



Central Bank of Kenya

BANK SUPERVISION ANNUAL REPORT 2023



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VISION STATEMENT

The vision of the Central Bank of Kenya is *to be a World Class Modern Central Bank*.

THE BANK'S MISSION

To formulate and implement monetary policy for price stability, foster a stable market-based financial system and ensure a sound national payment system.

THE BANK'S MANDATES

Article 231 of the Constitution of Kenya and Sections 4 and 4A of the Central Bank of Kenya (CBK) Act outlines the key mandate of CBK as to: -

- i. Formulate and implement Monetary Policy directed to achieving and maintaining stability in the general level of prices.
- ii. Foster the liquidity, solvency and proper functioning, market-based financial system.
- iii. Formulate and implement such policies as best to promote the establishment, regulation, and supervision of efficient and effective payment, clearing and settlement systems.
- iv. Design, issue and manage efficient distribution of quality currency (notes and coins) that are easily accepted and secure against counterfeiting.
- v. Support the Government's economic and financial policies including its objectives for growth and employment.

The other mandates of CBK are: -

- vi. Formulating and implementing foreign exchange policy.
- vii. Effective management of the nation's foreign exchange reserves.
- viii. Licensing and supervising authorized dealers, digital credit providers and mortgage refinance companies.
- ix. Act as banker and advisor to, and fiscal agent of the Government.

MISSION OF BANK SUPERVISION DEPARTMENT

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

THE BANK'S CORE VALUES

- i) **Commitment:** The Board, Management and staff are committed to implementing the Bank's mandate as stipulated in the Constitution of Kenya and the CBK Act.
- ii) **Professionalism and Relevance:** The Board, Management and staff will always endeavor to offer quality services to its internal and external stakeholders, diligently observing high professional standards at all times and respecting the rules and regulations set by the Bank. All initiatives and activities undertaken remain relevant to the Bank's strategic objectives in pursuit of its core mandate.
- iii) **Efficiency and Effectiveness:** The Bank will at all times undertake its operations in the most cost efficient and effective manner while maintaining high standards of performance in execution of its mandate.
- iv) **Transparency, Accountability and Integrity:** The Board, Management and staff will always act in a transparent and accountable manner when handling all the affairs of the Bank both internally and with external parties so as to uphold the Bank's image at all times. In addition, the Bank will uphold high standards of ethics, integrity and honesty as guided by the Constitution, act in an ethical manner as guided by the Leadership and Integrity Act and Public Officers' Ethics Act, and observe high moral standards.

v) **Innovativeness:** The Bank will encourage, nurture and support creativity and the development of new ideas and processes for the continued improvement of organizational performance.

vi) **Mutual Respect and Teamwork:** Mutual respect shall at all times be observed internally amongst colleagues and when dealing with the Bank's external clients. In addition, the Board and staff will cooperate and collaborate to enhance performance and create a healthy work environment.

vii) **Diversity and Inclusiveness:** The Bank appreciates and embraces the differences in its employees' skill set and abilities and encourages consultations and inclusiveness in pursuit of its mandate across departments. This is aimed at maximizing productivity and enhancing the Bank's overall performances.

GOVERNOR'S MESSAGE

As Kenya ushered in 2023, the country emerged from the 2022 general elections with a renewed focus on building upon the continued recovery from the economic impacts of the COVID-19 pandemic. Despite the prevailing global uncertainties, including heightened geopolitical tensions, particularly in the Middle East, and the repercussions of the conflict in Ukraine, the Kenyan economy demonstrated resilience and growth. This positive trajectory is anticipated to continue into 2024, buoyed by the robust services sector, the resurgence of agriculture, and the continued implementation of government initiatives to stimulate economic activity in key sectors.

The Kenyan banking sector registered improved financial strength in 2023, demonstrating stability and resilience. The sector's total capital adequacy ratio stood at 18.6 percent in December 2023 above the minimum ratio of 14.5 percent. Similarly, the sector's liquidity ratio remained above the statutory minimum level of 20 percent, averaging 51.0 percent. Further, total net assets registered a notable increase of 16.7 percent from Ksh.6.6 trillion in December 2022 to Ksh.7.7 trillion in December 2023. Customer deposits increased by 18.0 percent from Ksh.5 trillion in December 2022, to Ksh.5.9 trillion in December 2023.

On the regulatory front, the Central Bank of Kenya (CBK) in recognition of the existential threat of climate change continued its focus on climate-related risks. CBK, previously issued Guidance on Climate-Related Risk Management in 2021 to facilitate the banking sector integrate climate-related risks into their governance, strategy, risk management, and disclosure frameworks. While the sector has made progress in governance and strategy, a shared understanding of green finance and the existence of standardized disclosure frameworks are critical for the sector's effective contribution to combating climate change.

To address this, CBK in collaboration with the European Investment Bank (EIB) has developed a green finance

taxonomy¹. The draft Kenya Green Finance Taxonomy (KGFT) has been exposed for public consultation. This initiative is designed to facilitate the banking sector to identify and assess investment opportunities in the economy based on the KGFT, compile exposure disclosures, and align with supervisory and regulatory standards to facilitate system monitoring.

To strengthen its Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation Financing (AML/CFT/PF) framework, CBK undertook a number of reform measures. Key among these included amendment of the AML/CFT/PF legal framework, enhancing the risk-based AML/CFT/PF supervisory framework and building capacity including of regulated institutions.

On the economic front, the global economy is expected to continue its recovery, albeit at a steady but gradual pace. The positive outlook is on account of greater than expected resilience in the United States and several emerging markets and developing economies. Growth in Sub-Saharan Africa and on the domestic front is expected to rebound driven by declining inflation underpinned by improved weather conditions and easing of supply-related issues. However, continued geo-political tensions and higher for longer interest rates in advanced economies pose down-side risk to the global economy.

Against this backdrop, CBK's vision remains one of a banking sector that is responsible, disciplined and aligned to customer needs. Accordingly, banks continue to operationalize the four pillars of the vision: customer centricity, risk-based credit pricing, transparency and doing the right thing. More broadly, banks must take a long-term view and scale up their contribution to the shared prosperity of the Kenyan citizenry.

Dr. Kamau Thugge, CBS Governor, Central Bank of Kenya

1 Green Taxonomy – A classification system that highlights which investment options are environmentally sustainable and, by extension, those that are not. It defines a minimum set of assets, projects, activities, and sectors that are eligible to be defined as “green” in line with international best practices and national priorities.

FOREWORD BY DIRECTOR, BANK SUPERVISION

Kenya Banking Sector

Kenya's banking sector remained stable and resilient in 2023, characterized by sufficient capital and liquidity buffers. The total capital adequacy ratio stood at 18.6 percent in December 2023, above the minimum adequacy ratio of 14.5 percent whereas the liquidity stood above the minimum statutory level of 20 percent at an average of 51.0 percent in the same period.

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

- Total net assets grew by 16.7 percent from Ksh.6.6 trillion in December 2022, to Ksh.7.7 trillion in December 2023, with the growth being supported by the increase in loans and advances.
- Customer deposits increased by 18.0 percent from Ksh.5.0 trillion in December 2022, to Ksh.5.9 trillion in December 2023. The growth in deposits was due to deposit mobilization through agency banking and mobile phone platforms.
- The profit before tax for the sector decreased by 8.8 percent from Ksh.240.4 billion in December 2022, to Ksh.219.2 billion in December 2023. The decrease in profitability was attributed to a higher increase in total expenses (Ksh.175.3 billion) compared to the increase in total income (Ksh.154.1 billion).
- Gross loans increased by 15.2 percent from Ksh.3,630.3 trillion in December 2022, to Ksh.4,183.4 trillion in 2023. The growth in loans is attributed to increased demand for credit by the various economic sectors.
- The liquidity ratio stood at 51.0 per cent as at December 2023, a marginal increase from 50.8 percent in December 2022.
- The gross non-performing loans ratio increased from 13.9 percent in December 2022, to 15.6 percent in December 2023. The increase in the non-performing loans were occasioned by deteriorating asset quality as a result of challenges in the business environment.

Regulatory Reforms

- **Greening Kenya's Banking Sector** – CBK Guidance

on Climate-Related Risk Management (Guidance) to commercial banks and mortgage finance companies came into effect on October 15, 2021. In 2023, all thirty-eight commercial banks and one mortgage finance institution had submitted their board approved climate risk implementation plans and commenced submitting quarterly implementation status of their plans. Further, as part of implementation of the Guidance, CBK conducted capacity building of commercial banks' staff and CBK staff on climate-related risk management in 2023.

- **Strengthening the Anti-Money Laundering and Combating the Financing of Terrorism (AML/ CFT) Framework** – During the year, CBK participated in the drafting of the AML/CFT (Amendment) Bill, 2023, which was passed into law effective September 1, 2023. Consequently, the Act amended the CBK Act, Banking Act, Microfinance Act and National Payment System Act to entrench the AML/CFT/CPF legal and regulatory regime. Specifically, the amendments provided CBK supervisory powers to conduct AML/CFT/CPF surveillance.
- **Central Bank Digital Currency** - CBK issued findings of the discussion paper on Central Bank Digital Currency in June 2023. The objective of the discussion paper was to seek views from the public on the potential applicability of a Central Bank Digital Currency (CBDC) in Kenya, inform any policy decisions and assess the public acceptance regarding the innovation.
- **Central Bank of Kenya (Amendment) Act, 2021 on Digital Credit Providers (DCPs)** became effective on December 23, 2021 - Pursuant to Section 59 (2) of the Central Bank of Kenya Act (CBK Act) CBK licensed twenty-two digital credit providers (DCPs) during the year.

Consolidations, Mergers and Acquisitions

- The banking sector also continued to witness **market driven consolidations** mainly driven by the

FOREWORD BY DIRECTOR, BANK SUPERVISION

desire by the banks to grow, innovate and be well capitalized. The institutional changes concluded in the year were:-

- Equity Bank Kenya Limited (EBKL) acquired certain Assets and Liabilities of Spire Bank Limited (Spire) effective January 31, 2023.
- Commercial International Bank (Egypt) S.A.E. (CIB) acquired 49 percent of the shareholding of Mayfair CIB Bank Limited (MBL) effective January 31, 2023.
- Premier Bank Limited, Somalia acquired 62.5 percent of the shareholding of First Community Bank Limited effective March 27, 2023.
- Cactus Cantina Investments Limited acquired 55.8 percent of the shareholding of Maisha Microfinance Bank Limited effective May 1, 2023.
- Shorecap III, LP acquired 20 percent of the shareholding of Credit Bank PLC (CBP) effective June 15, 2023.
- HOPE Advancement Inc. acquired 51 percent of the shareholding of SMEP Microfinance Bank PLC effective November 2023.

2024 Outlook

The Central Bank of Kenya (CBK) remains steadfast in its commitment to promoting financial stability, inclusivity, and integrity. In the year 2024, CBK plans to:-

- a) **Deepen the greening of the banking sector.** Specifically, CBK intends to:
 - Develop a green finance taxonomy as part of its second-generation reforms on climate-related risk management. Green financing products encompass various financial services tailored to support environmentally sustainable and socially responsible projects. In Kenya, these offerings range from green bonds to green loans and Sustainable Development Goals (SDG)-linked Financing. The taxonomy will support the identification

- of eligible green finance initiatives.
- Enhance climate-related risks disclosures to comply with International Financial Reporting Standards (IFRS) S1 and S2 issued by the International Sustainability Standards Board (ISSB) in June 2023. IFRS S1 and IFRS S2 are effective for annual reporting periods beginning on or after January 1, 2024.
- b) **Strengthen banking sector liquidity by issuance of Internal Liquidity Assessment Process (ILAAP) Guidance Note.** This will enhance the existing liquidity risk management framework as well as mandate the adoption of the Liquidity Coverage Ratio and the Net Stable Funding Ratio by commercial banks in line with Basel III pronouncements. ILAAP is an effective framework for liquidity risk management and will strengthen the liquidity resilience of banks and enable them ride through liquidity shocks.
- c) **Strengthening of the Anti-Money Laundering/ Combating Financing of Terrorism/ Proliferation Financing (AML/CFT/PF) framework.** This will be through continued implementation of the recommendations of the AML/CFT National Risk Assessment and AML/CFT/ PF Mutual Evaluation Report issued in 2022.
- d) **Move towards near-real-time supervision, through the collection of supervisory data on an almost real-time basis.** Implementation of the Granular Data Integration (GDI) project will see the integration of CBK's Enterprise Data Warehouse with the systems of Supervised Financial Institutions (SFIs) for granular data collection, storage, and reporting. This will significantly enhance the proactiveness of CBK's offsite surveillance, provide a laser focus for the onsite inspection of SFIs, and facilitate near-real-time monitoring of financial institutions.

GERALD NYAOMA
DIRECTOR, BANK SUPERVISION DEPARTMENT

EXECUTIVE SUMMARY

“A year of continued storms.” 2023 was a year of continued storms that began in 2022. 2023 saw continued geo-political tensions, spill-over effects of high interest rates in advanced economies and adverse impacts of climate change.

The global and regional economies. Global economic growth is estimated to have grown by 3.1 percent in 2023, a slight decline from 3.5 percent in 2022. Greater than expected resilience was demonstrated in advanced economies and in some Emerging and developing economies. In Sub-Saharan Africa, economic growth in 2023 was estimated at 3.3 percent and is projected at 3.8 percent in 2024 on account of improved weather conditions and easing of supply related issues.

The domestic economy strengthened in 2023 registering a growth of 5.6 percent compared to 4.9 percent in 2022. The growth was underpinned by a rebound in agriculture and resilience of the services sectors particularly tourism, real estate and financial and ICT services.

Strong performance of the banking sector. The banking sector posted a strong performance in the year to December 2023, with commercial banks’ total asset base rising by 16.7 percent to approximately Ksh.7.7

trillion as at December 31, 2023, from Ksh.6.6 trillion the previous year. Customer deposits increased by 18.0 percent from Ksh.5.0 trillion in December 2022, to Ksh.5.9 trillion in December 2023. The growth in deposits is attributable to deposit mobilization through agency banking and mobile phone platforms. Overall profit before tax for the sector decreased by 8.8 percent from Ksh.240.4 billion in December 2022, to Ksh.219.3 billion in December 2023. This is attributed to a higher increase in total operating expenses (Ksh.175.3 billion) compared to the increase in total income (Ksh.154.1 billion).

This report highlights the structure of the Kenyan banking sector, supervisory developments, macroeconomic conditions, banking sector performance, regional and international developments initiatives. The banking sector is projected to remain resilient in 2024, as banks continue working for and with Kenyans.

CHAPTER 1

1 | CENTRAL BANK OF KENYA
BANK SUPERVISION ANNUAL 2023

STRUCTURE OF THE BANKING SECTOR

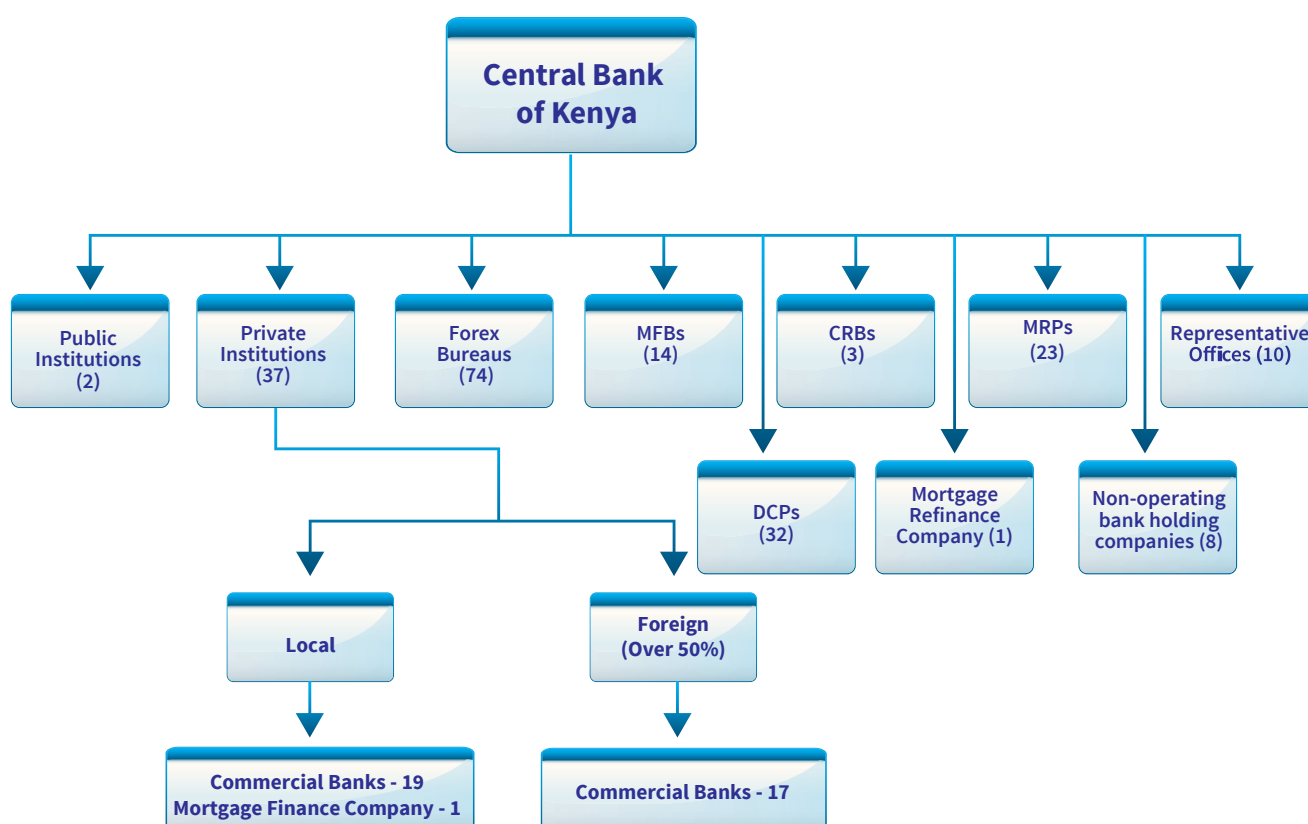
STRUCTURE OF THE BANKING SECTOR

1.1 The Banking Sector

As at December 31, 2023, the Kenyan banking sector comprised of the Central Bank of Kenya (CBK), as the regulatory authority, 38 Commercial Banks, 1 Mortgage Finance Company, 1 Mortgage Refinance Company, 10 Representative Offices of foreign banks, 14 Microfinance Banks (MFBs), 3 Credit Reference Bureaus (CRBs), 23 Money Remittance Providers (MRPs), 8 non-operating bank holding companies, 32 Digital Credit Providers (DCPs) and 74 foreign exchange (forex) bureaus. Out of the 39 banking institutions, 37 were privately owned while the Government of Kenya (GOK)² had majority ownership in 2 institutions. Of the 37 privately

owned banks, 20 were locally owned (the controlling shareholders are domiciled in Kenya) while 17 were foreign owned. The 20 locally owned institutions comprised 19 commercial banks and 1 mortgage finance company. Of the 17 foreign-owned institutions, all are commercial banks with 14 being local subsidiaries of foreign banks and 3 are branches of foreign banks. All licensed forex bureaus, microfinance banks, credit reference bureaus, money remittance provider, Digital credit providers and non-operating bank holding companies are privately owned. **Chart 1** below depicts the structure of the banking sector as at December 31, 2023.

Chart 1: Structure of the Banking Sector - December 2023



¹ GOK shareholding includes shares held by state corporations

STRUCTURE OF THE BANKING SECTOR

Bank Supervision Department

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

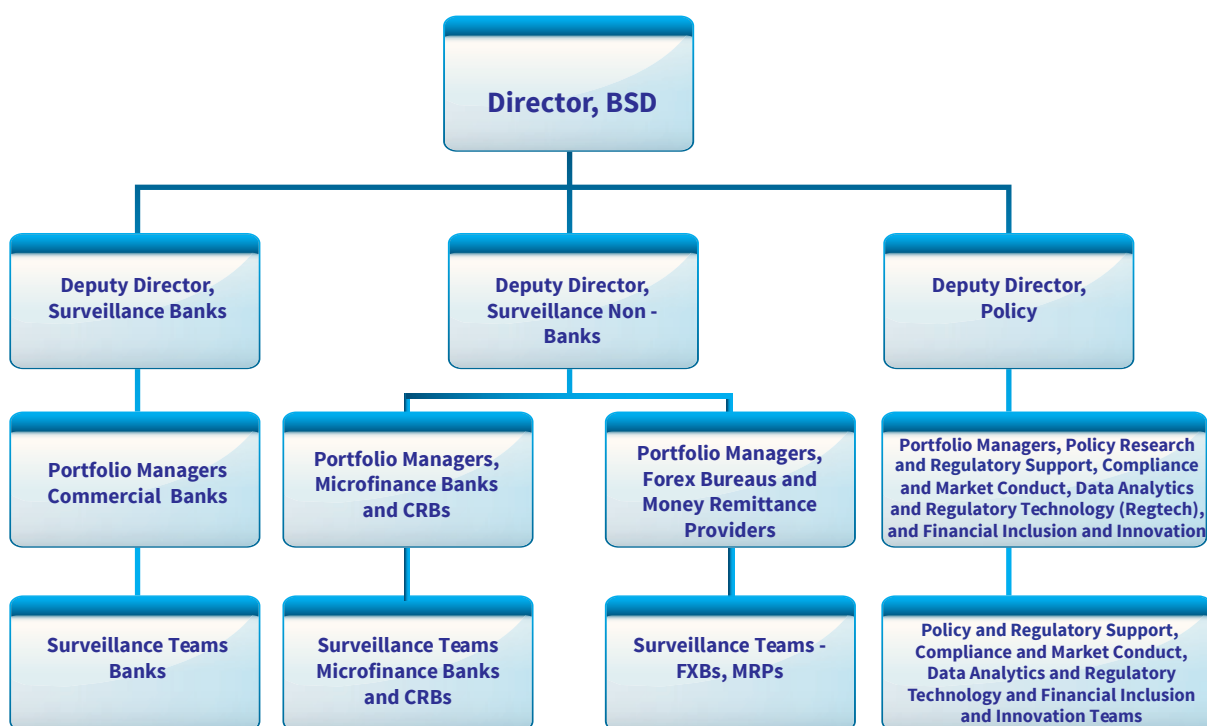
The following are the main functions of BSD: -

- i. Development of legal and regulatory frameworks to foster stability, efficiency and access to financial services. The Department achieves this objective through: -
 - Continuous review of the Banking Act, Microfinance Act, Building Societies Act, Regulations and Guidelines issued thereunder, which lay the legal foundation for banking institutions, non-bank financial institutions, deposit taking microfinance institutions and building societies.
 - Continuous review of Regulations and Guidelines for Foreign Exchange Bureaus, Digital Credit Providers, Money Remittance Providers, Credit Reference Bureaus and Mortgage Refinance Company licensed under the Central Bank of Kenya Act.
- ii. Processing licences of Commercial Banks, Non-Bank Financial Institutions, Mortgage Finance Institutions, Mortgage Refinance Companies, Representative Offices, Non-Operating Holding Companies, Foreign Exchange Bureaus, Microfinance Banks, Credit Reference Bureaus, Digital Credit Providers and Money Remittance Providers.
- iii. Conducting 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, Money Remittance Providers, Digital Credit Providers and Mortgage Refinance Companies licensed under the Central Bank of Kenya Act.
- iv. Conducting offsite surveillance of institutions licensed under the Banking Act, Microfinance Act, and Foreign Exchange Bureaus, Digital Credit Providers, Money Remittance Providers and Mortgage Refinance Companies licensed under the Central Bank of Kenya Act through the receipt and analysis of returns received periodically. The Department also processes corporate approvals for banking institutions regarding opening and closing of places of business, the appointment of directors and senior managers, appointment of external auditors, the introduction of new products/ services, increase of bank charges and review of annual license renewal applications in accordance with statutory and prudential requirements.
- v. BSD is a member of the National Task Force on Money Laundering (NTF) whose mandate is to develop a legal and regulatory framework to counter and prevent the use of the Kenyan financial system for money laundering. The NTF is chaired by the National Treasury. Through the NTF, BSD participates in initiatives by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG). ESAAMLG brings together 14 Eastern and Southern Africa countries with a principal mandate of developing a legal and regulatory Anti Money Laundering (AML) framework.
- vi. Participation in regional activities organized by regional and international bodies or associations such as the World Bank, International Monetary Fund (IMF), East African Community (EAC), Common Market for Eastern and Southern Africa (COMESA), the Alliance for Financial Inclusion (AFI), Association of African Central Banks (AACB), Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) and African Rural and Agricultural Credit Association (AFRACA).
- vii. Facilitation of the signing of Memoranda of Understanding (MOUs) between the CBK and other local or foreign supervisory authorities.

STRUCTURE OF THE BANKING SECTOR

viii. As at December 31, 2023, the Bank Supervision Department had a staff complement of seventy-seven (77) comprising seventy-one (71) technical staff and six (6) support staff. The department is divided into three divisions as shown in **Chart 2**.

Chart 2: Bank Supervision Organogram



1.2 Ownership and Asset Base of Commercial Banks

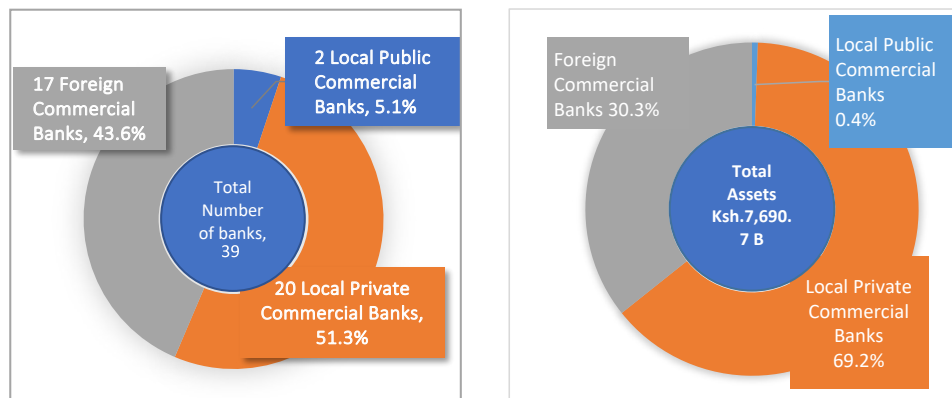
The total net assets in the banking sector stood at Ksh.7.7 trillion as at December 31, 2023, compared to Ksh.6.6 trillion as at December 2022, recording a growth of 16.7 percent. There were 20 operating local private commercial banks and 2 operating local public commercial banks, which accounted for 69.2 percent and 0.4 percent of total net assets respectively. A total of 17 operating commercial banks were foreign owned and accounted for 30.3 percent of the sector's assets as indicated in **Table 1** and **Chart 3**.

Table 1: Ownership and Asset Base of Commercial Banks as at December 2023				
Ownership	Number of operating banks	% of Total	Total Net Assets, Ksh.M	% of Total
Local Public Commercial Banks	2	5.1	34,050	0.4
Local Private Commercial Banks	20	51.3	5,326,011	69.3
Foreign Commercial Banks	17	43.6	2,330,597	30.3
Total	39	100.0	7,690,658	100.0

Source: CBK

STRUCTURE OF THE BANKING SECTOR

Chart 3: Ownership and Asset Base of Commercial Banks December 2023



Source: CBK

1.3 Distribution of Commercial Banks Branches

The number of bank branches increased from 1,475 in 2022, to 1,511 in 2023, which translates to an increase of 36 branches (2.4 percent). Nairobi County registered the highest increase in the number of branches by 15 branches (**Appendix XVI**). A total of 21 counties registered an increase of 41 bank branches while 5 counties registered a decrease of 5 bank branches. In 21 counties, there was no change in bank branches. The increase in bank branches is mainly attributed to opening of new branches by some commercial banks in emerging and new growth areas.

1.4 Commercial Banks Market Share Analysis

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

For the year ended December 31, 2023, there were 9 large banks with a combined market share of 76.6 percent, 8 medium banks with a combined market share of 15.0 percent and 22 small banks with a combined market share of 8.4 percent as shown in **Table 2, Chart 4** and **Appendix IV**.

Table 2: Commercial Banks Market Share Analysis

Peer Group	Combined Weighted Market Share (%)		No. of Institutions		Total Net Assets, (Ksh. B)		Total Deposits, (Ksh. B)		Capital and Reserves (Ksh. B)		Profit Before Tax (Ksh.B)	
	Dec-22	Dec-23	Dec-22	Dec-23	Dec-22	Dec-23	Dec-22	Dec-23	Dec-22	Dec-23	Dec-22	Dec-23
Large	75.1	76.6	9	9	4,971	5,920	3,736	4,566	684	732	209	186
Medium	16.3	15.0	8	8	1,050	1,125	856	875	149	158	29	30
Small	8.6	8.4	22	22	569	646	406	457	84	90	3	4
Total	100.0	100.0	39	39	6,590	7,691	4,999	5,898	918	981	240	219

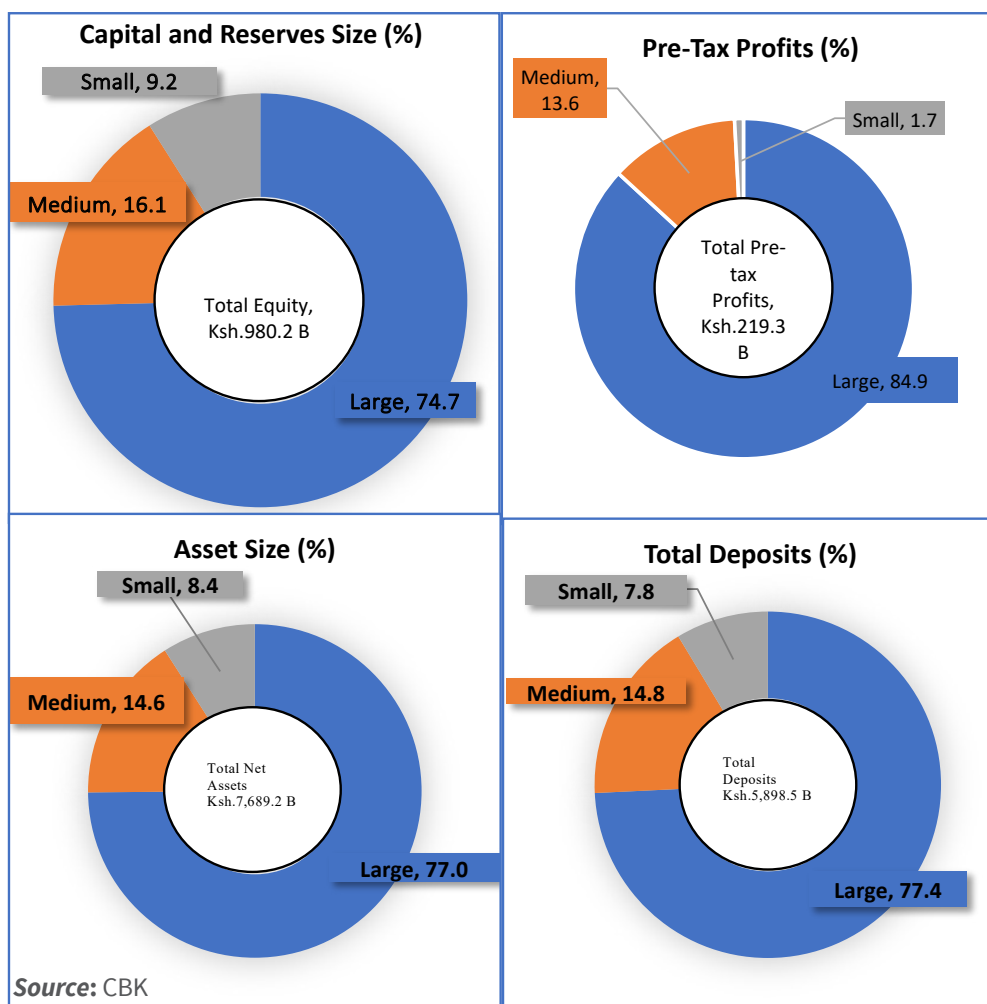
Source: CBK

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

- Banks in large peer group increased their combined market share to 76.6 percent in December 2023, from 75.1 percent in December 2022.
- The combined market share of banks in the medium peer group decreased to 15.0 percent in December 2023, from 16.3 percent in December 2022.
- Banks in Small Peer group had a combined market share of 8.4 percent in December 2023, a decrease from 8.6 percent in December 2022.

Chart 4: Commercial Banks Market Share (%) December 2023



In 2023, the banking sector capital and reserves increased by 6.8 percent to Ksh.980.2 billion in December 2023, from Ksh.917.6 billion in December 2022. All the peer groups registered increased capital and reserves. The increase in capital and reserves is attributable to additional capital injections by commercial banks as

well as retained earnings from the profits realized in the year.

The banking sector registered a decrease in profitability in 2023, with profit before tax decreasing by 8.8

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percent from Ksh.240.4 billion in December 2022, to Ksh.219.2 billion in December 2023. The decrease in profitability was attributed to a higher increase in total expenses (Ksh.175.3 billion) compared to the increase in total income (Ksh.154.1 billion). The large peer group accounted for 84.7 percent of the total pre-tax profit in 2023, a decrease from 86.7 percent recorded in 2022. The small peer group proportion of total pre-tax profit increased from 1.2 percent in 2022, to 1.7 percent in 2023. The medium peer group proportion of total pre-tax profit increased from 12.1 percent in 2022, to 13.6 percent in 2023.

Total deposits increased by 18.0 percent to Ksh.5.9 trillion in December 2023, from Ksh.5.0 trillion in December 2022. The growth was supported by mobilization of deposits through digital platforms.

1.5 Automated Teller Machines (ATMs)

The number of Automated Teller Machines (ATMs) decreased by 19 (0.83 percent) to 2,282 in December 2023, from 2,301 in December 2022, as indicated in **Table 3**. The decrease in ATMs in 2023, is as a result of adoption of agency, mobile and digital banking in the banking industry.

Table 3: ATM Network

Month	No. of ATMs	Monthly Increase / (Decrease)	Percentage Growth (%)
December 2022	2,301	9	0.70
January 2023	2,309	8	0.35
February 2023	2,309	0	0.00
March 2023	2,316	7	0.30
April 2023	2,303	-13	-0.56
May 2023	2,291	-12	-0.52
June 2023	2,294	3	0.13

Month	No. of ATMs	Monthly Increase / (Decrease)	Percentage Growth (%)
July 2023	2,337	43	1.87
August 2023	2,322	-15	-0.64
September 2023	2,319	-3	-0.13
October 2023	2,308	-11	-0.47
November 2023	2,305	-3	-0.13
December 2023	2,282	-23	-1.00
Source: CBK			

1.6 Asset Base of Microfinance Banks

The number of licensed microfinance banks remained at fourteen (14), as at December 31, 2023. Out of fourteen microfinance banks, three (3) held community microfinance bank licences, while eleven (11) held nationwide microfinance bank licences.

