade, respectively, at an average of Ksh. 85.4 per 100 Japanese Yen and Ksh. 105.6 per Euro, compared with Ksh. 56.5 per 100 Japanese Yen and Ksh. 92.2 per Euro in December 2007. However, the Shilling strengthened against the Sterling Pound to trade at an average of Ksh. 116.5 per Sterling Pound in December 2008 compared with Ksh. 128.5 per Sterling Pound in December 2007.

Similarly, the Kenya shilling weakened against regional currencies in December 2008. Against Uganda Shilling and the Tanzania Shilling, the Shilling traded, respectively, at an average of Ush 25.1 per Kenya shilling and Tsh 16.6 per Kenya Shilling in December 2008, compared with Ush 27.1 and Tsh 18.4 per Kenya shilling in December 2007.

Table 8: Major Currency Movements				
No.	Currency	2007	2008	% change
1	US Dollar	63.3	78	23.2
2	Sterling Pound	128.5	116.5	-9.3
3	Euro	92.2	105.6	14.5
4	100 Japanese Yen	56.5	85.4	51.2
5	Uganda Shilling*	27.1	25.1	-7.3
6	Tanzania Shilling*	18.4	16.6	-9.8

* Units of currency per Kenya shilling

Source: CBK



3.5 Interest rates

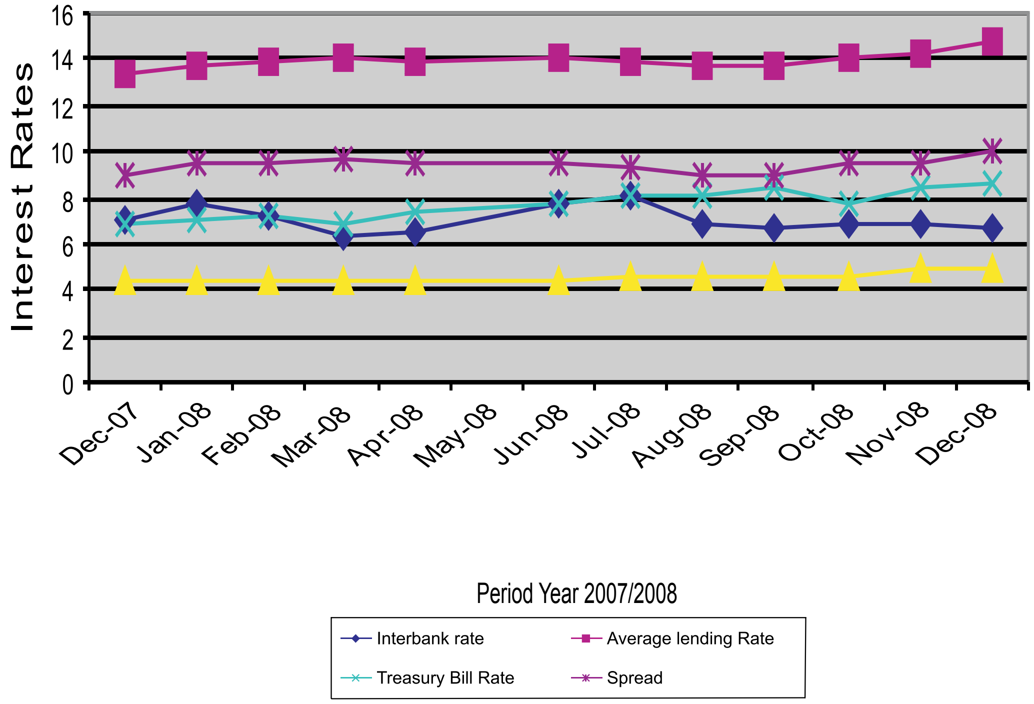
Inter-bank rate declined due to reduction in CBR & CRR

The average 91-day Treasury bill rate rose from 6.87 per cent in December 2007 to 8.59 per cent in December 2008 (Chart 6). The average interbank rate fell from 7.05 percent in December 2007 to 6.66 per cent in December 2008. The decline in interbank rate is as a result of increased liquidity in the market, arising from a decision by the Monetary Policy Committee (MPC) to reduce the Central Bank Rate (CBR) to 8.50 per cent from 9.00 per cent and the cash reserve ratio for commercial banks down to

5.00 per cent from 6.00 per cent effective December 01, 2008.

Commercial banks, average lending rates increased from 13.32 per cent in December 2007 to 14.80 per cent in December 2008. The overall deposit rate also rose from 4.33 per cent to 4.84 per cent over the same period. Consequently, the interest rate spread increased from 8.99 per cent in December 2007 to 9.96 per cent in December 2008.

Chart 6: Trends in Interest Rates



3.6 Balance of Payments

Kenya's Balance of payments deteriorated in 2008

Kenya's balance of payments declined from a surplus of Ksh. 63,250 million in the year to December 2007 to a deficit of Ksh.33,161 million in the year to December 2008. The unfavourable balance of payments was as a result of decreased net capital inflows and the widening merchandise trade deficit. The current account deficit widened from Ksh.69,638 million in the year to December 2007 to Ksh.136,851 million in the year to December 2008. However, the capital and financial account recorded a surplus of Ksh.81,055 million in 2008 compared to a surplus of Ksh.150,090 million recorded in 2007. The decline was occasioned by a decrease in inflows of foreign direct investments and short term capital inflows.

3.7 Fiscal Developments

The Central Government budgetary operations in the first half of 2008 of the fiscal year 2008/09 resulted in a budget deficit of Ksh. 5.1 billion or 0.2 percent of GDP on commitment basis compared with Ksh. 6.6 billion (0.4 percent of GDP) in a similar period of fiscal year 2007/08. The improved budget performance was attributed to growth in revenue occasioned by increased efficiency of tax administration by the Kenya Revenue Authority. However, the government receipts during the period fell below target by Ksh. 18.2 billion or 7.1 per cent, and external grants were below projections by Ksh. 8.8 billion.

3.8 Vision 2030

In 2008, the Government of Kenya unveiled the country's **"Vision 2030"**, which aims to transform Kenya into a newly industrialising, "middle - income country providing a high quality life to all its citizens by the year 2030". The vision of the financial sector is to ***"Create a vibrant and globally competitive financial sector, driving high levels of savings and financing Kenya's investment needs''***. To achieve this, the Banking Sector is expected to be more efficient and increase penetration through a number of reforms. The goal of financial sector by 2012 is to ensure increased mobilization of bank deposits from 44% to 80% of GDP, which is the average amongst benchmark countries, and to significantly reduce the cost of capital. In this regard, the following three measures are envisaged for the banking sector under Vision 2030:-

- Strengthening the industry structure through enactment of reforms to facilitate transformation towards stronger large-scale banks.
- Extending Credit Referencing System from negative information sharing to also include positive information sharing.
- Deepening penetration of banking services, especially to rural areas to help drive increased domestic savings.

Microfinance under Vision 2030 is considered to be critical in enhancing access to finance by the vast unbanked Kenyan populace particularly those in the low income segments. The microfinance aspirations under Vision 2030 are to first migrate a significant share of population currently using informal (about 35%) to quasi-formal finance by formalizing and growing MFIs and SACCOs from serving 8% to 18% by 2012. Second, expanding outreach of microfinance and SACCOs to 38% of the population without access to financial services. In this regard, the operationalization of the Microfinance Act is expected to play a pivotal role.

The Central Bank will play its' part in spearheading banking and microfinance sectors reforms that will ensure the realization of Vision 2030. In this regard, the Bank's strategy running to 2012 has in part been informed by the financial sector aspirations under Vision 2030.

3.9 Performance of the Banking Sector

Despite the challenging operating environment brought about by post election violence in the first quarter of 2008 and global financial crisis, the banking sector remained stable with all institutions remaining adequately capitalised during the period ending December 2008. Overall, institutions maintained capital adequacy ratios above the minimum requirement of 12.0 per cent. Total assets expanded by 24.4 per cent, customer deposits rose by 21.7 per cent while pre tax profits increased by 21.6 per cent compared to a similar period in 2007. However, return on equity declined from 27.5 per cent in December 2007 to 26.1 per cent in December 2008 mainly due to increase in equity at a proportionately higher rate than increase in income.

3.10 Balance Sheet Analysis

Sector's balance sheet expanded

The banking sector continued to grow during the year under review. Total assets in the sector increased by 24.4 % from Ksh.951.2 billion in December 2007 to Ksh. 1,183.6 billion in December 2008 as shown in Table 9. There was substantial growth in loans and advances having increased by 27.4% from Ksh.495.4 billion in December 2007 to Ksh.631.2 billion in 2008. The growth was mainly registered in private households, transport and communications, building & construction and manufacturing sectors. However, the Banking sector investment in Government securities decreased by 0.27 % from Ksh.179.5 billion in December 2007 to Ksh. 179.0 billion in December 2008. The level of customer deposits increased by 21.7% to Ksh. 864.0 billion in December 2008 from Ksh. 709.8 billion in December 2007.

TABLE 9: GLOBAL BALANCE SHEET (KSH. M)			
Assets	**Period**		**% Change**
	2007	2008	
Cash	22,522	28,988	28.71%
Balances at Central Bank	50,889	57,890	13.76%
Placements	63,368	112,090	76.89%
Government securities	179,456	178,965	-0.27%
Investments	3,986	3,988	0.05%
Loan and Advances (Net)	495,417	631,159	27.40%
Other assets	135,594	170,575	25.80%
Total Assets (Net)	**951,232**	**1,183,655**	**24.43%**
Liabilities and Share Holders Funds			
Customer Deposits	709,757	864,010	21.73%
Other Liabilities	112,201	154,053	37.30%
Capital and reserves	129,274	165,592	28.09%
Total Liabilities and shareholders' Funds	**951,232**	**1,183,655**	**24.43%**
Source: CBK			

3.11 Asset Quality

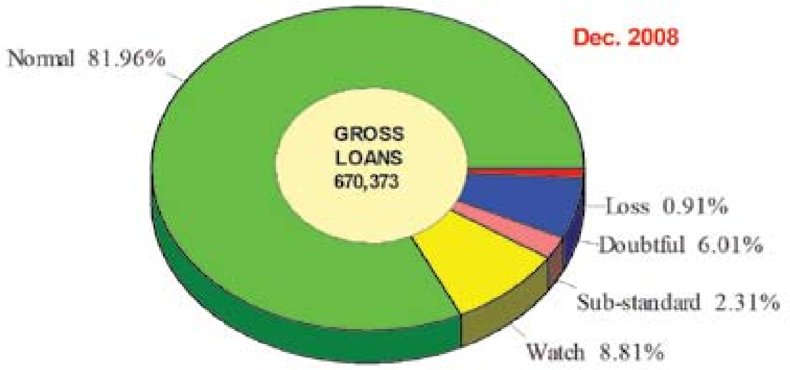
Non-Performing Loans, net of interest in suspense, increased by 23.4 per cent to Ksh. 22.7 billion in 2008 from Ksh. 18.4 billion in 2007 as shown in Table 10 below. However, Asset Quality, which is measured by the ratio of net non-performing loans to gross loans improved from 3.45 per cent in 2007 to 3.38 per cent in 2008. Similarly, gross non performing loans as a ratio of gross loans improved from 10.6 per cent in 2007 to 9.2 per cent in 2008 largely due to enhanced credit underwriting standards applied by banks. The table below shows the movement of the different parameters falling under asset quality category.

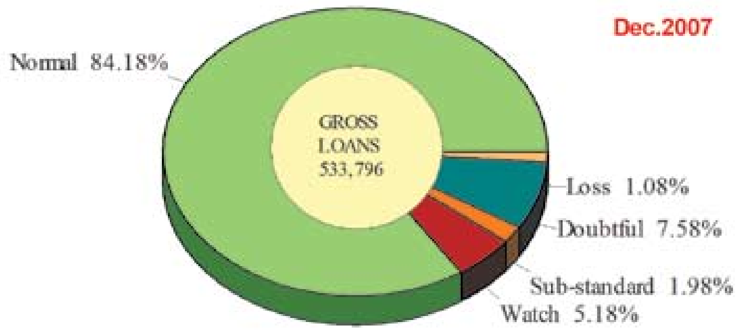
Gross NPLs as a ratio of gross loans improved from 10.6% to 9.2%

TABLE 10: ASSET QUALITY (KSH. M)			
	Period		
	2007	2008	% Change
Net Assets	951,232	1,183,654	24.43%
Gross Loans	533,796	670,372	25.59%
Total Loans	518,920	656,678	26.55%
Gross Non-performing loans	56,775	61,869	8.97%
Interest in Suspense	14,876	13,694	-7.95%
Total Non-Performing Loans	41,899	48,175	14.98%
Specific Provisions	23,503	25,519	8.58%
Net Non-Performing Loans	18,395	22,655	23.16%
Gross Loans/ Net Assets (%)	56.12%	56.64%	
Gross NPLs/ Gross Loans (%)	10.64%	9.23%	
Total NPLs/ Total Loans (%)	8.07%	7.34%	
Net NPLs/ Gross Loans (%)	3.45%	3.38%	
Source: CBK			

TABLE 11: RISK CLASSIFICATION OF LOANS AND ADVANCES						
NO.	CATEGORY	DEC.2008		DEC.2007		
		Amount Ksh M	%	Amount Ksh M	%	% Change
1	Normal	549,456	82%	449,369	84%	22%
2	Watch	59,048	9%	27,652	5%	114%
3	Substandard	15,460	2%	10,570	2%	46%
4	Doubtful	40,316	6%	40,449	8%	-0.3%
5	Loss	6,093	1%	5,756	1%	6%
	Gross Loans	**670,373**	100%	**533,796**	100%	26%
Source: CBK						

CHART 7: Risk Classification of Loans





As shown in Table 11 above, loans and advances classified in the normal risk category increased by 22.3 percent from Ksh. 449.4 billion in 2007 to Ksh. 549.5 billion in 2008 partly due to general improved credit standards applied by banks in underwriting advances. Loans and advances classified in the Watch, Substandard and Loss categories registered an increase in year 2008 attributable to depressed economic activities during the year under review.

3.12 Capital Adequacy

Capital adequacy is measured by the ratio of Total Capital to Total Risk Weighted Assets. This ratio increased from 19% in year 2007 to 20% in year 2008, which was above the minimum statutory ratio of 12%, as shown in Table 12 below. The Capital and Reserves in the banking sector increased by 28.1% from Ksh.129.3 billion in December 2007 to Ksh.165.6 billion in December 2008, an indication of a well capitalized sector. Fresh injection of capital by some institutions and retention of profits enhanced capital and reserves.

Sector's capital adequacy ratio increased to 20% from 19% in 2007

TABLE 12: CAPITAL ADEQUACY RATIOS

	2008	2007	Minimum Capital adequacy ratios
Core Capital/TRWA*	18%	18%	8%
Total Capital/TRWA*	20%	19%	12%
Core capital/Total deposits	15%	15%	8%

*TRWA – Total Risk Weighted Assets

Source: CBK

As one of the measures to strengthen institutional structures in the banking sector, the Finance Act 2008 raised the minimum Core Capital from Ksh. 250 million to Ksh. 1.0 billion. The new capital requirements are to be met gradually as follows:- Ksh.350 million by 31st December 2009; Ksh.500 million by 31st December 2010; Ksh.700 million by 31st December 2011 and finally Ksh. 1 billion by 31st December 2012. Institutions that are below the new threshholds have already formulated strategies to comply with the enhanced capital requirement.

3.13 Liquidity

Liquidity, which is the ability to fund increases in assets and meet obligations as they fall due, is crucial to the sustainability of any banking institution. The importance of liquidity transcends the individual bank as any liquidity shortfall at an individual institution may have systemic repercussions due to interlinkage of banking business.

Sector liquidity levels remained high

In the twelve months to December 2008, the Kenyan banking system's average monthly liquidity ratio exceeded the minimum statutory requirement of 20%. The average liquidity ratio in the banking sector stood at 37.0 per cent in December 2008, a slight decline from 40.2% registered in a similar period in 2007. The high liquidity ratio demonstrates the sector's preference for liquid investments mainly government securities.

The Safaricom IPO, which sought to raise Ksh. 50 billion during the year under review, but attracted subscription of over Ksh. 200 billion, posed serious challenges to the banking sector. However, the concerted efforts of the Central Bank of Kenya, Capital Markets Authority and the Kenya Bankers Association, helped to cushion against liquidity disruptions, as a result the banking sector liquidity remained stable.

3.14 Profit and Loss Analysis

Profit before tax for the banking sector improved by 21.6 per cent from Ksh. 35.6 billion in December 2007 to Ksh. 43.3 billion in 2008. The improvement in profitability was as a result of strong levels of revenue streams supported by high credit growth.

TABLE 13: INCOME AND EXPENDITURE ITEMS AS A PERCENTAGE OF TOTAL INCOME

	2007		2008	
Income	Ksh M	% of Total Income	Ksh M	% of Total Income
Interest On advances	55,073	47.80%	75,151	49.50%
Fees and Commission for loans and advances	7,442	6.50%	9,800	6.50%
Other Fees and Commission Income	17,834	15.50%	20,869	13.80%
Interest on government securities	17,457	15.20%	19,780	13.00%
Interest on placement	4,095	3.60%	5,782	3.80%
Other Income	13,220	11.50%	20,402	13.40%
Total Income	**115,121**	**100.00%**	**151,784**	**100.00%**
Expenses				
Interest Expenses	20,530	17.80%	30,218	19.90%
Bad Debts Charge	5,562	4.80%	10,280	6.80%
Salaries and wages	26,017	22.60%	33,486	22.10%
Other Expenses	27,412	23.80%	34,506	22.70%
Total Expenses	**79,521**		**108,491**	
Profit Before Tax	35,600		43,293	
Source: CBK				

Income

Total income grew by 31.8 per cent from Ksh. 115.1 billion in 2007 to Ksh.151.8 billion for the period ending December 2008 as shown in Table 13 above. Interest income on advances rose by 36.3 per cent from Ksh. 55.1 billion in 2007 to Ksh. 75.1 billion in 2008 and accounted for 49.5 per cent of total income. The increase in interest income was attributed to growth in loans and advances and an increase in the average lending rates from 13.32% in 2007 to 14.80 in 2008. Interest income on Government securities increased by 13.1 per cent from Ksh. 17.5 billion in 2007 to Ksh. 19.8 billion in 2008, supported by slightly higher interest rates than in 2007. Other fees and commission income increased by 17.4 per cent from Ksh. 17.8 billion in 2007 to Ksh. 20.9 billion in 2008 and accounted for 13.8 per cent of the total income.

Sector's total income grew by 31.8% to stand at ksh 151.8 billion

Expenses

As shown in Table 13 above, total expenses rose by 36.4 percent from Ksh. 79.5 billion in 2007 to Ksh. 108.5 billion in 2008. The increase in total expenses was due to a rise in interest expenses on deposits, loan losses, salaries and wages. Loan loss charge for the period increased from Ksh.5.6 billion in 2007 to Ksh. 10.3 billion in 2008. Similarly, Salaries and wages expenses increased from Ksh. 26.0 billion in 2007 to Ksh. 33.5 billion in 2008 as institutions continued to recruit staff to meet human resource needs arising from the expansion in their branch network and roll-out of new products.

Sector registered an increase of 36% in expenses

3.15 Performance Rating

The Central Bank uses the CAMEL rating system to assess the soundness of financial institutions which is an acronym for **C**apital Adequacy, **A**sset quality, **M**anagement Quality, **E**arnings and **L**iquidity.

As shown in Table 14 below, the number of institutions rated strong increased from 10 in 2007 to 15 in 2008, and their market share increased from 34.7 per cent to 39.7 per cent during the period under review. The number of institutions rated **satisfactory** reduced from 27 in 2007 to 22 in 2008, with one institution which entered the market during the year registering a satisfactory performance. Majority of institutions registered improved performance and migrated to higher ratings.

Sector's overall rating improved from satisfactory in 2007 to strong in 2008

Overall, there was an improvement in the performance of individual institutions and the entire banking sector during the year, and the overall rating was **strong**. The banking sector remained resilient and stable with no institution registering a maginal or unsatisfactory performance .

TABLE 14: BANKING SECTOR PERFORMANCE RATING KSH.BN						
Performance Rating	2008*			2007		
	No. of Institutions	Gross assets	Market share %	No. of Institutions	Gross assets	Market share %
Strong	15	485.5	39.7	10	342.9	34.7
Satisfactory	22	651.8	53.3	27	537.8	54.3
Fair	7	85.5	7	8	108.9	11
Marginal	0	0	0	0	0	0
Unsatisfactory	0	0	0	0	0	0
TOTAL	**44**	**1,222.80**	**100**	**45**	**989.6**	**100**
Overall Rating	**Strong**			**Satisfactory**		

*** Charter House excluded**

Note: Amounts exclude contingent liabilities

Source: CBK

3.16 Compliance with Supervisory & Regulatory Requirements

Sector's compliance levels enhanced

Overall, eight (8) financial institutions were in violation of Banking Act and CBK Prudential Guidelines in 2008. The highest violations were related to Chief Financial Officers and Heads of Internal Audit not being members of the Institute of Certified Public Accountants of Kenya (ICPAK) as required under the CBK prudential guidelines on corporate governance. Five (5) institutions violated this provision. One bank was in violation of section 12(c) of the Banking Act, which prohibits institutions from investing in land and buildings in excess of 20% of core capital. The financial institutions in violation were required to ensure compliance with the relevant regulatory provisions within a specified time period.

CHAPTER FOUR

DEVELOPMENTS IN LEGAL AND SUPERVISORY FRAMEWORK

4.1 Introduction

The Central Bank, in conjunction with the Ministry of Finance, continued to spearhead legislative reforms intended to enhance the stability, safety, efficiency, accessibility and integrity of the banking system. In this regard, the year under review saw the operationalization of the Microfinance Act, the publication of regulations for Credit Reference Bureaus, the tabling of the Proceeds of Crime and Anti-Money Laundering Bill, 2008 in Parliament and Presidential Assent to the Finance Act, 2008.

4.2 Banking (Credit Reference Bureau) Regulations

The Banking (Credit Reference Bureau) Regulations, 2008 were gazetted by the Minister of Finance on 11th July 2008. The operational date for the Regulations was published in the Kenya Gazette by the Minister of Finance to be 2nd February 2009. The key provisions of the Regulations include:-

(i) Authority of the Central Bank to license and supervise the operations of the Credit Reference Bureaus (CRBs).

(ii) Requirement for all institutions licensed under the Banking Act to report all negative information including:-

- Non performing loans and advances.
- Dishonour of cheques other than for technical reasons.
- Accounts compulsorily closed other than for administrative reasons.
- Proven cases of frauds and forgeries.
- Proven cases of cheque kiting.
- False declarations and statements.
- Receiverships, bankruptcies and liquidations.
- Tendering of false securities.
- Misapplication of borrowed funds.

(iii) Institutions may also share positive credit information, but this is not mandatory.

Credit reference bureaus regulations gazetted in July 2008

(iv) Prescribed Penalties on Bureaus that violate provisions of the Regulations.

(v) Information held by a Bureau is to be transferred to the Central Bank for custody in case of closure.

4.3 Finance Act, 2008

Banking Act amended in 2008

His Excellency, the President assented to the Finance Act, 2008 on 15th December 2008. It amends several statutes including the Banking Act and the Central Bank of Kenya Act. The commencement date of the amendments to the Banking Act and the Central Bank of Kenya Act was 1st January 2009.

The key amendments to the two statutes are:

i) The right to receive revenue from application and license fees under section 5 of the Banking Act has been ceded from the Government (Consolidated Fund) to the Central Bank.

ii) Introduction of the term “return” payable to holders of savings accounts maintained in accordance with Islamic banking principles.

iii) Institutions incorporated in Kenya shall submit to the Central Bank their consolidated audited balance sheet and audited profit & loss accounts incorporating their foreign branches and subsidiaries.

iv) The Central Bank has been given the power to grant operational banking holidays to institutions.

v) The Minister for Finance has been empowered to prescribe penalties in regulations against credit reference bureaus for failing to comply with the directions of the Central Bank.

vi) Enhancement of minimum core capital requirements from Ksh. 250 million to Ksh. 1 billion by end of 2012.

vii) Introduction of penalties against authorized dealers in foreign exchange business (Foreign Exchange Bureaus) who fail to comply with the guidelines or directions of the Central Bank.

4.4 Microfinance Regulations

The Microfinance Act and regulations issued thereunder set out the legal, regulatory and supervisory framework for the microfinance industry, which came into effect from 2nd May 2008. So far, several Regulations have been issued under the Act for deposit-taking business. However, the Regulations to govern the conduct of the non-deposit taking microfinance business are yet to be put in place. To this end, the Ministry of Finance is in the process of discussing the best way forward for licensing, regulating and supervising the non-deposit taking microfinance business. As noted above, the Central Bank commenced the implementation of the Microfinance Act from 2nd May 2008. As at 31st December 2008, the Central Bank had approved eighteen business names, which is the first step in the licensing process, and in addition, received nine applications, which are at different stages of review. The Central Bank has further issued Letters of Intent to two Applicants, which are approvals in principle to conduct the deposit-taking business subject to fulfilling certain regulatory requirements. The Central Bank expects a number of deposit-taking microfinance institutions to be licensed in the coming year. As the Bank proceeds with the implementation of the Microfinance Act, it remains cognizant of the continuous need to build its capacity and develop its staff capabilities to effectively and efficiently regulate and supervise the deposit-taking microfinance institutions.

Microfinance regulations came into effect May 2008

4.5 Proceeds of Crime and Anti-Money Laundering (AML) Bill, 2008

The "Proceeds of Crime and Anti-Money Laundering Bill" was re-published in 2008 and tabled in Parliament where it underwent the First and Second reading as well as the Committee stage. The National Task Force on Anti-Money Laundering and Combating the Financing of Terrorism (NTF), with the Deputy Prime Minister and Minister for Finance, held meetings with Parliamentary Departmental Committees on Finance, Planning, Trade and Tourism and on the Administration of Justice and Legal Affairs to discuss and review these committees' concerns and proposed amendments to the AML Bill, 2008. The NTF also reviewed concerns and proposals by other various stakeholders and has proposed amendments to address the concerns raised.

Anti-Money Laundering Bill lapsed and to be re-published in 2009

The Bill is set to be re-published as the Proceeds of Crime and Anti-Money Laundering Bill 2009 and is to be re-introduced to Parliament for debate in 2009, having incorporated the amendments in relation to concerns and proposals of the Parliamentary Committees and other stakeholders.

CHAPTER FIVE

CURRENT SUPERVISORY ISSUES

5.1 Introduction

CBK continued to be engaged in local, regional and international initiatives to enhance the banking sector supervisory framework. Towards this end, BSD rolled out a survey on Basel II implementation to the banking sector, and together with other East African Central Banks conducted, a survey on Business Continuity Management.

On the regional front, CBK continued to participate in ongoing initiatives to create monetary unions by the East African Community (EAC), the Common Market for Eastern and Southern Africa (COMESA) and the African Union (AU). The EAC and COMESA are building blocks for the African Monetary Union. BSD also continued to participate in initiatives by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG).

5.2 Business Continuity Management (BCM) Survey

The East African (Kenya, Uganda, Tanzania, Rwanda and Burundi) Central Banks carried out a survey in 2008 to establish the status of Business Continuity Management (BCM) practices in their respective banking sectors. BCM has taken an increasingly pivotal role in the banking sector in view of enhanced customer expectations, technological advancements and regional expansion by banks. In this regard, CBK issued Prudential Guidelines on Business Continuity Management in January 2008. The Guidelines became effective from 1st March 2008.

Issued BCM guidelines were effective March 2008

The survey carried out in late 2008 indicated a growing recognition of the importance of BCM by the respective East African Community banking sectors. However challenges are still faced with regard to testing of Business Continuity Plans, costs of BCM and human resource competences. The survey results are to be discussed by the EAC Central Banks at the next Forum in 2009.

5.3 Credit Reference Bureaus

Regulations that empower CBK to license and oversee Credit Reference Bureau (CRBs) were published in July 2008 and are to become operational in 2009. The Central Bank and Kenya Bankers Association (KBA) had constituted a joint task force in 2007 to work on operational modalities of implementing the regulations. The Taskforce has already developed a return that will be used by banks to provide information to licensed CRBs. Other initiatives undertaken by the Taskforce in preparation for operationalization of the Regulations include:-

- Official launch of the Regulations by the Minister of Finance in September 2008.
- Public awareness and sensitization on credit information sharing in the print and electronic media.
- Capacity Building for the Central Bank and the commercial banks.
- Formulation of a Code of Conduct for Credit Providers (Commercial Banks)- The code will govern the provision of information to CRBs by banks and provide for a dispute resolution mechanism.

5.4 Regional and International Initiatives

BSD participated in various regional committees on harmonization of supervisory issues

BSD continued to participate in regional and international initiatives geared towards harmonization of supervisory practices. In this regard, BSD participated in initiatives spearheaded by the World Bank, International Monetary Fund and the Financial Stability Institute (FSI).

On the regional front, CBK continued to participate in ongoing initiatives to create monetary unions by the East African Community(EAC), the Common Market for Eastern and Southern Africa(COMESA) and the African Union(AU). The EAC and COMESA are building blocks for the African Monetary Union.

Within the EAC, CBK is active in the Monetary Affairs Committee (MAC). MAC is an EAC Committee tasked with the mandate of laying the foundation for a common monetary union, which encompasses one currency and one central bank among other monetary related issues in East Africa. The Committee's mandate extends to the following thematic areas: Economic management especially monetary policy management, banking sector supervisory issues, financial market development, payment systems, information technology, and capacity building within the Central Banks.

On the banking supervision front, MAC has taken on increased relevance in the face of regional expansion particularly by Kenyan banks. This expansion heightens the need for harmonisation of supervisory policies, practices and procedures. Harmonization will minimise the risk of regulatory arbitrage and reduce compliance cost and burden for regional banking groups. MAC has in this regard made significant strides in harmonization of banking supervision frameworks. Key achievements made include:-

- Signing of a Memorandum of Understanding by the five Central Banks of the EAC partner states to facilitate information sharing and supervisory co-operation.
- Harmonisation of the licensing of banks which is now vested in the East African Central Banks.
- Adoption of quarterly publication requirements for banks in Kenya, Tanzania and Rwanda.
- Joint inspections conducted amongst the East African Central Banks.
- Enactment of microfinance legislation in all the Partner States.

CBK will continue to support regional and international initiatives aimed at harmonizing supervisory practices ultimately fostering global financial system stability.

5.5 Basel II Implementation Road Map for Kenya

The Basel II Capital Adequacy Framework became available for implementation in Basel member countries[1] from the end of 2006. The framework seeks to align the capital holdings of banks to their risk profiles. It is an enhancement over the Basel I framework which only took into account credit and market risks facing banks for capital adequacy purposes. Basel II in addition to credit and market risks also takes into account operational risk.

The Basel Committee however recognises that moving towards Basel II may not be a priority for non-members (like Kenya) in terms of what is needed to strengthen

[1] *The Basel Committee Member Countries are:-*

Belgium, Canada, France, Germany, Italy, Japan, Luxembourg, the Netherlands, Spain, Sweden, Switzerland, the United Kingdom and the United States supervision. The Committee recommends that countries decision to move towards implementing Basel II be based on their national priorities. This approach will ensure that emerging countries in particular put in place the prerequisite supervisory infrastructure for Basel II. This is indeed consistent with the position adopted by the Central Bank of Kenya (CBK).

The Central Bank of Kenya (CBK) began a process in 2007 that will lead to the preparation of a comprehensive roadmap for implementation of Basel II. This process involves:

Implementation of Basel II prerequisites:-

(i) Full adoption of Basel I in particular the market risk amendment that requires banks to set aside capital for market risk in addition to credit risk.

(ii) Implementation of Risk Based Supervision.

(iii) Full compliance with the Basel Core Principles for Effective Banking Supervision through the comprehensive review of the Banking Act that is under consideration by the Attorney General.

(iv) A survey conducted by CBK, to assess the status of Kenyan banks vis a vis the requirements of Basel II.

(v) Based on the findings of the survey, formulation of CBK's policy position with regard to Basel II that will broadly spell out:-

- Elements of Basel II that can be adopted.
- Applicability of Basel II to domestic and internationally active banks.
- Broad regulatory guidance on the approaches to be adopted.
- Timelines for Basel II implementation.
- Jointly with industry players, development of a detailed roadmap towards implementation of Basel II.

Accordingly, a Basel II Implementation Survey was carried out in 2008. Responses were received from 31 out of 43 banks (72% response). To engage the banking sector further on this agenda and as a precursor to the issuance of a CBK policy position on Basel II implementation, the survey findings were shared with the industry in December 2008.