The microfinance sector registered an 8.8 percent decline in total assets in the year 2023. The total assets as at December 31, 2023 stood at Ksh.64.2 billion, in comparison to Ksh.70.4 billion reported in the year ended 2022. Net advances decreased by 4.7 percent from Ksh.39.3 billion in 2022 to Ksh.37.5 billion in December 2023. The decline in loans was attributed to competition from commercial banks and other credit providers.

As highlighted in **Table 4**, lending remained the single largest activity undertaken by microfinance banks, as the net loan portfolio accounted for 58 percent of the microfinance bank's total assets.

Total deposits decreased by 5.7 percent from Ksh.46.5 billion in 2022, to Ksh.43.9 billion in 2023. The decline in deposits was attributed to the transfer of funds to alternative attractive investments due to the overall increase in interest rates. Customer deposits and borrowings were the main sources of funding, accounting for 68 percent and 14 percent of the microfinance banks' total funding sources.

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

ASSETS	2022	% of Total (%)	2023	% of Total (%)
Cash Balance (Local and Foreign notes and coins)	1,790	2	1,885	3
Deposit balances at banks and financial institutions	11,100	16	7,856	12
Government Securities	4,964	7	4,476	7
Net Advances	39,334	56	37,467	58
Accounts Receivables	2,786	4	2,862	4
Net Fixed Assets	5,448	8	5,200	8
Other Assets	5,004	7	4,454	7
TOTAL NET ASSETS	70,426	100	64,200	100
LIABILITIES AND EQUITY FUNDS				
Deposits	46,491	66	43,863	68
Borrowings	9,328	13	9,194	14
Other Liabilities	5,855	8	4,341	7
Capital and Shareholders Funds	8,752	13	6,802	11
TOTAL LIABILITIES AND EQUITY FUNDS	70,426	100	64,200	100

Source: CBK

1.7 Microfinance Banks Market Share Analysis

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

As at December 31, 2023, there were five (5) large microfinance banks with an aggregate market share of 83.8 percent, six (6) medium microfinance banks with a combined market share of 15.0 percent and three (3) small microfinance banks with an aggregate market share of 1.2 percent as shown in **Table 5**.

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Table 5: Microfinance Banks Market Share Analysis - December 31, 2022, and December 31, 2023

2022		2023						
	Market Size Index (%)		Market Size Index (%)	Total Assets	Total Deposits	Total Capital	Number of Active Deposit Accounts	Number of active Loan Accounts
Weighting	2022	Weighting	2023	0.33	0.33	0.33	0.005	0.005
Large		Large		Ksh.Millions				
Kenya Women MFB	36.2	Faulu MFB	31.2	20,500	15,757	1,794	36,581	21,740
Faulu MFB	34.4	Kenya Women MFB	29.1	22,945	16,222	976	209,649	150,903
Rafiki MFB	6.2	SMEP MFB	8.8	3,890	2,168	1,055	47,437	20,387
Caritas MFB	5.1	Rafiki MFB	8.2	4,827	3,282	667	58,052	7,516
		Caritas MFB	6.5	3,835	3,190	443	36,713	4,748
	81.9		83.8	55,997	40,619	4,935	388,432	205,294
Medium		Medium						
SMEP MFB	4.6	Sumac MFB	4.3	3,013	1,282	369	15,923	2,960
Sumac MFB	4.2	Branch MFB	2.8	1,059	403	322	601,799	43,800
U & I MFB	2.1	U & I MFB	2.6	1,616	466	292	8,525	1,298
Branch MFB	1.5	LOLC MFB	1.9	662	162	300	4,027	692
Maisha MFB	1.4	Muungano MFB	1.8	525	164	279	5,496	1,266
Salaam MFB	1.4	Salaam MFB	1.6	535	156	257	706	1
LOLC MFB	1.2							
	16.4		15.0	7,410	2,633	1,819	636,476	50,017
Small		Small						
Muungano MFB	0.8	Choice MFB	0.7	208	100	96	4,819	166
Choice MFB	0.5	Maisha MFB	0.4	446	446	(39)	12,273	6,613
Umba MFB	0.4	Umba MFB	0.1	141	64	(8)	1,951	64
	1.7		1.2	795	610	49	19,043	6,843
Grand Total	100.0		100.0	64,202	43,862	6,803	1,043,951	262,154

Source: CBK

The large peer group registered a growth in market share of 1.9 percent from the 2022 market share. In contrast, the medium and small peer groups experienced declines of 1.4 percent and 0.5 percent, respectively. In the large peer group, Faulu MFB overtook Kenya Women MFB to become the largest MFB, commanding a market share of 31.2 percent. Further, SMEP MFB advanced from the medium to the large peer group after its market share grew above 5 percent, driven by the acquisition and injection of capital by a strategic investor. Maisha MFB ranking moved from medium peer group to small peer group as its market share fell below 1 percent.

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1.8 Distribution of Foreign Exchange Bureaus

As at December 31, 2023, the number of licensed forex bureaus was seventy four (74), having increased from seventy (70) in December 2022. The increase is attributed to licensing of seven (7) new forex bureaus and conversion of three (3) forex bureaus to money remittance providers during the year 2023.

The forex bureaus operated a total of 140 outlets countrywide as at December 31, 2023. Eight (8) out of the additional ten (10) forex bureaus added in 2023 are located in Nairobi, while, two (2) are in Eldoret. Eighty-five (85) percent of the outlets are located in Nairobi as shown in **Table 6**:

Table 6: Distribution of Forex Bureau Outlets

City/Town	No. of Outlets	% Total
Nairobi	119	85
Mombasa	10	7
Kisumu	2	1
Eldoret	3	2
Nakuru	2	1
Busia	1	1
Garissa	1	1
Namanga	1	1
Lodwar	1	1
Total	140	100

CHAPTER 2

11 | CENTRAL BANK OF KENYA
BANK SUPERVISION ANNUAL 2023

DEVELOPMENTS IN THE BANKING SECTOR

DEVELOPMENTS IN THE BANKING SECTOR

2.1 Introduction

The banking sector continued on a growth trajectory driven by among others adoption of technology and innovations, domestic and regional expansion in 2023. The banking sector operated in an increasingly complex environment including cybersecurity risks and geo-political tensions. This was coupled with concerted efforts to mitigate and adapt to climate change.

CBK continued to provide technical leadership to address technical deficiencies identified in the country's legal and institutional framework in the anti-money laundering, combating of terrorism financing and countering proliferation financing (AML/CFT/CPF) affecting the banking sector. This included participating in the amendment of the Proceeds of Crime and Anti-Money Laundering Act and the Prevention of Terrorism Act, and their respective regulations.

2.2 Banking Sector Charter

Following the issuance of the Kenya Banking Sector Charter (BSC) in 2019, CBK has been engaging commercial banks on its implementation. The Charter sought to operationalize the CBK's vision of a banking sector that works for and with Kenyans, anchored on four pillars, customer-centricity, risk-based pricing, transparency, and ethical banking.

During the year, CBK continued engaging commercial banks on the implementation of the BSC, particularly with regard to Risk Based Credit Pricing (RBCP) models and the Banking Circular No. 1 of 2019 on BSC. The purpose of the engagements has been to ensure that banks refine and improve their RBCP models. This will ascertain their robustness and effectiveness in delivery of the overall objective of fairness in pricing credit as articulated in the BSC. In compliance with the requirements of the Banking Circular on BSC, all commercial banks have submitted their BSC Implementation Plans approved by their boards and the quarterly updates on the approved plans.

2.3 Consolidation, Mergers and Acquisitions, and New Entrants

The market witnessed a number of consolidations in 2023, with 4 commercial banks and 2 microfinance banks being either wholly or partially acquired by strategic investors. The following institutional changes in the banking industry took place during the year:

- Commercial International Bank (Egypt) S.A.E. (CIB) acquired 49 percent of the shareholding of Mayfair CIB Bank Limited (MBL) effective January 31, 2023, following approval by CBK on January 23, 2023, under Section 13(4) of the Banking Act and approval by the Cabinet Secretary for the National Treasury and Economic Planning on January 24, 2023, pursuant to Section 9(1) of the Banking Act. After the acquisition, MBL changed its name to Commercial International Bank (CIB) Kenya Limited.
- Equity Bank Kenya Limited (EBKL) acquired certain Assets and Liabilities of Spire Bank Limited (Spire) effective January 31, 2023, following approval by CBK on January 23, 2023, under Section 13(4) of the Banking Act and approval by the Cabinet Secretary for the National Treasury and Planning on January 24, 2023, pursuant to Section 9(1) of the Banking Act.
- Premier Bank Limited, Somalia (PBL) acquired 62.5 percent of the shareholding of First Community Bank Limited (FCB) effective March 27, 2023, following approval by CBK on March 13, 2023, under Section 13(4) of the Banking Act and approval by the Cabinet Secretary for the National Treasury and Planning on March 16, 2023, pursuant to Section 9(1) of the Banking Act. After the acquisition, FCB changed its name to Premier Bank Kenya Limited.
- Cactus Cantina Investments Limited (Cactus Cantina) acquired 55.8 percent shareholding of Maisha Microfinance Bank Limited (Maisha MFB) effective May 1, 2023, following approval by CBK on March 16, 2023, under Section 19 (4) of the Microfinance Act and approval by the Cabinet Secretary for the National Treasury and Planning

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on April 4, 2023, pursuant to Section 19(3)(b) of the Microfinance Act. After the acquisition, Maisha MFB changed its name to On It Microfinance Bank Limited.

- Shorecap III, LP (Shorecap) acquired 20 percent shareholding of Credit Bank PLC (CBP) effective June 15, 2023, following approval by CBK on April 24, 2023, under Section 13(4) of the Banking Act and approval by the Cabinet Secretary for the National Treasury and Planning on April 28, 2023, pursuant to Section 9(1) of the Banking Act.
- HOPE Advancement Inc. (HOPE) acquired 51 percent shareholding of SMEP Microfinance Bank PLC (SMEP MFB) following approval by CBK on July 27, 2023, under Section 19 (4) of the Microfinance Act and approved by the Cabinet Secretary for the National Treasury and Planning on August 4, 2023, pursuant to Section 19(3)(b) of the Microfinance Act.

2.4 Developments in Information and Communication Technology

A. Digital Transformation through RegTech and SupTech

In today's rapidly evolving regulatory landscape, Supervised Financial Institutions (SFIs) are under increasing pressure to comply with increased and ever-changing regulations while also embracing digital transformation. Supervisors have also been leveraging advances in technology for efficient supervisory processes. RegTech (Regulatory Technology) and SupTech (Supervisory Technology) have emerged as critical enablers of this transformation, leveraging advances in information technology to streamline regulatory compliance and supervisory processes.

i) **RegTech: Revolutionizing Regulatory Compliance**

RegTech refers to the use of technology to automate and enhance regulatory compliance processes. By leveraging advanced analytics and data-driven insights, RegTech solutions enable SFIs to navigate complex regulatory requirements more efficiently and effectively. Some of the application areas for RegTech include:

- **Compliance Automation:** RegTech solutions automate manual compliance tasks, such as regulatory reporting, risk assessment, and monitoring, reducing human error and operational costs.
- **Real-Time Monitoring:** RegTech platforms provide real-time monitoring of regulatory changes and updates, allowing SFIs to adapt quickly to new requirements and mitigate compliance risks.
- **Data Analytics:** RegTech utilizes advanced data analytics techniques to analyse large volumes of structured and unstructured data, identifying patterns, anomalies, and potential compliance issues.
- **Risk Management:** RegTech solutions enhance risk management capabilities by providing analytics and scenario modelling to assess and mitigate regulatory risks proactively.

ii) **SupTech: Enhancing Supervisory Oversight**

SupTech refers to the use of technology by regulatory authorities to enhance their supervisory processes and oversight of SFIs. By leveraging innovative technologies, such as Application Programming Interfaces (APIs), Big Data Analytics, Cloud Computing, and Machine Learning, SupTech enables regulators to monitor systemic risks, detect compliance breaches, and conduct more efficient and effective supervision. Some key aspects of SupTech include: -

- **Data Collection and Analysis:** SupTech tools automate the collection, processing, and analysis of financial data from SFIs, enabling regulators to gather insights into their operations and assess compliance with regulatory requirements.
- **Risk Identification:** SupTech enables regulators to identify emerging risks and vulnerabilities in the financial system by analysing large datasets and detecting patterns and trends indicative of potential systemic risks.

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- **Supervisory Reporting:** SupTech streamlines supervisory reporting processes by automating data submission and validation, reducing the administrative burden on regulated entities, and improving data quality and accuracy.
- **Predictive Analytics:** SupTech leverages predictive analytics and machine learning algorithms to forecast potential risks and anticipate market developments, enabling regulators to take pre-emptive measures to safeguard financial stability.

The adoption of RegTech and SupTech offers numerous benefits for both SFIs and regulators, including improved efficiency, enhanced compliance, and greater transparency. However, several challenges need to be addressed to realize the full potential of these technologies. These include data security and privacy concerns, and the need for skilled talent capable of leveraging advanced technologies effectively.

Both RegTech and SupTech represent powerful tools for driving digital transformation within the financial industry, offering innovative solutions to complex regulatory challenges. By harnessing the power of technology, financial institutions and regulatory authorities can enhance compliance, mitigate risks, and foster greater stability and transparency in the global financial system. The realization of the full potential of these innovative technologies requires collaboration among industry stakeholders, policymakers, and technology providers to address challenges and promote responsible and ethical use of technology for regulatory compliance and supervision.

B. Artificial Intelligence and Machine Learning Applications in the Banking Sector

The Banking Sector has adopted and implemented Artificial Intelligence (AI) and Machine Learning (ML) in their operations through Big Data. AI/ML is used to improve operational efficiencies, predict customer behaviour, and manage risks more effectively.

The Central Bank of Kenya (CBK) has reviewed usage of AI and ML in the sector. CBK noted that banks in Kenya are using AI and ML as follows:

i) **Fraud Risk Management**

Banks have deployed AI solutions to monitor electronic communications by staff in the trading room to detect outliers and irregularities. Banks also subscribe to fraud risk management solutions for payment cards provided by international card schemes and for account transactions. These solutions provide a risk score that predicts the potential of fraud in an authorization attempt.

ii) **Cybersecurity**

Several institutions have deployed ML-powered solutions to detect cases of potential insider threats as well as external cybersecurity threats. Insider threats are monitored by collecting and analyzing data on network use patterns, work hours, and approved devices on the network. External threats are monitored by identifying outliers or unusual activities in customers' transaction patterns. Moreover, cybersecurity tools such as Security Incident and Event Management (SIEM) are ML-enabled to automatically detect and respond to threats by quarantining suspicious processes, applications, and devices on the network and thus limit the attack surface in case of a security incident.

iii) **Product Segmentation and Personalization**

Banks have leveraged ML's *Cluster* and *Ensemble* applications to group similar data points from various clusters, combining outputs for optimal grouping. Clustering helps find groups (clusters) in unlabeled data, while ensembles combine multiple models to improve performance in supervised learning tasks.³ This system is implemented in customer segmentation across business areas. By grouping their customers based on similarities, institutions offer tailored products and services to new and existing customers.

3 <https://link.springer.com/content/pdf/10.1007/s13042-017-0756-7.pdf>

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iv) **Customer Service**

Institutions have deployed solutions that monitor customer sentiments on various digital platforms including social media. The feedback is summarized into major thematic concerns for deeper analysis to understand and address customer needs and preferences. Institutions have also introduced Chatbots to streamline digital banking and improve customer onboarding and transactions on internet and mobile banking platforms.

v) **Anti-Money Laundering/Counter-Terrorism Financing/Counter Proliferation Financing (AML/CFT/CPF)**

Institutions use AI solutions to improve customer screening by using ML and Natural Language Processing (NLP) to analyze past decisions, and information from client files, watchlists and public data. As the models learn over time, they provide more accurate results for human analysts to use.

C. **Embedded Finance**

Embedded finance, a concept at the intersection of financial services and technology, has been rapidly gaining traction in recent years. This paradigm shift marks a significant evolution in how financial services are integrated into everyday experiences and transactions.

Embedded finance refers to the integration of financial services seamlessly into non-financial platforms, products, and services. Traditionally, financial transactions have occurred through standalone banking or payment applications. However, with embedded finance, financial services have become an inherent part of various digital ecosystems, such as e-commerce platforms, ride-sharing apps, or social media networks. This integration enables consumers to access financial products and services within the context of their daily activities without the need to switch between different applications or platforms.

Several technological advancements have fuelled the rise of embedded finance such as:

- i) **Application Programming Interfaces and Open Finance:** Application Programming Interfaces (APIs) play a crucial role in enabling interoperability between different systems and facilitating data exchange securely. Open Finance initiatives mandate financial institutions to share customer data securely through APIs, allowing third-party developers to build innovative financial solutions and integrate them into various platforms.
- ii) **Cloud Computing:** Cloud computing provides scalable and cost-effective infrastructure for hosting and developing financial services. It enables agile development and deployment of applications, allowing fintech companies to innovate rapidly and scale their offerings without significant upfront investments in hardware or infrastructure.
- iii) **AI/ML:** AI/ML technologies are transforming various aspects of finance, from customer service and risk assessment to fraud detection and personalized recommendations. In the context of embedded finance, AI-powered algorithms can analyse vast amounts of data generated from user interactions to offer tailored financial products and services in real time.
- iv) **Blockchain and Distributed Ledger Technology (DLT):** Blockchain and DLT offer decentralized and immutable ledgers for recording and verifying transactions. These technologies enhance security, transparency, and efficiency in financial transactions, making them well-suited for embedded finance applications such as cross-border payments, smart contracts, and decentralized finance (DeFi) platforms.

The rise of embedded finance presents several implications and opportunities for businesses, consumers, and the broader financial ecosystem:

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- i) **Enhanced User Experience:** By integrating financial services seamlessly into existing platforms, embedded finance enhances the user experience by reducing friction in transactions and providing personalized and contextualized offerings.
- ii) **Financial Inclusion:** Embedded finance has the potential to extend financial services to underserved populations by leveraging digital platforms and mobile technologies. By reaching users where they already are, embedded can overcome barriers to access and inclusion, enabling more people to participate in the formal financial system.
- iii) **New Revenue Streams:** For businesses, embedding financial services into their products or platforms opens new revenue streams and monetization opportunities. Whether through partnerships with fintech companies or by offering white-labelled financial products, businesses can generate additional income while providing added value to their customers.
- iv) **Regulatory Challenges:** The growing prevalence of embedded finance raises regulatory challenges related to data privacy, security, and consumer protection. Regulators will need to adapt existing frameworks to address the unique risks and challenges posed by embedded finance while fostering innovation and competition in the financial services industry.

Embedded finance represents a fundamental shift in how financial services are delivered and consumed, enabled by advancements in technology. As embedded finance continues to evolve, it holds the promise of revolutionizing the way we interact with money, driving financial inclusion, and unlocking new opportunities for businesses and consumers alike. However, realizing the full potential of embedded finance will require

collaboration between stakeholders, thoughtful regulation, and ongoing innovation in technology and business models.

D. Open Banking (Banking as a Platform)

Open banking is a practice where banks, other financial service providers and data holders share financial information such as account information and transactional history with authorized third parties⁴. This information is shared electronically and securely, and only under the condition that customers provide consent. Third parties receiving the information rely on Open Application Programming Interfaces (open APIs). These are secure APIs that an institution makes widely available for third parties to use, allowing them to seamlessly plug in, access the data and build applications and services around it⁵. Open banking initiatives vary by country, and the regulations governing them may differ as well. However, the underlying goal is to empower consumers by giving them more control over their financial data and fostering innovation in financial services.

Banking as a platform (BaaP) on the other hand entails transforming banks into ecosystems that offer not only financial services but also products and applications from third-party providers. Banks create digital infrastructures that allow external entities like fintech companies to add their services, thereby enhancing customer experiences⁶. In the BaaP model, banks act as platform providers, offering access to their banking infrastructure, such as account management, payment processing, and transaction capabilities, through APIs. Third-party developers can then use these APIs to create innovative applications and services that leverage the bank's capabilities.

4 <https://www.bis.org/bcbs/publ/d486.pdf>

5 <https://assets.kpmg.com/content/dam/kpmg/ca/pdf/2023/10/what-does-open-banking-mean-for-you-en.pdf>

6 <https://www2.deloitte.com/content/dam/Deloitte/cn/Documents/financial-services/deloitte-cn-fsi-importance-of-banking-as-a-service-en-211019.pdf>

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The concept of BaaP is closely related to the broader trend of open banking, which aims to promote collaboration and innovation in the financial industry by enabling greater access to financial data and services⁷.

E. Cybersecurity Trends and Threats in the Banking Sector

In recent years, the banking sector has witnessed a rapid evolution in cyber threats and attacks, posing significant challenges to the security and integrity of financial institutions worldwide.⁸ As technology continues to advance, cybercriminals are becoming increasingly sophisticated, leveraging a variety of techniques to exploit vulnerabilities and infiltrate banking systems. Key cybersecurity threats and trends are outlined below:

- **Ransomware Attacks:** Ransomware attacks have emerged as a prominent cybersecurity threat facing the banking sector. Cybercriminals deploy malicious software to encrypt sensitive data, demanding ransom payments for its release. These attacks not only disrupt banking operations but also undermine customer trust and financial stability. Recent ransomware incidents targeting banks highlight the need for robust cybersecurity measures, including regular data backups, network segmentation, and employee training on phishing awareness.⁹
- **Supply Chain Vulnerabilities:** The banking sector is increasingly interconnected with third-party vendors and service providers, exposing them to supply chain vulnerabilities. Cybercriminals target weak links in the supply chain to gain unauthorized access to banking systems or compromise sensitive

data. It is crucial for institutions to assess the security posture of their vendors, implement vendor risk management programs, and establish contractual obligations for cybersecurity compliance.¹⁰

- **Zero-Day Exploits and Advanced Persistent Threats (APTs):** Zero-day exploits refer to previously unknown vulnerabilities in software or hardware that cyber attackers exploit before a patch is available. APTs are sophisticated cyber-attacks orchestrated by highly skilled threat actors, often with the backing of nation-states or criminal organizations. Institutions must proactively monitor for zero-day vulnerabilities and APT activities, enhance threat intelligence capabilities, and deploy advanced security solutions such as endpoint detection and response (EDR) to detect and mitigate advanced threats.¹¹
- **Cloud Security Challenges:** The adoption of cloud computing services presents both opportunities and challenges for institutions. While cloud platforms offer scalability, agility, and cost-effectiveness, they also introduce new security risks related to data privacy, compliance, and shared responsibility. Institutions must implement robust cloud security controls, including encryption, access controls, and continuous monitoring, to safeguard sensitive data and applications in the cloud.
- **Social Engineering and Phishing Attacks:** Social engineering attacks, such as phishing and spear-phishing, remain prevalent in targeting institutions' employees and customers. Cybercriminals use social engineering techniques to manipulate individuals into disclosing confidential information or performing unauthorized transactions. Institutions should educate employees and customers about phishing threats, implement email security solutions,

7 <https://documents1.worldbank.org/curated/en/0993345005252239519/pdf/P16477008e2c670fe-0835a0e8692b499c2a.pdf>

8 Adams, J., & Watson, R. (2020). Cybersecurity Challenges in the Banking Sector: A Review of Recent Trends. *Journal of Financial Cybersecurity*, 4(2), 110-125.

9 Smith, A., & Jones, B. (2021). Ransomware Attacks on Banks: Assessing the Impact on Financial Institutions. *International Journal of Cybersecurity Research*, 8(1), 45-58.

10 Brown, C., & Davis, D. (2019). Supply Chain Security in the Banking Industry: Addressing Vulnerabilities and Managing Risks. *Journal of Banking Security*, 15(3), 201-215.

11 Garcia, M., & Martinez, S. (2022). Advanced Persistent Threats in Banking: Strategies for Detection and Mitigation. *Banking Technology Review*, 27(4), 78-91.

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and conduct regular security awareness training to mitigate the risk of social engineering attacks.

2.5 Mobile Phone Financial Services

The adoption and utilization of mobile phone financial services in Kenya experienced a growth rate of 1.67 percent in the year ended December 2023, mirroring the trend observed in the year ended December 2022. Nonetheless, mobile subscriptions slightly grew to 66.8 million from 65.7 million reported during the preceding period, representing a penetration rate of 131.9 percent.

Despite the subdued growth, the total value of mobile money transactions in the year ended December 2023 reached a record high of Ksh.788.35 billion. This surge was driven by several factors, including, the increasing demand for cashless transactions, and the

establishment of 8,555 new active mobile money agents. This suggests that entrepreneurs identified untapped opportunities in the market.

Summary of MFS Transactions Data

Amidst the increasing adoption of technology and the widespread use of mobile phones in daily life, coupled with a rising demand for convenient financial services, the total count of active mobile subscriptions has risen from 65.7 million in December 2022, to 66.8 million by December 2023. This growth represents an increase of 1.1 million new mobile subscribers. The number of active mobile money agents marginally increased by 2.68 percent from 318,607 to 327,162. Consequently, this resulted in a 13.8 percent increase in the value of transactions from Ksh.708.06 billion in December 2022, to Ksh.788.35 billion in December 2023. These figures are captured in **Table 7**, below.

Table 7: Mobile Transaction Data

Digital Financial Inclusion 2007 - 2023	2007	2008	2012	2017	2018	2019	2020	2021	2022	2023
Mobile Subscribers (millions)	11.3	16.2	30.7	42.8	49.5	54.5	61.40	65.1	65.7	66.8
Mobile Penetration (Percent)	30.5	43.6	78.0	94.3	106.2	114.8	129.1	133.6	133.1	131.9
Mobile Money Subscriptions (millions)	1.4	5.1	21.1	30.0	31.62	28.90	32.46	35.21	38.7	38.0
Number of Transactions (Monthly)	1.3	10.2	56.0	139.9	155.8	155.0	181.4	189.8	207.0	213.3
Value of Transactions (Monthly) (Ksh. Billion)	3.8	27.0	150.2	332.6	367.8	382.93	605.69	622.1	708.1	788.4
Avg. Value of Transactions (Daily) (Ksh. Million)	125.7	899.7	5,005.3	11,087.4	12,259.0	12,764.0	20,189.7	20,738.0	23,602.0	26,278.3
Active Mobile Money Agents (From 2018)	1,582	6,104	76,912	182,472	223,931	205,328	292,301	275,907	318,607	327,162

Source: Communication Authority Sector Statistics¹², CBK Mobile Money Payments Statistics¹³

12 <https://ca.go.ke/consumers/industry-research-statistics/statistics/>

13 <https://www.centralbank.go.ke/national-payments-systems/mobile-payments/>

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2.6 New Products

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

While processing such applications, CBK considers:

- Whether the proposed increase conforms with the Government's policy of establishing a market-oriented economy in Kenya; and
- The average underlying inflation rate prevailing over twelve months preceding the application.
- For new charges whether the proposed charges are justifiable and are comparable to the industrial average.

The financial services industry is being restructured by the ever-changing consumer needs, innovative financial products, technological advancement, and the use of multiple delivery channels.

To remain competitive in the new landscape, banks have continued to introduce new products, expand the existing ones, and add new delivery channels. Banks strive to enhance access to customers as well as differentiate their products and services by use of alternative delivery channels such as electronic-banking, mobile-banking, and recently cloud-based channels.

In the year 2023, Central Bank noted the introduction of 46 new products in the market and approved the related charges. Most of the products introduced were money remittance partnerships.

2.6.1 Technology and Employee Efficiency

In 2023, a bank employee was on average handling 2,495 deposit accounts whereas in 2022, an employee was handling 1,816 deposit accounts (**Table 8**). The increase in efficiency is explained by the increase in the number of deposit account holders as compared to the increase in the number of staff. There was mobilization of more deposit accounts by banks which explains the increase in the number of deposit accounts. Due to economic recovery and reopening of businesses in 2023, after dealing with the pandemic, the number of deposit accounts and staff increased due to increased recruitment in 2023.

Table 8: Growth of Deposit Account Holders Compared to Number of Staff

Year	No. of Deposit Account Holders	Number of Staff	Efficiency Score
2008	6,428,509	25,491	252
2009	8,481,137	26,132	325
2010	11,881,114	28,846	412
2011	14,250,503	30,056	474
2012	15,861,417	31,636	501
2013	21,880,556	34,059	642
2014	28,438,292	36,923	770
2015	35,194,496	36,212	972
2016	41,203,518	33,695	1,223
2017	47,714,527	30,903	1,544
2018	55,279,473	31,889	1,733
2019	62,652,613	32,025	1,956
2020	69,881,847	31,605	2,211
2021	66,315,699	32,440	2,044
2022	65,554,088	36,107	1,816
2023	94,643,325	37,933	2,495

Source: CBK

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2.7 Transition from London Interbank Offered Rate (LIBOR) to Alternative Reference Rates

The London Interbank Offered Rate (LIBOR), the benchmark interest rate at which major global banks lent to one another in the international interbank market for short-term loans ceased being published after June 30, 2023. This followed clarification and confirmation by the Financial Conduct Authority (FCA) on March 5, 2021, that all LIBOR settings would cease to be provided by any administrator immediately after June 30, 2023.

Accordingly, CBK issued a Guidance Note on December 9, 2021, through Banking Circular No. 6 of 2021, requiring commercial banks to apprise CBK, on their exposures to LIBOR, transitional arrangements, potential risks and possible mitigation measures.

As at December 31, 2023, the banks with loans, tier II capital instruments, exposure to other banks, deposits and off-balance commitments priced on LIBOR had been transitioned to various alternative reference rates (ARR) as highlighted below.

- facilities that referenced EUR were transitioned to EURIBOR (European Interbank Offer Rate).
- facilities that referenced GBP were transitioned to GBP SONIA (Sterling Overnight Index Average).
- facilities that referenced USD were transitioned to SOFR – (Secured Overnight Financing Rate).

However, ICE Benchmark Administration Limited (IBA) continued under the directive of FCA to publish the 1-, 3- and 6-Months USD LIBOR settings using an unrepresentative “synthetic”¹⁴ methodology. The FCA intended that these “synthetic” settings would cease after publication on September 30, 2024. As a result, eight banks had loan facilities valued at Ksh.11.1 billion

¹⁴ Synthetic LIBOR was a temporary and strictly limited successor to LIBOR for sterling (GBP) and US dollar (USD), after the cessation of the previous LIBOR panels at the end of 2021.

as at December 31, 2023, priced on synthetic LIBOR. These were mainly syndicated term loans involving several lenders and transitioning from LIBOR was being coordinated between the multiple lenders and the clients. It also included facilities for customers who had not signed-off legal documents for their preferred ARR.

2.8 Innovative MSME Products by Banks

a) Definition of Micro, Small and Medium-Sized Enterprises

Micro, Small and Medium-Sized Enterprises (MSMEs) are classified as those that have 1-99 employees. Specifically, Micro enterprises have less than 10 employees; small enterprises have 10-49 employees while medium sized enterprises have 50-99 employees.

b) Developments of Innovative Products in the Banking Sector

In 2023, the Kenyan Commercial Banking sector has increased its focus on creating innovative products and services tailored specifically for MSMEs. These innovations aim to address the unique challenges MSMEs face, such as limited access to credit, complex regulatory environments, and the need for efficient financial management tools. The products have assisted MSMEs in managing business volatility as well as providing funds for working capital, business expansion, business protection and yield enhancement.

c) Financial knowledge and Inclusion of MSMEs

A key consideration towards enabling a robust financial system, hinges on the back of having a financially enlightened consumer. Banks have invested considerably in financial literacy programs to empower MSMEs to run their businesses optimally. This is through provision of accessible and knowledgeable relationship managers to deliver expert advice on financial management, insurance, investments, and other financial solutions to MSMEs. Further, banks offer capacity building programs which are carefully designed to de-risk MSMEs to enhance their ability to access bank finance. The programs are deployed through face-to-

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face training and e-learning platforms. With this drive towards financial inclusion, MSMEs, majority which operate informally, can continue to play a key role in poverty reduction and shared prosperity. Additionally, the advent of technological advancement has given MSME consumers the power to choose fit-for-purpose financial products.

d) Innovative products for MSMEs in the Banking Sector

A review of the MSMEs products offered in the year 2023 in the banking sector reveals notable innovations which include the following: -

- **Digital Lending Platforms** - Digital lending platforms leverage technology to streamline the loan application and approval process for MSMEs. These platforms often use alternative data sources, such as transaction history and social media activity, to assess creditworthiness, making it easier for MSMEs to access funding. In addition, banks have developed dedicated portals and mobile apps for MSMEs, offering features like transaction tracking, financial reporting, and easy access to banking services. These platforms are designed to be user-friendly and cater to the specific needs of small businesses.
- **Customizable Business Loans** - Banks are offering customizable loan products that cater to the specific needs of MSMEs. These loans can be tailored in terms of repayment schedules, interest rates, and loan amounts, providing more flexibility for small businesses to manage their finances.
- **Green Financing Products** - Green financing products are designed to support MSMEs involved in sustainable and environmentally friendly projects. These products often come with preferential interest rates and longer repayment terms to encourage investment in green technologies and practices. The product has been instrumental in managing climate related risks.
- **Supply Chain Financing** - Supply chain financing solutions provide MSMEs with working capital by using their accounts receivable as collateral. This type of financing helps MSMEs maintain cash flow and manage their operations more efficiently. Banks collaborate with fintech companies to offer invoice financing, factoring, and reverse factoring solutions.
- **Integrated Payment Solutions** - Banks are offering integrated payment solutions that combine payment processing, invoicing, and accounting services. These solutions help MSMEs manage their cash flow better and streamline their financial operations. Examples include POS systems, mobile wallets, and online payment gateways.
- **Artificial Intelligence (AI) and Big Data Analytics** - Banks use AI and big data analytics to offer personalized banking solutions to MSMEs. By analyzing transaction data and other business metrics, banks can provide tailored financial products, predictive cash flow analysis, and risk management solutions.
- **Financial Literacy and Advisory Services** - Banks are increasingly providing financial literacy programs and advisory services to help MSMEs better understand and manage their finances. These services include workshops, one-on-one consultations, and online resources on topics like cash flow management, taxation, and business planning.
- **Crowdfunding and Peer-to-Peer Lending Platforms** - Banks are partnering with or creating their own crowdfunding and peer-to-peer lending platforms to offer MSMEs alternative funding sources. These platforms connect small businesses with individual investors looking to support entrepreneurial ventures.
- **Non-traditional Collateral Loans** - Some banks are accepting non-traditional forms of collateral, such as movable assets, inventory, and future receivables, to secure loans for MSMEs. This approach helps businesses that may not have significant fixed assets to obtain necessary financing.

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- **Trade and Export Services** - Banks offer specialized services to help MSMEs expand into international markets. These services include export financing, letters of credit, foreign exchange management, and trade advisory services, which help small businesses navigate the complexities of global trade.

By developing and offering these innovative products and services, banks can better support the growth and sustainability of MSMEs, ultimately contributing to broader economic development.

e) Measures and strategies the Government and CBK has put in place to improve access to banking services by MSMEs

The innovative products from banks complement the support received from the government and solve some of the key challenges facing MSMEs, including limited access to credit, financial literacy, and insurance. The following are some of the measures put in place by CBK and the Government to promote access to banking services by SMEs: -

- CBK initiated the Agency Banking Model which allows banks to appoint agents like hardware shops, bookshops, general shops, pharmacies, petrol stations and other SMEs as agents of banks to carry out specified banking business on behalf of banks. The SMEs earn commissions based on the transactions they handle on behalf of banks. Further, the model has also enabled Micro, Small and Medium Enterprise (MSMEs) in areas without physical banks to access banking services.
- CBK introduced the Credit Information Sharing (CIS) mechanism in Kenya. CIS enables licensed Credit Reference Bureaus (CRBs) gather both negative and positive credit information of a customer from banks and other approved sources of credit information. The CRBs generate credit reports on the individual or an entity which is available upon request by banks. This has eased access to credit by

SMEs as their credit information is used to assess their credit risk enabling them access credit facilities even without collateral.

- CBK has fostered the leveraging of mobile technology to build a reputable digital financial services (DFS) brand. From Person-to-Person Transfer platform in 2007, mobile payment in Kenya has evolved into a complex, dynamic and robust financial ecosystem comprising of:
 - **Services:** Transfers, payments, credit, savings, insurance, pension, Savings and Credit Cooperatives Societies (Saccos), utilities.
 - **Providers:** Financial Institutions, Payment Service Providers including Telcos.
 - **Infrastructure:** Integrated Payments and Banking Platforms, Aggregators and agent networks, cross-border operations.
 - **Users:** Individuals, Businesses, Merchants, Government, NGOs, Markets.

SMEs are significant players in the Digital Financial Services ecosystem.

- The Government, through the National Treasury has established the Credit Guarantee Scheme (CGS) to enhance access to credit by Micro, Small and Medium Enterprises (MSMEs). Through the CGS, the Government commits to pay Participating Financial Intermediaries (PFIs) a portion of the outstanding principal amount in the event of default on qualifying credit facilities advanced to MSMEs. The scheme is in the process of being transformed to a regulated entity.

2.9 Operations of Representative Offices of Authorized Foreign Financial Institutions

Representative offices in Kenya are established by foreign banks for purposes of marketing their products and services in the country. They act as a liaison between their parent institutions and their clients in Kenya. Representative Offices in Kenya are authorized and

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regulated by the Central Bank of Kenya under section 43 of the Banking Act (Cap 488) and CBK Prudential Guideline on *Authorization of Representative Offices in Kenya CBK/PG/17*.

Representative Offices are expressly prohibited from undertaking primary banking business¹⁵ as defined in the Banking Act. Representative Offices are permitted to undertake marketing or liaison roles on behalf of their parent and affiliated entities.

The main motivation for establishing Representative Offices in foreign jurisdictions is mainly to enable the parent bank to expand its business activities and increase its reach in foreign countries. Establishing representative offices in foreign countries allows commercial banks to establish a tangible presence, improve market insight, extend market reach, nurture relationships, ensure regulatory compliance, and stimulate the expansion of businesses in global markets.

This in turn helps the foreign banks tailor-make their products and services to meet the specific needs of clients in those countries. This ultimately contributes to increased business opportunities and revenue growth. Additionally, representative offices also act as sources of valuable information for their parent banks through the provision of insights on market trends, opportunities, and risks, which can help the bank to make informed decisions about its global strategy and operations.

In 2023, the Representative Offices facilitated business worth an estimated Ksh.413.3 billion (USD2.6 billion). The value of business activities facilitated in 2023, increased by 13.0 percent when compared to Ksh.365.6 billion (USD3.0 billion) facilitated in 2022. The increase was largely due to increased business activities facilitated through energy finance, term loans, borrowing base, working capital, bilateral receivable discounting, project financing, property financing, and correspondent banking. This is indicated in **Table 9** below.

Overall, all the Representative Offices operated in compliance with the applicable regulatory requirements during the year with no supervisory concerns arising.

Year	2023		2022	
	Ksh. Billions	USD ¹⁶ Billions	Ksh. Billions	USD Billions
Corporate Finance	-	-	15.1	0.1
Syndicated Finance	40.3	0.3	40.5	0.3
Correspondent Banking	51.9	0.3	48.4	0.4
Project Financing	21.7	0.1	9.2	0.1
Specialized Finance	11.1	0.1	9.4	0.1
Property Finance	62.7	0.4	38.1	0.3
Trade Finance	97.1	0.6	155.7	1.3
Others (energy finance, term loans, domestic borrowing, working capital and bilateral receivable discounting)	128.5	0.8	49.2	0.4
Total value of business facilitated	413.3	2.6	365.6	3.0

¹⁵ Banking business means accepting from members of the public; money on deposit repayable on demand or at the expiry of a fixed period or after notice; money on current account and payment on and acceptance of cheques; and the employing of money held on deposit or on current account, or any part of the money, by lending, investment or in any other manner for the account and at the risk of the person so employing the money.

¹⁶ Exchange rate: 1 USD = 156.4618 Ksh as at December 31, 2023

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2.10 2023 Surveys:

2.10.1 Residential Mortgage Market Survey 2023

CBK conducts an annual mortgage survey to monitor developments and challenges in the mortgage market for residential housing. A detailed questionnaire was distributed to all commercial banks to collect data for the year ending 2023. The information collected comprised:

- a) Size of mortgage portfolio.
- b) Mortgage loan characteristics.
- c) Constraints to mortgage market financing.
- d) Mortgage risk characteristics.
- e) Mortgage refinancing.
- f) Mortgage outlook for 2024.

Below are the highlights of the Residential Mortgage Survey as at December 31, 2023.

a) Size of Mortgage Portfolio

- The value of mortgage loans outstanding was Ksh.281.5 billion in December 2023, as compared to Ksh.261.8 billion in December 2022 (**Appendix XIII**). This represents an increase of Ksh.19.7 billion or 7.5 percent. The increase was due to new mortgage loans granted in 2023.
- 89.5 percent of lending to the mortgage market was by 9 institutions. That is 6 banks from the large peer group (76.4 percent) and two from the medium sized banks (13.1 percent) in December 2023, as compared to 83 percent of lending by 8 institutions in 2022, one medium sized bank (8 percent) and seven banks from the large peer group (75 percent).
- The outstanding value of non-performing mortgage loans increased from Ksh.37.8 billion in December 2022, to Ksh.40.8 billion in December 2023. The non-performing mortgage loans to gross mortgage loans ratio was 14.4 percent in December 2023 as was in December 2022. The industry gross NPLs to gross loans ratio was 15.6 percent in December 2023 and 13.8 percent in December 2022.

- There were 30,015 mortgage loans in the market in December 2023, up from 27,786 in December 2022. This was an increase of 2,229 mortgages or 8.0 percent. This was mainly due to new mortgage loans granted in the year.
- The average mortgage loan size remained at Ksh.9.4 million in both 2022 and 2023. This was mainly due to higher values of mortgage loans advanced in the year.

b) Mortgage Loan Characteristics

- The average interest rate charged on mortgages in 2023, was 14.3 percent and it ranged from 8.7 percent to 18.6 percent compared to an average of 12.3 percent with a range of 8.2 percent to 17.0 percent in 2022. The increase in average rates was consistent with the increase in interest rates in the year.
- About 88.4 percent of mortgage loans were on variable interest rates in 2023, as compared to 88.3 percent in 2022.
- Loan to value (maximum loan as a percentage of property value) was pegged below 90 percent of the property value by majority of banks in 2023 and 2022.
- The average loan maturity was 11.7 years with a minimum of 5 years and a maximum of 18 years in 2023, as compared to an average loan maturity of 10.9 years with a minimum of 5 years and a maximum of 20 years in 2022. This is an indication that banks increased the period of mortgage facilities in 2023.

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c) Obstacles to Mortgage Market Development

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

Table 10: Residential Mortgages Market Survey – December 2023

Mortgage Market Obstacles	Frequencies of Responses	
	December 2022	December 2023
Low level of income	31	30
High cost of property purchase	23	25
Limited access to affordable long-term finance	18	19
Difficulties with property registration/titling	16	16
High cost of land for construction	15	19
High Incidental costs (legal fee, valuation fee, stamp duty)	14	16
Credit risk	12	17
Lengthy charge process timelines	9	10
Stringent land laws	9	9
Limited consumer knowledge on mortgage products	3	5
Lengthy process of security realization by banks in case of default	3	7

Source: Commercial Banks and Mortgage Finance Companies

Based on the above ranking of mortgage market constraints, banks identified; low level of income, high cost of property purchase and limited access to affordable long-term finance as the major impediments to the growth of their mortgage portfolios.

d) Suggested measures to support the mortgage market

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

- Finalization of the digitalization of the land registry processes to support the mortgage documentation process.
- Availability of low-cost housing options.
- Provision of basic infrastructure services to developers by national and county governments.
- Streamlining and simplifying of the legal and regulatory process governing the mortgage sector, for transparency, efficiency and certainty.

- Increase the focus on implementation of affordable housing programs by the government.
- Availability of affordable long-term funds through initiatives such as the Kenya Mortgage Refinance Company (KMRC).

e) Mortgage Risk Characteristics

Institutions indicated the following as the main risk factors that are examined more closely before a mortgage loan to a household is approved: -

- Capability of the repayment by the prospective borrowers based on their incomes.
- For salaried individuals, the nature and duration in employment.
- Age of the borrower.
- Borrower's character based on the credit history and Credit scores.
- Source and sustainability of income for debt servicing.

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- Ratio of monthly loan instalment to disposable income.
- Ease of property disposal in the event of default.
- Encumbrances on collateral/security.
- Value, type, and location of property.

The main risk factors examined more closely by financial institutions before a mortgage loan to a business is approved include: -

- Ability to pay from the available cash flows generated by business operations.
- Type of the business and business risk associated.
- Business profitability.
- Current business turnovers.
- Past loan repayment records of the company directors.
- Future projections of business income.
- Duration in which the business has been in operation.
- Experience of the business proprietor in the respective field and the quality of management.
- Industry performance.

f) Mortgage Refinancing

The survey indicated that seven institutions had been advanced mortgage refinancing from the Kenya Mortgage Refinance Company (KMRC) in 2023, as compared to five institutions in 2022. Seven institutions had outstanding facilities amounting to Ksh.7.9 billion in 2023, as compared to five institutions with outstanding advances of Ksh.6.9 billion in December 2022.

g) Mortgage Outlook for 2024

The mortgage market is expected to remain stable. Government focus on affordable housing, availability of discounted long-term financing from institutions like KMRC and partnership of developers with financiers to provide affordable housing projects will increase the demand for mortgages.

2.10.2 Innovations Survey 2023

In February 2024, CBK conducted an Innovation Survey, which was aimed at collecting present and forward-looking information on Fintech developments in the Kenyan financial sector in the year ended December 31, 2023. The survey collected data on the state of innovation from 37 commercial banks, 1 mortgage finance institution, and 14 Microfinance Banks (MFBs). The survey was a follow-up to the 2018, 2019, 2020, 2021 and 2022 Innovation Surveys.

The 2023 Innovation Survey was undertaken against the backdrop of the resilience of the banking sector and enhanced technological growth in data science and analytics globally. Below is a summary of the survey results.

- **Business Strategies:** According to their business strategies, 79 percent of the institutions considered themselves as “better banks”, 9 percent as “distributed banks” and 8 percent as “new banks”.¹⁷ In the 2022 Innovation Survey, 60 percent

¹⁷ **Better Bank** – An institution seeks to become a ‘better bank’ by leveraging on enabling financial technologies (Fintech) to digitize and modernize its operations and business practices. Its market knowledge and Fintech investment will significantly improve its banking services and products offering.

New Bank – An institution seeks to become a ‘new bank’ by creating a ‘built for digital’ banking platform. The institution shall apply advanced Fintech to provide banking services, minimize operational costs, improve customer experience, and market their products through social media.

Distributed Bank – An institution seeks to become a ‘distributed bank’ through collaboration and partnership with Fintech start-ups. The institution seeks to compete for the ownership of the customer relationship by providing niche banking services. Such joint ventures will allow consumers to use multiple financial service providers, through a ‘plug and play’ digital interface.

Relegated Bank – An institution seeks to become a ‘relegated bank’ by allowing Fintech start-ups and third-parties to provide and manage direct customer relationships through ‘frontend’ digital platforms. The institution will be relegated to offering commoditized banking functions such as deposit-taking, lending, and risk management, to the digital platforms that own and manage the customer relationships.

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of the respondents considered themselves as “better banks”, 25 percent as “distributed banks” and 13 percent as “new banks”. Accordingly, the Kenyan banking institutions are increasingly evolving towards better banking in order to offer a wide array of services through leveraging fintechs to digitize and modernise operations and business practices. This will enhance product offerings to customers.

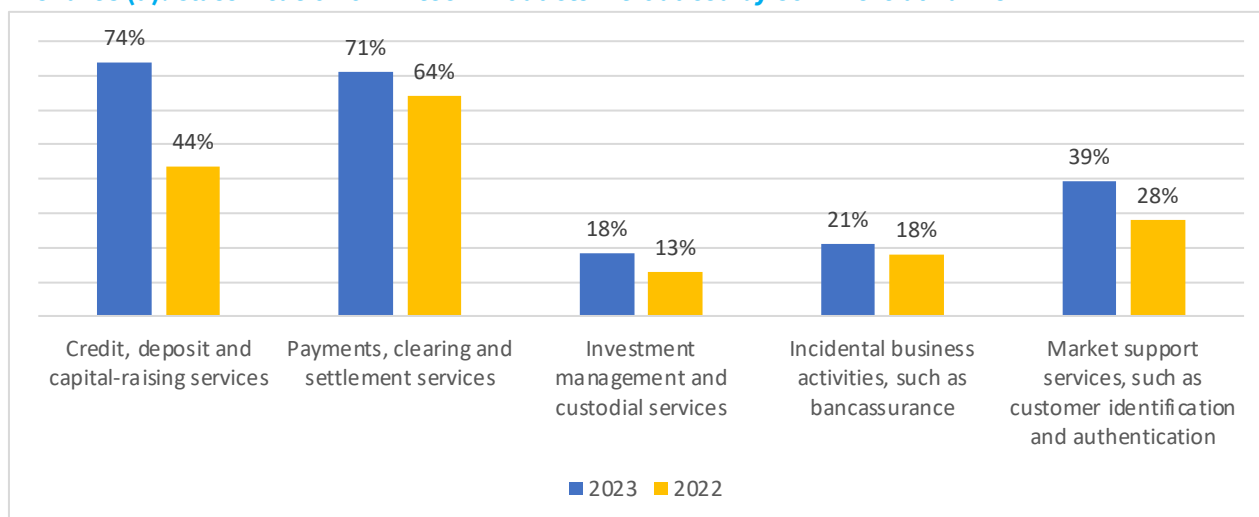
- Innovation Units:** The survey noted that 87 percent of the respondents had a dedicated function that spearheaded innovation activities compared to 77 percent in the 2022 Innovation Survey, signalling an increased emphasis on innovation. Most banks noted that the main role of the innovation function is to develop new products and solutions in a bid to transform the customer experience, create new markets and generate new revenue streams. On average, innovation function teams constitute 53 percent male and 47 percent female staff. 41 percent of the banks indicated that they had set up innovation hubs to promote innovation activities.
- Innovation Priorities:** The survey noted that 87 percent of the commercial banks considered payments, clearing and settlement services as the most important operations and service areas

to innovate in the short to medium term strategy compared to 50 percent of MFBs. Conversely, 79 percent of MFBs considered credit, deposit and capital-raising services as the most important operations and service areas to innovate in the short to medium term strategy compared to 74 percent of commercial banks.

Credit, deposit, and capital-raising services was the functional area where most commercial banks and MFBs introduced an innovative product in the period January 1 to December 31, 2023, with 74 percent of commercial banks and 64 percent of MFBs innovating in this area in 2023, compared with 44 percent of banks and 64 percent of MFBs in 2022, respectively. This was a shift from payments, clearing and settlement services that commercial banks introduced most innovative products in 2022, with 64 percent of banks innovating in this area in 2022.

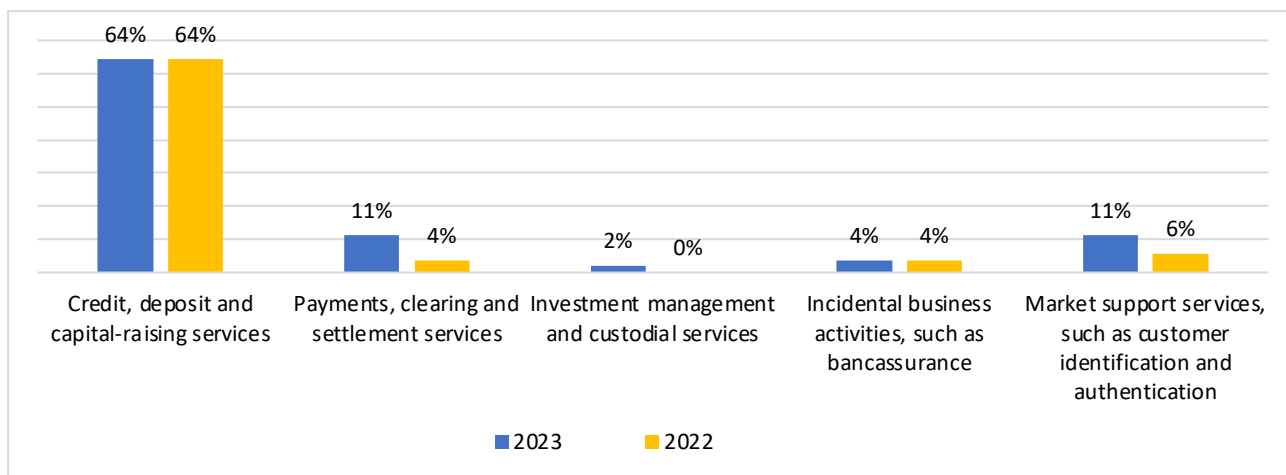
While 96 percent of the banks surveyed had adopted or developed a mobile banking solution (app or USSD) for banking and customer relationship services, 37 percent of the banks noted that credit business remained the least digitized area of their operations, similar to the findings of the 2021

Chart 5 (a): Classification of Fintech Products Introduced by Commercial Banks



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Chart 5 (b): Classification of Fintech Products Introduced by MFBs



and 2022 surveys. The charts below highlight the percentage of banks that developed new Fintech products within five functional areas of innovation.

- Technological Developments:** Application Programming Interfaces (APIs) have been adopted by most banks with a 79 percent adoption rate by commercial banks and microfinance banks collectively. This was followed by Cloud Computing, Biometrics Technology and Big Data and Data Analytics with an adoption rate of 50 percent, 46 percent, and 44 percent, respectively across all banks.
- Innovation Risks:** Given the increased innovation in the banking sector, and reliance on APIs, Big Data, Data Analytics, and cloud computing, cyber-risk turned out to be the key risk area for institutions in their innovation endeavors of the institutions surveyed, 97 percent of commercial banks and 71 percent of MFBs identified it as one of the top three innovation-related risks. Cyber risk was also the top risk identified in the 2018-2022 Innovation Surveys. A further analysis indicated that operational risk was identified as the second highest key risk area by 84 percent of commercial banks and 86 percent of MFBs, while 79 percent of MFBs and 82 percent of commercial banks considered third-party and

vendor management risk as one of the top three innovation-related risks. This correlates with most of the institutions that responded to using an outsourced or collaboration and partnership approach in the development of innovative products.

- Public Support, Policy and Regulation:** Banks indicated that the top three forms of public support based on the 2023 survey were: provision of infrastructure and services (68 percent), direct funding support (58 percent) and demand-side support (55 percent). The banks identified digital innovation, consumer protection, and cybersecurity and data privacy as the policy focus areas that regulatory agencies need to address. They highlighted the need to address advances in digital lending, blockchain, virtual assets, and digital-only banking, and market conduct issues.
- Climate Action and Sustainability:** Of the banks surveyed, 58 percent of commercial banks and 57 percent of microfinance banks indicated that they had innovated or are in the process of innovating a climate change related product. This was an increase from 43 percent and 43 percent, respectively, in 2022, indicating a steady focus on the emerging issue. Some of the climate change-related

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initiatives included incorporating climate risk financial analysis into loan facilities, establishing green financing frameworks to guide sustainable practices, and launching sustainability campaigns aimed at environmental conservation.

- **Afro-Asia Fintech Festival:** The institutions surveyed recommended that the following solutions would transform the banking sector, and should be incorporated in the next Afro-Asia Fintech Festival: -
 - Standardization of Digital Products.
 - Enhanced Security Measures.
 - Open Banking Initiatives.
 - Financial Inclusion and Literacy.
 - Cross-Border Payment Innovations.
 - Artificial Intelligence and Machine Learning Applications.
 - Sustainability and Climate Financing.
 - Regulatory Reforms.
 - Digital Identity Solutions.
 - Collaboration and Innovation Hubs.

Conclusion

The Innovation Survey 2023 Report indicated that commercial and microfinance banks were likely to ramp up their innovation efforts towards Artificial Intelligence (AI), Machine Learning (ML), Big Data and Data Analytics developments in

the next four years. These have been identified as increasingly important technological developments. Institutions envision great potential in AI and ML for business and are actively pursuing the integration of these technologies into their operational and strategic frameworks. AI is viewed as a fundamental element of business operations that is essential for securing a competitive edge. Additionally, the institutions are building the capacity of staff in AI proficiency, to accommodate the dynamic nature of technological developments.

2.11 Employment Trends in the Banking Sector

The banking sector staff levels increased by 1,826 (5.1 percent) from 36,107 in December 2022, to 37,933 in December 2023 (**Table 11**). Secretarial and other Staff, Management, and Supervisory staff cadres increased by 920, 513 and 400 respectively. Large peer-group banks had the largest increase in the total number of staff mainly due to increase in branches and other outlets.

Table 11: Employment in the Banking Sector

	2022	2023	Change	Percentage Change (%)
Management	10,956	11,469	513	4.7
Supervisory	8,257	8,657	400	4.8
Clerical	12,889	12,882	-7	-0.1
Secretarial and other Staff	4,005	4,925	920	23.0
Total	36,107	37,933	1,826	5.1
Source: CBK				

2.12 Future Outlook

The Central Bank of Kenya remains steadfast in its commitment to promoting financial stability, inclusivity, and integrity. Through the adoption of innovation and utilization of data-driven strategies, CBK strives to nurture a robust and inclusive financial sector, fostering sustainable economic growth for all participants in the financial sector.

CHAPTER 3

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BANK SUPERVISION ANNUAL 2023

MACROECONOMIC CONDITIONS AND BANKING SECTOR PERFORMANCE

MACROECONOMIC CONDITIONS AND BANKING SECTOR PERFORMANCE

3.1 Global Economic Conditions

The IMF World Economic Outlook (WEO) April 2024 update indicates that global economic growth is projected at 3.2 percent in 2024 and 3.2 percent in 2025. The 2024 projection is an upward revision of 0.1 percentage point relative to the January 2024 WEO. The positive revision is on account of greater than expected resilience in the United States and several emerging markets and developing economies. Growth in the advanced economies is projected to rise from 1.6 percent in 2023 to 1.7 percent in 2024 and further to 1.8 percent in 2025. In the emerging market and developing economies, growth is expected to moderate slightly to 4.2 percent in 2024 and 2025.

3.2 The Regional Economy

The sub-Saharan Africa (SSA) growth is projected at 3.8 percent in 2024 and 4.1 percent in 2025 from an estimated 3.3 percent in 2023. This is on account of improved weather conditions and easing of supply-related issues (**Table 12**).

Table 12: World Economic Outlook Projections

Country/Region	Estimate		Projections	
	2022	2023	2024	2025
World Output	3.5	3.2	3.2	3.2
Advanced Economies	2.6	1.6	1.7	1.8
United States	2.1	2.5	2.7	1.9
Euro Area	3.3	0.4	0.8	1.5
Germany	-7.0	5.2	1.2	1.4
France	-7.2	4.5	1.3	1.3
Italy	-9.1	4.8	0.5	0.8
Spain	-8.0	4.3	1.8	1.7
Japan	1.0	1.9	0.9	1.0
United Kingdom	4.1	-0.2	1.5	1.3
Emerging Market and Developing Economies	4.1	4.3	4.2	4.2
Emerging Market and Developing Asia	4.5	5.6	5.2	4.9
China	3.0	5.2	4.6	4.1
India	7.2	7.8	6.8	6.5
Emerging Market and Developing Europe	0.8	3.2	3.1	2.8
Russia	-2.1	3.6	3.2	1.8
Latin America and the Caribbean	4.1	2.3	2.0	2.5
Brazil	2.9	2.9	2.2	2.1
Sub-Saharan Africa	4.0	3.4	3.8	4.0
Nigeria	3.3	2.9	3.3	3.0
South Africa	1.9	0.6	0.9	1.2

Source: IMF, World Economic Outlook, April 2024 update

MACROECONOMIC CONDITIONS AND BANKING SECTOR PERFORMANCE

3.3 The Domestic Economy

The Kenyan economy recorded strong performance in 2023, driven by robust growth of the agriculture and service sectors. Real GDP grew by 5.6 percent compared to a revised growth of 4.9 percent in 2022. The agriculture sector recorded a strong rebound and grew by 6.5 percent compared to a contraction of 1.5 percent in 2022, attributed to favourable weather conditions and Government measures to improve access to quality and

affordable fertilizer. Service sectors maintained a strong growth momentum and grew by 7.0 percent in 2022 and 2023. This was reflected in robust performance of finance and insurance, transport and storage, real estate, information and communication, and accommodation and food services sectors. On the other hand, industrial activity was subdued. Growth of the sector decelerated to 1.9 percent from 3.9 percent in 2022, reflecting rising costs of production and the spillover effects of increased international oil prices (Table 13).

Table 13: Real Gross Domestic Product

	2022Q1	2022Q2	2022H1	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2022 Annual	2023 Annual
1. Agriculture	-1.7	-2.4	-1.5	-1.3	-0.9	6.4	7.8	5.1	6.2	-1.5	6.5
2. Non-Agriculture (o/w)	8.2	7.1	7.2	5.3	4.6	5.3	5.1	6.2	4.9	6.3	5.4
2.1 Industry	5.6	5.0	5.1	2.6	2.4	1.7	1.4	3.1	1.3	3.9	1.9
Mining & Quarrying	23.8	16.6	17.3	-4.5	1.6	-11.0	-8.3	0.8	-6.9	9.3	-6.5
Manufacturing	3.8	3.6	3.6	1.8	1.8	2.0	1.6	2.7	1.7	2.6	2.0
Electricity & water supply	3.2	5.6	4.5	6.0	4.9	3.8	2.8	3.3	1.3	5.5	2.8
Construction	6.0	4.5	5.2	3.5	2.4	3.0	2.7	4.0	2.2	4.1	3.0
2.2 Services	8.9	8.0	7.9	5.9	5.2	6.8	6.8	7.8	6.5	7.0	7.0
Wholesale & Retail Trade	4.9	4.1	4.1	3.6	2.7	2.9	2.1	3.1	2.8	3.5	2.7
Accommodation & food services	40.1	44.0	38.0	16.9	14.9	47.1	42.7	34.5	18.1	26.8	33.6
Transport & Storage	7.7	7.2	6.6	5.1	2.7	6.6	4.6	5.1	8.5	5.8	6.2
Information & Communication	9.0	11.2	9.1	11.8	8.0	9.5	7.6	8.8	11.0	9.0	9.3
Financial & Insurance	17.0	16.1	15.8	9.6	9.4	5.9	13.2	15.5	6.3	12.0	10.1
Public administration	6.2	3.8	5.3	3.4	4.7	7.6	3.2	4.6	3.4	5.1	4.6
Professional, Admin & Support Services	13.1	10.9	12.1	9.0	5.3	8.6	6.6	9.7	12.8	9.5	9.5
Real estate	6.0	5.0	4.5	4.0	2.9	7.3	8.1	7.7	6.2	4.5	7.3
Education	4.6	4.4	4.6	3.9	6.1	2.0	3.1	3.5	3.9	5.2	3.1
Health	5.7	4.4	3.9	3.7	4.3	5.1	4.7	5.0	4.8	3.4	4.9
Other services	8.9	4.3	7.0	5.7	4.0	4.6	2.4	6.4	2.9	6.5	4.1
FISIM	0.8	1.3	0.4	2.3	1.6	0.6	4.9	2.9	2.5	0.2	2.7
2.3 Taxes on products	9.5	6.1	6.9	7.3	5.3	3.0	1.8	1.9	2.0	6.7	2.2
Real GDP Growth	6.2	5.2	5.4	4.3	3.7	5.5	5.6	6.0	5.1	4.9	5.6

Source: Kenya National Bureau of Statistics and Central Bank of Kenya

3.4 Inflation

Overall inflation remained elevated in the first half of 2023 on account of supply side factors, reflecting developments in domestic and international food and energy prices. However, it reverted to medium term target band in the second half of 2023, declining to 6.9 percent from 8.5 percent in the first half of 2023.

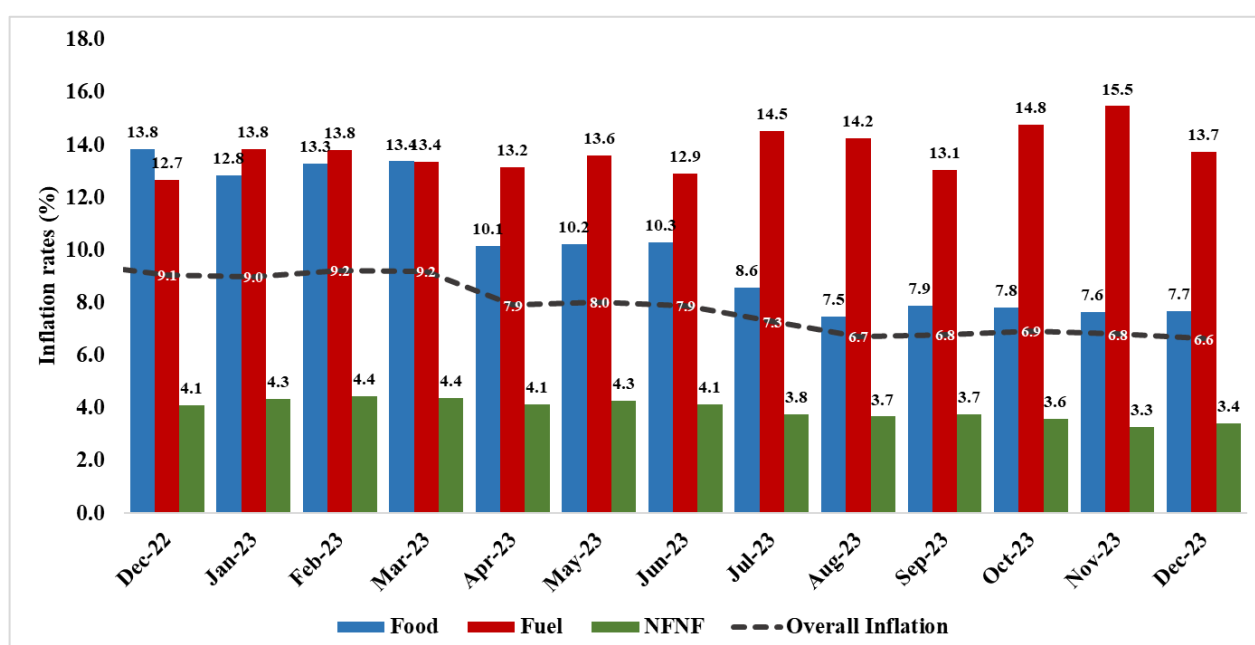
Food inflation remained elevated due to unfavourable weather conditions and sticky prices of key imported food commodities in the first half of 2023. It however, declined in the second half, reflecting easing food prices due to improved weather conditions and Government interventions to increase supply of key staple food. It declined to 7.8 percent in the second half from 11.7 percent in the first half of 2023.

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Fuel inflation remained elevated during the year in line with trends in international oil prices and exchange rate pass through to domestic prices, reflected in higher energy and transport costs. It increased to 13.7 percent in December 2023 from 12.7 percent in December 2022.

Non-Food-Non-Fuel (NFNF) inflation remained low and stable, reflecting muted demand pressures and the impact of monetary policy decisions. It declined gradually to 3.4 percent in December 2023 from 4.1 in December 2022.

Chart 6: Developments in Inflation



Source: Kenya National Bureau of Statistics and Central Bank of Kenya

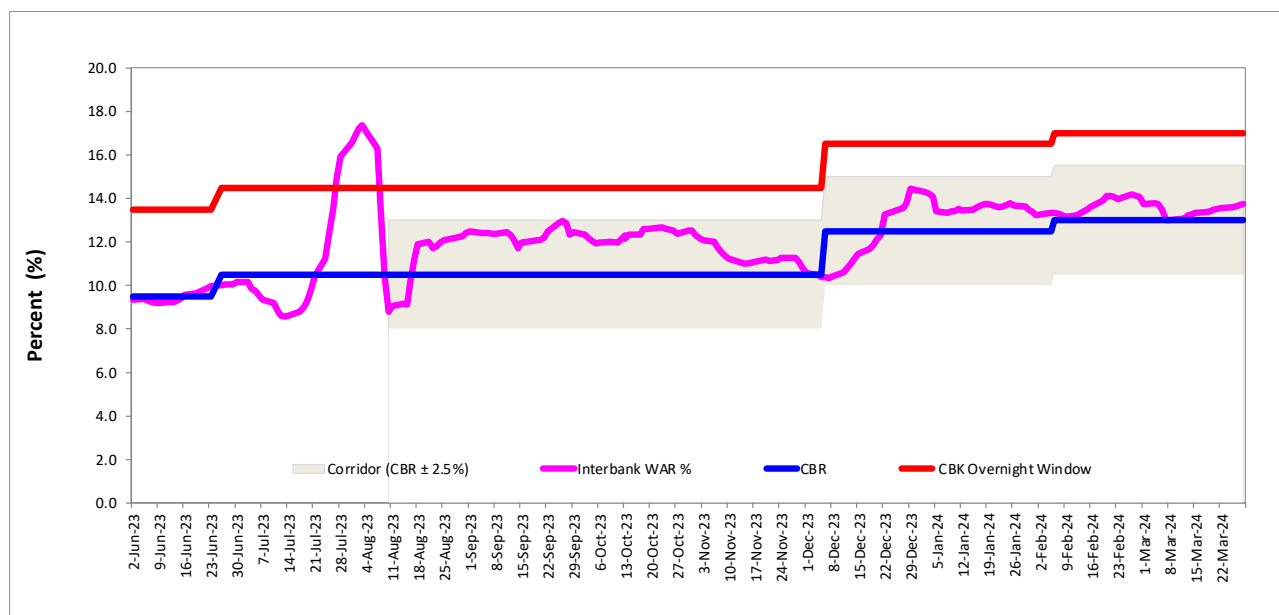
3.5 Modernization of Monetary Policy Implementation Framework

In line with the reforms outlined in the White Paper on Modernization of the Monetary Policy Framework and Operations, the Monetary Policy Committee (MPC) Meeting held on August 9, 2023, approved a new monetary policy implementation framework designed to enhance monetary policy transmission. The new

framework is based on inflation targeting and introduces an interest rate corridor around the Central Bank Rate (CBR) set at ± 250 basis points. Consequently, monetary policy operations are aimed at ensuring the interbank rate, as an operating target, closely tracks the CBR. Additionally, to improve access to the Discount Window, which serves as a backup source of liquidity for the banking system, the MPC reduced the applicable interest rate from 600 basis points above the CBR to 400 basis points above the CBR (**Chart 7**).