The key findings of the survey were as follows:-

1. Majority of the institutions rated the level of awareness of Basel II as medium

(on scale of high, medium and low). There is therefore need to enhance Basel II awareness in institutions.

2. The key reasons for low awareness of Basel II in some institutions were cited as:-
   a. Lack of prerequisite human resource competences.
   b. Basel II is not considered a competitive tool.
   c. It is not a regulatory requirement.

3. All the home regulators of international banks represented in Kenya allow for overseas operations to follow the approaches adopted by host supervisors. This leads to dual reporting to the home(who have adopted Basel II) and host regulators(who have not adopted Basel II).

Banking sector ready to embrace Basel II & BSD is in the process of formulating a policy on implementation

4. Local subsidiaries/affiliates of international banks have had to upgrade their data systems, risk management policies and strategies to meet Basel II reporting requirements of their head office.

5. Most of the local affiliates of international banks (72%) are ready to implement Basel II.

6. Majority of the local institutions (76%) will be ready to implement Basel II from 2010. This is in contrast to international banks, a majority (72%) of whom have indicated that they are ready to implement Basel II.

The survey results indicate a mixed level of preparedness of the Kenyan banking sector as far as Basel II implementation is concerned. The international banks, drawing on the support of their parent groups, are in a better state of preparedness compared to local institutions. However, there are also challenges in meeting requirements of Basel II that would impact on all institutions. These are principally:-

1. The standardized approach to assessing the credit risk charge under Pillar I of Basel II relies on ratings by External Credit Rating Agencies. The survey indicates that institutions in Kenya do not rely on external ratings save for their international counterparties and large corporate counterparties. This finding is consistent with the limited credit rating penetration in the country. Unrated exposures under the standardized approach would attract higher risk weights and thus more capital would be required to be set aside for such exposures.

2. Basel II allows for the use of internal models by institutions to determine their capital charges pursuant to supervisory approval. However, these models require the use of up to five years data. Institutions in Kenya are by and large yet to adopt model based approaches to assessing their capital adequacy needs. Some international banks are however using models developed at their international headquarters. A transition period will therefore be required for Kenyan institutions to collect the requisite data for the models.

3. Human resources competences have been identified as a cross cutting challenge. Basel II will require institutions to upscale their human resource base and a "talent war" in the banking sector can be anticipated going forward.

4. Upgrades and overhauls of existing I.T. systems for most institutions will be required. Robust, scalable systems will be required to ensure banks can meet the rigorous Basel II information requirements.

The challenges not withstanding, it is noteworthy that most financial institutions in Kenya are ready to embrace the enhanced risk and capital management practices that come with Basel II. In this regard**,** BSD is in the process of formulating a policy position on Basel II implementation in Kenya. This position will be informed by CBK's progress in fulfilling the Basel II prerequisites, the survey results and input from market players. It is anticipated that the policy position will be shared with market players before its' adoption.

5.6 Development of the Anti-Money Laundering and Combating the Financing of Terrorism Regime in Kenya

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

Kenya hosted the 8th ESAAMLG Council of Ministers and 16th Task Force of Senior Officials Meetings in Mombasa from 18th to 22nd August, 2008. It is on record that this was the largest gathering of the ESAAMLG Task Force since its formation in 1999. The meetings were attended by delegates drawn from all the ESAAMLG member states, observers, co-operating partners, and donors, including the United Kingdom (UK), the United States of America (USA), the United Nations Office on Drugs and Crime (UNODC), World Bank (WB), Financial Action Task Force (FATF) Secretariat, and Egmont Group among others. Key highlights of the meeting include the following;

- Kenya assumed the Presidency of ESAAMLG from Botswana for a period of one year up to August 2009, when Lesotho takes over.

- The Mutual Evaluation schedule for the remaining ESAAMLG countries was adopted. According to the calendar, all countries will have been evaluated under the 2004 FATF methodology by 2011. Mutual evaluation is a peer review process through which FATF and other FATF-Style Regional Bodies (FSRBs) such as ESAAMLG assess the effectiveness of a country's anti-money laundering and combating the financing of terrorism (AML/CFT) systems and monitor the implementation of FATF's 40+9 Recommendations.

ESAAMLG expands regional outreach

- Kenya has been scheduled for an evaluation in April 2010 and has consequently committed to hosting a pre-evaluation workshop in September 2009 in preparation for the mutual evaluation.

- In honour as the host country of the ESAAMLG Presidency, Kenya was honoured and selected to host a regional Mutual Evaluation Training workshop in April 2009. It is envisaged that this program will contribute towards building capacity in the region by ensuring that there is a larger pool of experts available to conduct mutual evaluations.

- It was highlighted that at the next Task Force of Senior Officials meeting scheduled to be held in Maseru, Lesotho in August 2009, ESAAMLG will mark its 10th Anniversary since its formation in 1999. It was resolved that the occasion be marked appropriately.

- It was noted that significant progress has been made towards the development of ESAAMLG into a viable FATF Style Regional Body (FSRB). It was reported that ESAAMLG is considering applying for FATF Associate Membership.

- Under ESAAMLG's expansion outreach programme, Comoros was granted observer status in March 2008, while efforts are underway to facilitate the granting of observer status to the Democratic Republic of Congo, Angola, and Madagascar in 2009.

5.7 The National Taskforce on Anti-Money Laundering (NTF)

The National Task Force on Anti-Money Laundering and Combating the Financing of Terrorism(NTF) has, pending enactment of anti-money laundering legislation, proceeded to enhance institutional capacity by exposing members of the Task Force to best practices in AML/CFT. This is with the view that NTF members will in turn impart skills and knowledge gained to their respective institutions, thereby contributing towards the enhancement and development of a robust AML/CFT regime in Kenya.

During the year under review, the following training and capacity building programs were undertaken in conjunction with various co-operating partners;

- A workshop on the Proceeds of Crime and Anti-Money Laundering Bill 2008, sponsored by the Ministry of Finance in conjunction with the United Nations Office of Drugs and Crime, was held and provided a forum for NTF Taskforce officials to review comments, concerns and proposals for amendments to the Bill from various stakeholders including those by Members of Parliament. The Bill was also mapped against FATF's 40+ 9 Recommendations and various model AML/CFT legislations in the region including COMESA, the African Union and United Nations in order to ensure that it was in line with international best practice.
- A 'training of trainers' workshop hosted by the World Bank in collaboration with ESAAMLG Secretariat and the Government of Namibia in Windhoek, Namibia. The training aimed at equipping participants with appropriate skills and knowledge to develop and customize AML/CFT training programs for financial practitioners, supervisors, law enforcement officials, and policy makers in their respective countries.
- The United Nations Office on Drugs and Crime (UNODC) in collaboration with the Government of Kenya sponsored a study tour to South Africa, a jurisdiction where AML/CFT legislation has been successfully implemented, including the establishment of a Financial Intelligence Unit. Participants gained an appreciation of the various challenges faced in the process of implementing effective AML/CFT systems.

5.8 Capacity Building and Technical Assistance

Capacity building remains key to BSDs strategic goals

The global and Kenyan Banking sectors have changed at a phenomenal pace in the last few years. The changes have been driven by developments in Information Communication Technology (ICT), globalization, increased customer sophistication and competition. These changes require that BSD reinvents itself and becomes proactive in detecting opportunities and threats to financial sector stability. In view of these challenges a number of the department's staff attended courses and workshops on areas such as Anti- Money Laundering (AML) /Combating the Financing of Terrorism (CFT), Micro-finance framework and operations, Risk Based Supervision framework and Basel II operational framework.

Further, a number of staff participated in joint inspections within the East Africa region as part of the initiative towards harmonization of inspection methods and procedures within the member countries with emphasis on implementation of Risk Based Supervision (RBS).

The capacity building initiatives were undertaken with the technical assistance from development partners such as the World Bank, Financial and Legal Sector Technical Assistance Project (FLSTAP), Financial Sector Deepening Trust (FSD), Kenya, International Monetary Fund (IMF) and East AFRITAC. The department looks forward to continued support from these institutions in providing the necessary technical assistance on bank supervision matters in order to continue building the requisite capacity.

5.9 Access to Financial Products and Services

Access to financial services remains limited

There is widespread consensus that there is constrained access to financial products and services by the majority of Kenyans. The supply side data revealed that commercial banks and KPOSB as at December 2008 had 6.4 million and 1.2 million savings accounts/ clients compared with 4.7 million and 1.3 million in 2007, respectively. On the other hand, microfinance institutions and Sacco Societies had 1.6 million savings clients in 2008 and 6.2 million members in 2007 compared with 1.2 million in 2007 and 5.4 million in 2006, respectively. This brings to about 16 million Kenyans who access financial services and products out of a population of about 37 million, including people with two or more accounts, which raises the issue of double counting. The Government is therefore, committed to expanding access to financial products and services to all adult Kenyans as outlined in Vision 2030.

Appendix I

BANKING SECTOR BALANCE SHEET Ksh M										
A	ASSETS	December, 2008				December, 2007				
		Banks	NBFIs	Total	% of total	Banks	NBFIs	Total	% of total	Growth
1	Cash balances (both local and foreign)	28,847	141	28,988	2.4%	22,379	143	22,522	2.4%	28.7%
2	Balances due from Central Bank of Kenya	57,890	-	57,890	4.9%	50,765	124	50,889	5.3%	13.8%
3	Kenya Government securities	177,286	1,367	178,652	15.1%	177,889	1,222	179,110	18.8%	-0.3%
4	Foreign Currency Treasury bills and bonds	313	-	313	0.0%	346	-	346	0.0%	-9.6%
5	Deposits and balances due from local banking institutions	28,844	3,890	32,733	2.8%	21,293	3,055	24,348	2.6%	34.4%
6	Deposits and balances due from banking institutions abroad	79,357	-	79,357	6.7%	39,020	0	39,020	4.1%	103.4%
7	Government and other securities held for dealing purposes	33,393	-	33,393	2.8%	21,693	-	21,693	2.3%	53.9%
8	Tax recoverable	162	-	162	0.0%	90	15	105	0.0%	55.1%
9	Loans and advances to customers(Net)	611,486	19,673	631,159	53.3%	479,680	15,737	495,417	52.1%	27.4%
10	Investments securities	3,988	-	3,988	0.3%	2,938	1,048	3,986	0.4%	0.1%
11	Balances due from group companies	44,881	-	44,881	3.8%	32,978	-	32,978	3.5%	36.1%
12	Investment in associates	2,068	-	2,068	0.2%	1,396	52	1,448	0.2%	42.8%
13	Investment in subsidiary companies	10,092	130	10,222	0.9%	5,272	130	5,402	0.6%	89.2%
14	Investment in joint ventures	846	-	846	0.1%	-	-	-	0.0%	0.0%
15	Investment properties	1,111	-	1,111	0.1%	1,042	-	1,042	0.1%	6.6%
16	Property & equipment	30,368	406	30,774	2.6%	22,266	424	22,690	2.4%	35.6%
17	Prepaid lease rentals	1,048	43	1,091	0.1%	993	43	1,036	0.1%	5.3%
18	Intangible assets	4,229	10	4,238	0.4%	1,839	31	1,870	0.2%	126.7%
19	Deferred tax asset	3,100	80	3,180	0.3%	2,359	49	2,408	0.3%	32.1%
20	Retirement benefit asset	2,052	-	2,052	0.2%	1,710	-	1,710	0.2%	20.0%
21	Other assets	36,410	147	36,557	3.1%	42,999	214	43,213	4.5%	-15.4%
22	**TOTAL ASSETS**	**1,157,769**	**25,886**	**1,183,654**	100.0%	**928,947**	**22,286**	**951,232**	100.0%	24.4%
B.	**LIABILITIES**									
23	Balances due to Central Bank of Kenya	0	-	0	0.0%	6,066	-	6,066	0.7%	-100.0%
24	Customer deposits	849,417	14,593	864,010	84.9%	695,348	14,409	709,757	86.3%	21.7%
25	Deposits and balances due to local banking institutions	27,786	-	27,786	2.7%	23,234	-	23,234	2.8%	19.6%
26	Deposits and balances due to banking institutions abroad	40,804	-	40,804	4.0%	9,364	-	9,364	1.1%	335.7%
27	Other Money Markets deposits	196	-	196	0.0%	1,338	-	1,338	0.2%	-85.4%
28	Borrowed funds	16,139	400	16,539	1.6%	8,892	-	8,892	1.1%	86.0%
29	Balances due to group companies	17,349	5,870	23,219	2.3%	13,476	3,364	16,839	2.0%	37.9%
30	Taxation payable	2,636	73	2,709	0.3%	2,688	54	2,741	0.3%	-1.2%
31	Dividends payable	109	-	109	0.0%	1,706	-	1,706	0.2%	-93.6%
32	Deferred tax liability	638	-	638	0.1%	564	-	564	0.1%	13.1%
33	Retirement benefits liability	170	-	170	0.0%	537	-	537	0.1%	-68.4%
34	Other liabilities	41,588	296	41,884	4.1%	40,599	320	40,919	5.0%	2.4%
35	**TOTAL LIABILITIES**	**996,831**	**21,231**	**1,018,062**	100.0%	**803,813**	**18,146**	**821,959**	100.0%	23.9%
C	**SHAREHOLDERS' FUNDS**									
36	Paid up/ assigned capital	51,027	1,650	52,677	31.8%	49,495	1,475	50,970	39.4%	3.3%
37	Share premium/(discounts)	33,653	1,549	35,202	21.3%	20,111	26	20,137	15.6%	74.8%
38	Revaluation reserves	3,038	203	3,241	2.0%	3,346	1,109	4,455	3.4%	-27.3%
39	Retained earnings /accumulated losses	59,369	652	60,021	36.2%	40,844	963	41,806	32.3%	43.6%
40	Statutory loan loss reserve	4,143	481	4,624	2.8%	4,220	448	4,668	3.6%	-0.9%
41	Proposed dividend (gross)	8,268	69	8,337	5.0%	6,441	69	6,510	5.0%	28.1%
42	Capital grants	1,441	51	1,491	0.9%	677	51	728	0.6%	105.0%
43	**TOTAL SHAREHOLDERS' FUNDS**	**160,938**	**4,654**	**165,592**	100.0%	**125,134**	**4,139**	**129,274**	100.0%	28.1%
44	**TOTAL LIABILITY & SHAREHOLDERS' FUNDS**	**1,157,769**	**25,886**	**1,183,654**		**928,947**	**22,286**	**951,232**		24.4%

Appendix II

BANKING SECTOR PROFIT AND LOSS ACCOUNT Ksh. M										
		2008				2007				
		Banks	NBFIs	Total	% of total	Banks	NBFIs	Total	% of total	Growth
1.0	INTEREST INCOME									
1.1	Loans and advances	73,148	2,003	75,151	49.5%	53,344	1,729	55,073	47.8%	36.5%
1.2	Government Securities	19,685	95	19,780	13.0%	17,337	120	17,457	15.2%	13.3%
1.3	Deposits and placements with banking institutions	5,558	224	5,782	3.8%	3,961	134	4,095	3.6%	41.2%
1.4	Other interest income	1,652	-	1,652	1.1%	1,287	-	1,287	1.6%	28.4%
1.5	**Total Interest Income**	**100,044**	**2,322**	**102,366**	67.4%	**75,928**	**1,983**	**77,911**	67.6%	31.4%
2.0	INTEREST EXPENSES									
2.1	Customers deposits	25,223	493	25,717	23.7%	17,668	483	18,152	30.6%	41.7%
2.2	Deposits and placements from banking institutions	2,584	141	2,725	2.5%	1,400	84	1,484	1.9%	83.6%
2.3	Other interest expenses	1,728	49	1,777	1.6%	890	4	894	1.1%	98.8%
2.4	**Total Interest Expenses**	**29,535**	**683**	**30,218**	27.9%	**19,958**	**572**	**20,530**	25.8%	47.2%
3.0	**NET INTEREST INCOME/(LOSS)**	**70,508**	**1,639**	**72,147**		**55,970**	**1,411**	**57,382**		25.7%
4.0	NON-OPERATING INCOME									
4.1	Fees and Commissions on loans and advances	9,680	120	9,800	6.5%	7,327	116	7,442	6.5%	31.7%
4.2	Other fees and commissions	20,758	111	20,869	13.7%	17,791	43	17,834	15.5%	17.0%
4.3	Foreign exchange trading income/(loss)	12,458	-	12,458	8.2%	7,142	-	7,142	6.2%	74.4%
4.4	Dividend income	392	-	392	0.3%	324	48	373	0.5%	5.3%
4.5	Other income	5,781	118	5,899	3.9%	4,412	76	4,488	3.9%	31.4%
4.6	**Total Non Interest Income**	**49,070**	**348**	**49,418**	32.6%	**36,996**	**283**	**37,279**	32.4%	32.6%
5.0	**TOTAL OPERATING INCOME**	**119,578**	**1,987**	**121,565**	0	**92,967**	**1,695**	**94,661**	0	28.4%
6.0	OPERATING EXPENSES									
6.1	Loan loss provision	10,038	242	10,280	9.5%	5,434	128	5,562	7.0%	84.8%
6.2	Staff costs	32,878	608	33,486	30.9%	25,420	596	26,017	32.7%	28.7%
6.3	Directors emoluments	973	32	1,005	0.9%	833	32	864	1.1%	16.3%
6.4	Rental charges	3,258	61	3,319	3.1%	1,927	79	2,006	2.5%	65.5%
6.5	Depreciation on property and equipment	4,341	47	4,388	4.0%	3,067	49	3,116	3.9%	40.8%
6.6	Amortization charges	561	22	583	0.5%	511	23	533	0.7%	9.2%
6.7	Other expenses	24,896	314	25,210	23.2%	20,684	279	20,963	26.3%	20.3%
6.8	**Total Other Operating Expenses**	**76,946**	**1,327**	**78,272**	72.1%	**57,876**	**1,185**	**59,061**	74.2%	32.5%
7.0	**Profit/(loss) before tax and exceptional items**	**42,633**	**661**	**43,293**		**35,091**	**509**	**35,600**		21.6%
8.0	Exceptional items	(34)	-	(34)		(169)	-	(169)		-79.8%
9.0	**Profit/(loss) after exceptional items**	**42,667**	**661**	**43,327**		**35,260**	**509**	**35,769**		21.1%
10.0	Current tax	13,728	239	13,967		10,139	180	10,319		35.4%
11.0	Deferred tax	(759)	(31)	(789)		516	(34)	482		-263.9%
12.0	**Profit/(loss) after tax and exceptional items**	**29,697**	**452**	**30,149**		**24,605**	**363**	**24,968**		20.8%