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Chart 7: Interbank rate, interest rate corridor (CBR \pm 2.5 %), and Overnight Discount Window Rate



3.6 Exchange Rates

The Kenya Shilling exchange rate weakened against major international currencies largely attributed to effects of a stronger U.S. Dollar and geopolitical tensions in the Middle East. It exchanged at an average of KSh.139.7 in 2023, against the US dollar, from an average of KSh. 117.9 in 2022 (**Table 14**).

Table 14: Exchange rate

	USD Dollar	Sterling Pound	EURO	SA RAND	USHS	TSHS	RWF	BIF
2017	103.4	133.1	116.7	7.8	34.9	21.6	8.1	16.7
2018	101.3	135.3	119.7	7.7	36.8	22.5	8.6	17.5
2019	102.0	130.1	114.2	7.1	36.3	22.6	8.9	18.0
2020	106.5	136.8	121.7	6.5	34.9	21.8	9.0	18.0
2021	109.6	150.9	129.8	7.4	32.7	21.1	9.2	18.0
2022	117.9	145.8	124.2	7.2	31.3	19.7	8.8	17.4
2023	139.7	174.2	151.3	7.6	26.8	17.4	8.2	18.3

3.7 Interest Rates

Interest rates increased in 2023, reflecting tightening of the monetary policy stance and liquidity conditions in the market. The Monetary Policy Committee (MPC) sustained the tight monetary stance to anchor inflation expectations. It cumulatively raised the Central Bank Rate (CBR) by 375 basis points in 2023 to 12.5 percent. The MPC raised the CBR from 8.50 percent to 9.50 percent in March 2023, and the most decisive actions being the 100 basis points and 200 basis points increases in the CBR in June and December 2023, respectively. While headline inflation in this period was largely driven by supply-side factors, MPC actions were aimed at addressing the pressures in the

MACROECONOMIC CONDITIONS AND BANKING SECTOR PERFORMANCE

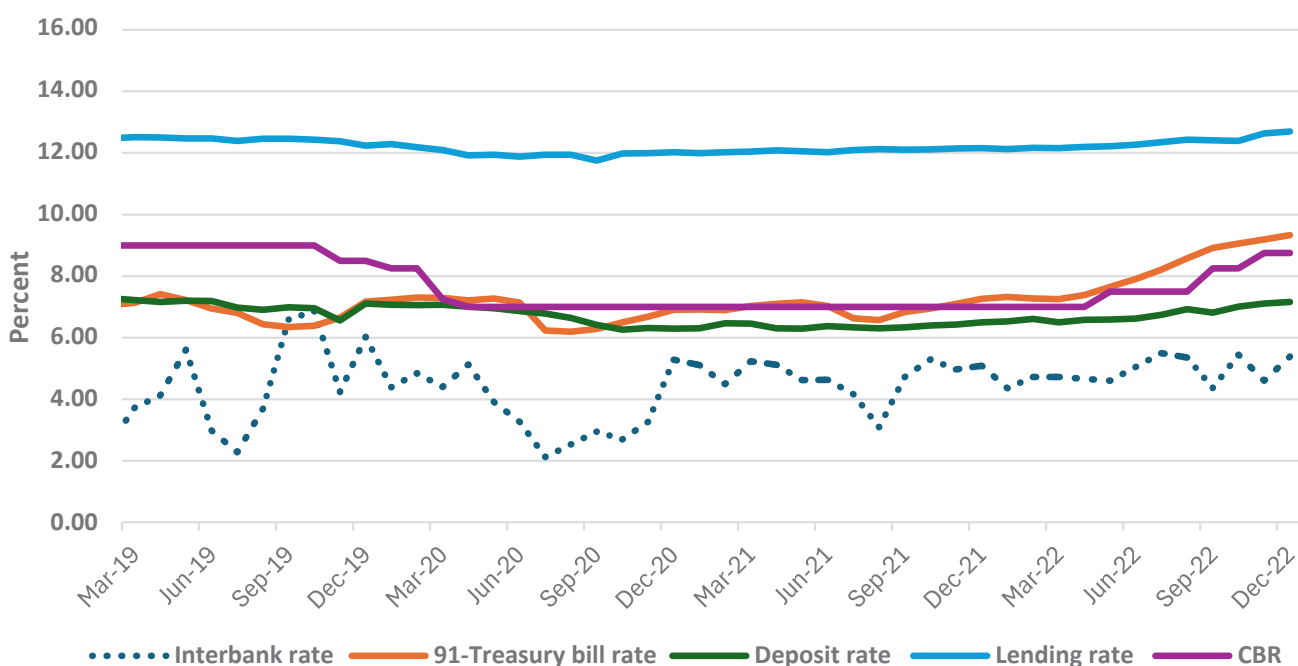
exchange rate, mitigating the second-round effects, and ensuring inflation expectations are well anchored, and inflation declines towards the 5.0 percent midpoint of the target range.

The weighted average interbank interest rate increased to 9.81 percent in 2023 from 4.90 percent in 2022. It however remained **within the interest rate corridor band of ± 2.5 percent around the CBR**. Similarly, the interest rates on Government securities increased during the period. The 91-days Treasury bill rate averaged 12.21

percent in 2023 compared to 8.17 percent in 2022, while the 182-days Treasury bill rate averaged 12.42 percent compared to 8.98 percent in 2022.

Commercial banks average lending rate increased to an annual weighted average of 13.59 percent in 2023 from 12.34 percent in 2022, reflecting the monetary policy stance. The deposit rate also increased to an annual average of 8.29 percent in 2023 from 6.77 percent in 2022. Consequently, the interest spread narrowed further, from 5.57 percent to 5.30 percent (**Chart 8**)

Chart 8: Interest Rates (percent)

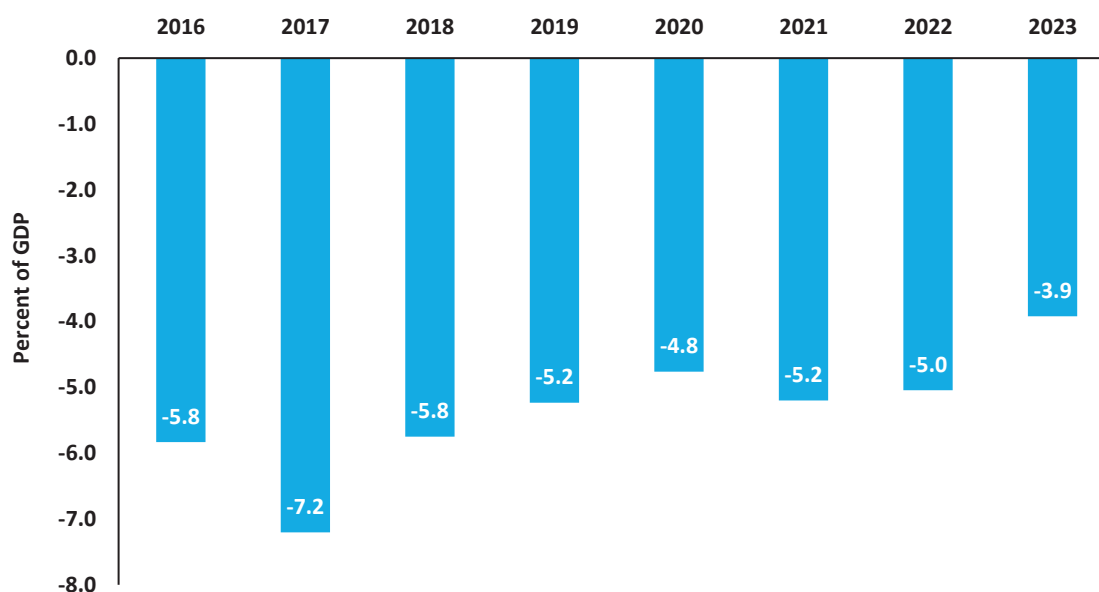


3.8 Balance of Payments

The current account deficit is estimated at 3.9 percent of GDP in 2023 from 5.0 percent of GDP in 2022, on account of lower imports of energy and non-energy goods as well as stable performance of remittances. Imports declined by 11 percent in 2023 compared with an increase of 7.3 percent in 2022, reflecting a decline in all major imports, except food and crude materials (**Chart 9**)

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Chart 9: Developments in Current Account



Source: CBK

3.9 Fiscal Developments

Total government revenues and grants amounted to Ksh.1,275.6 billion in the first half of the FY 2023/24. This represented a 14.9 percent increase, from Ksh.1,110.7 billion collected in a similar period in 2022/23 (**Table 15**). Tax revenues were below the set target. Total expenditure and net lending increased by 9.3 percent during the first half of FY 2023/24 to Ksh.1,464.3 billion from Ksh.1,340.3 billion for a similar period in FY 2022/23, largely on account of increases in recurrent expenditure. Total expenditure and net lending were also below target reflecting underperformance in both recurrent and development spending, as well as County transfers. Consequently, Government budgetary operations resulted in a lower deficit of Ksh.188.6 billion (1.2 percent of GDP) on a cash basis compared to a deficit of Ksh.229.6 billion (1.6 percent of GDP) incurred over the same period in FY 2022/23. The deficit remained below the target of 2.3 percent of GDP.

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Table 15: Fiscal Developments

Ksh Bn	FY 2022/23			FY 2023/24			Target	Over (+) / Below (-) Target	%
	Q1	Q2	Cumulative to Dec-2022	Q1	Q2	Cumulative to Dec- 2023			
1. TOTAL REVENUE & GRANTS	570.2	540.5	1,110.7	589.5	686.2	1,275.6	1,461.4	(185.8)	(12.7)
Ordinary Revenue	485.4	499.6	985.0	536.8	551.9	1,088.7	1,274.8	(186.2)	
Tax Revenue	464.7	487.1	951.8	514.1	536.3	1,050.4	1,227.4	(177.0)	
Non Tax Revenue	20.7	12.5	33.2	22.7	15.6	38.3	47.4	(9.1)	
Appropriations-in-Aid	84.2	37.2	121.4	49.3	132.2	181.5	177.7	3.8	
External Grants	0.6	3.7	4.3	3.4	2.0	5.5	8.9	(3.4)	
2. TOTAL EXPENSES & NET LENDING	759.5	580.8	1,340.3	644.0	820.3	1,464.3	1,825.2	(360.9)	(19.8)
Recurrent Expenses	573.3	431.1	1,004.4	517.0	613.2	1,130.2	1,305.2	(175.0)	
Development Expenses	115.9	78.9	194.8	65.9	125.7	191.6	314.9	(123.3)	
County Transfers	70.3	70.8	141.1	61.1	81.4	142.5	204.4	(62.0)	
Others	-	-	-	(0.0)	0.0	0.0	0.6	(0.6)	
3. DEFICIT (INCL. GRANTS) (1-2)	(189.3)	(40.3)	(229.6)	(54.6)	(134.1)	(188.6)	(363.7)	175.1	(48.1)
As percent of GDP	(1.3)	(0.3)	(1.6)	(0.3)	(0.8)	(1.2)	(2.3)	1.1	
4. ADJUSTMENT TO CASH BASIS	15.0	-	-	-	-	0.0	-	-	-
5. DEFICIT INCL. GRANTS ON A CASH BASIS	(174.3)	(40.3)	(229.6)	(54.6)	(134.1)	(188.6)	(363.7)	175.1	(48.1)
As percent of GDP	(1.2)	(0.3)	(1.6)	(0.3)	(0.8)	(1.2)	(2.3)	1.1	
6. DISCREPANCY: Expenditure (+) / Revenue (-)	(33.0)	118.3	(10.3)	11.0	(17.3)	(6.3)	-	(6.3)	-
7. FINANCING	141.4	78.0	219.3	65.6	116.8	182.4	363.7	(181.3)	(49.9)
Domestic (Net)	101.6	22.6	124.1	93.3	118.6	211.9	356.2	(144.2)	
External (Net)	39.8	55.4	95.2	(27.7)	(1.9)	(29.6)	7.5	(37.1)	
Other Dom. Financing (domestic loan receipts)	-	-	-	-	-	-	-	-	
Others	-	-	-	-	-	-	-	-	

GDP figures Provisional Dec 2023 BOT

Source: The National Treasury-Dec 2023 Provisional BOT

3.10 Performance of the Banking Sector

The banking sector recorded a strong performance in the year ended December 2023 against a backdrop of a challenging business and operating environment. The sector's profit before tax decreased by 8.8 percent to Ksh.219.2 billion in the year ended December 2023 from Ksh.240.4 billion in the year ended December 2022. The decrease in profitability was attributed to a higher increase in total expenses (Ksh.175.3 billion) compared to the increase in total income (Ksh.154.1 billion). The increase in total expenses was mainly attributed to higher increases in interest expense (41.3 percent), other expenses (22.8 percent), salaries and wages (19.8 percent) and bad debt charge (16.1 percent).

3.11 Commercial Banks Balance Sheet Analysis

The banking sector registered improved financial strength in 2023, with total net assets recording an increase of 16.7 percent from Ksh.6,589.8 billion in December 2022 to Ksh.7,690.7 billion in December 2023 (**Table 16**). This is attributable to increase in placements, other assets, balances at Central bank, investments and loans and advances. Placements increased by 112.3 percent, Other assets increased by 38.7 percent, balances at Central bank increased by 33.0 percent and loans and advances registered an increase of 13.5 percent.

Net loans and advances, government securities and other assets accounted for 49.4 percent, 24.5 percent, and 11.0 percent of the total net assets, respectively and remained the main components of the banks' balance sheet.

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Table 16: GLOBAL BALANCE SHEET ANALYSIS (Ksh.M)

	December 2022	December 2023	% of Total Assets/Total Liabilities (%)
Cash	88,443	95,760	1.2
Balances at Central bank	233,642	310,699	4.0
Placements	272,059	577,453	7.5
Government Securities	1,884,116	1,882,868	24.5
Investments	154,649	179,280	2.3
Loans and Advances (Net)	3,349,400	3,801,723	49.4
Other Assets	607,509	842,875	11.0
Total Assets	6,589,818	7,690,658	100.0
Liabilities and Shareholders' Funds			
Customer Deposits	4,998,658	5,595,754	72.8
Other Liabilities	673,576	1,113,991	14.4
Capital and Reserves	917,584	980,913	12.8
Total Liabilities and Shareholders' Funds	6,589,818	7,690,658	100.0

Source: CBK

Customer deposits, which are the main source of funding for the banks grew by 17.5 percent from Ksh.4,998.7 billion in December 2022 to Ksh.5,595.8 billion in December 2023. The growth was supported by mobilization of deposits through agency banking and mobile phone platforms.

In 2023, the banking sector capital and reserves increased by 6.9 percent from Ksh.917.6 billion in December 2022 to Ksh.980.9 billion in December 2023. The increase in capital and reserves is attributable to increase in retained earnings and share premium. Retained earnings increased by Ksh.81.2 billion from Ksh.545.9 billion in December 2022 to Ksh.627.2 billion in December 2023. Proposed Dividends increased by Ksh.3.4 billion from Ksh.47.4 billion in December 2022 to Ksh.50.8 billion in December 2023.

The increase in proposed dividend by Ksh.3.4 billion had minimal impact on capital and reserves as the retained earnings and share premium increased by a higher margin of Ksh.94.9 billion.

3.12 Sectoral Distribution of Gross loans, Loan Accounts and Gross Non-Performing loans

The largest proportion of the banking industry gross loans and advances were channeled to the Personal and Household, Trade, Manufacturing and Real Estate Sectors. In total, these four economic sectors accounted for 71.3 percent of gross loans in December 2023, as indicated in **Table 17**. Personal and Household, Trade and Agriculture sectors accounted for the highest number of loan accounts with a total of 98.8 percent. Trade, Manufacturing Real Estate, and Personal and Household sectors accounted for the highest value of non-performing loans by registering 73.0 percent. This was mainly due to delayed payments from public and private sectors, slow uptake of housing units and a challenging business environment.

The concentration of non-performing loans was mainly in Trade, Manufacturing, Real Estate, and Personal and Household sectors in December 2023. CBK will closely monitor the four economic sectors to ensure that commercial banks make adequate provisions for the loans in the four economic sectors to mitigate risk of default.

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Table 17: Sectoral Distribution of Loan Accounts, Gross Loans and NPLs-December 2023

	No. of Loan A/Cs	% of Total (%)	Gross Loans Ksh. Million	% of Total (%)	Gross NPLs Ksh. Million	% of Total (%)
Trade	500,683	3.9	762,218.5	18.2	137,024.7	21.0
Manufacturing	30,220	0.2	633,461.6	15.1	135,167.5	20.7
Real Estate	30,931	0.2	505,770.0	12.1	111,504.3	17.1
Personal and Household	12,146,217	94.0	1,082,241.2	25.9	92,034.0	14.1
Transport and Communication	48,658	0.4	362,341.9	8.7	44,482.2	6.8
Building and Construction	14,910	0.1	167,404.1	4.0	43,191.2	6.6
Agriculture	114,794	0.9	145,711.5	3.5	32,132.0	4.9
Energy and Water	4,287	0.0	156,130.7	3.7	18,703.6	2.9
Tourism, Restaurant and Hotels	8,355	0.1	123,139.4	2.9	18,300.6	2.8
Financial Services	15,565	0.1	197,068.5	4.7	10,797.5	1.7
Mining and Quarrying	3,821	0.0	47,959.1	1.1	8,475.9	1.3
Total	12,918,441	100.0	4,183,446.5	100.0	651,813.4	100.0

3.12.1 Risk Classification of Assets, Provisioning and Limitation on Interest Recoverable on Non-Performing Loans

The CBK's Prudential Guideline on Risk Classification of Assets, Provisioning and Limitation on Interest Recoverable on Non-Performing Loans (CBK/ PG/ 04), requires commercial banks to classify loans and advances extended to their customers based on performance. The performance criteria is based on repayment capability of the borrowers. The loans are classified as either normal, watch, substandard, doubtful or loss.

- **Normal:** Loans performing in accordance with the contractual terms and are up to date on repayments and are expected to continue in this condition.
- **Watch:** Loans which are generally past due by between 30 days and 90 days.

- **Substandard:** Loans which are generally past due for more than 90 days but less than 180 days.
- **Doubtful:** Loans which are generally past due for more than 180 days but less than 360 days.
- **Loss:** Loans which are generally past due for 360 days or more.

The loans and advances in the normal, watch, Substandard, Doubtful, Loss category increased by 13.3 percent, 11.0 percent, 58.5 percent, 9.0 percent and 60.3 percent respectively (**Table 18**). The normal category accounted for 72.5 percent of the total loans in 2023, compared to 73.8 percent in 2022 whereas, the watch category accounted for 12.0 percent of the total loans in 2023, compared to 12.1 percent in 2022. The substandard, doubtful and loss categories accounted for 3.3 percent, 7.8 percent, and 4.5 percent of the loan book in 2023, compared to 2.9 percent, 8.1 percent, and 3.2 percent in 2022.

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The increase in the non-performing loans were occasioned by deteriorating asset quality as a result of challenges in the business environment and delayed payments.

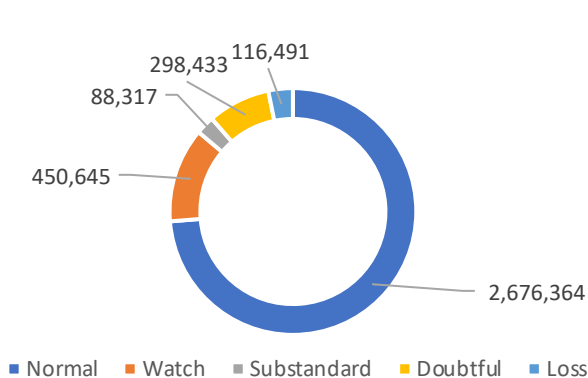
The amount of loans in all categories increased in 2023, with exception of substandard category as shown in **Table 18** and **Chart 10**.

	2022		2023		Change Ksh' Million	% Change
	Amount Ksh' Million	% of Total	Amount Ksh' Million	% of Total		
	A		B		C=B-A	D=C/A
Normal	2,676,364	73.7	3,031,333	72.5	354,969	13.3
Watch	450,645	12.4	500,007	12.0	49,362	11.0
Substandard	88,317	2.4	139,951	3.3	51,634	58.5
Doubtful	298,433	8.2	325,367	7.8	26,934	9.0
Loss	116,491	3.2	186,788	4.5	70,297	60.3
Total	3,630,251	100.0	4,183,446	100.0	553,195	15.2

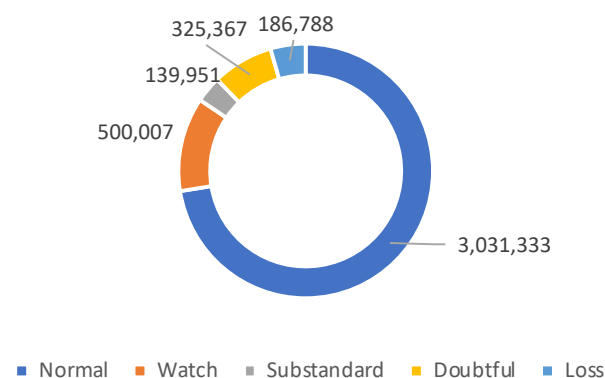
Source: CBK

Chart 10: Risk Classification of Loans and Advances

Risk Classification of Loans As at December 2022



Risk Classification of Loans As at December 2023



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3.13 Asset Quality

The stock of non-performing loans (NPLs) increased by 28.6 percent to Ksh.647.4 billion in December 2023 from Ksh.503.2 billion in December 2022. Asset quality, which is measured by the ratio of gross NPLs to gross loans deteriorated with gross NPLs to gross loans ratio increasing to 15.6 percent in December 2023 from 13.9 percent in December 2022 as shown in **Table 19** and **Appendix III**. This was mainly due to a higher increase in gross non-performing loans (28.6 percent) as compared to the increase in gross loans (15.2 percent). The deterioration in asset quality was mainly due to a challenging business environment.

	December 2022	December 2023	% Change (%)
Net Assets	6,589,818	7,690,658	17.6
Gross Loans and Advances	3,630,251	4,183,446	15.2
Total Loans	3,550,719	4,088,693	15.2
Net Loans	3,320,377	3,801,723	14.5
Gross Non-Performing Loans	503,242	651,814	29.5
Interest in Suspense	79,532	94,753	19.1
Total Non-Performing Loans	423,710	557,061	31.5
Total Provisions	230,342	286,970	24.6
Net Non- Performing Loans	193,368	270,091	39.7
Gross Loans/Net Assets (%)	55.5	54.4	-1.1
Gross NPLs/Gross Loans (%)	13.9	15.6	1.7
Net NPLs/Gross Loans (%)	5.3	6.5	1.2

Source: Banks and Mortgage Finance Companies Published Financial Statements

3.14 Capital Adequacy

The CBK Prudential Guideline on Capital Adequacy (CBK/PG/04) requires banks to adhere to the prescribed capital adequacy ratios. The current minimum regulatory capital adequacy ratios for Core Capital to Total Deposits, Core Capital and Total Capital to Total Risk Weighted Assets are 8.0 percent, 10.5 percent, and 14.5 percent respectively. Core Capital to Total Risk Weighted Assets ratio decreased slightly from 16.1 percent in December 2022 to 15.4 percent in December 2023. The Total Capital to Total Risk Weighted Assets ratio decreased from 19.0 percent in December 2022 to 18.6 percent in December 2023. The core capital to total deposits ratio also decreased slightly from 17.2 percent in December 2022 to 16.0 percent in December 2023. The Kenyan banking industry was therefore fully compliant with the capital adequacy ratios in 2023. **Table 20** presents the Kenyan banking sector capital adequacy trend from 2018 to 2023.

	2018	2019	2020	2021	2022	2023	Minimum Capital Adequacy Ratios (%)
Core Capital/TRWA (%)	16.6	16.6	16.6	16.6	16.0	15.4	10.5
Total Capital/TRWA (%)	19.5	18.8	19.0	19.5	18.9	18.6	14.5
Core Capital/Total Deposits (%)	17.9	17.9	17.1	16.9	17.1	16.0	8.0

Key: TRWA-Total Risk Weighted Assets

Source: CBK

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3.15 Liquidity

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

The average liquidity ratio as at December 2023, stood at 51.0 percent compared to 50.8 percent registered in December 2022. The slight increase in the liquidity ratio is mainly attributed to a higher growth in total liquid assets as compared to the growth in short-term liabilities. Total liquid assets grew by 24.3 percent while the short-term liabilities grew by 23.0 percent. The banking sector's average liquidity in 2023 was way above the statutory minimum requirement of 20 percent.

3.16 Profit and Loss

The banking sector registered a decrease in profitability in 2023 with profit before tax decreasing by 8.8 percent from Ksh.240.4 billion in December 2022 to Ksh.219.2 billion in December 2023 as shown in **Table 21**. The decrease in profitability was attributed to a higher increase in total expenses (Ksh.175.3 billion) compared to the increase in total income (Ksh.154.1 billion).

3.16.1 Income

Total income for the banking sector increased by 20.7 percent to Ksh.899.3 billion in December 2023 from Ksh.744.8 billion in December 2022 as shown in **Table 21**. The increase in income was largely attributed to increase in interest on placement (166.3 percent), interest on advances (29.7 percent), other fees and commission income (22.9 percent) and interest on government securities (11.5 percent) between December 2022 and December 2023.

Income	December 2022		December 2023	
	Ksh.M	% of Total Income/total expenses	Ksh.M	% of Total Income/total expenses
Interest on Advances	336,107	45.1	436,094	48.5
Fees and Commission for Loans and Advances	41,731	5.6	46,237	5.1
Other Fees and Commission Income	52,201	7.0	64,139	7.1
Interest on Government Securities	207,322	27.8	231,125	25.7
Interest on Placement	9,984	1.3	26,587	3.0
Other Income	97,460	13.1	95,144	10.6
Total Income	744,804	100.0	899,326	100.0
Expenses				
Interest Expenses	183,985	36.5	218,358	32.1
Bad Debts Charge	69,844	13.8	109,649	16.1
Salaries and Wages	117,582	23.3	134,453	19.8
Other Expenses	133,008	26.4	217,567	32.0
Total Expenses	504,419	100.0	680,027	100.0
Profit Before Tax	240,384		219,299	

Source: Banks and Mortgage Finance Companies Published Financial Statements

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3.16.2 Expenses

Banking sector total expenses increased by 34.8 percent from Ksh.504.4 billion in December 2022 to Ksh.679.7 billion in December 2023 (**Table 21**). The increase was largely attributed to increased interest expenses (Ksh.96.5 billion) and bad debt charge (Ksh.39.9 billion) in 2023. Interest expenses accounted for 41.3 percent of the total banking sector expenses in 2023. Interest expense as a ratio of income increased to 31.2 percent in 2023 from 24.7 percent in 2022. Other expenses including training, advertising, printing and management fees increased by 16.6 percent from Ksh.133.0 billion in December 2022 to Ksh.155.0 billion in December 2023. Salaries and wages increased by 14.3 percent to Ksh.134.5 billion in December 2023 from Ksh.117.6 billion in December 2022. Salaries and wages as a ratio of income decreased from 15.8 percent in 2022 to 15.0 percent in 2023 reflecting a lower increase in staffing costs compared to the increase in income.

3.17 Performance Rating

The Central Bank of Kenya uses the Capital Adequacy, Asset Quality, Management Quality, Earnings strength, and Liquidity position (CAMEL) rating system in assessing the soundness of the commercial banks. Commercial banks are ranked in a 5-scale rating as shown in **Table 22**.

The banking sector was on overall rated satisfactory in 2023 as was in 2022. The institutions rated strong, satisfactory, fair, marginal and unsatisfactory in December 2023 were 11, 15, 11, 1 and 1 respectively, as compared to 7, 21, 9, 1 and 1 in December 2022, respectively (**Table 22**). The number of institutions rated strong, and fair increased from 7 and 9 in December 2022 to 11 and 11 in December 2023, respectively. The number of institutions rated satisfactory decreased from 21 in December 2022 to 15 in December 2023. However, the market share for banks rated satisfactory increased to 55.3 percent in December 2023 from 43.7 percent in December 2022.

Performance Rating	2022			2023		
	No. of Institutions	Total Net Assets (Ksh 'Million)	Market Share (%)	No. of Institutions	Total Net Assets (Ksh 'Million)	Market Share (%)
Strong	7	1,878,101	24.3	11	2,802,675	36.4
Satisfactory	21	3,372,163	43.7	15	4,251,814	55.3
Fair	9	1,321,729	17.1	11	620,532	8.1
Marginal	1	18,269	0.2	1	15,481	0.2
Unsatisfactory	1	-445	-0.0	1	155	0.0
Total*	39	6,589,818	100.0	39	7,690,658	100.0
Overall Rating	Satisfactory			Satisfactory		

Source: CBK

3.18 Compliance with Supervisory and Regulatory Requirements.

Twelve commercial banks were in violation of the Banking Act and CBK Prudential Guidelines as at December 31, 2023, compared to thirteen commercial banks as at December 31, 2022. Most of the violations were with respect to breach of single obligor limit due to depreciation of the Kenya Shillings against the US Dollar and decline in core capital in some banks that have continued to report losses.

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The specific incidences of non-compliance noted as at December 31, 2023, were as follows:

i) Single Obligor Limit

Nine commercial banks were in violation of Section 10 (1) of the Banking Act due to breach of the single obligor limit of 25 percent of core capital.

ii) Insider Lending

- Three banks were in violation of Section 11(1) (f) of the Banking Act due to breach of the single insider borrower limit of 20 percent of the core capital.
- Two banks were in violation of Section 11(1) (g) of the Banking Act due to breach of the total insider borrower limit of 100 percent of the core capital.

iii) Prohibited Business

- Three commercial banks were in violation of Section 12 (c) of the Banking Act and CBK Prudential Guideline on Prohibited Business, CBK/PG/07, Clause 3.4.1 (c) for investing more than 20 percent of the core capital in land and buildings.
- Five commercial banks were in violation of CBK Prudential Guideline on Prohibited Business, CBK/PG/07, Clause 3.3, which restricts aggregate credit facilities to all large exposures to not more than 5 times of the institution's core capital.

iv) Capital Adequacy Requirements

- Two commercial banks were in violation of Section 7(1) of the Banking Act due to failure to maintain the minimum core capital required of Ksh.1 billion.
- Four commercial banks were in violation of Section 18 of the Banking Act and CBK Prudential Guideline on Capital Adequacy, CBK/PG/03, Clause 4.1.2 due to failure to meet the following minimum statutory requirements:

- Total capital to total risk weighted assets ratio of 14.5 percent.
- Core capital to total risk weighted assets ratio of 10.5 percent.
- Core capital to total deposit ratio of 8 percent.

v) Foreign Exchange Exposure

Three commercial banks were in violation of Central Bank of Kenya Prudential Guideline on Foreign Exchange Exposure (CBK/PG/06) that requires institutions to maintain foreign exchange exposure at not more than 10 percent of core capital.

vi) Liquidity Management

Three commercial banks were in violation of Section 19 (1) of the Banking Act due to failure to maintain the minimum statutory liquidity ratio of 20 percent.

vii) Corporate Governance

- One commercial bank was in violation of CBK Prudential Guideline on Corporate Governance, CBK/PG/02, which requires commercial banks to have at least five directors and at least three fifths should be non-executive directors.
- One bank was in violation of Section 13 (1) of the Banking Act and CBK/PG/07, Clause 3.5 which restricts ownership of an institution to any one person to a maximum of 25 percent.

Appropriate remedial actions were taken on the concerned institutions by the CBK in respect of the violations.

3.19 Performance of Microfinance Banks

Microfinance banks' performance declined in the year ended December 31, 2023. As shown in **Table 23**, the sector reported a combined loss before tax of Ksh.2.4 billion as at December 31, 2023, compared to a loss

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of Ksh.980 million as at December 31, 2022. Seven institutions reported profits, while the remaining seven institutions registered losses. The main contributors to the loss position are Kenya Women Microfinance Bank Limited, Faulu Microfinance Bank Limited, and Rafiki Microfinance Bank Limited which reported losses before tax of Ksh.938 million, 719 million, and Ksh.434 million, respectively.

The decline in the performance of the sector is attributed to an increase in expenses by 6 percent from Ksh.13.1 billion in 2022 to Ksh.13.9 billion in 2023 and a decline in revenue by 3 percent from Ksh.13.2 billion in 2022 to Ksh.12.8 billion in 2023. The key expense drivers were impairment losses on loans and staff costs that increased by 957 percent and 18 percent respectively

from Ksh.114 million and Ksh.3.7 billion in 2022 to Ksh.1.2 billion and Ksh.4.3 billion respectively in 2023 owing to loan write offs and an increase in staff costs.

On the other hand, fees and commissions from the loan portfolio and non-operating income recorded the most significant decline from Ksh.1.1 billion and Ksh.509.2 million in 2022 to Ksh.919.3 million and Ksh.19.8 million respectively in 2023. Fee income declined due to competition from commercial banks and digital lenders that resulted in a reduction in advances by 4.7 percent in 2023. In addition, non-operating income declined as one MFB disposed of its property holding thus reducing rental income. Consequently, the sector reported a reduction in return on equity by 24 percent to stand at negative 35 percent, while the return on assets declined by 3 percent to negative 4 percent.