Appendix III

	BANKING SECTOR OTHER DISCLOSURES Ksh. M									
		2008				2007				
		Banks	NBFIs	Total		Banks	NBFIs	Total		Growth
1)	**NON-PERFORMING LOANS AND ADVANCES**									
a)	**Gross non-performing loans and advances**	59,209	2,660	61,870		53,596	3,179	56,776		9.0%
	Less:									
b)	Interest in suspense	12,709	986	13,694		13,565	1,311	14,876		-7.9%
c)	**Total non-performing loans and advances(a-b)**	**46,500**	**1,675**	**48,175**		**40,031**	**1,868**	**41,899**		15.0%
	Less:	-								
d)	Loan loss provision	24,911	609	25,520		22,834	670	23,504		8.6%
e)	**Net Non-performing Loans (c-d)**	**21,590**	**1,066**	**22,656**		**17,197**	**1,198**	**18,395**		23.2%
f)	Discounted value of securities	17,456	1,066	18,522		17,197	1,198	18,395		0.7%
g)	**Net NPLs Exposure (e-f)**	4,134	**-**	**4,134**		**0**	**-**	**0**		
2)	**INSIDER LOANS,ADVANCES AND OTHER FACILITIES**									
a)	Directors, shareholders and associates	12,455	-	12,455		11,808	200	12,008		3.7%
b)	Employees	18,944	341	19,284		13,774	277	14,050		37.3%
c)	**Total Insider Loans, Advances and Other Facilities**	**31,399**	**341**	**31,740**		**25,582**	**476**	**26,058**		21.8%
3)	**OFF BALANCE SHEET**									
a)	Letters of credit, guarantees, acceptances	155,482	6	155,488		125,596	49	125,644		23.8%
b)	Other contingent liabilities	269,698	-	269,698		233,203	36	233,239		15.6%
c)	**Total Contingent Liabilities**	**425,180**	**6**	**425,186**		**358,799**	**85**	**358,884**		18.5%
4)	**CAPITAL STRENGTH**									
a)	Core capital	138,176	3,801	141,977		111,241	2,380	113,622		25.0%
b)	Minimum statutory capital	10,500	200			250	200			
c)	Excess/(defficiency)									
d)	Supplementary capital	17,052	52	17,104		7,782	219	8,001		113.8%
e)	**Total capital (a + d)**	**155,228**	**3,853**	**159,081**		**119,023**	**2,599**	**121,622**		30.8%
f)	Total risk weighted assets	768,258	13,678	781,936		616,216	12,912	629,128		24.3%
g)	**Core capital/total deposit liabilities**	15%	26%	15%		15%	17%	15%		
h)	Minimum statutory ratio	8%	8%	8%		8%	8%	8%		
i)	Excess/(defficiency)	7%	18%	7%		7%	9%	7%		
j)	**Core Capital/Total Risk Weighted Assets**	18%	28%	18%		18%	18%	18%		
k)	Minimum Statutory Ratio	8%	8%	8%		8%	8%	8%		
l)	Excess/(Defficiency)	10%	20%	10%		10%	10%	10%		
m)	**Total capital/total risk weighted assets**	20%	28%	20%		19%	20%	19%		
n)	Minimum Statutory Ratio	12%	12%	12%		12%	12%	12%		
o)	Excess/(Defficiency)	8%	16%	8%		7%	8%	7%		
5)	**Liquidity**									
a)	Liquidity ratio	42%	33%	41%		46%	35%	44%		
b)	Minimum Statutory Ratio	20%	20%	20%		20%	20%	20%		
c)	Excess/(Defficiency) (a-b)	22%	13%	21%		26%	15%	24%		
			2008				2007			
	Performance Indicators	**Banks**	**NBFIs**	**Total**		**Banks**	**NBFIs**	**Total**		
	Yield on Earning Assets	12.7%	9.4%	12.6%		11.8%	9.3%	11.8%		
	Cost of Funding Earning Assets	5.1%	1.3%	5.0%		4.8%	1.3%	4.7%		
	Interest Margin on Earning Assets	7.6%	8.0%	7.6%		7.0%	8.0%	7.0%		
	Yield on Adavances	11.7%	9.7%	11.7%		10.8%	10.1%	10.8%		
	Cost of Deposits	3.0%	4.3%	3.0%		2.6%	3.9%	2.6%		
	Return on Assets (ROA)	2.6%	2.4%	2.6%		2.7%	2.1%	2.6%		
	Return on Equity (ROE)	26.5%	14.2%	26.1%		28.0%	12.3%	27.5%		
	Overheads to Earnings	52.8%	51.5%	52.7%		52.0%	52.5%	52.0%		
	Gross NPLs/Gross Loans	9.1%	12.5%	9.2%		10.4%	17.9%	10.6%		
	Net NPLs/Gross Loans	3.3%	5.0%	3.4%		3.3%	6.8%	3.4%		
	RATINGS									
	Capital Adequacy	**1.00**	**1.00**	**1.00**		**2.00**	**1.00**	**2.00**		
	Asset Quality	**1.00**	**2.00**	**1.00**		**1.00**	**2.00**	**1.00**		
	Earnings	**2.00**	**2.00**	**2.00**		**2.00**	**2.00**	**2.00**		
	Liquidity	**1.00**	**2.00**	**1.00**		**1.00**	**1.00**	**1.00**		
	Composite Score	**1.25**	**1.75**	**1.25**		**1.50**	**1.50**	**1.50**		
	Performance Category	**Strong**	**Satisfactory**	**Strong**		**Satisfactory**	**Satisfactory**	**Satisfactory**		
	Rating	**Performance**	**CAPITAL ADEQUACY**		**ASSET QUALITY**	**MANAGEMENT**		**EARNINGS**	**LIQUIDITY**	**RATING**
		Category	*Total Capital/TRWA (%)*		*(NPA-Provisions)/*	*Total Weighted Score*		*Net Profits/Total Assets*	*Net Liquid Assets*	*Average Score*
					Gross Advances(%)			*(%)*	*Deposits(%)*	
	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%		5.1%-10.0%	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

Appendix IV

BANKING SECTOR MARKET SHARE REPORT AS AT DECEMBER 2008 Ksh.M

	INSTITUTION	TOTAL NET	MARKET	NET	MARKET	CUSTOMER	MARKET	CAPITAL &	MARKET	PRE-TAX	MARKET
	Banks	ASSETS	SHARE (%)	ADVANCES	SHARE (%)	DEPOSITS	SHARE (%)	RESERVES	SHARE (%)	PROFITS	SHARE (%)
	Large (Assets above Ksh.15 billion)										
1	Kenya Commercial Bank Ltd	174,712	14.76%	79,343	12.57%	109,845	12.71%	20,058	12.11%	5,394	12.46%
2	Barclays Bank of Kenya Ltd	168,786	14.26%	108,086	17.13%	126,408	14.63%	20,463	12.36%	8,016	18.52%
3	Standard Chartered Bank Ltd	99,140	8.38%	43,299	6.86%	76,898	8.90%	11,390	6.88%	4,709	10.88%
4	Co-operative Bank of Kenya Ltd	83,897	7.09%	53,263	8.44%	65,869	7.62%	13,933	8.41%	3,337	7.71%
5	CFC Stanbic Bank Ltd	83,166	7.03%	44,205	7.00%	61,529	7.12%	7,118	4.30%	1,313	3.03%
6	Equity Bank Ltd	77,136	6.52%	40,858	6.47%	48,977	5.67%	19,660	11.87%	4,757	10.99%
7	Commercial Bank of Africa Ltd	50,110	4.23%	26,309	4.17%	41,715	4.83%	4,949	2.99%	1,694	3.91%
8	Citibank, N.A.	47,535	4.02%	18,154	2.88%	31,192	3.61%	9,190	5.55%	3,353	7.74%
9	NIC Bank Ltd	42,704	3.61%	29,955	4.75%	35,238	4.08%	5,529	3.34%	1,474	3.41%
10	National Bank of Kenya Ltd	42,696	3.61%	8,950	1.42%	34,278	3.97%	6,208	3.75%	1,797	4.15%
11	Diamond Trust Bank Ltd	41,592	3.51%	25,460	4.03%	32,689	3.78%	5,334	3.22%	1,305	3.01%
12	I & M Bank Ltd	36,656	3.10%	25,887	4.10%	28,355	3.28%	5,188	3.13%	1,620	3.74%
13	Prime Bank Ltd	19,945	1.68%	9,426	1.49%	15,662	1.81%	3,075	1.86%	460	1.06%
14	Bank of Baroda Ltd	18,361	1.55%	8,938	1.42%	15,165	1.76%	1,910	1.15%	633	1.46%
		986,435	83.34%	**522,132**	82.73%	**723,820**	83.77%	**134,006**	80.93%	**39,861**	92.07%
	Medium(above Ksh 5 billion and below Ksh 15 billion)										
15	Housing Finance Co. of Kenya Ltd	14,330	1.21%	10,419	1.65%	10,089	1.17%	3,661	2.21%	196	0.45%
16	Imperial Bank Ltd	13,432	1.13%	8,276	1.31%	10,414	1.21%	1,912	1.15%	673	1.56%
17	Bank of Africa Ltd	12,304	1.04%	6,856	1.09%	8,701	1.01%	1,662	1.00%	93	0.22%
18	Bank of India	12,049	1.02%	4,448	0.70%	10,211	1.18%	1,690	1.02%	609	1.41%
19	Savings & Loan Ltd	11,555	0.98%	9,254	1.47%	4,504	0.52%	993	0.60%	465	1.07%
20	Ecobank Ltd	10,499	0.89%	5,126	0.81%	8,341	0.97%	1,743	1.05%	67	0.15%
21	Family Bank Ltd	10,410	0.88%	5,890	0.93%	7,404	0.86%	1,557	0.94%	531	1.23%
22	Chase Bank Ltd	10,300	0.87%	5,139	0.81%	7,147	0.83%	845	0.51%	247	0.57%
23	Fina Bank Ltd	9,865	0.83%	6,190	0.98%	8,113	0.94%	1,171	0.71%	82	0.19%
24	K-Rep Bank Ltd	8,184	0.69%	5,935	0.94%	4,502	0.52%	1,129	0.68%	-472	-1.09%
25	African Banking Corporation Ltd	6,584	0.56%	3,550	0.56%	5,365	0.62%	968	0.58%	224	0.52%
26	Habib AG Zurich	6,557	0.55%	2,182	0.35%	5,373	0.62%	774	0.47%	242	0.56%
27	Development Bank of Kenya Ltd	6,520	0.55%	3,439	0.54%	2,231	0.26%	1,229	0.74%	171	0.39%
28	Giro Commercial Bank Ltd	5,938	0.50%	3,411	0.54%	5,127	0.59%	608	0.37%	126	0.29%
29	Guardian Bank Ltd	5,558	0.47%	3,553	0.56%	4,586	0.53%	835	0.50%	44	0.10%
30	Southern Credit Banking Corp. Ltd	5,171	0.44%	2,655	0.42%	4,106	0.48%	483	0.29%	6	0.01%
31	Gulf African Bank Ltd	5,000	0.42%	1,932	0.31%	3,249	0.38%	1,273	0.77%	-382	-0.88%
		154,258	13.03%	**88,254**	13.98%	**109,462**	12.67%	**22,534**	13.61%	**2,920**	6.75%
	Small below Ksh. 5 billion										
32	Consolidated Bank of Kenya Ltd	4,657	0.39%	2,751	0.44%	3,279	0.38%	846	0.51%	85	0.20%
33	Habib Bank Ltd	4,491	0.38%	988	0.16%	3,024	0.35%	620	0.37%	146	0.34%
34	Victoria Commercial Bank Ltd	4,460	0.38%	2,778	0.44%	3,582	0.41%	763	0.46%	170	0.39%
35	Equatorial Commercial Bank Ltd	4,410	0.37%	2,307	0.37%	3,668	0.42%	676	0.41%	-8	-0.02%
36	Fidelity Commercial Bank Ltd	4,329	0.37%	2,787	0.44%	3,778	0.44%	424	0.26%	73	0.17%
37	Credit Bank Ltd	3,637	0.31%	1,810	0.29%	2,774	0.32%	666	0.40%	79	0.18%
38	Transnational Bank Ltd	3,388	0.29%	1,458	0.23%	1,891	0.22%	1,235	0.75%	121	0.28%
39	Middle East Bank Ltd	3,297	0.28%	1,651	0.26%	2,021	0.23%	877	0.53%	30	0.07%
40	First Community Bank Ltd	3,180	0.27%	868	0.14%	2,091	0.24%	775	0.47%	-307	-0.71%
41	Paramount-Universal Bank Ltd	2,646	0.22%	1,268	0.20%	2,109	0.24%	492	0.30%	51	0.12%
42	Oriental Commercial Bank Ltd	2,289	0.19%	958	0.15%	1,314	0.15%	944	0.57%	68	0.16%
43	Dubai Bank Ltd	1,639	0.14%	957	0.15%	1,032	0.12%	411	0.25%	7	0.02%
44	City Finance Bank Ltd	538	0.05%	193	0.03%	164	0.02%	323	0.19%	-3	-0.01%
45	Charterhouse Bank Ltd *	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
		42,961	3.63%	**20,773**	3.29%	**30,727**	3.56%	**9,053**	5.47%	**512**	1.18%
	Grand Total	**1,183,654**	100.00%	**631,159**	100.00%	**864,010**	100.00%	**165,592**	100.00%	**43,293**	100.00%
	*** Charterhouse accounts not published**										