Parameter	2022	2023	% Change (%)
Pre-tax Profits	(980)	(2,391)	(144)
Customer Deposits	46,491	43,863	(6)
Loan Portfolio (Net)	39,334	37,467	(5)
Core Capital/Total Risk Weighted Assets (%)	13	10	(3)
Total Capital/Total Risk Weighted Assets (%)	16	12	(4)
Return on Assets (%)	(1)	(4)	(3)
Return on Shareholders' Funds (%)	(11)	(35)	(24)
Number of Branches	113	115	

Source: CBK

The ratios of core and total capital to total risk weighted assets declined by 3 percent and 4 percent to 10 percent and 12 percent, respectively due to the loss of Ksh.2.4 billion incurred by the sector in 2023. While the sectors' capital ratios were marginally within the minimum requirement of 10 percent and 12 percent respectively, 3 institutions were non-compliant, as shown in **Appendix XII**.

The sector's liquidity stood at 63 percent as at December 31, 2023. One institution was non-compliant with the statutory minimum liquidity ratio of 20 percent.

The microfinance sector's branch network increased by 2 in the year under review bringing the total number of branches to 115. LOLC MFB, Salaam MFB and Caritas MFB opened one branch each in the period while Branch MFB closed one branch. The number of marketing offices reduced to 50 in 2023 from 57 in 2022 as the sector opened 10 marketing offices and closed 3 marketing offices. Further, the agency network declined to 677 in 2023 from 921 in 2022 as the

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sector engaged 35 new specific third-party agents and closed 263 agents.

3.20 Agency Banking

The delivery of financial services through the agent banking model continued to increase in 2023. During the year, 16 commercial banks and 5 microfinance banks (MFBs) contracted 87,531 and 677 bank agents, respectively. As at December 2022, commercial banks recorded 82,780 bank agents, while MFBs agents were 921. The change was an increase of 4,409 commercial bank agents (5.6 percent) and a decrease of 277 MFB agents (25.1 percent).

Over 90 percent of the approved bank agents were concentrated in 3 banks with the largest physical branch presence namely, Equity Bank with 40,211 agents, KCB Bank Kenya Limited with 24,055 agents and Cooperative Bank of Kenya Limited with 15,519 agents. On the other hand, for the MFBs, over 90 percent of the agents were contracted by the two largest MFBs – Kenya Women Microfinance Bank Limited (127 agents) and Faulu Microfinance Bank Limited (409 agents).

(a) Number of Transactions

The number of banking transactions undertaken through bank agents decreased by 8.3 percent from approximately 158.4 million transactions recorded in 2022, to 145.3 million transactions in December 2023. A brief summary is provided in **Table 24 (a)** below:

Type of Transactions	Number of Transactions			
	2022	2023	Change	Cumulative (2010-2023)
Cash Deposits	74,460,575	69,429,982	-6.8	664,906,655
Cash Withdrawals	43,731,268	39,172,763	-10.4	417,311,199
Payment of Bills	4,612,173	3,439,493	-25.4	22,278,506
Payment of Retirement and Social Benefits	965,865	2,087,191	116.1	15,089,779
Transfer of Funds	14,238	11,416	-19.8	251,428
Account balance enquiries	33,960,191	30,742,994	-9.5	234,315,821
Mini statement requests	551,522	356,446	-35.4	4,911,868
Collection of loan applications forms	3	-	0.0	62,746
Collection of account opening application forms	15,037	25,916	72.3	1,839,712
Collection of debit and credit card application forms		-	0.0	119,876
Collection of debit and credit cards		-	0.0	60,580
Others	121,143	81,199	-33.0	960,427
Total	158,432,015	145,347,400	-8.3	1,362,108,598
Number of Agents	82,780	87,531	5.7	

Source: CBK

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The decrease in total transactions was mainly as a result of decreases in transactions relating to cash deposits, cash withdrawals, and payment of bills. The decrease was attributed to increased use of mobile money and internet banking.

Type of Transactions	2022	2023	Change	Cumulative (2010 to 2023)
Cash Deposits	1,493,754	1,350,453	-9.6	8,863,978
Cash Withdrawals	295,402	261,811	-11.4	2,438,008
Payment of Bills	32,082	26,647	-16.9	164,670
Payment of Retirement and Social Benefits	7,945	11,292	42.1	87,305
Transfer of Funds	804	690	-14.2	5,595
Total	1,829,987	1,650,892	-9.8	11,559,556

Source: CBK

In 2023, the value of banking transactions undertaken through agents decreased from Ksh.1.8 trillion (USD 15.2 billion) in December 2022 to Ksh.1.7 trillion (USD 10.5 billion) in December 2023, **Table 24 (b)** above. The decrease was attributed to increased use of mobile money and internet banking.

3.21 Credit Reference Bureaus

Credit reports requests declined by 3 percent from 37.5 million requests in 2022 to 36.4 million requests in 2023. The decline in credit reports requests was attributable to low business activity and lower demand for credit.

The unfavourable business and economic environment was influenced by factors including high cost of doing business, rising interest rates and the depreciation of the shilling. Other factors included adverse effects of climate change and geo-political tensions.

The number of third-party data sources stood at 2,138 in the year 2023 having increased from 2,091 in the previous year. The distribution of the third-party data sources in 2023 is shown in **Table 25(a)**

Table 25(a): Distribution of Third-Party Data Sources in 2023

Type of Data Source	Number of Data Sources
Non-deposit taking Saccos	1,375
Trade companies	682
Insurance providers	55
Development finance institutions	10
Self-Help Groups	8
Community-Based Organizations	1
Parastatals	6
Learning institutions	1
Total	2,138

Source: CBK

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The third-party data sources serve to complement information provided by mandatory CRB subscribers including commercial banks, microfinance banks, deposit-taking SACCOs and digital credit providers.

The number of credit reports requested by banks decreased by 3 percent from 37.5 million in 2022 to 36.4 million in 2023. Similarly, the requests for credit reports by individual customers decreased by 14 percent from 951,740 in 2022 to 822,747 in 2023 as indicated in **Table 25b**. The decrease in credit reports requests in 2023 can be attributed to the low business activity coupled with lower demand for credit.

Table 25b: Number of credit reports requested since August 2015

Period	Banks*	Change	Individual Customers	Change
August - December 2015	3,088,523	-	43,440	-
January - December 2016	4,943,173	60	84,412	94
January - December 2017	4,404,654	-11	131,587	56
January - December 2018	12,404,219	182	149,558	14
January - December 2019	26,822,614	116	661,891	343
January - December 2020	30,220,808	13	889,849	34
January - December 2021	38,665,162	28	1,152,368	30
January - December 2022	37,525,912	-3	951,740	-17
January - December 2023	36,356,016	-3	822,747	-14
Total	194,431,081		4,887,592	

Source: CBK

*Commercial and Microfinance banks

Table 25(c) and **Chart 11** below show monthly credit reports requests by commercial banks in 2023. The requests for credit reports declined by 27 percent from 10.2 million in quarter one to 7.3 million in quarter two. However, the requests rose again from quarter three through to quarter four. Quarter one registered the highest requests of 10.2 million where the month of March led with 4.1 million requests.

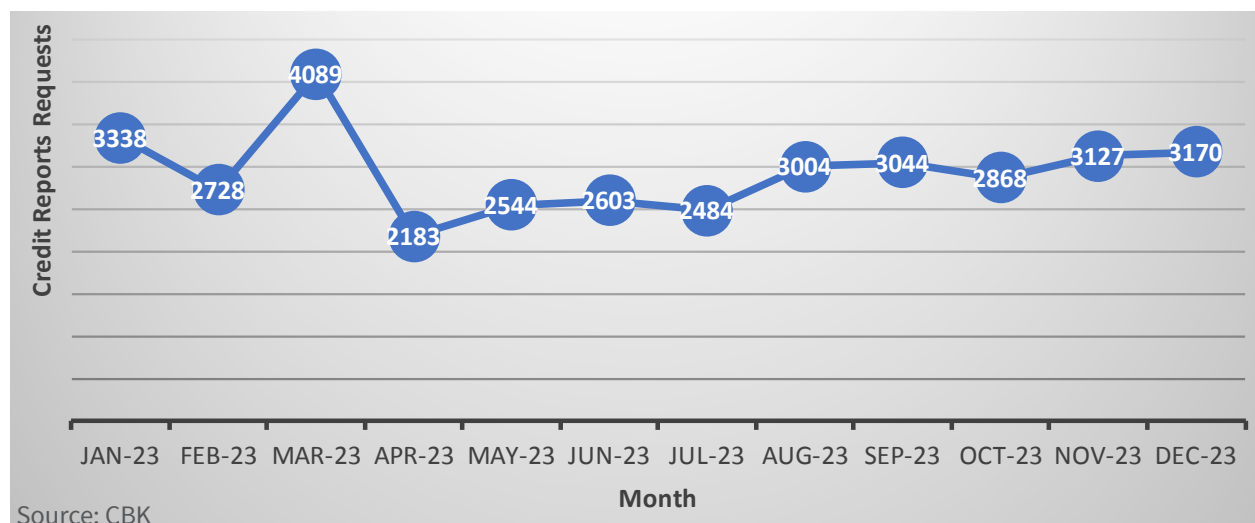
Table 25c: Credit reports requests by banks in 2023

Month	Number of Credit Reports Requested
January	3,337,848
February	2,727,621
March	4,088,843
April	2,183,158
May	2,543,786
June	2,603,197
July	2,484,006
August	3,003,645
September	3,044,202
October	2,868,162
November	3,126,814
December	3,170,178

Source: CBK

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Chart 11: Monthly credit report requests by banks in 2023



3.22 Money Remittance Providers

Money Remittance Providers (MRPs) are licensed and supervised under the Money Remittance Regulations, 2013. As at December 31, 2023, there were a total of twenty three (23) licensed MRPs, an increase from nineteen (19) as at December 31, 2022. The increase is attributed to licensing of four (4) new MRPs. The MRPs operated a total of sixty (60) outlets, out of which fifty-one (51) are located in Nairobi, five (5) in Mombasa and four (4) in Garissa. The MRPs have engaged fifty-two (52) agents that are distributed across the country as shown in **Table 26**. Fifty-six (56) percent of the agents that provide the remittance service on behalf of the MRPs are licensed bureaus.

Table 26: Distribution of outlets and agents of MRPs

No.	City/Town	No. of Outlets		No. of Agents	
		December 2022	December 2023	December 2022	December 2023
1	Nairobi	42	51	28	22
2	Mombasa	4	5	3	3
3	Dadaab	-	-	4	2
4	Nakuru	-	-	3	1
5	Eldoret	-	-	2	2
6	Elwak	-	-	0	2
7	Garissa	4	4	2	2
8	Kitale	-	-	1	1
9	Kajiado	-	-	1	1
10	Kakuma	-	-	1	1
11	Lodwar	-	-	-	1
12	Moyale	-	-	2	2
13	Mandera	-	-	2	2
14	Wajir	-	-	1	2

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No.	City/Town	No. of Outlets		No. of Agents	
		December 2022	December 2023	December 2022	December 2023
15	Isiolo	-	-	2	2
16	Malindi	-	-	1	2
17	Namanga	-	-	2	1
18	Kisumu	-	-	1	1
19	Malaba	-	-	1	1
20	Busia	-	-	1	1
21	Fafi	-	-	1	0
	Total	50	60	59	52

Source: CBK

The number of outlets increased from fifty (50) to sixty (60) in December 2022 to December 2023, while the agents reduced from fifty-nine (59) to fifty-two (52). Nine (9) new outlets were opened in Nairobi and one (1) in Mombasa to cater for the increased business in the city centre and its environs.

Remittance inflows continue to be a stable source of foreign exchange to the country's economy and amounted to Ksh.363 billion in 2023 while outflows amounted to Ksh.87 billion, as shown in **Table 27**.

Table 27: Total inflows and outflows, 2022 and 2023 (Ksh.“000”)

Month	2022		2023	
	Inflows	Outflows	Inflows	Outflows
January	26,761,180	4,364,381	28,167,756	6,617,024
February	27,363,609	4,148,146	21,840,572	5,826,600
March	10,465,608	5,628,631	27,995,587	8,325,731
April	26,437,838	5,519,258	24,280,673	6,325,813
May	24,913,778	4,761,330	30,585,798	6,761,684
June	28,957,622	5,385,439	29,003,823	7,242,839
July	30,675,706	5,419,219	37,855,196	6,868,764
August	23,560,962	9,203,765	31,799,091	7,940,093
September	27,193,384	6,256,145	31,579,144	7,524,655
October	22,025,909	5,777,508	33,272,860	7,478,715
November	25,699,801	6,667,660	28,688,169	7,882,635
December	26,935,358	6,827,432	36,894,151	8,205,444
Total	301,073,790	69,958,914	362,910,096	86,999,997

Source: CBK

Inflows increased from Ksh.301 billion to Ksh.363 billion in the year 2023. The largest source of diaspora remittances was from North America (United States of America and Canada) and Europe. Total outflows increased from Ksh.70 billion to Ksh.87 billion mainly attributed to increased remittances within East African region. Digital channels are efficient

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and have enabled prompt transfers to recipient's bank accounts and mobile wallets.

3.23 Mortgage Refinance Companies

A mortgage refinance company (MRC) is established with the principal objective of provision of long-term finance to primary mortgage lenders (commercial banks, mortgage finance companies, microfinance banks and Savings and Credit Co-operatives) to increase the availability and affordability of mortgage loans to the public.

As part of its long-term development agenda, the Kenya Government identified the provision of Affordable Housing as one of its main development priorities alongside manufacturing, Universal Health Care and food security. The Government seeks to realize the housing goal through, among other strategies, addressing challenges in the domestic mortgage market. It was in this regard, that the National Treasury initiated amendments to the Central Bank of Kenya (CBK) Act, through the Finance Act, 2018. The CBK Act was amended to provide for licensing and regulation of the mortgage refinance business in Kenya. To effect the amendment, CBK formulated the CBK (Mortgage Refinance Companies) Regulations, 2019, which were published as Legal Notice No. 134 of 2019, in the Kenya Gazette in August 2019.

Subsequently, CBK licensed the first MRC namely, the Kenya Mortgage Refinance Company (KMRC) on September 18, 2020. KMRC is a non-deposit taking financial institution whose mandate is to provide long-term funds to Primary Mortgage Lenders (PMLs) to increase the availability of affordable home loans to Kenyans. KMRC provides concessional, fixed, long-term finance to the PMLs, who then transfer the same benefits to their customers. This contributes towards making affordable home loans more accessible to especially, the moderate to low-income earners in the country.

Shareholders: KMRC currently has 23 shareholders - The National Treasury (25.0 percent), 2 Development Finance Institutions (DFIs) (23.0 percent), 8 commercial banks, one microfinance bank (44.0 percent), and 11 SACCOs (7.5 percent).

Objective: KMRC's principal objective is to provide cheaper long-term finance to primary mortgage lenders (commercial banks, mortgage finance companies, microfinance banks and Savings and Credit Co-operatives) to increase the availability and affordability of mortgages to the public.

Regulation: KMRC is regulated by CBK as non-deposit taking financial institution, with the Capital Markets Authority (CMA) providing oversight over its bond issuance operations.

Funding of KMRC: KMRC is funded through a combination of **equity** from shareholders and **debt** from the World Bank and the African Development Bank (AfDB).

In 2023, the **significant developments** in respect to KMRC include:-

- KMRC's total interest income in the year 2023, increased by Ksh.1,099.9 million to Ksh.2,400.7 million from Ksh.1,300.8 million reported in the year 2022. This was attributed to interest income on loans and advances issued to PMLs and interest income from investments in financial assets during the year.
- Profit before tax in the year 2023, increased by Ksh.646.0 million to Ksh.1,075.5 million from Ksh.429.5 million in the year 2022. The increase in profitability was attributed to an increase in KMRC's refinancing business to PMLs and investment income from financial assets.
- KMRC continues to push for the availability and affordability of home loans to Kenyans by providing low interest, fixed rate, and long-term financing to participating banks and Saccos. The PMLs then pass

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this benefit to their clients through the provision of fixed-rate home loans at single-digit interest rates. As of the end of December 2023, KMRC had cumulatively processed loan applications from 12 PMLs and disbursed loans amounting to Ksh.9.6 billion compared to loan disbursement of Ksh.6.8 billion in 2022.

- Additionally, KMRC's investment in financial assets in 2023, amounted to Ksh.5.3 billion compared to Ksh.5.2 billion in 2022.
- KMRC registered a 21.4 percent growth in total assets in the year 2023. The total assets as at December 2023, stood at Ksh.26.0 billion, in comparison to Ksh.21.4 billion reported in the year ended 2022.

3.24 Digital Credit Providers

Following the enactment of the CBK Act 2021, and the gazettelement of the CBK (Digital Credit Providers)

Regulations, 2022 (Regulations) in March 2022, CBK had received over 500 applications for licences to conduct digital credit business as at the end of 2023. The Act and Regulations were issued to address widespread customer protection concerns that had proliferated the financial system due to the growth of unregulated credit providers, particularly DCPs.

As at the end of 2023 32 DCPs had been licensed and their integration into supervisory systems and programs was well underway. CBK continues to engage with the licensed DCPs, as well as licence applicants, to ensure adherence to the relevant laws, and importantly that the interests of customers are safeguarded in order to foster financial customers' protection.

CHAPTER 4

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DEVELOPMENTS IN THE SUPERVISORY FRAMEWORK

DEVELOPMENTS IN THE SUPERVISORY FRAMEWORK

4.1 Introduction

A number of initiatives geared toward ensuring a stable and resilient banking sector were undertaken in 2023. The regulatory reforms by CBK ensured that banks had adequate capital and liquidity buffers to support banking sector resilience in the increasingly dynamic environment.

These buffers were built over time following regulatory reforms by CBK. This was underpinned by a sharper focus by CBK on banks Internal Capital Adequacy Planning (ICAAP) frameworks. ICAAPs ensure that banks maintain capital that is aligned to their risk profile.

4.2 Amendments to the Banking Act, Central Bank of Kenya Act and Microfinance Act

In 2023, CBK participated in the drafting of the AML/CFT (Amendment) Act, 2023, which received Presidential assent on September 1, 2023. The Act amended the CBK Act, Banking Act, Microfinance Act and National Payment System Act to entrench the AML/CFT/CPF legal and regulatory regime. In particular, CBK was given express power to supervise and enforce compliance with Proceeds of Crime and Anti-Money-Laundering Act (POCAMLA). They include power to:

- vet proposed significant shareholders, proposed beneficial owners, proposed directors and senior officers of a reporting institution.
- conduct onsite inspection and offsite surveillance.
- undertake consolidated supervision of an institution and its group.
- compel the production of any document or information by an institution.
- impose monetary, civil or administrative sanctions for violations related to AML/CFT/CPF.
- issue regulations, guidelines, directions, rules or instructions for AML/CFT/CPF purposes.

Monetary penalties for violation of POCAMLA now sit in sectoral laws: The CBK Act, Banking Act, Microfinance Act and NPS Act have been amended to provide for

monetary penalties to be imposed for violation of POCAMLA and regulations, guidelines, rules, directions or instructions issued by the CBK under the sectoral laws. The penalties range from Ksh.20 million in the case of a legal person, to Ksh.1 million in the case of a natural person. The sectoral laws also allow CBK to impose monetary penalties directly against directors, officers, employers and agents of institutions.

Both POCAMLA and sectoral laws have been amended to permit CBK to share AML/CFT/CPF supervisory information with foreign counterparts, FRC and other competent bodies such as law enforcement agencies. This will enhance cross-border coordination of activities relating to AML/CFT/CPF and will further enhance the effectiveness of AML/CFT/CPF supervisory/enforcement frameworks of CBK, FRC and competent authorities.

Cash transaction reporting has been increased to USD 15,000. POCAMLA has been amended by increasing cash transaction reporting threshold from USD 10,000 to USD 15,000. This follows a similar enhancement in FATF Recommendations from USD/EUR 10,000 to USD/EUR 15,000. The USD 15,000 is therefore within permissible limit under FATF standards.

4.3 Host Country Assessments

In March 2015, as part of the implementation of Risk Based Supervision Framework on Consolidated Supervision, CBK in partnership with IMF's AFRITAC East developed a structured approach for the assessment of the quality of supervision undertaken by host countries where Kenyan banks have establishments. Assessment on the quality of host country supervision is required under Basel Core Principle (BCP) 12, on consolidated supervision.

The host country assessments entail review of the legal and regulatory frameworks, and supervisory practices of the host countries. The assessments assist CBK to; identify vulnerabilities in banking groups with cross border establishments, which is key in the

development of effective supervision strategies for the banking groups. Assessments also assist CBK to develop structured supervisory mechanisms to assess the quality of host country supervision practices, legal and bank's resolution frameworks.

Currently, Kenyan banking groups have establishments in seven foreign jurisdictions, both in EAC and beyond. Six out of the seven jurisdictions where Kenyan banks have establishments belong to the East Africa Community (EAC). Since the assessment criterion was developed in 2015, BSD has conducted assessments in all the seven (7) jurisdictions.

The assessments revealed that, amongst the seven jurisdictions, the supervisory practices, legal and regulatory frameworks in four (4) jurisdictions were largely adequate and could be relied upon by CBK in the supervision of the hosted subsidiaries. Although, gaps were identified in the legal and supervisory frameworks of two (2) jurisdictions, it was observed that considerable efforts were being undertaken by the host countries to improve the quality of their frameworks.

Further, the assessments established that in one (1) jurisdiction, the legal and supervisory framework was inadequate. Therefore, CBK will continue monitoring developments in the legal and supervisory framework in this jurisdiction and undertake another assessment going forward.

In 2023, BSD continued to monitor developments in the legal and regulatory frameworks and supervisory practices in the seven jurisdictions, of which assessments had been conducted. This was necessary, owing to economic recovery efforts following external shocks and the slowdown in economic activities caused by the COVID-19 pandemic over the past two years.

In the EAC convergence criteria it was agreed to harmonize banking legal, regulatory, and supervisory rules and practices in the region. It is expected that full harmonization of the legal, regulatory, and supervisory

rules and practices will strengthen supervisory standards for subsidiaries of Kenyan banks in the region.

4.4 Greening of the Financial System

Climate-related risks have assumed a significant position in financial risks in the financial sector. Crystallised climate-related risks have had severe impact on the safety and soundness of institutions and the entire financial system if not properly managed. Notably, some sectors are more exposed to climate-related risks than others. Sectors highly exposed to climate-related risks are Agriculture, Tourism and Transport. Agricultural entities funded by banks can be hit by droughts and floods leading to low yields and challenges in repaying debt. Banks using real estate as collateral may see their credit risk increase if such property is damaged by adverse weather or rising sea levels.

In tandem with the rest of the world, Kenya has recognized Climate Change as a national socio-economic imperative that calls for concerted action among stakeholders. To this end, in September 2023, Central Bank of Kenya (CBK) finalized discussions with the European Investment Bank (EIB) for the provision of Technical Assistance (TA). Key components of the EIB project TA include: -

- Support the CBK in developing a green taxonomy, with a focus on the banking sector.
- Identifying, mapping, and disclosing climate risks affecting the financial sector.
- Enhancing the climate risk disclosure framework.

A green taxonomy is a classification system that highlights which investment options are environmentally sustainable and, by extension, those that are not. It defines a minimum set of assets, projects, activities, and sectors that are eligible to be defined as "green" in line with international best practice and national priorities. It can be used by investors, issuers, and other financial sector participants to track, monitor, and demonstrate the credentials of their green activities in a more confident and efficient way.

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CBK also plans to enhance the existing Guidance on Climate-Related Risk Management to incorporate global best practices in IFRS S2, on climate risk disclosures.

4.5 Internal Liquidity Adequacy Assessment Process (ILAAP)

The International Monetary Fund (IMF) AFRITAC East on request from Central Bank of Kenya (CBK) provided a Technical Assistance (TA) mission to CBK on June 7 -15, 2023. The need for the TA was to assist CBK strengthen its banking sector liquidity and capital adequacy frameworks. The TA assisted incorporation of the Liquidity Coverage Ratio (LCR), and Net Stable Funding Ratio (NSRF) into CBK's liquidity framework. The TA was also assisted in incorporating Leverage Ratio (LR) into CBK's capital adequacy framework.

The TA provided draft guidelines on LCR, NSFR and LR.

- LCR Guideline aims to ensure that a bank has an adequate stock of unencumbered High Quality Liquid Assets (HQLA). HQLA consist of cash or assets that can be converted into cash at little or no loss of value, to meet a bank's liquidity needs for a 30-calendar day liquidity stress scenario. The guideline requires that the value of the ratio be no lower than 100 percent.
- NSFR: The guideline requires banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities.
- LR- The guideline is intended to constrain the build-up of leverage in the banking sector to avoid destabilizing deleveraging processes, which can damage the broader financial system and the economy.

CBK reviewed the guidelines and is in the process of inviting comments and suggestions from the banking sector on the implementation of the draft guidelines

before issuance. Once the comments are received and implemented CBK will issue the Guidelines in 2024.

4.6 Developments in Anti-Money Laundering and Combating Financing of Terrorism;

• Updates to the National Risk Assessment (NRA)

Kenya updated its 2021 National Risk Assessment through conducting sectoral risk assessments (SRAs) for TF, VASPs, legal persons and legal arrangements that have been used to update Kenya's NRA and competent authorities' understanding of ML/TF risks. The risk assessments utilized a broad range of qualitative and quantitative data and information from different sources including law enforcement agencies, competent authorities, private sector, the public and open sources. The results of the SRA indicated that residual ML risk was medium while the residual TF risk was low.

• National Terrorism Financing Risk Assessment

In 2023, Kenya conducted a separate National TF Risk Assessment that established that the TF Risk for Kenya as Medium. The overall sectoral vulnerability for TF, in relation to domestic operations as well as international operations was rated as Medium. Regarding sectoral risks, Money Value Transfer Services (MVTs) that incorporate PSPs, MRPs and Foreign Exchange Bureaus, was assessed as the sector posing the highest TF risk in the country, followed closely by the banking sector and informal/unregulated financial institutions. Cross-border cash movement and the real estate sectors were both rated Medium.

Kenya also undertook a separate Non-Profit Organizations (NPO) TF-risk assessment to enable understanding of the modus operandi of NPOs in the country, identify the NPOs which fall within the FATF definition, and to isolate the NPOs which are vulnerable to TF for closer monitoring.

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• Virtual Assets and Virtual Assets Services Providers Risk Assessment

Virtual Assets (VAs) such as crypto assets have been emerging as a new area of interest for jurisdictions globally. This is due to their inherent features such as anonymity/pseudonymity, high transaction speeds and lower transaction fees. However, VAs pose Money Laundering/Terrorist Financing (ML/TF) risks due to the same inherent features.

In 2018, the Financial Action Task Force (FATF), the international standard setter on anti-money laundering, combating the financing of terrorism and proliferation financing (AML/CFT/PF) measures, adopted changes to its Recommendations, clarifying that the recommendations apply to financial activities involving Virtual Assets (VAs) and Virtual Asset Service Providers (VASPs).¹⁸ FATF also added two new definitions to the FATF Glossary namely:

- Virtual Asset (VA) is defined as “a digital representation of value that can be digitally traded, or transferred, and can be used for payment or investment purposes.” Virtual Assets do not include digital representations of fiat currencies, securities and other financial assets that are already covered elsewhere in the FATF Recommendations.
- Virtual Asset Service Provider (VASP) means “any natural or legal person who is not covered elsewhere under the FATF Recommendations, and as a business, conducts one or more of the following activities or operations for or on behalf of another natural or legal person:
 - Exchange between virtual assets and fiat currencies.
 - Exchange between one or more forms of virtual assets.
 - Transfer of virtual assets.
 - Safekeeping and/or administration of virtual

assets or instruments enabling control over virtual assets.

- Participation in and provision of financial services related to an issuer’s offer and/or sale of a virtual asset.”

FATF Recommendation 15 requires countries to identify, assess and understand the ML/TF risks emerging from VA activities and the activities or operations of VASPs. The results of the risk assessment should provide the basis for implementing a risk-based approach to ensure that the preventive and mitigating measures put in place are commensurate with the ML/TF risks identified.

Kenya underwent an assessment of its AML/CFT regime, a process commonly referred to as mutual evaluation by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) between October 2021 and July 2022. One of the key recommended actions in the Mutual Evaluation Report (MER), was for the country to undertake an ML/TF risk assessment on VAs and VASPs.

In 2023, Kenya undertook a Money Laundering/Terrorism Finance (ML/TF) risk assessment of Virtual Assets (VAs), and Virtual Assets Service Providers (VASPs).¹⁹ The risk assessment was conducted by a Technical Working Group led by the Financial Reporting Centre (FRC) and comprising CBK, the Capital Markets Authority (CMA), Law Enforcement Agencies, private sector reporting entities, and VASPs. The risk assessment collected data from multiple sources, including questionnaires issued to VASPs, institutions regulated by the domestic financial sector regulators, and members of the public. The information collected provided key insights into the VAs/VASPs landscape in Kenya, particularly with regard to ML/TF vulnerabilities, threats, and effectiveness of controls that mitigate the identified risks.

The VAs/VASPs ML/TF National Risk Assessment Report for Kenya highlighted the following key findings:

¹⁸ <https://www.fatf-gafi.org/en/publications/Fatfgeneral/Outcomes-plenary-october-2018.html>

¹⁹ https://www.frc.go.ke/wp-content/uploads/2024/02/VAs-and-VASPs-ML_TF-Risk-Assessment-Report-1.pdf

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- There was presence of anonymity-enhanced VAs in the country.
- The younger population aged 18-40 was more interested in VAs and VASPs than other age groups.
- The report noted the adoption of Person-To-Person (P2P) mechanism for facilitating VA-related transactions.
- A larger percentage of VASPs operating in the country effectively applied AML/CFT measures based on regulations in their parent jurisdictions.
- A larger percentage of Kenyans had not ventured into VAs due to the fact that they are not regulated, and due to the cautionary notices issued since 2015 by financial sector regulators in the country. Further, it

was noted that there was insufficient knowledge of VAs and VASPs.

- A few cases of ML relating to VA transactions had been reported in the country, while no cases related to TF had been reported by the time of risk assessment.

In view of the foregoing, the overall ML risk rating for VAs and VASPs in Kenya was rated **Medium** while the TF risk was rated **Low**. As a result, the report recommended the regulation of VAs and VASPs in order to strengthen the country's AML/CFT posture.

Below is a summary of the overall VAs/VASPs ML/TF National Risk Rating for Kenya.

Table 28: Overall VA/VASP ML/TF Risk

VASP/SERVICE/CHANNEL			OVERALL VA/VASP ML/TF RISK RATING									
VASP	Type of Services	Channel	Threat		Vulnerability		Inherent Risk		Mitigating Measures		Risk Score after Mitigating Measures	
			ML	TF	ML	TF	ML	TF	ML	TF	ML	TF
Virtual Asset Wallet Providers	Custodial Services	Hot Wallet	Medium	Medium	High	High	High	High	Medium	Medium	Medium	Medium
	Non-custodial Services	Cold Wallet	High	Medium	High	High	High	High	Medium	Medium	High	High
Virtual Asset Exchanges	Transfer Services	P2P	High	High	High	High	High	High	Medium	Medium	High	High
		P2B	Medium	Low	High	Medium	Medium	Medium	Medium	Medium	Medium	Low
	Conversion Services	Fiat to Virtual	Medium	Medium	High	Medium	High	Medium	Medium	Medium	Medium	Medium
		Virtual to Fiat	High	Medium	High	Medium	High	Medium	Medium	Medium	Medium	Medium
		Virtual to Virtual	High	High	High	High	High	High	Medium	Medium	High	High
Virtual Asset Broking/ Payment Processing	Payment Gateway	Merchants	Low	Low	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Low
Virtual Asset Investment Providers	Trading Platforms	Platform Operators	Medium	Low	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Low
		Non-Security Tokens & Hybrid Trading Activities	Medium	Low	Medium	Low	Medium	Low	Medium	Medium	Medium	Low
		Stablecoins	Medium	Low	High	Medium	High	Medium	Medium	Medium	Medium	Low
Overall VAs & VASPs Risk			Medium	Low	High	Medium	High	Medium	Medium	Medium	Medium	Low

Source: VA/VASP ML/TF National Risk Assessment Report for Kenya, 2023

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Following the national ML/TF risk assessment on VAs and VASPs, the country took a decision to regulate VAs and VASPs in the country. Accordingly, the National Treasury convened a Task Force from the domestic financial sector regulators, including CBK, and other government agencies, to develop a legal and regulatory framework for virtual assets. The Task Force will consider, among others, the broader lens of the Kenya National Payment Vision and Strategy for 2022-2025, broader payments principles, as well as financial stability and monetary policy implications of VAs and VASPs. The development of VAs/VASPs regulations will be guided by the results of the risk assessment, as well as a consultative policy paper covering the aspects of **people-centricity, country context, balance between opportunities and risks**, and lessons from other jurisdictions, among other considerations.

• **Implementation of Mutual Evaluation Report Recommendations**

A Mutual Evaluation of Kenya was conducted by the Eastern and Southern African Anti-Money Laundering Group (ESAAMLG) from October 2021 to July 2022. The mutual evaluation report (MER) for Kenya was adopted at ESAAMLG's plenary meeting in Livingstone, Zambia, and published in September 2022. The MER identified various deficiencies in Kenya's anti-money laundering and counter-terrorist financing (AML/CFT) framework, aiming to assess Kenya's compliance with international AML/CFT standards and provide recommendations for improvement.

The MER outlined several recommended actions for Kenyan authorities to address including:

- **IO.1 Risk and Context:** Kenya carried out an NRA exercise from 2019 to 2021. However, the findings of the NRA highlighted key weaknesses in Kenya's understanding of risk relating to TF, foreign proceeds of money laundering, and the cross-border movement of cash amongst, others. Further, the NRA Report had not been effectively disseminated to financial institutions and designated non-financial businesses and persons (DNFBPs).
- **IO.2 International Cooperation:** Kenyan authorities sought and rendered other forms of international cooperation as demonstrated through statistics. However, the statistics did not categorize the assistance according to the types of ML/TF risks profile of the country.
- **IO.3 Supervision:** Risk-based AML/CFT supervision was relatively underdeveloped. The supervision of non-bank financial institutions (NBFIs) and DNFBPs is not carried out on a risk-sensitive basis. Inspections in most sectors were infrequent and focused on the presence of basic controls rather than the soundness of AML/CFT programs.
- **IO.4 Preventive Measures:** Commercial banks and microfinance banks have a more developed understanding of ML risks, compared to NBFIs DNFBPs, and are implementing mitigation measures commensurate with those risks. Basic customer due diligence is applied by many reporting institutions, but beneficial ownership requirements are adhered to only to some extent due to financial institutions' lack of access to the beneficial ownership registry. This serves as a major impediment to verifying BO information.