Appendix V

	BANKING SECTOR PROFITABILITY DECEMBER 2008 Ksh. M					
		1	2	3	4	5
		PROFIT BEFORE	RETURN ON ASSETS		RETURN ON EQUITY	
	BANKS	TAX	GROSS ASSETS	RETURN ON ASSETS (1/2) %	SHAREHOLDERS EQUITY	RETURN ON EQUITY (1/4) %
1	African Banking Corporation Ltd	224	6,826	3.3%	968	23.2%
2	Bank of Africa Ltd	93	12,823	0.7%	1,662	5.6%
3	Bank of Baroda Ltd	633	18,787	3.4%	1,910	33.1%
4	Bank of India	609	12,143	5.0%	1,690	36.0%
5	Barclays Bank of Kenya Ltd	8,016	172,113	4.7%	20,463	39.2%
6	CFC Stanbic Bank Ltd	1,313	85,450	1.5%	7,118	18.4%
7	Charterhouse Bank Ltd *	-	-	-	-	-
8	Chase Bank Ltd	247	10,477	2.4%	845	29.3%
9	Citibank, N.A.	3,353	47,839	7.0%	9,190	36.5%
10	City Finance Bank Ltd	-3	587	-0.5%	323	-0.9%
11	Commercial Bank of Africa Ltd	1,694	51,248	3.3%	4,949	34.2%
12	Consolidated Bank of Kenya Ltd	85	5,543	1.5%	846	10.0%
13	Co-operative Bank of Kenya Ltd	3,337	91,022	3.7%	13,933	23.9%
14	Credit Bank Ltd	79	3,803	2.1%	666	11.9%
15	Development Bank of Kenya Ltd	171	6,634	2.6%	1,229	13.9%
16	Diamond Trust Bank Ltd	1,305	42,073	3.1%	5,334	24.5%
17	Dubai Bank Ltd	7	2,167	0.3%	411	1.6%
18	Ecobank Ltd	67	12,589	0.5%	1,743	3.8%
19	Equatorial Commercial Bank Ltd	-8	4,477	-0.2%	676	-1.2%
20	Equity Bank Ltd	4,757	78,001	6.1%	19,660	24.2%
21	Family Bank Ltd	531	10,713	5.0%	1,557	34.1%
22	Fidelity Commercial Bank Ltd	73	4,397	1.7%	424	17.1%
23	Fina Bank Ltd	82	10,201	0.8%	1,171	7.0%
24	First Community Bank Ltd	-307	3,189	-9.6%	775	-39.6%
25	Giro Commercial Bank Ltd	126	6,154	2.0%	608	20.7%
26	Gulf African Bank Ltd	-382	5,000	-7.6%	1,273	-30.0%
27	Guardian Bank Ltd	44	6,284	0.7%	835	5.3%
28	Habib AG Zurich	242	6,622	3.6%	774	31.2%
29	Habib Bank Ltd	146	4,561	3.2%	620	23.6%
30	Imperial Bank Ltd	673	13,780	4.9%	1,912	35.2%
31	I & M Bank Ltd	1,620	37,022	4.4%	5,188	31.2%
32	Kenya Commercial Bank Ltd	5,394	181,974	3.0%	20,058	26.9%
33	K-Rep Bank Ltd	-472	8,431	-5.6%	1,129	-41.8%
34	Middle East Bank Ltd	30	3,448	0.9%	877	3.4%
35	National Bank of Kenya Ltd	1,797	44,588	4.0%	6,208	28.9%
36	NIC Bank Ltd	1,474	43,609	3.4%	5,529	26.7%
37	Oriental Commercial Bank Ltd	68	2,774	2.5%	944	7.2%
38	Paramount-Universal Bank Ltd	51	3,552	1.4%	492	10.4%
39	Prime Bank Ltd	460	20,455	2.3%	3,075	15.0%
40	Southern Credit Banking Corp. Ltd	6	5,463	0.1%	483	1.1%
41	Standard Chartered Bank Ltd	4,709	100,392	4.7%	11,390	41.3%
42	Transnational Bank Ltd	121	3,710	3.3%	1,235	9.8%
43	Victoria Commercial Bank Ltd	170	4,467	3.8%	763	22.3%
	SUB-TOTAL	**42,633**	**1,195,388**	3.6%	**160,938**	26.5%
	NBFI'S					
1	Housing Fin. Co. of Kenya Ltd.	196	15,601	1.3%	3,661	5.3%
2	Savings and Loan Ltd.	465	11,879	3.9%	993	46.8%
	SUB-TOTAL	**661**	**27,480**	2.4%	**4,654**	14.2%
	GRAND TOTAL	**43,293**	**1,222,868**		**165,592**	

Charterhouse Bank Limited * Not published accounts

Appendix VI

	BANKING SECTOR CAPITAL AND RISK WEIGHTED ASSETS - DECEMBER, 2008 - Ksh. M					
	INSTITUTION	CORE CAPITAL	TOTAL CAPITAL	OVERALL RISK WEIGHTED ASSETS	CORE CAPITAL TO RISK WEIGHTED ASSETS RATIO	TOTAL CAPITAL TO RISK WEIGHTED ASSETS RATIO
	Banks					
1	African Banking Corporation Ltd	959	963	4,511	21.27	21.36
2	Bank of Africa Ltd	1,009	1,072	8,124	12.42	13.19
3	Bank of Baroda Ltd	1,688	1,795	9,109	18.53	19.71
4	Bank of India	1,690	1,690	5,266	32.09	32.09
5	Barclays Bank of Kenya Ltd	19,980	24,940	133,041	15.02	18.75
6	CFC Stanbic Bank Ltd	5,952	7,638	52,150	11.41	14.65
7	Charterhouse Bank Ltd *	-	-	-	-	-
8	Chase Bank Ltd	763	851	6,742	11.32	12.62
9	Citibank, N.A.	8,898	9,149	35,190	25.29	26.00
10	City Finance Bank Ltd	321	323	412	77.91	78.27
11	Commercial Bank of Africa Ltd	4,295	4,494	34,510	12.44	13.02
12	Consolidated Bank of Kenya Ltd	666	727	3,900	17.09	18.65
13	Co-operative Bank of Kenya Ltd	12,613	13,456	57,313	22.01	23.48
14	Credit Bank Ltd	646	666	2,309	28.00	28.85
15	Development Bank of Kenya Ltd	1,229	1,229	3,892	31.58	31.58
16	Diamond Trust Bank Ltd	4,457	5,640	28,526	15.62	19.77
17	Dubai Bank Ltd	396	411	1,552	25.53	26.48
18	Ecobank Ltd	1,026	1,116	7,191	14.27	15.52
19	Equatorial Commercial Bank Ltd	648	676	3,208	20.21	21.07
20	Equity Bank Ltd	14,272	19,910	48,834	29.23	40.77
21	Family Bank Ltd	1,409	1,418	7,416	19.00	19.12
22	Fidelity Commercial Bank Ltd	391	424	3,021	12.96	14.04
23	Fina Bank Ltd	913	976	7,417	12.31	13.16
24	First Community Bank Ltd	775	775	1,916	40.47	40.47
25	Giro Commercial Bank Ltd	564	604	3,215	17.53	18.78
26	Guardian Bank Ltd	835	835	3,577	23.34	23.34
27	Gulf African Bank Ltd	1,273	1,273	3,539	35.97	35.97
28	Habib AG Zurich	754	754	2,592	29.10	29.10
29	Habib Bank Ltd	612	620	1,301	47.04	47.65
30	Imperial Bank Limited	1,724	1,826	9,071	19.01	20.13
31	Investment & Mortgages Bank	3,933	4,533	35,914	10.95	12.62
32	Kenya Commercial Bank Ltd	16,187	16,187	104,752	15.45	15.45
33	K-Rep Bank Ltd	1,084	1,129	6,138	17.65	18.40
34	Middle East Bank Ltd	861	867	2,004	42.96	43.25
35	National Bank of Kenya Ltd	5,672	5,867	14,700	38.58	39.91
36	NIC Bank Ltd	5,070	5,398	35,679	14.21	15.13
37	Oriental Commercial Bank Ltd	791	809	1,491	53.01	54.26
38	Paramount-Universal Bank Ltd	483	492	1,173	41.18	41.97
39	Prime Bank Ltd	1,597	1,597	9,952	16.05	16.05
40	Southern Credit Banking Corp. Ltd	452	483	3,098	14.59	15.60
41	Standard Chartered Bank Ltd	9,332	9,605	59,276	15.74	16.20
42	Transnational Bank Ltd	1,216	1,235	1,865	65.20	66.25
43	Victoria Commercial Bank Ltd	739	774	3,373	21.92	22.94
	Sub Total	**138,176**	**155,228**	**768,258**		
	NBFI's					
1	Housing Finance Co. of Kenya Ltd	2,867	2,867	7,077	40.52	40.52
2	Savings & Loan Ltd	933	986	6,602	14.14	14.93
	Sub Total	**3,801**	**3,853**	**13,678**		
	Grand Total	**141,977**	**159,081**	**781,936**		

* Charterhouse accounts not published

Appendix VII

	BANKING SECTOR ACCESS TO FINANCIAL SERVICES							
		Total Number of Accounts						
		2008			2007			% CHANGE
	BANKS	< 100,000	>100,000	Total	< 100,000	>100,000	Total	
1	Chase Bank Ltd	2,767	3,648	6,415	1,683	1,640	3,323	93.05%
2	Equity Bank Ltd	2,873,920	144,436	3,018,356	1,710,684	129,648	1,840,332	64.01%
3	Bank of Africa Ltd	3,753	1,895	5,648	2,149	1,431	3,580	57.77%
4	CFC Stanbic Bank Ltd	37,042	10,976	48,018	27,604	4,302	31,906	50.50%
5	Barclays Bank Of Kenya Ltd	523,880	107,920	631,800	307,977	120,554	428,531	47.43%
6	Equatorial Commercial Bank Ltd	5,422	1,464	6,886	3,783	900	4,683	47.04%
7	Fina Bank Ltd	16,171	4,493	20,664	10,676	3,770	14,446	43.04%
8	Transnational Bank Ltd	13,397	1,535	14,932	9,496	1,557	11,053	35.09%
9	Prime Bank Ltd	6,309	5,490	11,799	4,624	4,239	8,863	33.13%
10	Imperial Bank Ltd	10,200	5,849	16,049	6,586	5,941	12,527	28.12%
11	Diamond Trust Bank Ltd	27,408	10,310	37,718	21,539	8,050	29,589	27.47%
12	Cooperative Bank of Kenya Ltd	634,924	59,805	694,729	499,056	57,017	556,073	24.93%
13	Fidelity Commercial Bank Ltd	2,891	1,282	4,173	2,243	1,105	3,348	24.64%
14	Consolidated Bank of Kenya Ltd	27,503	3,277	30,780	21,854	3,224	25,078	22.74%
15	African Banking Corporation Ltd	7,948	3,161	11,109	6,066	2,987	9,053	22.71%
16	I & M Bank Ltd	14,306	12,478	26,784	11,106	10,947	22,053	21.45%
17	National Bank of Kenya Ltd	253,070	25,229	278,299	207,983	25,043	233,026	19.43%
18	Bank of Baroda Ltd	18,634	10,583	29,217	16,659	8,013	24,672	18.42%
19	National Industrial Credit Bank Ltd	15,786	9,357	25,143	13,509	7,943	21,452	17.21%
20	Family Bank Ltd	528,597	11,349	539,946	453,799	11,239	465,038	16.11%
21	Bank of India	6,196	4,626	10,822	6,017	3,519	9,536	13.49%
22	Southern Credit Banking Corporation Ltd	8,016	2,685	10,701	7,327	2,109	9,436	13.41%
23	Paramount Universal Bank Ltd	6,901	1,115	8,016	6,203	904	7,107	12.79%
24	Ecobank Ltd	25,537	7,482	33,019	22,938	6,390	29,328	12.59%
25	Development Bank of Kenya Ltd	415	396	811	376	359	735	10.34%
26	Credit Bank Ltd	2,600	1,481	4,081	2,218	1,511	3,729	9.44%
27	Commercial Bank of Kenya Ltd	12,828	12,622	25,450	12,259	11,398	23,657	7.58%
28	Citibank N.A	1,329	1,782	3,111	1,132	1,795	2,927	6.29%
29	Kenya Commercial Bank Ltd	418,942	87,040	505,982	402,311	85,356	487,667	3.76%
30	Victoria Commercial Bank Ltd	1,056	1,541	2,597	958	1,599	2,557	1.56%
31	Dubai Bank (K) Ltd	1,522	554	2,076	1,523	547	2,070	0.29%
32	Charterhouse Bank Ltd	3,463	1,152	4,615	3,463	1,152	4,615	0.00%
33	Habib Bank AG Zurich	4,471	2,931	7,402	4,420	3,000	7,420	-0.24%
34	Giro Commercial Bank Ltd	4,234	2,004	6,238	4,379	2,011	6,390	-2.38%
35	Oriental Commercial Bank Ltd	3,940	817	4,757	4,206	723	4,929	-3.49%
36	Standard Chartered Bank Ltd	79,660	47,222	126,882	82,376	49,242	131,618	-3.60%
37	Habib Bank Ltd	3,206	2,002	5,208	3,411	2,142	5,553	-6.21%
38	Guardian Bank Ltd	4,944	2,145	7,089	5,619	2,061	7,680	-7.70%
39	Middle East Bank (K) Ltd	797	722	1,519	869	801	1,670	-9.04%
40	City Finance Bank Ltd	553	92	645	744	123	867	-25.61%
41	K-Rep Bank Ltd	121,570	3,744	125,314	164,640	5,156	169,796	-26.20%
42	Gulf African Bank Ltd	6,261	2,026	8,287	0	0	0	
43	First Community Bank Ltd	4,710	1,151	5,861	0	0	0	
	Sub Total	**5,747,079**	**621,869**	**6,368,948**	**4,076,465**	**591,448**	**4,667,913**	36.44%
	NBFI							
1	Savings and Loan Ltd	9,768	3,049	12,817	9,238	2,762	12,000	6.81%
2	Housing Finance Co. of Kenya Ltd	38,887	7,857	46,744	37,729	8,113	45,842	1.97%
	Sub Total	**48,655**	**10,906**	**59,561**	**46,967**	**10,875**	**57,842**	2.97%
	GRAND TOTAL	**5,795,734**	**632,775**	**6,428,509**	**4,123,432**	**602,323**	**4,725,755**	36.03%

Appendix VIII

	BANKING SECTOR PROTECTED DEPOSITS Ksh. M						
	INSTITUTION	Insured	Customer	Insured	Customer	% Change in	% change in
	BANKS	Deposits	Deposits	Deposits	Deposits	insured deposits	customer deposits
	Large	2008	2008	2007	2007		
1	Kenya Commercial Bank Ltd	14,966	109,845	17,123	85,638	-12.60%	28.27%
2	Barclays Bank of Kenya Ltd	17,549	126,408	17,885	109,097	-1.88%	15.87%
3	Cooperative Bank of Kenya Ltd	16,094	65,869	11,908	54,775	35.16%	20.25%
4	Equity Bank Ltd	30,268	48,977	24,450	31,536	23.79%	55.31%
5	Standard Chartered Bank Ltd	6,712	76,898	7,024	73,841	-4.45%	4.14%
6	National Bank of Kenya Ltd	5,235	34,278	4,984	34,722	5.04%	-1.28%
7	CFCStanbic Bank Ltd	4,238	61,529	3,751	22,692	12.98%	171.14%
8	Commercial Bank of Africa Ltd	1,620	41,715	1,483	33,362	9.22%	25.04%
9	CFC Bank Ltd*		0	2,043	20,820	-100.00%	-100.00%
10	I & M Bank Ltd	1,553	28,355	1,393	23,626	11.47%	20.02%
11	NIC Bank Ltd	1,307	35,238	1,141	24,806	14.54%	42.06%
12	Diamond Trust Bank Ltd	1,373	32,689	1,091	24,409	25.89%	33.92%
13	Citibank N.A.	194	31,192	197	29,605	-1.13%	5.36%
	Medium						
14	K-Rep Bank Ltd	2,741	4,502	2,324	4,484	17.93%	0.40%
15	Bank of Baroda Ltd	2,534	15,165	1,511	12,673	67.71%	19.66%
16	Bank of India	776	10,211	685	8,608	13.23%	18.63%
17	Ecobank Ltd	1,104	8,341	1,011	7,551	9.26%	10.46%
18	Imperial Bank Ltd	771	10,414	742	8,588	3.96%	21.26%
19	Family Bank	3,795	7,404	3,715	6,024	2.15%	22.91%
20	Prime Bank Ltd	700	15,662	537	10,358	30.50%	51.21%
21	Habib Bank AG Zurich	430	5,373	407	5,012	5.59%	7.21%
22	Fina Bank Ltd	611	8,113	500	6,670	22.07%	21.63%
23	African Banking Corporation Ltd	432	5,365	409	5,084	5.69%	5.53%
24	Giro Commercial Bank Ltd	262	5,127	264	4,915	-0.94%	4.31%
25	Guardian Bank Ltd	381	4,586	342	4,544	11.40%	0.93%
26	Southern Credit Banking Corporation Ltd	470	4,106	353	4,322	33.27%	-4.99%
27	Chase Bank Ltd	4,157	7,147	1,881	4,276	121.01%	67.16%
28	Bank of Africa Ltd	253	8,701	187	5,523	34.88%	57.55%
	Small						
29	Consolidated Bank of Kenya Ltd	599	3,279	573	2,851	4.49%	15.03%
30	Habib Bank Ltd	285	3,024	337	2,730	-15.46%	10.76%
31	Equatorial Commercial Bank Ltd	177	3,668	603	4,117	-70.67%	-10.90%
32	Victoria Commercial Bank Ltd	185	3,582	187	3,430	-1.51%	4.44%
33	Paramount Universal Bank	437	2,109	178	1,875	145.59%	12.48%
34	Transnational Bank Ltd	264	1,891	267	1,800	-1.29%	5.06%
35	Credit Bank Ltd	199	2,774	200	2,657	-0.56%	4.41%
36	Charterhouse Bank Ltd*						
37	Oriental Commercial Bank Ltd	136	1,314	128	823	6.71%	59.69%
38	Middle East Bank Ltd	96	2,021	108	1,904	-11.31%	6.14%
39	Fidelity Commercial Bank Ltd	159	3,778	137	2,749	15.70%	37.43%
40	First Community Bank Ltd	198	2,091				
41	Gulf African Bank Ltd	301	3,249				
42	Dubai Bank Ltd	79	1,032	78	1,000	0.88%	3.23%
43	Development Bank of Kenya Ltd	50	2,231	45	1,624	11.24%	37.39%
44	City Finance Bank Ltd	27	164	20	231	34.33%	-29.12%
	Sub Total	**123,714**	**849,417**	**112,201**	**695,348**	10.26%	22.16%
	NBFIS						
1	Savings and Loan Ltd	533	4,504	476	3,497	11.99%	28.81%
2	Housing Finance Co. of Kenya Ltd	1,322	10,089	1,307	8,788	1.18%	14.80%
3	*Prime Capital & Credit Ltd	-	-	0	2,124		
	Sub Total	1,856	14,593	1,783	14,409	4.07%	1.28%
	Grand Total	**125,570**	**864,010**	**113,984**	**709,757**	10.16%	21.73%
	*Prime Capital & Credit Ltd merged with Prime Bank in 2007						
	*Charterhouse Bank not published Accounts						
	*CFC Bank merged with Stanbic to become CFCStanbic in 2008						

Appendix IX

BANKING CIRCULARS ISSUED IN 2008

Circular No.	Date of Issue	Title	Subject
1	9th January 2008	Business Continuity Management (BCM)	The Central Bank of Kenya Prudential Guideline No.CBK/PG/14 on Business Continuity Management provides the minimum standards supervised banking institutions shall implement to ensure that business operations are not adversely affected in the event of a major operational disruption.
2	22nd April 2008	Introduction of new Balance Sheet Monthly (BSM) return	The new Balance Sheet Monthly return (BSM) format was released to replace the old format with effect from July 2008.
3	28th April 2008	Term Auction Deposit	The Central Bank of Kenya introduced a new product, (Term Auction Deposit) which was rolled out on 30th April 2008.
4	6th June 2008	Revised Guidelines for Currency Transactions	Central Bank of Kenya issued guidelines to assist commercial banks sort out notes into “fit” and “unfit” categories before depositing at the Central Bank with effect from July 1, 2008. The same circular advised banks that Central Bank would cease accepting deposit of coins and would only issue coins to cover shortages in the market.
5	6th June 2008	Revision of the Central Bank Rate(CBR)	Central Bank of Kenya revised the Central Bank Rate (CBR) from 8.75% to 9%.
6	9th September 2008	Introduction of the Interbank (Horizontal) Master Repurchase Agreement (MRA)	Circular issued to: 1. Forward to all commercial banks documents in connection with the Horizontal MRA program; 2. Advise banks the effective date for introduction of Horizontal Repos by CBK as 12th September, 2008; 3. Advise that only banks which will have executed and exchanged Horizontal Repo MRAs and have formally confirmed as such to CBK will be allowed to participate in Horizontal Repo Transactions.
7	1st December 2008	Revision of the Cash Reserve Ratio (CRR) and the Central Bank Rate (CBR)	Central Bank of Kenya revised the cash reserve requirement (CRR) from 6% to 5% and reviewed the Central Bank Rate (CBR) from 9% to 8.5%.
8	9th December 2008	Reduction in Investment Threshold for Treasury Bills	Central Bank of Kenya reduced the threshold for investments in treasury bills in the primary market from Ksh.1,000,000 to Ksh.100,000 with effect from January 2009.
9	16th December 2008	Revision of the Rediscount Rates Methodology for Government securities.	The Central Bank of Kenya revised the Treasury Bill Rediscounting rate to delink it from the CBR, which is a monetary policy signaling instrument and to align it with the market value of the underlying securities.

Appendix X

A: DIRECTORY OF COMMERCIAL BANKS

1. African Banking Corporation Ltd
Managing Director: Mr. Shamaz Sevani
Postal Address: P.O Box 46452-00100, Nairobi
Telephone: +254-20- 4263000, 223922, 2251540/1, 217856/7/8.
Fax: +254-20-2222437
Email: headoffice@abcthebank.com
Website: http://www.abcthebank.com
Physical Address: ABC Bank House, Mezzanine Floor, Koinange Street.
Date Licensed: 5/1/1984
Peer Group: Medium
Branches: 9

2. Bank of Africa Ltd
Managing Director : Mr. Bartholomew Kwame Ahadzi
Postal Address: P. O. Box 69562 Nairobi
Telephone: +254-20- 3275000, 2211175
Fax: +254-20-2214166/ 2211477
Email: bkoafrica@boakenya.com
Website: www.boakenya.com
Physical Address: Re-Insurance Plaza, Taifa Rd.
Date Licenced: 1980
Peer Group: Medium
Branches:7

3. Bank of Baroda Ltd
Managing Director: Mr. Krishna N. Manvi
Postal Address: P. O Box 30033 – 00100 Nairobi
Telephone: +254-20-2248402/12, 2226416, 2220575
Fax: +254-20-316070
Email: barodabk_ho@kenyaweb.com
Website: www.barodabank.com
Physical Address: Baroda House, Koinange Steet
Date Licenced: 7/1/1953
Peer Group: Large
Branches: 8

4. Bank of India
Chief Executive: Mr. S. V. Shah
Postal Address: P. O. Box 30246 - 00100 Nairobi
Telephone: +254-20-2221414 /5 /6 /7
Fax: +254-20-2221417
Email: cmnrb@boikenya.com
Website: www.bankofindia.com
Physical Address: Bank of India Building, Kenyatta Ave.
Date Licenced: 6/5/1953
Peer Group: Medium
Branches: 4

5. Barclays Bank of Kenya Ltd
Managing Director: Mr. Adan Mohamed
Postal Address: P. O. Box 30120 – 00100, Nairobi
Telephone: +254-20- 3267000, 313365/9, 2241264-9, 313405,
Fax: +254-20-2213915
Email: barclays.kenya@barclays.com
Website: www. barclayskenya.co.ke
Physical Address: Barclays Plaza, Loita Street.
Date Licenced: 6/5/1953
Peer Group: Large
Branches: 105

6. CFCStanbic Bank Ltd
Managing Director: Mr. Michael Louis Du Toit
Postal Address: P. O. Box 72833 - 00200 Nairobi
Telephone: +254-20-36380000 /11/17/18/20/21, 0711-0688000
Fax: +254-20-3752905/7
Email: cfcstanbic@stanbic.com
Website: http://www.cfcstanbicbank.co.ke
Physical Address: CFCStanbic Centre, Chiromo Road, Westlands
Date Licensed: 5/14/1955
Peer Group: Large
Branches: 18

7. Charterhouse Bank Ltd
UNDER - STATUTORY MANAGEMENT
Postal Address: P. O. Box 43252 Nairobi
Telephone: +254-20-2242246 /7 /8 /53
Fax: +254-20-2219058, 2223060, 2242248
Email: info@charterhouse-bank.com
Physical Address: Longonot Place, 6th Floor, Kijabe Street.
Date Licensed: 11/11/1996
Peer Group: Medium
Branches: 10

8. Chase Bank Ltd
Managing Director: Mr. Zafrullah Khan
Postal Address: P. O. Box 28987 - 00200 Nairobi
Telephone: +254-20- 2774000, 2244035, 2245611, 2252783, 0727-531175, 0736-432025
Fax: +254-20-4454816/4454800-10
Email: info@chasebank.co.ke
Website: http://www.chasebankkenya.co.ke
Physical Address: Riverside Mews, Riverside Drive.
Date Licenced: 4/1/1991
Peer Group: Medium
Branches: 7

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

10. City Finance Bank Ltd
General Manager: Mr. Moses Muiruri
Postal Address: P. O. Box 22741 – 00400, Nairobi
Telephone: +254-20- 2224238/9, 0722-201112
Fax: +254-20-341825/2245223/2214534
Email: cfbl@swiftkenya.com
Website: http://www.cityfinancebank.co.ke
Physical Address: Unity House, Koinange Street.
Date Licenced: 9/10/1984
Peer Group: Small
Branches: 1

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

12. Consolidated Bank of Kenya Ltd
Chief Executive: Mr. David N. Wachira
Postal Address: P. O. Box 51133 - 00200, Nairobi
Telephone: +254-20-340208/340836,340551, 340298, 340747,340298,211950, 0722-999177
Fax: +254-20-340213
Email: headoffice@consolidated-bank.co
Website: www.consolidated-bank.com
Physical Address: Consolidated Bank House, Koinange Street.
Date Licenced: 12/18/1989
Peer Group: Medium
Branches: 12

13. Co-operative Bank of Kenya Ltd
Managing Director: Mr. Gideon M. Muriuki
Postal Address: P. O. Box 48231 - 00100 Nairobi
Telephone: +254-20-3276000
Fax: +254-20-2245506
Email: md@co-opbank.co.ke
Website: www.co-opbank.co.ke
Physical Address: Co-operative House, Haile Selassie Ave.
Date Licenced: 1/1/1965
Peer Group: Large
Branches: 73

14. Credit Bank Ltd
Chief Executive: Mr. R. N. Patnaik
Postal Address: P. O. Box 61064 Nairobi
Telephone: +254-20-2222300/2220789/2220789/2222317
Fax: +254-20-2216700
Email: cblnbi@creditbankltd.com
Physical Address: Mercantile House, Ground Floor, Koinange Street
Date Licenced: 5/14/1986
Peer Group: Small
Branches: 4

15. Development Bank of Kenya Ltd
General Manager: Mr. Victor Kidiwa
Postal Address: P. O. Box 30483 - 00100, Nairobi
Telephone: +254-20-340401 /2 /3, 340416, 2251082, 340198
Fax: +254-20-2250399
Email: dbk@devbank.com
Website: www.devbank.com
Physical Address: Finance House, 16th Floor, Loita Street.
Date Licenced: 1/1/1973
Peer Group: Medium
Branches: 1

16. Diamond Trust Bank Ltd
Managing Director: Mrs. Nasim M. Devji
Postal Address: P. O. Box 61711 – 00200, Nairobi
Telephone: +254-20-2849000, 2210988/9
Fax: +254-20-2245495
Email: user@dtbkenya.co.ke
Website: http://www.diamondtrust-bank.com
Physical Address: Nation Centre, 8th Floor, Kimathi Street.
Date Licenced: 1/1/1946
Peer Group: Large
Branches: 13

17. Dubai Bank Ltd
Chief Executive: Mr. Mayank Sharma
Postal Address: P. O. Box 11129 – 00400, Nairobi
Telephone: +254-20-311109 /14 /23 /24 /32
Fax: +254-20-2245242
Email: info@dubaibank-kenya.com
Website: www.dubaibank.co.ke
Physical Address: I C E A Building, Ground Floor. Kenyatta Ave.
Date Licenced: 1/1/1982
Peer Group: Small
Branches: 4

18. Ecobank Ltd
Managing Director: Mr. Tonny Anthony Okpanachi
Postal Address: P. O Box 47499, Nairobi
Telephone: +254-20-2883000, 2249633 /4, 0722-204863
Fax: +254-20-2883304
Email: info@ecobank.com
Website: www.ecobank.com
Physical Address: Ecobank Towers, Muindi Mbingu Street.
Date Licenced: 01/11/2005
Peer Group: Medium
Branches: 13

19. Equatorial Commercial Bank Ltd
Managing Director: Mr. Peter Harris
Postal Address: P. O. Box 52467, Nairobi
Telephone: +254-20-2710455, 2710715, 2710973, 2710972, 2710829
Fax: +254-20-312542 / 2710366
Email: customerservice@ecb.co.ke
Website: www.equatorialbank.co.ke
Physical Address: Equatorial Commercial Bank Centre, Nyerere Road.
Date Licenced: 12/20/1995
Peer Group: Medium
Branches: 4

20. Equity Bank Ltd
Chief Executive: Dr. James N. Mwangi
Postal Address: P. O Box 75104-00200, Nairobi
Telephone: +254-20-2736617 /20, 2262000
Fax: +254-20-2737276
Email: info@equitybank.co.ke
Website: http://www. equitybank .com
Physical Address: Equity Centre, Hospital Road, Upper Hill
Date Licenced: 28/12/2004
Peer Group: Large
Branches: 102

21. Family Bank Ltd
Chief Executive: Mr. Peter Njogu Kinyanjui
Postal Address: P. O Box 74145, Nairobi
Telephone: +254-20- 318173, 318940/2, 2240601, 318947, 2244166, 0736-698300, 0720-098309
Fax: +254-20-318174
Email: info@familybank.co.ke
Website: http://www.familybank.co.ke
Physical Address: Fourways Towers, Muindi Mbingu Street.
Date Licenced: 1984
Peer Group: Medium
Branches: 38

22. Fidelity Commercial Bank Ltd
Managing Director: Mr. Rana Sengupta
Postal Address: P. O. Box 34886, Nairobi
Telephone: +254-20-2242348, 2244187, 2245369, 2220845, 2243461, 315917
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: 6/1/1992
Peer Group: Small
Branches: 6

23. Fina Bank Ltd
Chief Executive: Mr. Robert Warlow
Postal Address: P. O. Box 20613 – 00200, Nairobi
Telephone: +254-20-3284000, 2246943, 2253153, 2247113, 2253040, 0722-202929
Fax: +254-20-2247164/2229696
Email: banking@finabank.com
Website: www.finabank.com
Physical Address: Fina House, Kimathi Street.
Date Licenced: 1/1/1986
Peer Group: Medium
Branches: 14

24. First Community Bank Ltd
Chief Executive: Mr. Nathif J. Adam
Postal Address: P. O. Box 26219-00100, Nairobi
Telephone: +254-20-2843000 -3
Fax: +254-20-2213582 /344101
Email: info@fcb.co.ke
Website: www.firstcommunitybak.co.ke
Physical Address: Prudential Assurance Building, 1st Floor, Wabera Street
Date Licenced: 29.04.2008
Peer Group: Small
Branches: 11

25. Giro Commercial Bank Ltd
Managing Director: Mr. T. K. Krishnan
Postal Address: P. O. Box 46739 – 00200, Nairobi
Telephone: +254-20-340537, 310350, 2216005, 2217777/6
Fax: +254-20-319426/2230600/2246926
Email: girobank@girobankltd.com
Physical Address: Giro House, Kimathi Street.
Date Licenced: 12/17/1992
Peer Group: Medium
Branches: 6

26. Guardian Bank Ltd
Chief Executive: Mr. Vasant K. Shetty
Postal Address: P. O. Box 67681 – 00200, Nairobi
Telephone: +254-20-8560548, 8561411, 8561411, 8560411, 0722-938629
Fax: +254-20-216633/8561393/8560598/8561411
Email: viewpark@guardian-bank.com
Website: www.guardian-bank.com
Physical Address: Chandaria Industries Complex, Baba Dogo Road - Ruaraka
Date Licenced: 12/17/1992
Peer Group: Medium
Branches: 7

27. Gulf African Bank Ltd
Chief Executive Officer: Mr. Najmul Hassan
Postal Address: P. O. Box 43683 – 00100, Nairobi
Telephone: +254-20-2740000, 2718608/9
Fax: +254-20-2729031/ 2715655
Email: info@gulfafricanbank.com
Website: www.gulfafricanbank.com
Physical Address: Gemina Insurance Plaza, Kilimanjaro Avenue, Upper Hill
Date Licenced: 1/11/2007
Peer Group: Small
Branches: 7

28. Habib Bank AG Zurich
Country Manager: Mr. Iqbal A. Allawala
Postal Address: P. O. Box 30584 - 00100 Nairobi
Telephone: +254-20-341172/76/77, 340835, 310694
Fax: +254-20-2217004 /2218699
Email: habibbank@wananchi.com
Website: Physical Address: Nagina House, Koinange Street.
Date Licenced: 1/7/1978
Peer Group: Medium
Branches: 5