To address the deficiencies highlighted in Kenya's MER, CBK undertook the following actions:

i. **Enhanced Risk-Based AML/CFT/CPF Supervision Framework:**

- Developed an AML/CFT/CPF strategy and inspection plan prioritising high-risk financial institutions.
- Commenced standalone AML/CFT/CPF onsite inspections of financial institutions.
- Undertook sectoral ML/TF/PF risk assessments of sectors under CBK's supervisory purview, including commercial banks, microfinance banks, money remittance providers, foreign exchange bureaus, payment service providers, and digital credit providers.
- Enhanced 'Fit and Proper' licensing requirements for prospective shareholders, directors, and

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senior officers of financial institutions, to require:

- Verification of applicants' fitness and probity with law enforcement agencies.
- Verification of beneficial ownership (where applicable) with the Business Registration Service (BRS).

ii. Legal and Regulatory Reforms: Participated in drafting the AML/CFT (Amendment) Act, 2023, which became law effective from 1 September 2023. The Act amended the CBK Act, Banking Act, Microfinance Act, and National Payment System Act to entrench the AML/CFT/CPF regime.

iii. Technical Assistance and Capacity Building: Sought and received technical assistance from the United Kingdom's His Majesty's National Treasury. CBK supervisory staff were trained on terrorism financing, proliferation financing, and preventive measures for proliferation financing.

iv. International Cooperation: Intensified its international cooperation efforts by enhancing information sharing and collaboration with foreign counterparts. This includes developing templates for monitoring and collating data on the exchange of information for ML/TF purposes.

v. Preventive Measures: Issued a series of circulars directing all financial institutions under its supervision to provide feedback on how they are addressing the weaknesses in ML/TF preventive measures highlighted in the MER, particularly in customer due diligence (CDD), enhanced due diligence (EDD), beneficial ownership (BO), and politically exposed persons (PEPs).

• Post Observation Period Report

- Post mutual evaluation, the Kenya was subject to a mechanism established by the FATF that monitors and publicly identifies countries with strategic deficiencies in their anti-money laundering, combating the financing of terrorism and proliferation financing AML/CFT/CPF regime through its International Cooperative Review Group (ICRG). Once a country has been referred to the ICRG process it

does not engage with the FATF directly but with the relevant Review Group that it falls under. Four regional review groups covering Africa/Middle East, the Americas, Europe/Eurasia, and Asia/Pacific have been constituted for this purpose

- Once a country has been referred to the ICRG process it does not engage with the FATF directly but with the relevant Review Group that it falls under. Four regional review groups covering Africa/Middle East, the Americas, Europe/Eurasia, and Asia/Pacific have been constituted for this purpose.
- Based on the results of its MER Kenya met the criteria for referral to the ICRG Process and was subsequently placed under a one-year observation period, effective from October 2022 to October 2023.
- At the end of the observation period, the Kenyan authorities submitted the country's post-observation period progress (POPR) report to the ICRG's Regional Review Group for Africa and Middle East for consideration as to whether Kenya should be placed under the ICRG process and publicly identified by the FATF as a country with strategic deficiencies in its AML/CFT/CPF framework.
- The POPR summarised the actions the authorities had taken to address key recommended actions highlighted in the MER with regards to:
 - **Technical compliance deficiencies:** The extent to which Kenya's legal AML/CFT/CPF legal and framework adhered to the FATF Recommendations.
 - **Effectiveness:** The extent to which the county had:
 - Addressed the key recommended actions highlighted in the MER.
 - Provided evidence in the form of a narrative on actions taken supported with statistics, data, and case studies.

CHAPTER 5

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REGIONAL AND INTERNATIONAL DEVELOPMENTS AND INITIATIVES

5.1 Introduction

CBK is dedicated to fostering financial stability, regional integration, and sustainable finance in Kenya and the wider region. In 2023, CBK participated in a number of regional and global initiatives that fall within its supervisory mandate, either by virtue of its membership in regional/global forums or by invitation. Through these engagements, CBK stays updated on regional and global regulatory changes, keeps abreast with emerging issues, gains exposure to international developments, and offers opportunities to enhance the capacity of CBK staff.

In 2023, CBK hosted and participated in various meetings and training forums which were held both in person and virtually. In the regional and global arena, BSD participated in forums hosted by the Alliance for Financial Inclusion (AFI), International Monetary Fund (IMF)'s African Training Institute, the COMESA Competition Commission, COMESA Financial System Development and Stability Sub-Committee, Association of African Central Banks (AACB), Financial Reporting Centre (FRC), Financial Sector Deepening Kenya (FSD-K), Islamic Financial Services Board (IFSB), European Investment Bank (EIB), Group on Financial Inclusion Policy (EGFIP), and COMESA Monetary Institute. These forums discussed various issues affecting the financial sector locally, regionally and globally. The areas of engagement included capacity building, policy development, climate-related risk management, sustainable finance, digital finance, Supervisory Technologies, liquidity management innovation as well as financial inclusion.

BSD also participated in meetings under the auspices of the Monetary Affairs Committee (MAC) whose aim was to promote convergence of regulatory and supervisory frameworks as East African Community region moves towards the establishment of the proposed East African Monetary Union. Further, Bank Supervision staff continued to enhance their skills and knowledge on regulatory and supervisory matters through the Financial Stability Institute's (FSI) on-line learning tool, FSI Connect.

5.2 Regional and International Initiatives

Monetary Affairs Committee of the East African Community

The Monetary Affairs Committee (MAC) of the East African Community (EAC) is a specialized body within EAC that is responsible for overseeing the monetary policies and financial stability of the EAC member states. MAC is composed of the Governors' of the Central Banks of the seven EAC Partner States²⁰. The main task of MAC is to coordinate efforts by EAC Central Banks towards developing and implementing monetary policies that promote price stability, financial stability, development and economic growth in the region. MAC aims at facilitating the establishment of the envisaged East African Monetary Union (EAMU).

MAC initiatives focus on areas pertinent to financial stability as well as emerging cross-cutting issues. Some of the key initiatives include harmonization of monetary policies and supervisory rules and practices, the establishment of a regional payment and settlement system, financial sector development, capacity building, and regional integration. These initiatives are implemented through committees or Technical Working Groups (TWG) composed of technical officials from the member Partner States. The technical officials are tasked with various assignments/initiatives which are then overseen by the Governors. In 2023, BSD participated in various MAC activities that were aimed at reviewing progress made in various activities as well as addressing challenges being faced in the process. These activities included the following regional technical workshops, MAC sub-committee meetings, and capacity-building initiatives:-

- The 26th Ordinary Meeting of MAC held on March 13-17, 2023. The meeting discussed progress made on the implementation of various initiatives as well as challenges faced by the member Partner States.

²⁰ Kenya, Uganda, Tanzania, Rwanda, Burundi, South Sudan, and Democratic Republic of Congo.

- Macro-Prudential Analysis, Stress Testing and Statistics Technical Working Group (MASS TWG) meeting held on June 19 - 23, 2023, in Kampala, Uganda. The meeting discussed the status of the implementation of Key Recommendations for the Compilation of Financial Soundness Indicators (FSI) for the EAC.
- Virtual Joint Meeting of Economic Affairs and Coordination, and Bank Supervision and Financial Stability Sub-Committee of MAC on June 19-23, 2023. The meeting aimed at enhancing capacity on the updated FSIs, also pinpointed areas for improvement, and discussed strategies to tackle them.
- East African Community MAC Crisis Management Working Group meeting held on June 12-16, 2023, in Kampala, Uganda. The meeting reviewed the progress made in implementing the Working Group Action Plan as well as progress made by the Partner States in developing their national crisis management frameworks that comply with the approved harmonization criteria.
- East African Community Monetary Affairs Committee (MAC) Macro-Prudential Analysis, Stress Testing and Statistics Technical Working Group (MASS TWG) held on June 26 - 30, 2023, in Kampala, Uganda. The meetings discussed appropriate policy actions on risks identified in the region as well as mitigants of macroeconomic shocks on financial stability.

East African Monetary Union (EAMU)

Efforts to implement initiatives under the East African Monetary Union (EAMU) roadmap continued in 2023. The EAMU Protocol which was adopted in accordance with the EAC Treaty and signed on November 30, 2013, was ratified in January 2015. It lays down the various initiatives that need to be done and allows room for the EAC Partner States to progressively converge their currencies into a single currency in the EAC Community. CBK continues to participate in various meetings

organized by MAC as part of ensuring the operationalization of the Protocol. As of end of 2023, the operationalization of EAMU was in progress.

Common Market for Eastern and Southern Africa (COMESA)

In 2023, CBK participated in a training programme organised by the COMESA Monetary Institute on *Analytical Tools for Assessing Systemic Risk in the Financial System of Developing Countries*.

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

The Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) is one of the nine Financial Action Taskforce-Style Regional Bodies (FSRBs) that are part of the Financial Action Task Force's (FATF) global network. In 2023, BSD, by virtue of being CBK's representative to the National Taskforce (NTF) on Anti-Money Laundering and Combating the Financing of Terrorism and Financing the Proliferation of Weapons of Mass Destruction participated in ESAAMLG meetings:

- The 45th ESAAMLG Task Force of Senior Officials meeting was held in Arusha, Tanzania on March 26-31, 2023.
- The 46th ESAAMLG Taskforce of Senior Officials and the 22nd Council of Ministers' Meeting were held in Kasane, Botswana from August 28 -September 1, 2023.

Key highlights of the meetings are as follows:

- **Progress with the ESAAMLG 2nd Round of Mutual Evaluations:** The Taskforce noted progress with the Mutual Evaluations of Rwanda and Eritrea which commenced in April and June 2023, respectively. The ESAAMLG Secretariat noted that the completion of these two assessments would mark the conclusion of the ESAAMLG's 2nd Round of Mutual Evaluations.
- **Progress Update by Kenyan Authorities:** The Taskforce noted the progress made by Kenyan

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authorities in addressing deficiencies highlighted in Kenya's Mutual Evaluation Report by ESAAMLG, namely:

- **Development of a strategy/roadmap to address all deficiencies:** Following the adoption of Kenya's Mutual Evaluation Report in September 2022, the Government of Kenya developed and adopted a strategy/roadmap which has sixteen (16) broad strategic areas to help it achieve this objective.
- **Legal Reforms:** The enactment of the AML/CFT (Amendment) Act of 2023.

Notable amendments included:

- Empowering supervisory bodies for AML/CFT supervision.
- The designation of lawyers as reporting entities under the Proceeds of Crime and Anti-Money Laundering Act (POCAMLA).
- **Enhanced the understanding of ML/TF risks** in Kenya. In 2023 the Kenyan authorities conducted risk assessments on Terrorism Financing, Legal Persons, Legal Arrangements, Virtual Assets, and Virtual Assets Service Providers. BSD participated and contributed to these various assessments.
- **Submission of re-rating request to ESAAMLG Secretariat:** The Taskforce noted Kenya's announcement of its intention to submit a re-rating request to ESAAMLG Secretariat in March/April 2024. The re-rating process would assess whether 15 Financial Action Taskforce (FATF Recommendations that were rated partially compliant or non-compliant in Kenya's MER FATF Recommendations met the technical requirements.
- **Typologies Project on "The Illicit Cross Border Movement of Cash in ESAAMLG Region":** The Task Force adopted the proposal by Kenya for a new typology project related to commence in April 2023. Membership in the project team comprised of officers drawn from Angola, Botswana, Ethiopia, Lesotho, Kenya, Madagascar, Mozambique, South Africa,

Tanzania, Uganda, Zambia, and Zimbabwe.

- **The Risk, Compliance and Financial Inclusion:** The Taskforce approved the 2024/25 Works Programme for the Risk, Compliance and Financial Inclusion Working Group. The main emphasis will be on in the following areas:
 - Ongoing monitoring of De-risking in the ESAAMLG Region.
 - AML/CFT Supervision of Virtual Asset Service Providers.
 - Capacity building on sectoral ML/TF risk Assessments.
 - On-going monitoring of de-risking.
 - Enhancing the reporting of STRs.

The Alliance for Financial Inclusion

The Alliance for Financial Inclusion (AFI) continues to live up to its mandate of "empowering policymakers to increase access and usage of quality financial services for the underserved through the formulation, implementation and global advocacy of sustainable and inclusive policies". This is aimed at making financial services more accessible to the world's unbanked.

CBK, being a member of AFI, since inception and later as a Principal member, continues to support AFI's initiatives as well as participate in AFI activities such as working groups and other global initiatives.

a) The AFI Global Policy Forum, 2023

AFI has, since 2009, hosted its annual flagship event, the Global Policy Forum (GPF), for its vibrant and growing global network. Being the most important and comprehensive forum within the AFI network, the GPF provides a platform for AFI members and stakeholders to share experiences, knowledge, and initiatives. These discussions have made an impact in bringing financial services to the world's 1.4 billion unbanked population²¹. This has been supported by the creation of a supporting

²¹ <https://www.worldbank.org/en/publication/globalfin-dex/interactive-executive-summary-visualization>

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environment for financial inclusion policy initiatives as well as commitments and declarations geared towards enhancing financial inclusion.

In September 2023, AFI held the GPF 2023, and related meetings in Manila, Philippines.

The event attracted more than 700 representatives. The theme of the 2023 AFI GPF, “**Stability, Sustainability, and Inclusivity for Shared Prosperity**”, was inspired by the need to continue building a global financial ecosystem that is stable, sustainable, and inclusive. It was set in recognition of the increasing interplay between financial inclusion, stability, and sustainable finance. This is pertinent given the current multiple, interconnected crises (global polycrisis) such as post-pandemic realities, geopolitical conflicts and geoeconomic fragmentation, mass migration, impact of climate change, and the persistently high inflation affecting our economies.

The discussions, which CBK participated in, brought together different insights on financial inclusion, to deliberate on responses to the varied challenges arising in the global post-pandemic situation era. A key outcome of the meetings was the adoption of the **Manila Manifesto**, a framework to solidify and advance the important link between financial inclusion and financial stability.

Financial Stability Board Regional Consultative Group for Sub-Saharan Africa

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for Sub-Saharan Africa met in Pretoria, South Africa in October 2023 in a meeting hosted by the South African Reserve Bank.

Members discussed recent global and regional macroeconomic and financial market developments and their implications for financial stability. They highlighted how increased sovereign indebtedness since COVID-19 has limited government capacity to combat

economic downturns. In some Sub-Saharan countries, the financial sector’s increased holdings of local government bonds have deepened the sovereign-bank nexus, raising the potential for distress in one sector to spill over into another.

The group reviewed the Financial Stability Board’s (FSB) work priorities for the year and upcoming plans for 2024, including the implementation of recommendations to address risks posed by crypto-asset activities and markets. Members shared their plans for regulating crypto-assets, emphasizing considerations for financial stability, integrity, and market integrity, while also noting the implementation challenges.

Enhancing the resilience of the non-bank financial intermediation (NBFI) sector was identified as crucial. The group welcomed FSB’s reports on NBFI resilience and the financial stability implications of leverage in NBFI. They emphasized the need for robust monitoring of NBFI, including improving data, transparency, and governance, and implementing mechanisms to mitigate financial stability risks in the sector.

IMF’s East Africa Technical Assistance Centre (East-AFRITAC)

IMF’s East Africa Technical Assistance Centre (East-AFRITAC) East AFRITAC is a Technical Assistance (TA) arm of the International Monetary Fund (IMF). The TA arm of the IMF’s objective is to enhance financial sector capacity in seven Eastern Africa countries (Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Tanzania and Uganda). In 2023, CBK benefited from East AFRITAC’s capacity building aimed at developing robust banking sector regulatory and supervisory frameworks. In this regard, eleven BSD officers attended an East AFRITAC regional webinar on *Management and Supervision of Climate-Related Financial Risks in the Banking Sector* on December 5 -7, 2023. During the Webinar, the participants were mainly trained on the new international standards on climate-related financial risks, pre-conditions as well as strategy for adapted implementation.

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African Rural and Agricultural Credit Association (AFRACA)

The African Rural and Agricultural Credit Association (AFRACA) is a regional association of financial and non-financial institutions involved in promoting rural and agricultural finance in Africa. AFRACA was established in 1977 as a lead advocate and coordinator of rural and agricultural finance in their respective regions. AFRACA, whose secretariat is based at the Kenya School of Monetary Studies (KSMS), Nairobi, has a membership of close to 40 entities. These constitute central banks, including CBK, commercial banks, development banks, cooperative banks, agricultural finance cooperation and rural finance institutions from 20 countries.

In 2023, AFRACA held several activities throughout the year. CBK participated in a workshop on 'Digitizing Rural and Agricultural Finance Practitioner-Led Training (DIG4RAF)' to sensitize participants on developments in Rural and Agricultural Finance (RAF) and explore critical success factors to deploy FinTech and AgTech innovations in RAF. Some of the critical areas that the workshop explored were the policy and regulatory considerations in digital financial services (DFS). Specifically, CBK facilitated a presentation on 'The Regulatory framework for Digital Financial Services in Kenya' on March 20, 2023, at the Kenya School of Monetary Studies.

Bank Supervision Application (BSA)

a) Background

The Bank Supervision Application (BSA) is a web-based software, facilitating offsite surveillance and onsite examination of financial institutions, to ensure a safe and sound financial system. The system was developed through a joint initiative of Eastern, Central and Southern Africa central banks to support the automation of Banking Supervision functions. Currently, the BSA

application is being used by 18²² (eighteen) central banks and two regulatory authorities.

The BSA system is managed by Bank Supervision Application Support Office (BSO) domiciled at the Central Bank of Mozambique. BSO is responsible for the BSA development, maintenance and providing support to BSA users.

BSO, as the lead developer of BSA together with the central banks using the system have continuously improved the BSA software. The software has evolved from BSA Version 1.0 in 2003 to the current BSA Version 4.0 launched in 2018. BSO is currently in the process of developing BSA version 5.0, which is expected to be launched in 2024.

b) BSA Version 4.0

The current BSA Version 4.0 (BSAV.4.0) is comprised of 4 modules: -

- i) **The Bank Supervision System (BSS) Module**, which facilitates workflow management.
- ii) **The Institution Information Submission System (IISS) Module**, which facilitates online compilation and submission of returns to central banks by licensed institutions.
- iii) **The Risk Analysis Automation System (RAAS) Module** enables automated financial analysis and processing of returns from financial institutions. This includes storage of returns and generation of customized reports.

22 Banque de la République du Burundi, Banco de Cabo Verde, Banque Centrale du Congo, Central Bank of the Republic of Djibouti, National Bank of Ethiopia, Central Bank of Haiti, Central Bank of Kenya, Central Bank of Lesotho, Central Bank of the Republic of Madagascar, Reserve Bank of Malawi, Banco de Moçambique, Bank of South Sudan, Bank of Uganda, Bank of Zambia, Reserve Bank of Zimbabwe, Central Bank of the Democratic Republic of Timor-Leste, Central Bank of Eswatini, Financial Services Regulatory Authority of Eswatini, Central Bank of Haiti, Central Bank of Comores, and Mozambican Insurance Supervision Institute.

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iv) **Customer Protection System (CPS) module**, which enables customers of commercial banks to lodge complaints online to the central banks. The module aims to improve the quality of services and products offered to bank customers as well as contribute to financial inclusion.

c) BSA Governance

The functioning of the BSA System is governed by the BSA Stakeholders and the BSA Executive Committee. The BSA Stakeholders are the Bank Supervision and Information Technology Directors from fourteen BSA founding Central Banks. The BSA Executive is composed of four central banks elected on rotational basis from among the BSA Stakeholders every three years. The BSA Stakeholders and the BSA Executive Committee are responsible for strategic management of all BSA related activities.

d) BSA Activities in the year 2023

BSO organized a BSA Executive Committee meeting, on May 25-26, 2023, and BSA Stakeholders meeting on October 23 -25, 2023. The meetings reviewed and approved the BSA Operational Plan for the year 203/2024, ratified the Budget for 2023/2024, and approved the BSA Financial Audit Report for 2023.

BSO organized BSA User Group meeting on October 1-3, 2023 and BSA v5.0 User Acceptance Testing on May 8-12, 2023. The meetings were to test and get users comments on BSA Version 5.0 which was scheduled for release in 2024.

e) BSA Version 5.0

BSO together with central banks using the BSA software are in the final stages of developing BSA version 5.0 (BSA v5.0). The BSA v5.0 is being developed based on changing requirements of BSA users. The key changes in BSA v5.0 are;

- Application Programming Interface (APIs) to automate reporting.

- Data validation, forecasting, and prediction functionalities that include Machine Learning algorithms.
- Early warning system for real-time monitoring.
- Risk assessment tools.
- Use of a Chatbot – A computer human interactive tool.
- Forecasting using Machine Learning (ML) algorithms.

BSA v 5.0 will introduce several innovations and enhancements in order to:

- support supervisory activities in the data collection and analysis of financial industry.
- ensure that the regulated institutions comply with regulatory standards, compliance and reporting requirements.
- Address user challenges reported on the current system.

CBK plans to deploy BSA v 5.0 in 2024.

Institute of International Finance (IIF)

CBK marked seven years since joining the International Institute of Finance (IIF) as an Associate Member. Over the previous seven years, the Bank has benefitted from access to IIF's wide research and publications focusing on a broad range of topical issues relevant to CBK's regulatory mandate. In 2023, the Bank continued accessing content from the IIF's portal on a wide range of emerging areas of supervisory significance, with a view to enhancing staff skills and competencies.

Financial Stability Institute (FSI) Connect

In 2023, CBK maintained its subscription to the Financial Stability Institute's (FSI) on-line learning tool, *FSI Connect*. Under *FSI Connect*, staff can pursue on-line courses in various areas of financial regulation. The courses apprise users of both the theoretical and practical aspects of financial regulation for continued learning and capacity development. CBK staff continued using the new FSI Connect online portal launched in April 2022.

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In February 2023, by virtue of its membership of the FSI, CBK was part of a cross-border Crisis Simulation Exercise (CSE) organised by the FSI. The exercise involved central banks in the Sub-Saharan region with responsibility for crisis management in their jurisdictions. In addition to Kenya, other participating jurisdictions were Botswana, Eswatini, Ghana, Lesotho, Namibia, Nigeria and South Africa. During the CSE, participants responded to a hypothetical financial crisis scenario. The objective of the exercise was to provide an opportunity for authorities to test their crisis management frameworks and arrangements for domestic and cross-border co-operation.

The exercise made valuable recommendations on enhancement of regional banking sector crisis preparedness, management and resolution frameworks.

Islamic Financial Services Board (IFSB)

CBK joined the Institute Financial Services Board (IFSB) in 2019 as an Associate Member. IFSB is an international standard-setting organization based in Kuala Lumpur, Malaysia for the Islamic financial services industry. It promotes the soundness and stability of the industry, by issuing global prudential standards and guidance for Islamic banking, Islamic capital markets and Takāful (Insurance) sectors. Over the previous four years, the Bank has participated in surveys and conferences that focus on Islamic banking which is relevant to CBK's regulatory mandate. In 2023, CBK participated in the IFSB's *Survey on Areas of Priority for Standard Development and Research and Workplan for year 2024-25*. CBK also kept abreast of developments in IFSB's Standards and Guidance as updated through IFSB's virtual information dissemination channels.

Network for Greening the Financial System (NGFS)

In April 2022, CBK officially became a member of the **Network for Greening the Financial System (NGFS)**, to benefit from the membership of NGFS by learning from and contributing to global efforts on Green

Finance. NGFS is a voluntary, peer-to-peer network of Central Banks and regulators whose purpose is to share best practices and build technical capacity to address climate-related and environmental risks to the financial system. The Network also seeks to mobilize capital to support the transition towards a sustainable economy. NGFS delivers its objectives through the following workstreams:-

- a. **The workstream on microprudential and supervision**, which keeps track of supervisory developments and updates the mapping of supervisory practices for integrating climate-related and environmental risks into microprudential supervision.
- b. **The workstream on macrofinancial and financial stability surveillance**, which provides guidance to central banks and supervisors on integrating climate risk analysis into macroeconomic and financial stability surveillance.
- c. **The workstream on scaling up green finance**, which promotes the adoption of sustainable and responsible principles in central banks' investment approaches, fostering the market transparency of green finance and encouraging the adoption of climate-related financial disclosure by central banks.
- d. **The workstream on bridging the data gaps**, which identify a list of data items needed for other NGFS workstreams.
- e. **The workstream on research**, which ensures a smooth coordination of research efforts within the NGFS working structures.

To this end, the Network defines and coordinates the implementation of best practices in climate-risk management across member jurisdictions. To facilitate participation in NGFS activities, CBK:

- Nominated representatives to 2 NGFS Workstreams on Financial Supervision and Scenario Design and Analysis.

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- One BSD staff attended the regional workshop on “Climate Change and Macro-Financial Policies” organized by IMF East AFRITAC on March 6 – 10, 2023, at KSMS.
- As of end of 2023, CBK had finalized engagements with the European Investment Bank (EIB) for the provision of Technical Assistance (TA) to CBK on climate change. By the end of December 2023, the EIB team had assigned experts to both projects: the development of a taxonomy framework and disclosure standards. Work on TAs related to these areas we in progress as of the end of the year.

Knowledge Exchanges

In 2023, CBK hosted the following delegations that visited the Bank for knowledge exchange on various supervisory areas. These include the following:

- A knowledge exchange visit for a delegation of Bank of South Sudan from January 18-19, 2023, on policies implemented by CBK to build a modernised and resilient banking sector.
- A presentation to a team from Burundi hosted by the Ministry of Labour on February 7, 2023, on deployment of mobile money and interoperability.
- A knowledge exchange visit for officers from Banque Centrale des Etats de l’Afrique de L’Ouest from February 21-24, 2023, 2023, on Digital Financial Services (DFS).
- A knowledge exchange visit for officers from Bank of Eritrea from February 27 - March 3, 2023, on mobile money transfer services.
- A Peer Learning Visit for officers from the National Bank of Rwanda’s on May 8-12, 2023, on microfinance institutions supervision.
- A Study Tour by a team from the Bank of Mozambique on September 4 - 8, 2023, on various supervisory areas including Licensing Procedures, Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT), regulation of Microfinance Banks and development of Central Bank Digital Currencies (CBDC).

- A virtual knowledge exchange for officers from Bank of Mozambique from September 27-28, 2023, on climate risk management.
- A Study Tour by a team from the Central Bank of Egypt on November 28, 2023, on agent banking in Kenya.

Memoranda of Understanding

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

CBK continues to establish contacts with more central banks from various countries with a view to negotiating MOUs.

5.3 Kenyan Banks Regional Footprint

Some Kenyan banks have expanded in the East African Community (EAC) Partner States and also in the Democratic Republic of Congo (DRC). These banks include, KCB Group Holdings Plc, Diamond Trust Bank Group, NCBA Group Plc, Guaranty Trust Bank Kenya Limited, Equity Group Holdings Plc, I&M Holdings Plc, African Banking Corporation Limited and The Co-operative Bank of Kenya Limited. They have positioned themselves to capitalize on the growing cross-border trade flows. This has in turn not only contributed to the deepening of customer relationships, delivery of products and services but also utilization of host country resources, both capital and human that have positively impacted market development and social economics.

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The total number of branches of Kenyan banks subsidiaries in EAC Partner states and DRC grew by 11.7 percent from 552 branches recorded as at December 31, 2022 to 654 branches recorded as at December 31, 2023. The growth was mainly driven by opening of new branches by KCB Group's, Trust Merchant Bank in The Democratic Republic of Congo. The regional presence is as illustrated in **Table 29**.

Table 29: Branches of Kenyan Banks Subsidiaries in the Region

Country Presence	KCB Group Plc	Equity Group Holdings Plc	Diamond Trust Bank Group	NCBA Group Plc	I&M Holdings Plc	Guaranty Trust Bank	Co-operative Bank	ABC Bank	Total
Tanzania	16	15	29	8	8	-	-	-	76
Uganda	13	50	36	4	13	8	-	3	127
Rwanda	143	46	-	5	14	14	-	-	222
Burundi	6	-	4	-	-	-	-	-	10
South Sudan	15	5	-	-	-	-	4	-	24
Democratic Republic of Congo	109	79	-	-	-	-	-	-	79
Mauritius	-	-	-	-	7	-	-	-	7
Total 2023	302	195	69	17	42	22	4	3	654
Total 2022	240	167	66	17	33	22	4	3	552

Source: CBK

In addition to having presence within the EAC Partner States and DRC, some of the Kenyan banks such as I&M Holdings Plc and Prime Bank Limited have expanded beyond the EAC jurisdiction. I&M Holdings Plc has 50 percent shareholding in Bank One Limited in Mauritius, Prime Bank Limited 10.6 percent shareholding in First Merchant Bank Limited (FMBL), a commercial bank in Malawi, 6.62 percent shareholding in Capital Bank, Gaborone, Botswana, 13.5 percent shareholding (5 percent directly and 8.5 percent indirectly) in Capital Bank Mozambique SA and 5.2 percent shareholding in Capital Bank Limited, Zambia.

In order to serve their customers better and facilitate cross-border financial transactions, Equity Group PLC introduced cross border banking services to its customers enabling them to transact seamlessly across all countries it has presence.

5.3.1 Performance Highlights

5.3.1.1 Number of Employees

The subsidiaries of Kenyan banks had a combined employee count of 11,460 as at December 31, 2023, an increase of 3 percent compared to 11,125 employees in the preceding year. The growth was primarily driven by the expansion of KCB Group Plc in the Democratic Republic of Congo (DRC). The employee count in subsidiaries shows that DRC had the highest number of employees at 3,514 as at December 2023 compared to 3,157 employees in 2022. DRC accounted for 34.2 percent of the total number of employees and has the largest proportion of subsidiaries and branches in the

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region. **Table 30** shows regional employee count for subsidiaries of Kenyan banks.

Table 30: Regional Employee Count

Country Presence	KCB Group Plc	Equity Group Holdings Plc	Diamond Trust Bank Group	NCBA Group Plc	I&M Holdings Plc	Guaranty Trust Bank	Co-operative Bank	ABC Bank	Total
Tanzania	304	424	609	181	189	-	-	-	1,707
Uganda	320	1,154	657	161	305	172	-	43	2,812
Rwanda	1,132	433	-	142	465	115	-	-	2,287
Burundi	152	-	49	-	-	-	-	-	201
South Sudan	208	122	-	-	-	-	153	-	483
Democratic Republic of Congo	1,804	1,710	-	-	-	-	-	-	3,514
Mauritius	-	-	-	-	456	-	-	-	456
Total 2023	3,920	3,843	1,315	484	1,415	287	153	43	11,460
Total 2022	3,785	3,845	1,272	435	1,346	264	131	47	11,125

Source: CBK

5.3.1.2 Total Assets

Total assets of subsidiaries stood at Ksh.2,315 billion as at December 31, 2023, compared to Ksh.1,617 billion as at December 31, 2022. A significant contributor to the asset base was Equity Group Plc's subsidiary in DRC, Banque Commerciale Du Congo -BCDC with total assets of Ksh.622 billion and KCB Groups Plc's subsidiary in DRC, Trust Merchant Bank with the total assets of Ksh.288 billion. Individual performance per country is as illustrated in **Table 31**.

Table 31: Total Assets of Subsidiaries in host country

Country presence	2022		2023		% Change of Total assets %
	Total Assets (Ksh.'000')	% of Total Assets (%)	Total Assets (Ksh.'000')	% of Total Assets (%)	
Burundi	21,192,238	1.3	23,725,912	1.0	12.0
DRC	655,010,246	40.5	910,643,431	39.3	39.0
Mauritius	131,377,747	8.1	185,792,482	8.0	41.4
Rwanda	235,997,706	14.6	372,497,946	16.1	57.8
South Sudan	40,301,430	2.5	58,493,742	2.5	45.1
Tanzania	246,424,349	15.2	340,737,700	14.7	38.3
Uganda	287,244,706	17.7	423,176,345	18.3	47.3
Grand Total	1,617,548,423	100.0	2,315,067,557	100.0	43.1

Source: CBK

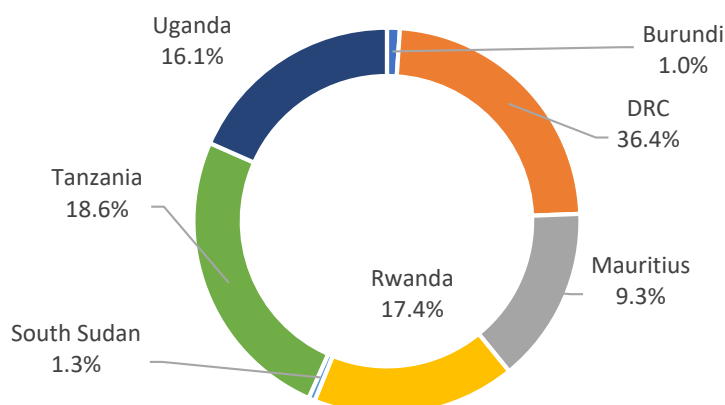
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As shown in **Table 31**, DRC now accounts for most regional assets at 39.3 percent in 2023 compared to 40.5 percent in 2022.

5.3.1.3 Gross Loans

The combined gross loans for the subsidiaries in the host countries stood at Ksh.1,105 billion as at December 31, 2023, an increase of 52.2 percent from Ksh.725.8 billion as at December 31, 2022. The Kenyan banks subsidiaries operating in DRC recorded the highest level of gross loans at Ksh.402 billion accounting for 36.4 percent of gross loans in all the subsidiaries outside Kenya. Followed by subsidiaries operating in Tanzania which accounted for 18.6 percent of the gross loans. Rwanda and Uganda accounted for 17.4 percent and 16.1 percent of the gross loans respectively. Mauritius recorded gross loans of Ksh.102 billion accounting for 9.3 percent of gross loans. **Chart 12** below shows the proportion of gross loans for subsidiaries in the host countries.

Chart 12: Percent of gross loans per host country



Source: CBK

5.3.1.4 Deposits

The Kenyan banks subsidiaries accounted for a combined deposit base of Ksh.1,825 billion in December 2023 compared to Ksh.1,288 billion in December 2022. The main contributor of deposits was Equity Group Plc's subsidiary in DRC, Banque Commerciale Du Congo -BCDC with total deposits of Ksh.504 billion or 28 per cent of the total deposits of subsidiaries in the host countries and KCB Group Plc's subsidiary in DRC, Trust Merchant Bank with total deposits of Ksh.251 billion or 14 per cent of the total deposits of subsidiaries in the host countries. The regional spread of deposits is as depicted in **Table 32**.