29. Habib Bank Ltd
Country Manager: Imran Bukhari
Postal Address: P. O. Box 43157 – 00100, Nairobi
Telephone: +254-20-2226433, 2222786, 2226406/7, 2218176
Fax: +254-20-2214636 /2214636
Email: hbiro@hblafrica.com
Website: www.habibbankltd.com
Physical Address: Exchange Building, Koinange Street.
Date Licenced: 2/3/1956
Peer Group: Small
Branches : 4

30. Imperial Bank Ltd
Chief Executive: Mr. Abdulmalek Janmohamed
Postal Address: P. O. Box 44905 – 00100, Nairobi
Telephone: +254-20-2874000, 343416 /12/17/18/19/94, 342373, 2719617 /8 /9
Fax: +254-20-2719705/2719652, 342374
Email: info@imperialbank.co.ke
Website: www.imperialbank.co.ke
Physical Address: Imperial Bank House, Bunyala Road, Upper Hill
Date Licenced: 1/11/1992
Peer Group: Medium
Branches: 11

31. I & M Bank Ltd
Chief Executive: Mr. Arun S. Mathur
Postal Address: P.O. Box 30238 – 00100, Nairobi
Telephone: +254-20-310105-8, 2711994-8
Fax: +254-20-2713757/2716372
Email: invest@imbank.co.ke
Website: http://www.imbank.com
Physical Address: I & M Bank House, 2nd Ngong Ave.
Date Licenced: 1/1/1974
Peer Group: Large
Branches: 13

32. Kenya Commercial Bank Ltd
Managing Director: Mr. Martin Luke Oduor-Otieno
Postal Address: P. O. Box 48400 – 00100, Nairobi
Telephone: +254-20-3270000, 2851000, 2852000, 250802
Fax: +254-20-2216405/2229565
Email: kcbhq@kcb.co.ke
Website: http//www.kcb.co.ke
Physical Address: Kencom House, Moi Ave.
Date Licenced: 1/1/1896
Peer Group: Large
Branches: 144

33. K-Rep Bank Ltd
Managing Director: Mr. Kimanthi Mutua
Postal Address: P. O. Box 25363 – 00603, Nairobi
Telephone: +254-20- 3906000-7, 3873169, 3568996/7, 0711-058000-7, 0732-058000-7
Fax: +254-20-3873178 / 3568998
Email: registry@k-repbank.com
Website: www.k-repbank.com
Physical Address: K-Rep Centre, Wood Av. Kilimani
Date Licenced: 3/25/1999
Peer Group: Medium
Branches: 31

34. Middle East Bank Ltd
Managing Director: Mr. Philip Ilako
Postal Address: P. O. Box 47387 - 0100 Nairobi
Telephone: +254-20-2723120/24, 2722879, 2723124, 2723130, 0722-205903' 0733-333441
Fax: +254-20-343776 / 2256901
Email: ho@mebkenya.com
Website: www.mebkenya.com
Physical Address: Mebank Tower - Milimani Rd.
Date Licenced: 10/1/1980
Peer Group: Small
Branches: 3

35. National Bank of Kenya Ltd
Managing Director: Mr. Reuben M. Marambii
Postal Address: P. O. Box 72866 - 00200 Nairobi
Telephone: +254-20-2828000, 2226471, 0711-038000, 0735-995050-4
Fax: +254-20-311444/2223044
Email: info@nationalbank.co.ke.
Website: www.nationalbank.co.ke
Physical Address: National Bank Building, Harambee Ave.
Date Licenced: 1/1/1968
Peer Group: Large
Branches: 39

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

37. Oriental Commercial Bank Ltd
Chief Executive: Mr. R. B. Singh
Postal Address: P.O BOX 44080 – 00100, Nairobi
Telephone: +254-20-2228461/2, 2242265, 2221875, 2222076
Fax: +254-20-2219469
Email: info@orientalbank.co.ke
Website: www.orientalbank.co.ke
Physical Address: Finance House, Koinange Street.
Date Licenced: 8/2/1991
Peer Group: Small
Branches: 5

38. Paramount Universal Bank Ltd
Chief Executive: Mr. Ayaz A. Merali
Postal Address: P. O. Box 14001-00800 Nairobi
Telephone: +254-20-4449266/7/8, 446106 /7, 4443896, 445722
Fax: +254-20-449265
Email: info@paramountbank.co.ke
Website: www.paramountbank.co.ke
Physical Address: Sound Plaza Building, 4th Floor, Woodvale Gr. Westlands
Date Licenced: 10/1/1993
Peer Group: Small
Branches: 4

39. Prime Bank Ltd
Chief Executive: Mr. Bharat Jani
Postal Address: P. O. Box 43825 – 00100, Nairobi
Telephone: +254-20-4203000
Fax: +254-20-4451247
Email: headoffice@primebank.co.ke
Website: www.primebankenya.com
Physical Address: Prime Bank Building, Chiromo Lane/Riverside Drive.-Junction, Westlands
Date Licenced: 3/1/1992
Peer Group: Large
Branches: 11

40. Southern Credit Banking Corporation Ltd
Managing Director: Mrs. Christine M. Kuria
Postal Address: P. O. Box 11666 – 0400, Nairobi
Telephone: +254-20-2220948, 2220939, 2218622,
Fax: +254-20-2246309/2221338
Email: admin@ho.southern.com
Website: www.southerncredit.co.ke
Physical Address: Southern House, Nginda Lane, Off-Murang'a Road.
Date Licenced: 01/10/1980
Peer Group: Medium
Branches: 10

41. Standard Chartered Bank Ltd
Chief Executive: Mr. Richard Etemesi
Postal Address: P. O. Box 30003 - 00100 Nairobi
Telephone: +254-20-3293000, 3293900
Fax: +254-20-2223380
Email: Talk-Us@sc.com
Website: www.standardchartered .com
Physical Address: Stanbank House, Moi Ave.
Date Licenced: 10/1/1910
Peer Group: Large
Branches: 35

42. Trans-National Bank Ltd
Chief Executive: Mr. Dhirendra R. Rana
Postal Address: P. O. Box 34353 - 00100 Nairobi
Telephone: +254-20-2224234-6, 2210335, 2252190/1, 2224235/6, 2252219
Fax: +254-20-2252225
Email: ceo@tnbl.co.ke
Website: www.tnbl.co.ke
Physical Address: Transnational Plaza, Mama Ngina Street.
Date Licenced: 8/1/1985
Peer Group: Small
Branches: 12

43. Victoria Commercial Bank Ltd
Managing Director: Mr. Yogesh K Pattni
Postal Address: P. O. Box 41114 - 00100 Nairobi
Telephone: +254-20-2719499, 2719815, 2710271, 2716108, 2719814
Fax: +254-20-2713778/2715857
Email: victoria@vicbank.com
Physical Address: Victoria Towers, Kilimanjaro Ave. Upper Hill
Date Licenced: 6/1/1987
Peer Group: Small
Branches: 1

B: NON-BANKING FINANCIAL INSTITUTIONS (NBFIs)

44. Housing Finance Co. of Kenya Ltd
Managing Director: Mr. Frank M. Ireri
Postal Address: P. O. Box 30088 Nairobi
Telephone: +254-20- 3262000, 317474, 2221101
Fax: +254-20-340299/2250858
Email: housing@housing.co.ke
Website: www.housing.co.ke
Physical Address: Rehani House, Kenyatta Ave./Koinange Street - Junction.
Date Licenced: 5/7/1965
Peer Group: Large
Branches: 10

45. Savings and Loan Ltd
Managing Director: Ms. Caroline Kariuki
Postal Address: P. O. Box 45129 – 00100, Nairobi
Telephone: +254-20- 342190, 344203, 2251328, 2251021,
Fax: +254-20-318539/2214267
Email: kcbbank@group.com
Website: www.kcb.com
Physical Address: Lonrho House, 18th Floor. Standard Street.
Date Licenced: 1977
Peer Group: Medium
Branches: 9

FOREX BUREAUS DIRECTORY **Appendix XI**

No	Name of Bureau	Location	E-mail Address & Fax
1.	ABC Place Forex Bureau Ltd P. O. Box 63533 – 00619 Nairobi Tel: 4450445/6/7; 4450005/6	ABC Place, Waiyaki Way, Nairobi	abcforex@hotmail.com **Fax: 254-2-4446163**
2.	Alok Bureau De Change Limited P. O. Box 10166 – 00100 Nairobi	3rd Floor, Lyric House, , Kimathi Street , Nairobi	
3.	Alpha Forex Bureau Ltd P. O. Box 476 – 00606 Nairobi Tel: 4451435/7	Pamstech House Woodvale Grove Westlands	Alpha-forex@yahoo.com **Fax: 254-2-4451436**
4.	Amal Express Forex Bureau Ltd P. O. Box 3165 – 00100 Nairobi Tel: 6765141/0722725667	Amal Plaza 1st Avenue Eastleigh Nairobi	amalforexbureau@hotmail.com **Fax: 254-2-6761315**
5.	Amana Forex Bureau Ltd P. O. Box 68578 – 00622 Nairobi Tel: 6761296	Eastleigh, Sect.VIII, 1st Ave. Nairobi	Amanaexpress236@hotmail.com **Fax: 254-2-6760137**
6.	Amex Forex Bureau Ltd P. O. Box 45448 – 00100 Nairobi Tel: 2246469/2243495/2245157/ 0722-230391, 0733-561938	Ground Floor, IPS Building Standard Street	info@amex.co.ke **Fax: 254-2-244668**
7.	Arcade Forex Bureau Ltd P. O. Box 21646 – 00505 Nairobi Tel: 3871946/3875380, 0721-810274	Adams Arcade Ngong Road	**Fax: 254-2-571924**
8.	Aristocrats Forex Bureau Ltd P. O. Box 10884 – 00400 Nairobi Tel: 245247/228080	Kenindia House Nairobi	aristoforex@nbi.ispkenya.com **Fax: 254-2-213794**
9.	Bamburi Forex Bureau Ltd P. O. Box 97803 Mombasa Tel: 041-5486950, 0722-412649/ 0733-466729	Nyali Mombasa	bamburiforex@hotmail.com **Fax: 254-41-5486948**
10.	Bay Forex Bureau (NBI) Ltd P. O. Box 42909 – 00100 Nairobi Tel: 2244186/ 2248289	The Stanley Bldg. Kenyatta Avenue Nairobi	info@bayforexbureau.com **Fax: 254-2-229665/248676**
11.	Blue Nile Forex Bureau Ltd P. O. Box 47740 – 00100 Nairobi Tel: 2224100/2221927	Ground Floor, I & M Towers, Muindi Mbingu Street, Nairobi	bluenile@wananchi.com **Fax: 254-2-222721**
12.	Blueseas Forex Bureau Ltd P. O. Box 66012-00200 Nairobi Tel: 2251884	Clyde House Kimathi Street Nairobi	**Fax: 254-2-318895**

13.	Bogani Forex Bureau Limited P. O. Box 15097 – 00509 Nairobi	Kimathi Street Nairobi	
14.	Cannon Forex Bureau Limited P. O. Box 4599 – 00100 (GPO) Nairobi	Teleposta Towers Ground Floor	
15.	Capital Bureau De Change Ltd P. O. Box 54210 – 00200 Nairobi Tel: 2251704/8	Jubilee Insurance House	**Fax: 254-2-241307**
16.	Capital Hill Forex Bureau Ltd P. O. Box 20373 – 00200 Nairobi Tel: 2733594/0722-410550	1st Floor, NHIF Building, Ngong Road.	**Fax: 254-2-2733594**
17.	Cash Africa Bureau De Change Ltd P. O. Box 14256 – 00800 Nairobi Tel. 552875/6, 3521030	Bamburi Road, Industrial Area	**Fax No. 552877**
18.	Cashline Forex Bureau Ltd P. O. Box 64672 – 00619 Nairobi Tel: 4452296/97/98	Sound Plaza Westlands	cash@cashlinefx.co.ke **Fax: 254-20-4452299**
19.	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**
20.	Chase Bureau De Change Ltd P. O. Box 45746 – 00100 Nairobi Tel: 2227777/2244491	Gilfillan House Kenyatta Ave./ Banda Street Nairobi	chasefx@chasecyber.com **Fax: 254-2-244651**
21.	City Centre Forex Bureau Ltd P. O. Box 40253 – 00100 Nairobi Tel: 2246694/0729-888555	Nginyo Towers, Ground Floor, Koinange Street Nairobi	info@citycentreforex.co.ke **Fax No: 254-02-246696**
22.	Classic Forex Bureau Limited P. O. Box 39166 – 00623 Nairobi Tel: 3862343/4	Prestige Plaza, 1st Floor, Ngong Rd Nairobi	**Fax No. 3862346**
23.	Coast Forex Bureau Ltd P. O. Box 89413 – 80100 Mombasa Tel: 041- 2225140/2224980	City House, Moi Avenue, Fontanella, Mombasa	**Fax: 254-41-230268**
24.	Commercial Forex Bureau Limited P. O. Box 47452 – 00100 Nairobi Tel. 020-2210307/8	Vedic House, Mama Ngina Street	
25.	Conference Forex Bureau Limited P. O. Box 32268 – 00600, Nairobi Tel. 3581293, 020-3586802	KICC, Ground Floor	

26.	Connection Forex Bureau Ltd Lower Plains Road, P. O. Box 63533 – 00619 Nairobi Tel: 883535/6/7, 0720-711111, 0735-711111	Karen Connection, Off-Karen Road	connectionforex@yahoo.com **Fax:254-2-883558**
27.	Continental Forex Bureau Ltd P. O. Box 49580 – 00400 Nairobi Tel: 2222140, 3168025	Old Mutual Building Kimathi Street Nairobi	**Fax: 254 2-216163**
28.	Cosmos Forex Bureau Ltd P. O. Box 10284 – 00100 Nairobi Tel: 250582/5	Rehema House Nairobi	**Fax: 254-2-250591**
29.	Crater Forex Bureau Ltd P. O. Box 7357– 20100 Nakuru Tel: 051- 2214183, 2216524	Menengai Motors George Morara Avenue	**Fax: 254-51-2214183**
30.	Crescent Bureau De Change Limited P. O. Box 82143 – 80100, Mombasa Tel. 041 – 2319429/30/31, 0721 – 698390, 020 – 3509581	Bawazir Building, Makadara Street, Near Central Police, Mombasa	Fax No. 041 – 2319432 crescentforex@gmail.com
31.	Crossroads Forex Bureau Limited Nairobi P. O. Box 871 – 00502 Nairobi, 020884131/2 Telephone: 0729-888444	Crossroads Shopping Centre, Karen,	info@crossroadsforex.co.ke
32.	Crown Bureau De Change Ltd P. O. Box 22515– 00400 Nairobi Tel: 2250720/1/2	Corner House, Mama Ngina Street, Nairobi	info@crown.co.ke **Fax: 254-2-252365**
33.	Dahab Shill Forex Bureau Ltd Street, Nairobi Nairobi Tel: 2218105, 252641	2nd Floor, Lonrho House, Standard P. O. Box 10422 – 00100	**Fax: 254-2-252642/342947**
34.	Dale Ventures Forex Bureau Limited P. O. Box 615 – 00606 Nairobi	Piedmont Plaza on Ngong Road, Nairobi	
35.	Dalmar Exchange Bureau Ltd P. O. Box 16381 – 00610 Nairobi Tel: 6762301/**6761628**/6760476	2nd Floor, Al Habib Centre 1st Ave. Eastleigh Nairobi	**Fax: 254-2-6760470**
36.	Dollar Forex Bureau Ltd P. O. Box 1722 Malindi Tel: 042-30602/71/31979	FN Centre Malindi Municipality	**Fax: 254-42-31976**
37.	Downtown Cambio Forex Bureau Ltd P. O. Box 42444 – 00100 Tel: 608659; 609547/607721 Nairobi	Wilson Airport Nairobi	**Fax: 254-2-608354**

38.	Euro Dollar Bureau De Change Ltd P. O. Box 13946 – 00800 Nairobi Tel: 4448501/239.	Mpaka House Westlands Nairobi	info@eurodollar.co.ke **254-2-4447729**
39.	Fairdeal Forex Bureau Limited P. O. Box 16915 – 00100 Nairobi	Cameo Cinema Building, Nairobi.	
40.	Finerate Forex Bureau Ltd P. O. Box 10733– 00100 Nairobi Tel: 2250406/7, 2250412, 0733634733	Bruce House, Ground Floor	fineforex@yahoo.com **Fax: 254-2-2250407**
41.	Forex Bureau Afro Ltd P. O. Box 14353 – 00800 Nairobi Tel: 2250676/222950/247041	Jamia Plaza Kigali Street Nairobi:	**Fax:254-2-251078**
42.	Fort Jesus Forex Bureau Ltd P. O. Box 89991 – 80100 Mombasa Tel: 041-2230114/5/6 0733634733/0722-203358	Old Mombasa Road	fortjesusforex@hotmail.com **Fax: 254-41-2316717**
43.	Fulus Bureau De Change Ltd P. O. Box 90206 – 80100 Mombasa Tel: 041-2222273; 0723-918166	Nkrumah Road Mombasa	**Fax: 254-41-222283**
44.	Gateway Forex Bureau Ltd P. O. Box 11500 – 00100 Nairobi Tel: 2212955/45/49, 0700-003435	Town House, Kaunda Street	info@gatewayforex.co.ke **Fax: 254-20-2212942**
45.	Giant Forex Bureau de Change Ltd P. O. Box 56947 – 00200 Nairobi Tel: 827970	Jomo Kenyatta International Airport, Unit 1- Departure	**Fax: 254-2-825327**
46.	Give and Take Forex Bureau Ltd P. O. Box 51463 – 00200 Nairobi Tel: 7120581/7120046	Gigiri, China Garden Nairobi	**Fax: 254-2-7120046**
47.	Gigiri Forex Bureau Ltd P. O. Box 45448 – 00100 Nairobi Tel: 7121515/7120498/0737104492	Gigiri Shopping Centre	**Fax: 254-2-244886**
48.	Global Forex Bureau Ltd P. O. Box 47583 – 00100 Nairobi Tel: 6762982	2nd Floor, Tasir Complex, 1st Ave. Eastleigh, Nairobi	
49.	Glory Forex Bureau Ltd P. O. Box 42909 – 00100 Nairobi Tel: 2244333/2241164/2243115	Norwich Union House Kimathi Street, Nairobi	**Fax: 252-2-245614**

50.	GNK Forex Bureau Ltd P. O. Box 14297 – 00100 Tel: 890303/891243/891848/892048	Jubilee Centre Nairobi	gnkforex@swiftkenya.com Karen **Fax: 254-2-892266**
51.	Goldfield Forex Bureau Ltd P. O. Box 40317 – 00100 Nairobi Tel: 332565/2244554/ 248713/4	Fedha Towers, Nairobi	goldfield@swiftkenya.com **Fax: 254-2-2223761**
52.	Hill Forex Bureau Ltd P. O. Box 21819 – 00400 Tel: 246094/245863 Nairobi	Not Operational	**Fax: 254-2-2711646**
53.	Hodan Global Forex Bureau Ltd, P. O. Box 68811 – 00622, Nairobi, Tel: 6763035, 0202084862	Athumani St, Eastleigh Hong Kong Shopping Mall, 2nd Fl, Kipanga	email: hodanglobal@hotmail.com **Fax No. 254-2-6763955**
54.	Hurlingham Forex Bureau Ltd **P.O. Box** Box 11123 – 00400 Nairobi. Tel. 2724409, 2727663	China Centre, Ngong Road	**Fax:254-2-2731981**
55.	Jodeci Bureau De Change Ltd P. O. Box 21819 – 00400 Tel: 822845/822850 Nairobi	Unit 1, JKIA Nairobi	**Fax: 254-2-245741**
56.	Junction Forex Bureau Limited P. O. Box 43888 – 00100 Nairobi Tel: 3861268/9, 0725-852840/	The Junction of Ngong Road/ Dagoreti Corner	junctionforexbureaultd@yahoo.com
57.	Industrial Area Forex Bureau Ltd P. O. Box 45746 – 00100 Nairobi Tel: 551186/551198	Bunyala Road, Industrial Area Nairobi	**Fax: 254-2-551186**
58.	Island Forex Bureau Ltd P. O. Box 84300 Mombasa Mombasa Tel: 041-2223988/ 2229626	Moi Avenue,	slandforex@hotmail.com **Fax: 254-41-2227057**
59.	Kaah Forex Bureau Ltd P. O. Box 10327 – 00400 Nairobi Tel: 6767494/6760504	Eastleigh Section 11, Nairobi	**Fax: 254-2-6767543**
60.	Karen Bureau De Change Ltd P.O. Box 24673-00502 Nairobi Tel: 884674; 884675	Karen Provision Stores, Corner Langata/ Ngong Rd.	**Fax: 254-2-884675**
61.	Kenza Exchange Bureau Ltd P. O. Box 21819 – 00400 Nairobi Tel: 822504/ 2245863	JKIA, Arrival Unit 1 Nairobi	
62.	Lache Forex Bureau Ltd P. O. Box 16512 – 00100 Nairobi Tel: 3514509, 2119568/9, 0711-229408	Diamond Plaza, 2nd Floor, Parklands	info@lache.co.ke **Fax: 254-2-2733485**

63.	Langata Forex Bureau Ltd. P. O. Box 13580 – 00800 Nairobi Tel: 891703/447204/5/6	Merchantile House Loita Street	**Fax: 254-2-443859**
64.	Langata Mall Forex Bureau Ltd. P. O. Box 34257 – 00100 Nairobi Tel: 020-2363735	Eastleigh, Nairobi **Fax: 254-2-608047**	
65.	Leo Forex Bureau Ltd P. O. Box 82304-80100 Mombasa Tel: 041-2230396/7/8; 2230399	T. S. S. Towers Nkrumah Road, Mombasa	oforex@swiftmombasa.com **Fax: 254-41-230399**
66.	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**
67.	Loki Forex Bureau Ltd. P. O. Box 12523 – 00100 Nairobi Tel: 0723-886999	Lokichogio	
68.	Mandeeq Forex Bureau Ltd P. O. Box 85670 – 80100 Mombasa Tel: 041-2228028/2230082	Al-Nasser Building, Digo Road, Mombasa	mandeeqforex@hotmail.com
69.	Maritime Forex Bureau Ltd P. O. Box 43296 – 80100 Mombasa Tel: 041- 2319175/6/7	Nkrumah Road, Mombasa	**Fax: 254-41-2319178**
70.	Market Forex Bureau Limited P. O. Box 67845 – 00200 Nairobi Tel:	Arrow House, KoinangeStreet, Ground Floor	
71.	Maxfair Forex Bureau Ltd P. O. Box 10334 – 00100 Nairobi Tel: 2226212/ 2228842	Ground Floor, Standard Building Wabera Street Nairobi	maxfair@swiftkenya.com **Fax: 254-2-227299**
72.	Metropolitan Bureau De Change Ltd P. O. Box 7080 – 00300 Nairobi Tel: 827963	Unit 2 Departure, JKIA	**Fax: 254-2-252116**
73.	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**
74.	Mona Bureau De Change Ltd P. O. Box 46180 – 00100 Nairobi Tel: 828111/2, Cell: 0733-744348	Panari Centre, Mombasa Road Nairobi	**Fax: 254-2-828113**

75.	Moneypoint Forex Bureau Ltd P. O. Box. 3338-00100 Nairobi Tel No. 020-21253	Biashara street	
76.	Morgan Forex Bureau De Change Ltd P. O. Box 79012 – 00400 Nairobi	Westlands	
77.	Mustaqbal Forex Bureau Ltd P. O. Box 100745 – 00101 Nairobi Tel: 6766651	Eastleigh, Nairobi	mustaqbalforex@yahoo.com **Fax: 254-2-6766650**
78.	Muthaiga Forex Bureau Ltd P. O. Box 63533 – 00619 Nairobi Tel: 3748883/6512/ 3750331/ 386, 0722-362666, 0722-362999	Muthaiga Shopping Centre Nairobi	muthaigaforex@hotmail.com **Fax: 254-2-3746512, 3750331**
79.	Nairobi Bureau De Change Ltd P. O. Box 644 – 00624, Village Mkt Nairobi Tel: 822884	Unit 2 JKIA	**Fax: 254-2-241307**
80.	Nairobi Forex Bureau Ltd P. O. Box 12523– 00100 Nairobi Tel: 2244767/2223039	Gujarat House Muindi Mbingu Street Nairobi	**Fax: 254-2-244767**
81.	Namanga Forex Bureau Ltd P. O. Box 12577 – 00100 Nairobi Tel: 02-213642/ 045-5132476	Namanga	
82.	Nature Forex Bureau Ltd (Formerly Dalsan Forex Bureau Ltd) P. O. Box 18213 – 00100 Nairobi Tel: 6761986/6768047/0722-682218	Shariff Shopping Complex, Opposite Garissa Lodge, Eastleigh 1st Avenue	nnuradiin2001@hotmail.com **Fax: 254-2-6766278**
83.	Nawal Forex Bureau Ltd P. O. Box 43888 – 00100 Nairobi Tel: 2720111	Chaka Place, Chaka Road	**Fax: 254-2-272011**
84.	Net Forex Bureau Ltd P. O. Box 30309 – 00100 Nairobi Tel: 020 – 249999	Avenue House, Kenyatta Avenue	**Fax: 254-2-250088**
85.	Offshore Forex Bureau Limited P. O. Box 26650 – 00100 Nairobi Tel: 020 – 310837/8	Cianda House, Ground Floor Koinange Street	**Fax: 254-02-310839**
86.	Overseas Forex Bureau Ltd P. O. Box 66864 – 00800 Nairobi Tel; 310880,310882/3	Ground Floor, View Park Towers Monrovia/Utalii Street	

87.	Pacific Forex Bureau Limited P. O. Box 24273 – 00100, Nairobi. Tel. 310880, 310882/3	Lonhro House, Standard Street	pacific@sahannet.com
88.	Peaktop Exchange Bureau Ltd P. O. Box 13074 – 00100 Nairobi Tel: 2244371/313438, 0722 - 332518	20th Century, Mama Ngina/ Kaunda Streets, Nairobi	**Fax: 254-2-210210**
89.	Pearl Forex Bureau Ltd P. O. Box 58059 – 00200 Nairobi Tel: 2724769/ 2724778	Hurlingham Shopping Centre	**Fax: 254-2-2724770**
90.	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**
91.	Penguin Forex Bureau Ltd P. O. Box 3438 – 80100 Tel: 041- 316618/2228170 Mombasa	Nkrumah Road, Mombasa	**Fax: 254-41-2228194**
92.	Pinnacle Forex Bureau Ltd P. O. Box 10020 – 00400 Nairobi Tel: 219240/249283/249284	Corner House Kimathi Street	pinacleforex@yahoo.com **Fax: 254-2-214832**
93.	Pwani Forex Bureau Ltd P. O. Box 87200 – 80100 Mombasa Tel: 041-2221727/2221734/2221845	Mombasa Block 404 XV11/M1 Abdel Nasseiz	forex@pwaniforex.com **Fax: 254-41-2221870**
94.	Qadisia Forex Bureau Ltd P. O. Box 1755 – 80100 Mombasa	Motor Mart Building, Moi Avenue, Mombasa	
95.	Real Value Forex Bureau Limited P. O. Box 2903 – 00100 Nairobi Tel: 236044/55/66/77	Shariff Complex, 5th Avenue, Eastleigh	
96.	Regional Forex Bureau Limited P. O. Box 634 – 00100, Nairobi Tel. 313479/80,311953	Kimathi House, Kimathi Street	**Fax No. 254-2-312296**
97.	Rift Valley Forex Bureau Ltd P. O. Box 12165 Nakuru Tel: 051-2212495	Merica Hotel Building Court Road Nakuru	riftvalleyforex@yahoo.com **Fax: 254-51-2210174**
98.	Safari Forex Bureau Ltd P. O. Box 219 Eldoret Tel: 053-2063347	KVDA Plaza Eldoret	**Fax: 254-053-2063997**
99.	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**

100.	Shepherds Forex Bureau Ltd P. O. Box 63533 – 00619 Tel: 3754926/7/3754935, 0720-715888, 0720-220222	Muthaiga, Nairobi Nairobi	Shepherdsforex@yahoo.com **Fax: 254-2-3761073**
101.	Simba Forex Bureau Limited P. O. Box 66886 – 00800, Nairobi Tel. 020 – 445995, 0722 – 703121	Moi International Airport, Mombasa	**Fax No: 254-2-4443706**
102.	Sky Forex Bureau Limited P. O. Box 26150 – 00100 Nairobi Tel: 020-2242062/3	20th Century, Mama Ngina/ Kaunda Street	**Fax No. 254-2-2242064**
103.	Solid Exchange Bureau Ltd P. O. Box 19257-00501 Nairobi Tel: 822922/0722-853769	JKIA-Unit 2	**Fax: 254-2-822923**
104.	Speedy Forex Bureau Ltd P. O. Box 45888-00100 Nairobi Tel: 2225941/2225641/2226529	Jubilee Insurance Exchange, Kaunda Street	speedyexchange@yahoo.com **Fax: 254-2-221761**
105.	Sterling Forex Bureau Ltd P. O. Box 43673 – 00200 Nairobi Tel: 228923/340624	Laxmi Plaza, Biashara Street	info@sterlingforexbureau.com **Fax: 254-2-330894**
106.	Sunny Forex Bureau Limited P. O. Box 41257 – 00100 Nairobi Tel: 2252013/252079	Uniafric House, Koinange Lane	sunnyfoexbureau@yahoo.com **Fax:254-2-252076**
107.	Sunshine Forex Bureau Ltd P. O. Box 68991– 0622 Nairobi Tel: 6762261/63 : Fax: 6762260	Eastleigh 1st Ave, Seven Street, Nairobi	**Fax: 254-2-6762260**
108.	Taipan Forex Bureau Ltd P. O. Box 42909-00100 Nairobi Tel: 244186/ 244188	JKIA, International Arrivals Terminal	taipan@africaonline.co.ke **Fax: 254-2-229665/248676**
109.	Tawakal Forex Bureau Ltd P. O. Box 71623 – 00622 Nairobi Tel: 6766171	Ubah Centre, Eastleigh Nairobi	fbureau@yahoo.com **Fax: 254-2-6765756**
110.	Trade Bureau De Change Ltd P. O. Box 7080 – 00300 Nairobi Tel: 2241107	Cotts House City Hall Way Transnational Bank	trade@wananchi.com tradebdc@yahoo.com
111.	Travellers Forex Bureau Ltd The Mall P. O. Box 13580 – 00800 Nairobi Tel: 447204/5/6	Westlands	**Fax: 254-2-443859**

112.	Travel Point Forex Bureau Limited P. O. Box 75901 – 00200, Nairobi Tel. 827872, 827877	JKIA, International Arrivals Terminal	
113.	Ukay Centre Forex Bureau Ltd P. O. Box 66012 – 00800 Tel: 3748606/7	Ukay Centre, Westlands, Nairobi	ukayforex@hotmail.com **Fax No. 254-2-3747336**
114.	Union Forex Bureau Ltd P. O. Box 43847– 00100 Nairobi Tel: 4441855/4448327	Sarit Centre Westlands	unionforex@hotmail.com **Fax: 254-2-4441855**
115.	Village Market Forex Bureau Ltd P. O. Box 625 – 00621 Nairobi Tel: 7122901/7122473	Village Market Complex Limuru Road	**Fax: 254- 2-520946** **Fax: 712902**
116.	Victoria Forex Bureau De Change Ltd P. O. Box 705 – 40100 Kisumu Tel 057-2025626/2021134/2023809	Sansora Building Central Square Kisumu	**Fax: 254-57-202536**
117.	Wallstreet Bureau De Change Ltd P. O. Box 6841- 30100 Eldoret Tel: 053-2062907	Bargetuny Plaza Uganda Road Eldoret	**Fax: 254- 53-2062907**
118.	Warwick Forex Bureau Ltd P. O. Box 30687– 00100 Nairobi Tel: 37555563/523055 Cell: 0722521192/0721253664	The Warwick Centre Gigiri Nairobi	warwickforex@wananchi.com **Fax: 254-2-520997**
119.	Westlands Forex Bureau Ltd P. O. Box 45746 – 00100 Nairobi Tel: 3748786	Westgate, Westlands Nairobi	westforex@wananchi.com **Fax: 254-2-3748785**
120.	Yaya Centre Exchange Bureau Ltd P. O. Box 76302 – 00508 Nairobi Tel: 02-3869097	Yaya Centre	**Fax: 254-2-3869869**