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Table 32: Deposit distribution

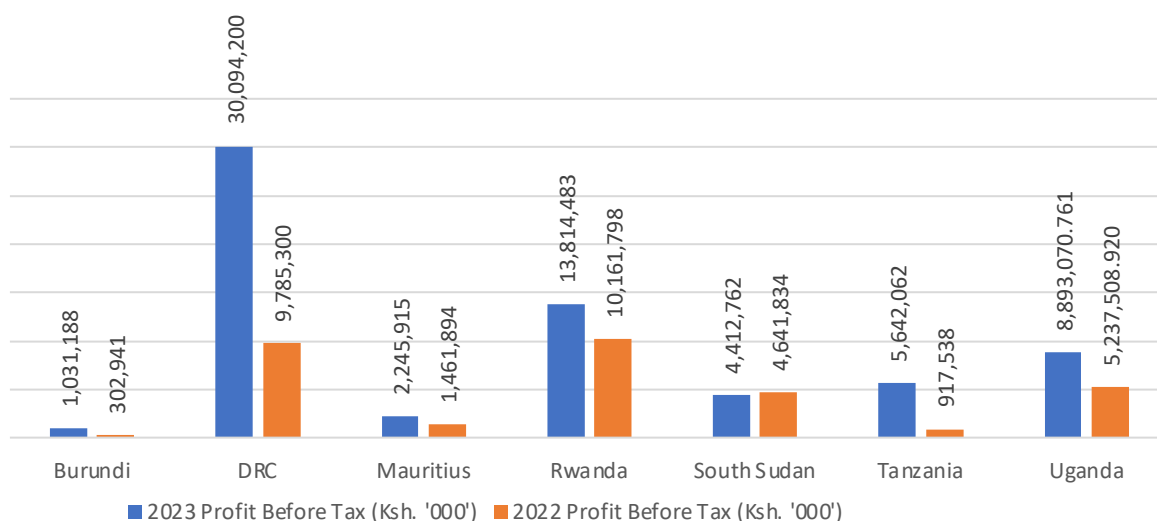
Country Presence	2023	2023	2022	2022
	Gross Deposits	% of Gross	Gross Deposits	% of Gross
	(Ksh.'000)	Deposits (%)	(Ksh.'000)	Deposits (%)
Burundi	16,383,358	0.9	11,181,267	1.2
DRC	755,788,482	41.8	361,705,058	37.3
Mauritius	159,954,154	8.9	97,064,629	10.0
Rwanda	265,523,693	14.7	145,758,072	15.0
South Sudan	20,990,879	1.2	20,990,879	2.2
Tanzania	272,761,475	15.1	149,277,319	15.4
Uganda	316,295,766	17.5	184,477,592	19.0
Grand Total	1,807,697,808	100.0	970,454,816	100.0

Source: CBK

5.3.1.5 Profitability

The regional subsidiaries profit before tax stood at Ksh.66.13 billion as at December 31, 2023, an increase of 103.4 percent from Ksh.32.51 billion reported in December 31, 2022. DRC contributed to the highest earning capacity recording Ksh.30 billion in profit, translating to 45.52 percent of the total profits. Subsidiaries operating in Rwanda and Uganda contributed 20.89 percent and 13.45 percent of the total profits respectively while subsidiaries in Tanzania contributed 8.53 percent of the total profits. Subsidiaries operating in South Sudan, Mauritius and Burundi were the least profitable and contributed 6.67 percent, 3.40 percent and 1.56 percent of the total profits respectively. One subsidiary operating in Uganda reported a loss of Ksh.25.4 million. Profitability of the banks in their respective host countries is as shown in **Chart 13**.

Chart 13: Regional profitability Ksh '000'



Source: CBK

APPENDICES

APPENDIX I: BANKING SECTOR BALANCE SHEET - DECEMBER 2023-KSH.M									
A	ASSETS	Dec-22				Dec-23			
		BANKS	NBFIS	GRAND TOTAL	% OF TOTAL	BANKS	NBFIS	GRAND TOTAL	% OF TOTAL
1	Cash (both Local & Foreign)	87,899	544	88,443	1.3	95,392	368	95,760	1.2
2	Balances due from Central Bank of Kenya	232,078	1,564	233,642	3.5	309,223	1,475	310,699	4
3	Kenya Government and other securities held for dealing purposes	138,284	-	138,284	2.1	29,085	-	29,085	0.4
4	Financial Assets at fair value through profit and loss	17,052	-	17,052	0.3	3,532	-	3,532	0
5	Investment Securities:	-	-	-	0	-	-	-	0
	a) Held to Maturity:	-	-	-	0	-	-	-	0
	a. Kenya Government securities	844,466	3,779	848,245	12.9	908,533	4,037	912,570	11.9
	b. other securities	21,160	-	21,160	0.3	14,424	-	14,424	0.2
	b) Available for sale:	-	-	-	0	-	-	-	0
	a. Kenya Government securities	892,826	4,761	897,587	13.6	935,568	5,645	941,214	12.2
	b. other securities	133,489	-	133,489	2	164,855	-	164,855	2.1
6	Deposits and balances due from local banking institutions	107,940	42	107,982	1.6	60,719	548	61,266	0.8
7	Deposits and balances due from banking institutions abroad	164,030	47	164,077	2.5	515,825	362	516,186	6.7
8	Tax recoverable	9,335	225	9,560	0.1	7,426	219	7,645	0.1
9	Loans and advances to customers (net)	3,312,490	36,909	3,349,400	50.8	3,762,935	38,788	3,801,723	49.4
10	Balances due from banking institutions in the group	152,987	-	152,987	2.3	314,630	-	314,630	4.1
11	Investments in associates	6,711	-	6,711	0.1	5,813	-	5,813	0.1
12	Investments in subsidiary companies	19,160	-	19,160	0.3	20,337	-	20,337	0.3
13	Investments in joint ventures	-	194	194	0	-	190	190	0
14	Investment properties	13,368	780	14,148	0.2	13,585	810	14,395	0.2
15	Property and equipment	63,172	573	63,746	1	70,123	769	70,892	0.9
16	Prepaid lease rentals	1,294	-	1,294	0	859	-	859	0
17	Intangible assets	34,333	332	34,665	0.5	41,030	277	41,307	0.5
18	Deferred tax asset	119,256	1,383	120,639	1.8	155,343	1,533	156,876	2
19	Retirement benefit asset	-	-	-	0	-	-	-	0
20	Other assets	163,320	4,033	167,353	2.5	202,274	4,126	206,399	2.7
21	TOTAL ASSETS	6,534,650	55,168	6,589,818	100	7,631,512	59,146	7,690,658	100
B	LIABILITIES	-	-	-	-	-	-	-	-
22	Balances due to Central Bank of Kenya	77,939	500	78,438	1.4	197,336	1,500	198,836	3
23	Customer deposits	4,721,841	39,862	4,761,702	83.9	5,551,885	43,869	5,595,754	83.4
24	Deposits and balances due to local banking institutions	100,550	24	100,574	1.8	53,930	3	53,933	0.8
25	Deposits and balances due to foreign banking institutions	92,385	-	92,385	1.6	229,521	-	229,521	3.4
26	Other money market deposits	43,996	-	43,996	0.8	19,633	-	19,633	0.3
27	Borrowed funds	274,145	4,371	278,515	4.9	324,711	3,793	328,504	4.9
28	Balances due to banking institutions in the group	125,183	-	125,183	2.2	74,898	-	74,898	1.1
29	Tax payable	6,014	-	6,014	0.1	5,506	-	5,506	0.1
30	Dividends payable	3,457	-	3,457	0.1	273	-	273	0
31	Deferred tax liability	-	-	-	0	-	-	-	0
32	Retirement benefit liability	859	-	859	0	713	-	713	0
33	Other liabilities	179,060	2,049	181,110	3.2	200,495	1,679	202,174	3
	TOTAL LIABILITIES	5,625,428	46,806	5,672,234	100	6,658,901	50,844	6,709,745	100
C	SHAREHOLDERS' FUNDS	-	-	-	-	-	-	-	-
35	Paid up /Assigned capital	211,150	5,090	216,240	3.3	218,421	5,090	223,511	2.9
36	Share premium/(discount)	100,605	3,514	104,119	1.6	114,212	3,514	117,726	1.5
37	Revaluation reserves	-32,240	594	-31,646	-0.5	-46,600	611	-45,990	-0.6
38	Retained earnings/Accumulated losses	550,349	-4,472	545,877	8.3	632,611	-5,443	627,169	8.2
39	Statutory loan loss reserves	54,048	3,697	57,745	0.9	48,359	4,854	53,214	0.7
40	Other Reserves	-24,408	-59	-24,467	-0.4	-47,566	-324	-47,890	-0.6
41	Proposed dividends	47,391	-	47,391	0.7	50,804	-	50,804	0.7
42	Capital grants	2,327	-	2,327	0	2,370	-	2,370	0
43	TOTAL SHAREHOLDERS' FUNDS	909,222	8,363	917,584	13.9	972,611	8,302	980,913	12.8
44	Minority Interest	-	-	-	-	-	-	-	0
45	TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	6,534,650	55,168	6,589,818	100	7,631,512	59,146	7,690,658	100

Source: Commercial Banks Published Financial Statements

APPENDIX II: BANKING SECTOR PROFIT AND LOSS ACCOUNT-DECEMBER 2023-KSH.M

	Dec-22				Dec-23				
	BANKS	NBFIS	GRAND TOTAL	% OF TOTAL	BANKS	NBFIS	GRAND TOTAL	% OF TOTAL	
1	INTEREST INCOME								
1.1	Loans and advances	332,636	3,470	336,107	59.9	432,008	4,086	436,094	70.5
1.2	Government securities	206,384	938	207,322	37	229,980	1,146	231,125	37.4
1.3	Deposits and placements with banking institutions	9,973	11	9,984	1.8	26,560	27	26,587	4.3
1.4	Other Interest Income	1,323	-	1,323	0.2	1,508	-	1,508	0.2
1.5	Total interest income	550,317	4,419	554,735		690,055	5,259	695,314	
2	INTEREST EXPENSE								
2.1	Customer deposits	151,552	1,588	153,140	30.4	216,341	2,017	218,358	32.1
2.2	Deposits and placement from banking institutions	14,713	159	14,872	2.9	36,545	255	36,800	5.4
2.3	Other interest expenses	15,599	373	15,973	3.2	25,325	388	25,713	3.8
2.4	Total interest expenses	181,864	2,121	183,985	36.5	278,211	2,660	280,871	41.3
3	NET INTEREST INCOME/(LOSS)	368,452	2,298	370,750		411,844	2,599	414,443	
4	NON-INTEREST INCOME								
4.1	Fees and commissions on loans and advances	41,559	171	41,731	7.4	46,014	222	46,237	7.5
4.2	Other fees and commissions	52,070	131	52,201	9.3	63,999	140	64,139	10.4
4.3	Foreign exchange trading income/(Loss)	74,340	136	74,476	13.3	69,985	174	70,159	11.3
4.4	Dividend Income	1,995	-	1,995	0.4	2,028	-	2,028	0.3
4.5	Other income	19,476	189	19,665	3.5	21,248	201	21,449	3.5
4.6	Total Non-interest income	189,440	628	190,068	33.9	203,275	738	204,012	33
5	TOTAL OPERATING INCOME	557,892	2,926	560,819	100	615,118	3,337	618,455	100
6	OTHER OPERATING EXPENSES								
6.1	Loan loss provision	69,650	194	69,844	13.8	109,340	309	109,649	16.1
6.2	Staff costs	113,410	1,174	114,584	22.7	129,782	1,441	131,223	19.3
6.3	Directors' emoluments	2,972	26	2,998	0.6	3,209	21	3,230	0.5
6.4	Rental charges	5,124	52	5,176	1	5,411	61	5,472	0.8
6.5	Depreciation charge on property and equipment	14,494	146	14,640	2.9	15,470	154	15,624	2.3
6.6	Amortisation charges	7,654	240	7,894	1.6	8,568	213	8,781	1.3
6.7	Other operating expenses	104,304	994	105,298	20.9	124,206	971	125,177	18.4
6.8	Total Other Operating Expenses	317,609	2,825	320,434	63.5	395,985	3,171	399,156	58.7
	TOTAL EXPENSES (2.4+6.8)	499,473	4,946	504,419	100	674,196	5,831	680,027	100
7	Profit/(loss) Before Tax and Exceptional Items	240,284	101	240,384		219,133	166	219,299	
8	Exceptional Items	715	4	719		1,337	5	1,341	
9	Profit/(Loss) After Exceptional Items	239,569	97	239,666		217,797	161	217,958	
10	Current Tax	71,102	10	71,112		73,298	13	73,312	
11	Deferred Tax	-6,845	-92	-6,936		-26,616	-40	-26,656	
12	Profit/(Loss) After Tax and Exceptional Items	175,312	178	175,490		171,115	187	171,302	
13	Minority Interest			-				-	
14	Profit/(loss) after tax, exceptional items and Minority Interest	175,312	178	175,490		171,115	187	171,302	
15	Other Comprehensive Income								
15.1	Gains/(Losses) from translating the financial statements of foreign operations	-3,282	-	-3,282		-222	-	-222	
15.2	Fair value changes in available for sale financial assets	-66,232	-77	-66,310		-43,594	-379	-43,972	
15.3	Revaluation surplus on Property, plant and equipment	426	404	830		222	20	242	
15.4	Share of other comprehensive income of associates	869	-	869		-	-	-	
15.5	Income tax relating to components of other comprehensive income	6,846	-98	6,748		5,755	111	5,866	
16	Other Comprehensive Income for the year net of tax	-61,372	229	-61,144		-37,838	-248	-38,086	
17	Total comprehensive income for the year	113,939	407	114,346		133,276	-61	133,215	

Source: Commercial Banks Published Financial Statements

APPENDIX III: BANKING SECTOR OTHER DISCLOSURES – DECEMBER 2023

	Figures in Ksh. Millions						ANNUAL PER-CENTAGE CHANGE (%)
	Dec-22			Dec-23			
	BANKS	NBFIS	GRAND TOTAL	BANKS	NBFIS	GRAND TOTAL	
NON-PERFORMING LOANS AND ADVANCES							
(a) Gross Non-performing loans and advances	494,755	8,487	503,242	640,994	10,820	651,814	29.5
(b) Less: Interest in Suspense	76,751	2,780	79,532	91,651	3,102	94,753	19.1
(c) Total Non-Performing Loans and Advances (a-b)	418,004	5,707	423,710	549,343	7,717	557,060	31.5
(d) Less: Loan Loss Provision	226,431	3,911	230,342	281,972	4,998	286,970	24.6
(e) Net Non-Performing Loans and Advances(c-d)	191,573	1,796	193,368	267,371	2,720	270,090	39.7
(f) Discounted Value of Securities	183,481	1,796	185,277	245,851	2,720	248,571	34.2
(g) Net NPLs Exposure (e-f)	8,091	0	8,091	21,520	0	21,520	166
INSIDER LOANS AND ADVANCES							
(a) Directors, Shareholders and Associates	60,430	1,784	62,214	82,335	1,010	83,345	34
(b) Employees	82,371	1,049	83,421	84,280	1,253	85,532	2.5
(c) Total Insider Loans and Advances and other facilities	142,801	2,834	145,635	166,615	2,262	168,877	16
OFF-BALANCE SHEET ITEMS							
(a) Letters of credit, guarantees, acceptances	716,040	1,935	717,975	1,186,732	2,468	1,189,200	66
(b) Forwards, swaps and options	478,373	1,816	480,189	402,154	290	402,443	-16
(c) Other contingent liabilities	16,554	-	16,554	23,479	-	23,479	42
(d) Total Contingent Liabilities	1,210,967	3,751	1,214,718	1,612,365	2,758	1,615,123	33
CAPITAL STRENGTH							
(a) Core capital	805,876	3,185	809,061	891,550	2,082	893,633	11
(b) Minimum Statutory Capital	1,000	1,000	1,000	1,000	1,000	1,000	-
(c) Excess/(Deficiency)(a-b)	805,876	2,185	808,061	891,550	1,082	892,633	-6
(d) Supplementary Capital	144,061	1,532	145,593	180,703	1,465	182,167	-96
(e) Total Capital (a+d)	949,937	4,717	954,654	1,072,253	3,547	1,075,800	6,291,126
(f) Total risk weighted assets	5,002,862	38,520	5,041,382	5,744,951	39,372	5,784,324	72,303,946
(g) Core Capital/Total Deposits Liabilities	17.2	8	17.1	16.1	4.7	16	
(h) Minimum statutory Ratio	8	8	8	8	8	8	
(i) Excess/(Deficiency) (g-h)	9.2	0	9.1	8.1	-3.3	8	
(j) Core Capital / Total Risk Weighted Assets	16.1	8.3	16	15.5	5.3	15.4	
(k) Minimum Statutory Ratio	10.5	10.5	10.5	10.5	10.5	10.5	
(l) Excess (Deficiency) (j-k)	5.6	-2.2	5.5	5	-5.2	4.9	
(m) Total Capital/Total Risk Weighted Assets	19	12.2	18.9	18.7	9	18.6	
(n) Minimum statutory Ratio	14.5	14.5	14.5	14.5	14.5	14.5	
(o) Excess/(Deficiency) (m-n)	4.5	-2.3	4.4	4.2	-5.5	4.1	
LIQUIDITY							
(a) Liquidity Ratio	51.1	23.7	50.8	51.2	23.9	51	
(b) Minimum Statutory Ratio	20	20	20	20	20	20	
(c) Excess (Deficiency) (a-b)	31.1	3.7	30.8	31.2	3.9	31	
Performance Indicators							
Yield on Earning Assets	9.5	8.3	9.5	10.2	9.1	10.2	
Cost of Funding Earning Assets	3.2	4	3.2	4.1	4.6	4.1	
Interest Margin on Earning Assets	6.4	4.3	6.4	6.1	4.5	6.1	
Yield on Advances	9.3	8	9.3	10.4	8.7	10.4	
Cost of Deposits	3.7	5.3	3.7	4.8	6.1	4.8	
Return on Assets (ROA)	3.7	0.2	3.7	2.9	0.3	2.9	
Return on Equity (ROE)	26.5	1.2	26.3	22.5	2	22.4	
Overheads to Earnings	42.9	56	43	44.3	52.9	44.4	
Gross NPLs/Gross Loans	13.8	19.5	13.9	15.5	23.1	15.6	
RATINGS							
Capital Adequacy	2	3	2	2	4	2	
Asset Quality	2	1	2	2	2	2	
Earnings	1	4	1	2	4	2	
Liquidity	1	3	1	1	3	1	
Composite Score	2	3	2	2	3	2	
Performance Category	Satisfactory	Fair	Satisfactory	Satisfactory	Fair	Satisfactory	
Ratings	PERFORMANCE CATEGORY	CAPITAL ADEQUACY (Total Capital/TRWA) (%)	ASSET QUALITY (NPLs-Provisions)/Gross Loans (%)	EARNINGS Net Profits/Total Assets (%)	LIQUIDITY (Total Liquid Assets/Total Short-term Liabilities) (%)	MANAGEMENT (Total weighted Score)	COMPOSITE SCORE (Average Score)
1	Strong	19.50 and above	0 - 5	Over 3	Over 34	1.0 - 1.4	1.0 - 1.4
2	Satisfactory	15.60 - 19.49	5.1 - 10.0	2.0-2.9	26 - 34	1.5 - 2.4	1.5 - 2.4
3	Fair	12.00 - 15.59	10.1 - 15.0	1.0-1.9	20 - 25	2.5 - 3.4	2.5 - 3.4
4	Marginal	8.31 - 11.99	15.1 - 20.0	0.0-0.9	15 - 19	3.5 - 4.4	3.5 - 4.4
5	Unsatisfactory	8.30 and below	Over 20	Net Loss	Under 15	4.5 - 5.0	4.5 - 5.0

Source: Commercial Banks Published Financial Statements (December 2023)

APPENDIX IV: BANKING SECTOR MARKET SHARE - DECEMBER 2023

		Market size index	Market Rank index (%)	Total Net Assets	% of the market	Total Deposits	of the market	Total Shareholders' funds	% of the market	Number of Deposit accounts	% of the market	Number of loan accounts	% of the Market
				Ksh.000		Ksh.000		Ksh.000					
	Weighting (%)			0.33		0.33		0.33		0.005		0.005	
	Large Peer Group >5												
1	KCB Bank Kenya Limited	17.4	1	1,425,369,827	18.5	1,129,288,810	19.1	138,717,804	14.2	37,734,074	39.9	1,882,500	14.6
2	Equity Bank (Kenya) Ltd	12.2	2	1,004,243,929	13.1	792,374,900	13.4	100,766,641	10.3	12,901,368	13.6	883,078	6.8
3	NCBA Bank Kenya PLC	9.2	3	661,743,852	8.6	529,104,090	9.0	87,817,057	9.0	30,803,966	32.5	8,338,595	64.5
4	Co-operative Bank of Kenya Ltd	8.8	4	624,254,621	8.1	438,300,382	7.4	106,560,269	10.9	4,193,175	4.4	966,686	7.5
5	Absa Bank Kenya PLC	6.6	5	520,301,038	6.8	378,588,333	6.4	65,424,361	6.7	2,235,965	2.4	291,465	2.3
6	Standard Chartered Bank (K) Ltd	5.9	6	429,278,578	5.6	347,180,286	5.9	61,258,308	6.2	310,633	0.3	47,852	0.4
7	Stanbic Bank Kenya Ltd	5.8	7	449,614,899	5.8	337,798,651	5.7	58,358,359	6.0	293,890	0.3	56,669	0.4
8	I & M Bank Limited	5.4	8	405,613,032	5.3	313,540,057	5.3	56,755,091	5.8	243,729	0.3	31,380	0.2
9	Diamond Trust Bank Kenya Limited	5.3	9	399,615,631	5.2	299,473,088	5.1	56,692,780	5.8	785,994	0.8	29,426	0.2
	Sub-Total	76.6		5,920,035,406	77	4,565,648,597	77.4	732,350,670	74.7	89,502,794	94.6	12,527,651	0.97
	Medium Peer Group (1-5)												
1	Bank of Baroda (Kenya) Limited	2.8	10	201,938,448	2.6	170,817,666	2.9	27,901,033	2.8	67,841	0.1	4,002	0.0
2	Prime Bank Ltd	2.7	11	166,064,763	2.2	127,563,560	2.2	36,857,362	3.8	48,358	0.1	4,756	0.0
3	Citibank N.A. Kenya	2.3	12	151,772,199	2.0	111,766,170	1.9	30,296,174	3.1	2,250	0.0	267	0.0
4	Family Bank Ltd.	1.8	13	142,315,712	1.9	107,522,305	1.8	16,402,160	1.7	2,880,619	3.0	173,246	1.3
5	Bank of India	1.8	14	103,082,409	1.3	70,836,680	1.2	27,155,734	2.8	13,000	0.0	584	0.0
6	National Bank of Kenya Ltd	1.7	15	161,106,364	2.1	123,466,636	2.1	10,573,067	1.1	529,601	0.6	40,291	0.3
7	SBM Bank (Kenya) Ltd	1.1	16	94,919,435	1.2	63,768,529	1.1	8,782,860	0.9	129,371	0.1	19,764	0.2
8	Ecobank Kenya Ltd	1.0	17	103,936,673	1.4	99,680,027	1.7	-281,890	0.0	317,390	0.3	3,930	0.0
	Sub-Total	15.1		1,125,136,003	14.6	875,421,573	14.8	157,686,500	16.1	3,988,430	4.2	246,840	0.0
	Small Peer Group < 1												
1	HFC Ltd	0.8	18	59,145,971	0.8	43,872,141	0.7	8,301,824	0.8	275,705	0.3	13,124	0.1
2	Victoria Commercial Bank Plc	0.7	19	59,200,750	0.8	41,835,199	0.7	7,598,678	0.8	6,954	0.0	1,780	0.0
3	Bank of Africa Ltd	0.6	20	51,723,886	0.7	35,728,806	0.6	6,054,356	0.6	61,160	0.1	10,101	0.1
4	Gulf African Bank Limited	0.6	21	42,125,681	0.5	34,062,615	0.6	7,067,695	0.7	88,527	0.1	18,359	0.1
5	Guaranty Trust Bank (Kenya) Limited	0.6	22	30,112,267	0.4	18,741,217	0.3	10,766,422	1.1	23,324	0.0	1,172	0.0
6	African Banking Corporation Ltd	0.5	23	41,775,949	0.5	34,153,958	0.6	4,389,165	0.4	26,624	0.0	880	0.0
7	Sidian Bank Ltd	0.5	24	44,738,527	0.6	28,633,742	0.5	4,703,830	0.5	164,029	0.2	20,895	0.2
8	Habib Bank AG Zurich	0.4	25	36,125,057	0.5	31,908,017	0.5	3,046,671	0.3	6,051	0.0	567	0.0
9	DIB Bank Kenya Ltd	0.4	26	26,489,664	0.3	21,051,552	0.4	4,878,107	0.5	6,386	0.0	778	0.0
10	UBA Kenya Bank Ltd	0.4	27	31,209,553	0.4	26,589,766	0.5	2,078,783	0.2	13,808	0.0	530	0.0
11	Premier Bank Kenya Ltd	0.3	28	23,304,561	0.3	11,834,599	0.2	5,261,889	0.5	71,897	0.1	1,747	0.0
12	Credit Bank PLC	0.3	29	25,721,643	0.3	18,247,392	0.3	3,267,287	0.3	43,456	0.0	1,658	0.0
13	Commercial International Bank (CIB) Kenya Limited	0.3	30	17,543,453	0.2	12,890,373	0.2	4,191,483	0.4	3,513	0.0	410	0.0
14	Kingdom Bank Kenya Limited	0.3	31	36,720,398	0.5	12,296,313	0.2	1,476,758	0.2	189,490	0.2	25,891	0.2
15	Development Bank of Kenya Ltd	0.3	32	18,840,315	0.2	10,942,810	0.2	3,783,689	0.4	1,807	0.0	1,153	0.0
16	Guardian Bank Limited	0.3	33	15,853,010	0.2	11,773,111	0.2	3,577,591	0.4	10,722	0.0	945	0.0
17	M-Oriental Bank Kenya Ltd	0.2	34	13,859,858	0.2	10,326,600	0.2	3,384,465	0.3	4,374	0.0	565	0.0
18	Middle East Bank (K) Ltd	0.2	35	18,848,303	0.2	13,697,919	0.2	2,138,770	0.2	3,833	0.0	28,386	0.2
19	Paramount Bank Ltd	0.2	36	15,439,383	0.2	12,122,569	0.2	2,576,948	0.3	6,482	0.0	2,165	0.0
20	Access Bank (Kenya) PLC	0.2	37	17,119,500	0.2	13,592,039	0.2	1,806,825	0.2	98,175	0.1	8,491	0.1
21	Consolidated Bank of Kenya Limited	0.1	38	15,209,512	0.2	10,997,740	0.2	651,981	0.1	45,784	0.0	4,353	0.0
22	Spire Bank Limited	0.0	39	2,882,182	0.0	2,115,508	0.0	-838,493	-0.1	-	0.0	-	0.0
	Sub-Total	8.4		643,989,423	8.4	457,413,987	7.8	90,164,724	9.2	1,152,101	1.2	143,950	1.11
	Grand-Total	100		7,689,160,833	100	5,898,484,157	100	980,201,894	100	94,643,325	100	12,918,441	100

Source: Commercial Banks Published Financial Statements (December 2023)

Appendix V: BANKING SECTOR PROFITABILITY - DECEMBER 2023

		Profit/ (Loss) Before Tax (Ksh.M)	Return on Assets		Return on Equity	
			Total Assets (Ksh.M)	(1/2) (%)	Total Share- holder's Funds (Ksh.M)	(1/4) (%)
		1	2	3	4	5
1	KCB Bank Kenya Ltd	33,252	1,425,370	2.3	138,718	24
2	Co-operative Bank of Kenya Ltd	29,616	624,255	4.7	106,560	27.8
3	Equity Bank Kenya Ltd	25,194	1,004,244	2.5	100,767	25
4	Absa Bank Kenya Plc	22,260	520,301	4.3	65,424	34
5	NCBA Bank Kenya PLC	21,700	661,744	3.3	87,817	24.7
6	Standard Chartered Bank Kenya Ltd	19,367	429,279	4.5	61,258	31.6
7	Stanbic Bank Kenya Ltd	16,740	449,615	3.7	58,358	28.7
8	Citibank N.A. Kenya	14,122	151,772	9.3	30,296	46.6
9	I&M Bank Ltd	12,084	405,613	3	56,755	21.3
10	Bank of Baroda (Kenya) Limited	7,288	201,938	3.6	27,901	26.1
11	Diamond Trust Bank Kenya Ltd	5,434	399,616	1.4	56,693	9.6
12	Bank of India	4,372	103,082	4.2	27,156	16.1
13	Prime Bank Ltd	4,343	166,065	2.6	36,857	11.8
14	Family Bank Ltd	3,058	142,316	2.1	16,402	18.6
15	Gulf African Bank Ltd	1,529	42,126	3.6	7,068	21.6
16	Guaranty Trust Bank (K) Ltd	1,397	30,112	4.6	10,766	13
17	Kingdom Bank Ltd	1,064	36,720	2.9	1,477	72
18	Victoria Commercial Bank Plc	781	59,201	1.3	7,599	10.3
19	Habib Bank A.G. Zurich	517	36,125	1.4	3,047	17
20	Middle East Bank (K) Ltd	422	18,848	2.2	2,139	19.7
21	Guardian Bank Ltd	379	15,853	2.4	3,578	10.6
22	Bank of Africa (K) Ltd	376	51,724	0.7	6,054	6.2
23	Paramount Bank Ltd	285	15,439	1.8	2,577	11.1
24	African Banking Corporation Ltd	198	41,776	0.5	4,389	4.5
25	M-Oriental Bank Kenya Ltd	189	13,860	1.4	3,384	5.6
26	HFC Ltd	166	59,146	0.3	8,302	2
27	Ecobank Kenya Ltd	160	103,937	0.2	-282	-56.9
28	SBM Bank Kenya Ltd	130	94,919	0.1	8,783	1.5
29	Credit Bank Plc	48	27,219	0.2	3,978	1.2
30	Development Bank of Kenya Ltd	25	18,840	0.1	3,784	0.7
31	Sidian Bank Ltd	-251	44,739	-0.6	4,704	-5.3
32	DIB Bank Kenya Ltd	-257	26,490	-1	4,878	-5.3
33	Commercial International Bank (CIB) Kenya Ltd	-280	17,543	-1.6	4,191	-6.7
34	Premier Bank Kenya Ltd	-318	23,305	-1.4	5,262	-6
35	UBA Kenya Bank Ltd	-344	31,210	-1.1	2,079	-16.6
36	Consolidated Bank of Kenya Ltd	-408	15,210	-2.7	652	-62.6
37	Access Bank (Kenya) Plc	-703	17,120	-4.1	1,807	-38.9
38	Spire Bank Limited	-1,067	2,882	-37	-838	127.3
39	National Bank of Kenya Ltd	-3,569	161,106	-2.2	10,573	-33.8
	Total	219,299	7,690,658	2.9	980,913	22.4

Source: Commercial Banks Published Financial Statements (December 2023)

Appendix VI: BANKING SECTOR GROSS LOANS AND NON-PERFORMING LOANS- DECEMBER 2023					
	BANKS	Gross Loans and Advances, Ksh. M		Gross Non-Performing Loans, Ksh. M	
		Dec-22	Dec-23	Dec-22	Dec-23
1	KCB Bank Kenya Ltd	676,648	843,001	129,110	166,262
2	Equity Bank Ltd.	458,599	489,241	39,144	79,843
3	Co - operative Bank of Kenya Ltd	362,205	396,508	47,480	62,804
4	Absa Bank Kenya Plc	301,717	358,919	22,519	35,255
5	NCBA Bank Kenya Plc	270,100	318,113	35,300	40,462
6	Stanbic Bank (Kenya) Ltd	253,959	279,148	28,450	26,467
7	I&M Bank Ltd	198,770	246,507	19,662	27,140
8	Diamond Trust Bank (K) Ltd	191,056	223,416	28,167	37,928
9	Standard Chartered Bank (K) Ltd	159,083	177,206	22,577	17,221
10	Family Bank Ltd.	88,137	96,000	12,431	14,007
11	National Bank of Kenya Ltd	83,851	93,976	18,496	25,186
12	Bank of Baroda (K) Ltd	63,390	71,124	6,016	5,631
13	Prime Bank Ltd	44,469	60,643	5,870	6,242
14	Citibank N.A. Kenya	51,242	57,611	1,563	2,501
15	SBM Bank (Kenya) Ltd	48,913	57,051	13,190	14,789
16	HFC Ltd	43,601	46,888	8,487	10,820
17	Victoria Commercial Bank Plc	37,477	44,374	4,563	4,757
18	African Banking Corporation Ltd	25,364	30,640	5,075	6,024
19	Ecobank Kenya Ltd	27,683	27,066	5,623	5,288
20	Gulf African Bank Ltd	24,240	26,701	3,203	3,642
21	Bank of India	20,680	26,559	839	1,871
22	Sidian Bank Ltd	24,920	25,023	2,880	4,485
23	Credit Bank Plc	21,094	23,087	5,775	10,167
24	Bank of Africa (K) Ltd	22,289	19,946	5,321	4,664
25	Premier Bank Kenya Ltd	17,849	18,226	7,333	11,781
26	DIB Bank Kenya Ltd	12,037	17,579	1,381	1,747
27	Development Bank of Kenya Ltd	11,510	12,488	2,992	2,675
28	Kingdom Bank Limited	9,154	11,588	4,512	3,210
29	Consolidated Bank of Kenya Ltd	11,487	11,302	2,845	3,471
30	Middle East Bank (K) Ltd	6,132	11,252	421	2,257
31	Habib Bank A.G. Zurich	7,385	9,377	740	579
32	Paramount Bank Ltd	8,708	9,225	1,811	1,313
33	Guaranty Trust Bank Ltd	14,301	8,249	1,791	2,702
34	M-Oriental Bank Kenya Ltd	8,226	7,708	1,653	1,868
35	Guardian Bank Ltd	7,018	7,595	1,208	1,213
36	Commercial International Bank (CIB) Kenya Limited	5,301	6,690	876	1,083
37	UBA Kenya Bank Kenya Ltd	3,525	5,022	961	1,050
38	Access Bank (Kenya) PLC	4,041	4,308	209	645
39	Spire Bank Ltd	4,090	4,090	2,765	2,765
	Total	3,630,251	4,183,446	503,242	651,813
	Source: Banks Published Financial Statements				

APPENDIX VII: BANKING SECTOR CAPITAL AND RISK WEIGHTED ASSETS -DECEMBER 2023

	Banks	Core Capital (Ksh.000)	Total Capital (Ksh.000)	Overall Risk Weighted Assets (Ksh.000)	Core Capital/TRWA (%)	Total Capital/TRWA (%)	Core Capital/Total Deposits (%)
1	Equity Bank Kenya Ltd	126,923,078	167,795,985	892,998,939	14.2	18.8	15
2	KCB Bank Kenya Ltd	114,331,552	153,587,948	971,783,711	11.8	15.8	18.7
3	Co-operative Bank of Kenya Ltd	101,262,154	126,658,247	570,279,516	17.8	22.2	18.2
4	NCBA Bank Kenya PLC	82,120,807	82,120,807	468,837,218	17.5	17.5	21.1
5	Absa Bank Kenya Plc	60,169,095	79,898,108	442,484,634	13.6	18.1	12.4
6	Diamond Trust Bank Kenya Ltd	51,404,728	53,463,809	315,355,812	16.3	17	29.5
7	Standard Chartered Bank Kenya Ltd	51,217,932	51,400,453	288,168,235	17.8	17.8	21.7
8	Stanbic Bank Kenya Ltd	50,109,636	64,201,192	386,916,038	13	16.6	17.7
9	I&M Bank Ltd	42,946,614	60,205,488	341,511,489	12.6	17.6	27.2
10	Bank of Baroda (Kenya) Limited	33,543,586	33,682,646	104,209,700	32.2	32.3	18.1
11	Prime Bank Ltd	27,314,958	28,514,631	90,242,674	30.3	31.6	16.9
12	Bank of India	26,126,867	26,384,084	49,815,418	52.4	53	16.2
13	Citibank N.A. Kenya	24,387,153	25,388,613	110,083,639	22.2	23.1	23.4
14	Family Bank Ltd	13,695,126	18,247,338	108,176,948	12.7	16.9	18.2
15	National Bank of Kenya Ltd	8,183,125	13,640,220	109,242,549	7.5	12.5	15.1
16	SBM Bank Kenya Ltd	8,094,759	8,805,703	56,875,533	14.2	15.5	25.4
17	Ecobank Kenya Ltd	7,803,550	8,066,437	51,838,694	15.1	15.6	25.4
18	Victoria Commercial Bank Plc	7,361,397	9,168,829	58,305,919	12.6	15.7	10.8
19	Gulf African Bank Ltd	6,819,471	6,847,901	35,135,139	19.4	19.5	9.4
20	Guaranty Trust Bank Ltd	5,839,304	6,002,523	13,057,539	44.7	46	24.9
21	Sidian Bank Ltd	4,139,510	5,903,808	37,666,591	11	15.7	18.6
22	Kingdom Bank Ltd	3,329,239	3,329,239	16,830,450	19.8	19.8	8
23	Commercial International Bank (CIB) Kenya Limited	3,258,441	3,345,115	12,820,653	25.4	26.1	30.6
24	Guardian Bank Ltd	3,190,925	3,337,472	11,723,726	27.2	28.5	9.2
25	DIB Bank Kenya Ltd	3,176,386	3,285,428	20,787,968	15.3	15.8	0
26	African Banking Corporation Ltd	3,079,447	3,797,859	24,666,582	12.5	15.4	18.2
27	Bank of Africa (K) Ltd	2,932,700	4,525,236	24,922,925	11.8	18.2	14.8
28	Premier Bank Kenya Ltd	2,865,073	3,151,251	22,894,280	12.5	13.8	13.4
29	Habib Bank AG Zurich	2,824,508	2,894,951	12,049,603	23.4	24	22
30	M-Oriental Bank Kenya Ltd	2,569,103	2,682,442	9,067,153	28.3	29.6	18.9
31	Credit Bank Plc	2,512,620	3,473,466	21,266,969	11.8	16.3	8.9
32	Paramount Bank Ltd	2,362,156	2,362,156	8,411,122	28.1	28.1	45.6
33	Development Bank of Kenya Ltd	2,277,337	2,527,398	12,145,943	18.7	20.8	7.9
34	HFC Ltd	2,082,282	3,546,854	39,372,404	5.3	9	-78.7
35	UBA Kenya Bank Ltd	2,078,784	2,078,784	11,771,747	17.7	17.7	-1.4
36	Middle East Bank (K) Ltd	1,998,939	2,103,950	10,289,417	19.4	20.4	42.8
37	Access Bank (Kenya) Plc	1,489,451	1,534,552	8,317,386	17.9	18.4	14.8
38	Consolidated Bank of Kenya Ltd	-524,659	-524,659	11,763,666	-4.5	-4.5	10.4
39	Spire Bank Limited	-1,664,616	-1,636,669	2,235,723	-74.5	-73.2	17.5
	Total	893,632,517	1,075,799,595	5,784,323,651	15.4	18.6	17.2

Source: Banks Published Financial Statements

APPENDIX VIII: BANKING SECTOR ACCESS TO FINANCIAL SERVICES - NUMBER OF DEPOSIT ACCOUNTS - DECEMBER 2023

	Commercial Banks	Peer Group - 2023	Dec-22			Dec-23			change
			< 500,000	>500,000	Total	< 500,000	>500,000	Total	
1	Equity Bank Kenya Ltd	Large	11,866,388	419,736	12,286,124	12,777,270	124,098	12,901,368	5
2	KCB Bank Kenya Ltd	Large	11,050,565	330,484	11,381,049	37,620,706	113,368	37,734,074	231.6
3	Co-operative Bank of Kenya Ltd	Large	3,592,446	280,128	3,872,574	4,107,142	86,033	4,193,175	8.3
4	NCBA Bank Kenya Ltd.	Large	29,330,294	146,396	29,476,690	30,387,485	416,481	30,803,966	4.5
5	ABSA Kenya Plc	Large	1,926,588	110,423	2,037,011	2,176,639	59,326	2,235,965	9.8
6	Standard Chartered Bank (K) Ltd	Large	217,505	76,896	294,401	271,635	38,998	310,633	5.5
7	Diamond Trust Bank (K) Ltd	Large	564,633	62,305	626,938	726,998	58,996	785,994	25.4
8	I & M Bank Ltd.	Large	143,760	59,968	203,728	212,504	31,225	243,729	19.6
9	Stanbic Bank Kenya Ltd	Large	220,877	47,619	268,496	268,245	25,645	293,890	9.5
10	Family Bank Ltd	Medium	2,523,308	98,528	2,621,836	2,858,611	22,008	2,880,619	9.9
11	National Bank of Kenya Ltd	Medium	792,038	44,610	836,648	512,654	16,947	529,601	-36.7
12	Bank of Baroda Ltd	Medium	23,790	39,662	63,452	38,597	29,244	67,841	6.9
13	Prime Bank Ltd	Medium	21,637	21,776	43,413	31,843	16,515	48,358	11.4
14	Bank of India	Medium	4,642	9,182	13,824	6,698	6,302	13,000	-6
15	Bank of Africa Kenya Ltd	Medium	58,709	9,075	67,784	57,086	4,074	61,160	-9.8
16	Ecobank Kenya Ltd	Medium	177,525	8,740	186,265	312,812	4,578	317,390	70.4
17	Citibank N.A. Kenya	Medium	559	1,520	2,079	815	1,435	2,250	8.2
18	Gulf African Bank Ltd	Small	68,614	18,199	86,813	80,519	8,008	88,527	2
19	HFC Limited	Small	270,497	13,438	283,935	269,931	5,774	275,705	-2.9
20	Sidian Bank Limited	Small	159,355	10,915	170,270	159,986	4,043	164,029	-3.7
21	SBM Bank (Kenya) Ltd.	Small	164,925	10,436	175,361	123,894	5,477	129,371	-26.2
22	Guaranty Trust Bank (Kenya) Ltd	Small	16,257	6,118	22,375	20,290	3,034	23,324	4.2
23	Premier Bank Kenya Ltd	Small	69,992	6,065	76,057	70,010	1,887	71,897	-5.5
24	African Banking Corporation Ltd	Small	22,398	5,941	28,339	22,543	4,081	26,624	-6.1
25	Consolidated Bank of Kenya Ltd	Small	40,523	5,063	45,586	43,715	2,069	45,784	0.4
26	Access Bank (Kenya) PLC	Small	81,174	4,962	86,136	96,102	2,073	98,175	14
27	Victoria Commercial Bank Plc	Small	1,549	4,829	6,378	3,264	3,690	6,954	9
28	Credit Bank Plc	Small	38,372	4,515	42,887	41,005	2,451	43,456	1.3
29	Habib Bank A.G. Zurich	Small	2,024	3,445	5,469	3,701	2,350	6,051	10.6
30	Kingdom Bank Limited	Small	174,098	3,219	177,317	187,791	1,699	189,490	6.9
31	Guardian Bank Limited	Small	6,596	3,118	9,714	8,682	2,040	10,722	10.4
32	Paramount Bank Ltd	Small	4,726	1,656	6,382	5,514	968	6,482	1.6
33	M-Oriental Bank Kenya Ltd	Small	2,493	1,590	4,083	3,414	960	4,374	7.1
34	DIB Bank Kenya Ltd	Small	3,597	1,549	5,146	5,168	1,218	6,386	24.1
35	Commercial International Bank (CIB) Kenya Limited	Small	1,953	1,406	3,359	2,576	937	3,513	4.6
36	Middle East Bank (K) Ltd	Small	2,013	1,323	3,336	2,950	883	3,833	14.9
37	Development Bank of Kenya Ltd	Small	736	1,055	1,791	1,093	714	1,807	0.9
38	UBA Kenya Bank Ltd	Small	13,476	971	14,447	13,205	603	13,808	-4.4
39	Spire Bank Limited	Small	15,706	889	16,595	0	0	0	-100
	Sub-Totals		62,175,638	1,847,077	64,022,715	93,533,093	1,110,232	94,643,325	47.8
	Microfinance Banks								
1	Kenya Women Microfinance Bank Limited	Large	1,018,358	9,868	1,028,226	1,012,190	1,197	1,013,387	-1.4
2	Faulu Microfinance Bank Limited	Large	278,831	7,172	286,003	265,883	3,247	269,130	-5.9
3	Rafiki Microfinance Bank Limited	Large	63,937	1,726	65,663	74,747	582	75,329	14.7
4	SMEP Microfinance Bank Limited	Medium	549,070	1,946	551,016	573,766	550	574,316	4.2
5	Sumac Microfinance Bank Limited	Medium	14,100	574	14,674	16,191	306	16,497	12.4
6	LOLC Microfinance Bank Limited	Medium	6,719	114	6,833	5,609	63	5,672	-17
7	On It Microfinance Bank Limited	Small	497,287	123	497,410	506,335	37	506,372	1.8
8	Caritas Microfinance Bank Limited	Small	43,374	1,781	45,155	52,246	745	52,991	17.4
9	Branch Microfinance Bank Limited	Small	543,845	395	544,240	687,188	106	687,294	26.3
10	U & I Microfinance Bank Limited	Small	8,413	199	8,612	8,814	92	8,906	3.4
11	Salaam Microfinance Bank Limited	Small	5,792	17	5,809	6,428	22	6,450	11
12	Choice Microfinance Bank Limited	Small	8,475	54	8,529	8,971	19	8,990	5.4
13	Umba Microfinance Bank Limited	Small	5,253	57	5,310	7,161	21	7,182	35.3
14	Muungano Microfinance Bank Limited	Small	3,876	231	4,107	5,893	46	5,939	44.6
	Sub-Totals		3,047,330	24,257	3,071,587	3,231,422	7,033	3,238,455	5.4
	Grand Total		65,222,968	1,871,334	67,094,302	96,764,515	1,117,265	97,881,780	45.9

Source: CBK

APPENDIX IX: BANKING SECTOR PROTECTED DEPOSITS - DECEMBER 2023

			Dec-22		Dec-23		Change in Insured Deposits	Change In Customer Deposits
			Insured	Customer	Insured	Customer		
			Deposits	Deposits	Deposits	Deposits		
BANKS		Ksh M	Ksh. M	Ksh M	Ksh. M			
1	ABSA Bank Kenya Plc	Large	43,671	306,663	50,085	366,903	6,414	14.7
2	Access Bank (Kenya) Plc	Small	1,343	9,842	1,357	9,993	14	1
3	African Banking Corporation Ltd	Small	2,541	29,999	2,694	32,659	153	6
4	Bank of Africa (K) Ltd	Small	3,622	32,733	3,631	33,129	8	0.2
5	Bank of Baroda (Kenya) Limited	Medium	17,409	163,330	18,317	170,127	908	5.2
6	Bank of India	Medium	4,103	54,424	3,858	56,781	-245	-6
7	Citibank N.A. Kenya	Medium	112,462	110,040	115,292	110,318	2,830	2.5
8	Consolidated Bank of Kenya Limited	Small	2,022	11,356	1,992	10,665	-31	-1.5
9	Credit Bank Plc	Small	1,877	17,537	1,886	17,537	9	0.5
10	Development Bank of Kenya Ltd	Small	468	7,263	445	8,282	-23	-4.9
11	Diamond Trust Bank Kenya Limited	Large	26,093	250,593	38,962	296,727	12,869	49.3
12	DIB Bank Kenya Ltd	Small	677	14,007	830	20,451	153	22.6
13	Ecobank Kenya Ltd	Medium	2,096	84,762	3,792	92,560	1,696	80.9
14	Equity Bank Kenya Ltd	Large	161,447	647,371	167,947	609,678	6,501	4
15	Family Bank Ltd.	Medium	23,645	89,343	27,238	103,138	3,594	15.2
16	Premier Bank Kenya Ltd	Small	14,711	13,743	12,229	10,652	-2,482	-16.9
17	Guaranty Trust Bank (Kenya) Ltd	Small	1,612	22,361	2,388	18,724	776	48.2
18	Guardian Bank Limited	Small	1,271	11,876	1,524	11,773	252	19.9
19	Gulf African Bank Ltd	Small	7,137	31,368	7,322	34,063	185	2.6
20	Habib Bank AG Zurich	Small	1,476	25,722	1,556	30,773	80	5.4
21	HFC Ltd	Medium	39,886	39,862	5,294	43,869	-34,592	-86.7
22	I & M Bank Ltd	Large	24,866	233,807	59,304	305,995	34,438	138.5
23	KCB Bank Kenya Ltd	Large	132,764	694,516	152,768	1,116,875	20,003	15.1
24	Kingdom Bank Ltd	Small	1,356	9,641	948	12,296	-408	-30.1
25	Commercial International Bank (CIB) Kenya Limited	Small	591	9,326	625	11,495	34	5.7
26	Middle East Bank (K) Ltd	Small	567	9,832	599	12,480	33	5.7
27	M-Oriental Bank Kenya Ltd	Small	2,042	7,949	2,187	10,327	146	7.1
28	National Bank of Kenya Ltd	Medium	17,854	105,675	18,171	118,308	318	1.8
29	NCBA Bank Kenya Plc	Large	62,517	502,676	76,059	514,608	13,542	21.7
30	Paramount Bank Ltd	Small	694	11,298	681	12,123	-13	-1.9
31	Prime Bank Ltd	Medium	107,434	107,582	127,419	127,546	19,985	18.6
32	SBM Bank Kenya Ltd	Medium	4,337	49,306	4,463	63,117	126	2.9
33	Sidian Bank Limited	Small	4,271	25,445	4,138	27,645	-133	-3.1
34	Spire Bank Limited	Small	343	2,115	-	2,115	-343	-100
35	Stanbic Bank Kenya Ltd	Large	11,612	282,139	20,540	330,897	8,928	76.9
36	Standard Chartered Bank Kenya Ltd	Large	30,741	278,879	31,654	342,853	913	3
37	Co-operative Bank of Kenya Ltd	Large	107,057	410,188	112,290	432,548	5,233	4.9
38	UBA Kenya Bank Ltd	Small	410	8,225	490	24,999	80	19.4
39	Victoria Commercial Bank Plc	Small	2,133	38,908	2,285	39,898	152	7.1
	Sub-Totals		981,160	4,761,702	1,083,263	5,594,927	102,103	10.4
	Microfinance Banks							
1	Faulu Microfinance Bank Ltd	Large	15,827	16,250	2,879	15,509	-12,948	-4.6
2	Kenya Women Microfinance Bank Ltd	Large	8,291	18,597	6,432	16,220	-1,859	-12.8
3	Rafiki Microfinance Bank Ltd	Large	275	3,324	780	3,282	505	-1.2
4	Branch Microfinance Bank Ltd	Medium	177	339	168	377	-9	11
5	SMEP Microfinance Bank Ltd	Medium	1,577	2,240	983	2,183	-594	-2.5
7	Sumac Microfinance Bank Ltd	Medium	245	1,577	223	1,282	-22	-18.7
6	Muongano Microfinance Bank PLC	Small	50	142	75	163	25	15.1
8	Caritas Microfinance Bank Ltd	Small	401	2,854	856	3,190	455	11.8
9	Choice Microfinance Bank Ltd	Small	30	32	30	112	0	249
10	Umba Microfinance Bank Ltd	Small	27	108	23	64	-3	-40.4
11	LOLC Microfinance Bank Limited	Small	60	140	72	162	12	16.5
12	On It Microfinance Bank Ltd	Small	62	338	46	446	-16	32
13	U & I Microfinance Bank Ltd	Small	78	528	107	476	28	-9.9
14	Salaam Microfinance Bank Ltd	Small	23	23	152	156	129	580.6
	Sub-Totals		272	46,491	272	43,622	-	-6.2
	Grand total		981,432	4,808,193	1,083,535	5,638,549	102,103	17.3

Source: Banks Published Financial Statements (December 2022 and December 2023)

APPENDIX X: MICROFINANCE BANKS BALANCE SHEET - DECEMBER 2023

	KENYA WOM-EN	FAULU	RAFI-KI	SMEP	CARI-TAS	SU-MAC	LOLC	U & I	SA-LAAM	UMBA	ON IT	BRANCH	MUUN-GANO	CHOICE	TOTAL	
	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	
A) STATEMENT OF FINANCIAL POSITION																
1	ASSETS															
1.1	Cash and bank balances	1,451	276	31	19	30	5	5	2	51	-	3	0	12	0	1,886
1.2	Short term deposits with banks	1,740	1,306	693	1,389	547	721	206	191	185	13	196	358	153	161	7,856
1.3	Government securities	-	3,632	326	10	433	-	-	-	-	-	-	75	-	-	4,476
1.4	Advances to customers (net)	13,925	12,384	3,085	1,467	2,547	1,648	294	1,352	4	20	109	358	274	0	37,467
1.5	Due from related organisations															
1.6	Other receivables	512	636	345	466	121	476	49	13	20	29	69	98	6	20	2,862.30
1.7	Tax recoverable	312	366	93	31	-	19	6	-	2	1	-	2	8	-	839
1.8	Deferred tax Asset	434	-	-	103	-	9	80	16	87	71	24	138	13	26	1,001
1.9	Other investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.1	Investment in associate companies	38	69	40	-	5	-	-	-	-	-	-	-	-	-	152
1.11	Intangible assets	477	1,491	64	159	53	84	13	4	55	-	24	0	20	18	2,462
1.12	Property and equipment	4,056	339	150	245	99	51	9	38	131	7	22	29	40	-17	5,200
	TOTAL ASSETS	22,945	20,500	4,827	3,890	3,835	3,013	662	1,616	535	141	446	1,059	525	208	64,202
2	LIABILITIES															
2.1	Cash collaterals held	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Customer deposits	16,222	15,757	3,282	2,168	3,190	1,282	162	466	156	64	446	403	164	100	43,863
2.3	Borrowings	4,107	1,895	414	566	91	1,083	142	832	-	-	-	-	62	0	9,192
2.4	Deposit & balances due to banking institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.5	Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.6	Due to related organisations	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1
2.7	Other liabilities	1,640	1,053	465	99	112	280	58	26	122	84	39	335	19	12	4,345
	TOTAL LIABILITIES	21,969	18,705	4,161	2,834	3,392	2,644	362	1,324	278	148	485	738	246	112	57,400
3	SHARE CAPITAL & RESERVES															
3.1	Share capital	186	660	3,750	1,139	700	205	290	261	612	304	1,017	373	272	300	10,070
3.2	Share premium	2,851	3,770	-	70	-	123	323	-	-	27	20	250	36	29	7,499
3.3	Retained earnings	-2,604	-2,916	-3,017	-308	-346	40	-346	31	-356	-339	-1,075	-301	-29	-263	-11,828
3.4	Revaluation reserve	141	280	-67	154	2	-	32	-	-	-	-	-	-	-	542
3.5	Statutory reserve	403	-	-	-	87	-	0	-	-	0	-	-	-	30	520
3.6	Total Shareholders' funds	976	1,794	667	1,055	443	369	300	292	257	-8	-39	322	279	96	6,802
	TOTAL LIABILITIES AND EQUITY	22,945	20,500	4,827	3,890	3,835	3,013	662	1,616	535	141	446	1,059	525	208	64,202

Source: MFBs Published Financial Statements

APPENDIX XI: MICROFINANCE BANKS PROFIT AND LOSS ACCOUNT - DECEMBER 2023

	KENYA WOM-EN	FAULU	RAFIKI	SMEP	CARI-TAS	SUMAC	LOLC	U & I	SA-LAAM	UMBA	ON IT	BRANCH	MUUN-GANO	CHO ICE	TOTAL	
1.0	Income	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	
1.1	Interest on Loan Portfolio	4,234	2,481	532	460	375	328	65	227	8	3	54	617	56	1	9,441
1.2	Fees and Commission on Loan Portfolio	387	231	34	60	48	28	11	65	-	1	6	38	10	0	919
1.3	Government Securities	-	424	48	-	57	-	-	-	-	-	-	3	-	-	533
1.4	Deposit and Balances with Banks and Financial Inst.	226	22	48	48	51	61	7	10	-	0	19	19	9	-	519
1.5	Other Investments	26	-	-	-	-	-	-	-	-	-	-	-	-	4	30
1.6	Other Operating Income	414	213	101	180	36	107	7	1	11	0	-	208	10	37	1,326
1.7	Non- Operating Income	15	5	-	-	-	-	-	-	-	-	-	-	-	-	20
	Total Income	5,303	3,376	764	747	567	524	90	303	18	4	78	886	85	42	12,789
2.0	Expenses															0
2.1	Interest and Fee Expense on Deposits	1,249	1,407	238	100	136	129	14	45	0	6	44	30	9	1	3,408
2.2	Other Fees and Com-missions expense	49	168	16	-	1	15	0	-	-	-	-	21	2	-	272
2.3	Provision for Loan Impairment	419	290	71	27	35	7	12	14	0	0	3	324	2	3	1,208
2.4	Staff Costs	1,901	1,026	391	243	155	86	72	39	52	32	50	210	26	11	4,295
2.5	Director's Emoluments	14	17	8	6	15	15	0	9	3	-	2	3	5	-	98
2.6	Rental Charges	275	114	80	63	5	21	10	1	-	5	10	3	0	4	592
2.7	Depreciation Charges	273	301	29	28	38	12	2	7	38	3	6	11	3	1	752
2.8	Amortization Charges	33	99	2	7	3	7	0	0	11	0	10	0	3	-	177
2.9	Other Administrative Expense	1,369	501	286	183	138	59	33	69	62	23	69	186	23	14	3,016
2.1	Non-Operating Expense	-	-	-	-	-	-	-	6	-	-	110	-	-	-	116
	Total Expenses	5,583	3,923	1,121	659	525	352	145	190	167	70	303	788	73	34	13,934
3.0	Operating Profit	-280	-547	-357	88	42	172	-55	113	-148	-66	-225	98	12	8	-1,145
4.0	Interest and Fee Expense on Borrowings (Finance Costs)	658	173	77	77	3	167	7	75	-	-	2	-	8	-	1,247
5.0	Profit/(Loss) before tax	-938	-719	-434	12	39	6	-62	38	-148	-66	-227	98	4	8	-2,391
6.0	Current Tax	5	1	-	-12	-	4	-	19	-	-	-	32	-	-	49
6.1	Deferred Tax	-	719	-	-	-	-	-	-	-13	-	-	-	0	-	706
7.0	Net Profit (After Taxes and Before Donations)	-943	-1,440	-434	24	39	2	-62	18	-135	-66	-227	65	4	8	-3,147
8.0	Donations for Operating Expense	22	-	-	-	-	-	-	-	-	-	-	-	-	-	22
9.0	Net Profit After Taxes	-920	-1,440	-434	24	39	2	-62	18	-135	-66	-227	65	4	8	-3,125
	Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
	Surplus on revaluation of building	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
	Deferred tax on revaluation surplus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
	Total comprehensive income	-920	-1,440	-434	24	39	2	-62	18	-135	-66	-227	65	4	8	-3,125

Source: MFBs Published Financial Statements

APPENDIX XII: MICROFINANCE BANKS OTHER DISCLOSURES - DECEMBER 2023

		KENYA WOMEN	FAULU	RAFIKI	SMEP	CARITAS	SUMAC	LOLC	U & I	SALAAM	UMBA	ON IT	BRANCH	MUUNGA-NO	CHOICE	TOTAL
1	NON-PERFORMING LOANS AND ADVANCES	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M
(a)	Gross Non-Performing Loans and Advances	4,331.7	3,351.5	2,362.2	599.1	247.2	560.3	87.1	52.2	-	2.3	158.7	73.8	60.4	6.7	11,893.1
(b)	Less: Interest in Suspense	-	469.7	586.2	221.4	21.0	-	-	29.9	-	-	-	20.7	4.2	6.2	1,359.3
(c)	Total Non-Performing Loans and Advances (a-b)	4,331.7	2,881.8	1,776.0	377.7	226.2	560.3	87.1	22.4	-	2.3	158.7	53.0	56.2	0.5	10,533.9
(d)	Less: Impairment Loss Allowance	826.7	2,321.8	149.4	445.0	78.5	92.2	44.1	42.7	-	-	139.0	3.4	10.6	6.7	4,160.0
(e)	Net Non-Performing Loans (c-d)	3,505.0	560.0	1,626.6	(67.3)	147.7	468.1	43.1	(20.3)	-	2.3	19.8	49.6	45.6	(6.2)	6,373.9
2	INSIDER LOANS AND ADVANCES															
(a)	Directors, Shareholders and Associates	61.6	0.0	-	-	1.9	29.6	-	7.5	4.0	-	0.1	-	1.7	1.0	107.4
(b)	Employees	100.9	252.4	64.6	9.8	72.3	18.6	0.7	21.1	-	0.5	11.7	2.3	0.7	2.9	558.4
(c)	Total Insider Loans, Advances and Other Facilities	162.5	252.4	64.6	9.8	74.2	48.2	0.7	28.6	4.0	0.5	11.8	2.3	2.4	3.9	665.9
3	OFF-BALANCE SHEET ITEMS															
(a)	Guarantees and Commitments	96.4	17.7	5,428.4	-	-	380.1	-	-	-	-	-	-	-	-	5,922.6
(b)	Other Contingent Liabilities	22.3	54.0	-	-	-	-	-	-	-	-	-	-	-	-	76.3
(c)	Total Contingent Liabilities	118.7	71.7	5,428.4	-	-	380.1	-	-	-	-	-	-	-	-	5,998.9
4	CAPITAL STRENGTH															
(a)	Core Capital	13.3	1,445.0	733.4	766.9	354.1	341.0	187.7	275.5	167.6	(78.1)	(62.9)	183.5	266.6	40.5	4,634.1
(b)	Minimum Statutory Capital	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	20.0	60.0	60.0	20.0	20.0	720.0
(c)	Excess/(Deficiency) (a-b)	(46.7)	1,385.0	673.4	706.9	294.1	281.0	127.7	215.5	107.6	(98.1)	(122.9)	123.5	246.6	20.5	3,914.1
(d)	Supplementary Capital	13.3	470.0	-	38.6	87.2	79.5	63.8	-	-	0.2	-	-	-	-	752.5
(e)	Total Capital (a+d)	26.7	1,915.1	733.4	805.4	441.3	420.4	251.5	275.5	167.6	(77.9)	(62.9)	183.5	266.6	40.5	5,386.6
(f)	Total Risk Weighted Assets	14,565.7	13,896.9	5,879.0	2,460.8	2,906.3	2,416.2	491.3	1,383.3	245.6	59.4	280.6	555.0	371.6	52.3	45,563.9
(g)	Core Capital/ Total Deposit Liabilities (%)	0.1	9.2	22.3	35.4	11.1	26.6	115.5	59.2	107.4	(121.8)	(14.1)	45.5	162.2	40.4	10.6
(h)	Minimum Statutory Ratio (%)	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
(i)	Excess/(Deficiency) (g-h) (%)	(7.9)	1.2	14.3	27.4	3.1	18.6	107.5	51.2	99.4	(129.8)	(22.1)	37.5	154.2	32.4	2.6
(j)	Core Capital/ Total Risk Weighted Assets (%)	0.1	10.4	12.5	31.2	12.2	14.1	38.2	19.9	68.2	(131.5)	(22.4)	33.1	71.7	77.5	10.2
(k)	Minimum Statutory Ratio (%)	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
(l)	Excess/(Deficiency) (j-k) (%)	(9.9)	0.4	2.5	21.2	2.2	4.1	28.2	9.9	58.2	(141.5)	(32.4)	23.1	61.7	67.5	0.2
(m)	Total Capital/ Total Risk Weighted Assets (%)	0.2	13.8	12.5	32.7	15.2	17.4	51.2	19.9	68.2	(131.2)	(22.4)	33.1	71.7	77.5	11.8
(n)	Minimum Statutory Ratio (%)	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
(o)	Excess/(Deficiency) (m-n) (%)	(11.8)	1.8	0.5	20.7	3.2	5.4	39.2	7.9	56.2	(143.2)	(34.4)	21.1	59.7	65.5	(0.2)
5	LIQUIDITY															
(a)	Liquidity Ratio (%)	11.3	30.9	20.8	49.4	38.3	27.6	58.8	41.0	202.7	22.4	44.5	91.0	93.1	144.0	62.5
(b)	Minimum Statutory Ratio (%)	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
(c)	Excess/(Deficiency) (a-b) (%)	(8.7)	10.9	0.7	29.4	18.3	7.6	38.8	21.0	182.7	2.4	24.5	71.0	73.1	124.0	42.5

Source: MFBs Published Financial Statements

APPENDIX XIII: RESIDENTIAL MORTGAGES MARKET SURVEY DECEMBER 2023

	Institution	Peer Group	December' 2022					December' 2023				
			Mortgage Outstanding (Ksh. M)	% of the Mortgage Market (%)	No. of Mortgage Accounts	Value of Mortgage Loans NPLs (Ksh. M)	Number of Accounts for Mortgage Loans NPLs	Mortgage Outstanding (Ksh. M)	% of the Mortgage Market (%)	Number of Mortgage Accounts	Value of Mortgage Loans NPLs (Ksh. M)	Number of Accounts for Mortgage Loans NPLs
1	KCB Bank Kenya Ltd	Large	79,553	30.4	8,359	14,608	461	88,083	31.3	8,724	18,413	562
2	Stanbic Bank Kenya Limited	Large	33,099	12.6	2,706	3,764	297	34,554	12.3	2,799	4,019	270
3	HFC Ltd	Medium	21,605	8.3	4,028	1,693	183	24,021	8.5	4,027	2,803	166
4	Standard Chartered Bank Kenya Limited	Large	22,560	8.6	2,258	1,299	137	23,020	8.2	1,884	135	13
5	NCBA Bank Ltd	Large	16,540	6.3	1,738	1,587	184	21,749	7.7	2,404	1,740	183
6	Absa Bank Kenya Limited	Large	18,181	6.9	1,593	1,013	107	20,538	7.3	1,655	1,074	100
7	Co-operative Bank of Kenya Limited	Large	13,601	5.2	825	5,383	1,124	14,388	5.1	2,727	4,794	875
8	Family Bank Ltd	Medium	12,140	4.6	868	1,678	105	13,046	4.6	923	2,035	111
9	Equity Bank Kenya Ltd	Large	12,842	4.9	1,780	721	151	12,736	4.5	1,715	1,124	175
10	I&M Bank Ltd	Large	3,890	1.5	355	384	36	4,147	1.5	352	565	49
11	Gulf African Bank Ltd	Small	3,761	1.4	327	535	63	3,575	1.3	267	554	47
12	Development Bank of Kenya Limited	Small	3,279	1.3	736	835	69	3,252	1.2	682	410	61
13	Bank of Baroda Ltd	Small	2,993	1.1	334	68	7	2,973	1.1	261	96	13
14	DIB Bank Kenya Ltd	Small	3,114	1.2	105	669	7	2,853	1.0	99	157	6
15	National Bank of Kenya Ltd	Medium	2,220	0.8	364	193	24	2,322	0.8	401	115	21
16	Bank of Africa Ltd	Medium	2,278	0.9	306	381	55	1,694	0.6	164	451	
17	SBM Bank Kenya Limited	Medium	2,358	0.9	249	724	59	1,544	0.5	151	614	49
18	Diamond Trust Bank of Kenya Ltd	Large	1,015	0.4	91	100	12	1,151	0.4	85	94	12
19	Premier Bank Kenya Ltd	Small	566	0.2	51	234	21	984	0.3	84	302	29
20	Credit Bank Plc	Small	338	0.1	34	66	8	856	0.3	96	37	5
21	Ecobank Kenya Ltd	Medium	618	0.2	74	144	20	722	0.3	80	126	20
22	Consolidated Bank of Kenya Limited	Small	1,252	0.5	188	267	42	640	0.2	117	215	40
23	Prime Bank Ltd	Medium	310	0.1	29	-		599	0.2	49		
24	Bank of India	Medium	663	0.3	46	2	1	498	0.2	42	-	-
25	Kingdom Bank Ltd	Small	949	0.4	184	798	95	314	0.1	147	228	112
26	Victoria Commercial Bank Plc	Small	312	0.1	10	79	2	311	0.1	11	88	2
27	African Banking Corporation Ltd	Small	575	0.2	75	139	6	268	0.1	9	182	3
28	Guardian Bank Ltd	Small	463	0.2	30	95	2	243	0.1	33	59	1
29	Paramount Bank Ltd	Small	244	0.1	16	41	4	241	0.1	16	39	3
30	Sidian Bank Ltd	Small	103	0	7	7	1	92	0.0	6	-	-
31	Middle East Bank Kenya Limited	Small	80	0	5	12	1	70	0.0	5	7	1
32	Spire Bank Ltd	Small	318	0.1	15	265	382.7	-	0.0	-	-	-
Banks not offering Mortgage Loans												
33	Citibank N.A. Kenya	Medium										
34	Guaranty Trust Bank Ltd	Small										
35	Habib Bank A.G. Zurich	Small										
36	M-Oriental Bank Kenya Ltd	Small										
37	Access Bank (Kenya) Plc	Small										
38	Commercial International Bank (CIB) Kenya Limited	Small										
39	UBA Kenya Bank Ltd	Small										
Total			261,820	100	27,786	37,784	3,666	281,486	100	30,015	40,475	2,929
Average Mortgage Loan Size (Mortgage outstanding loans/Number of mortgage accounts)			9.4					9.4				
Source: Commercial Banks and Mortgage Finance Companies												

XIV: BANKING CIRCULARS ISSUED IN 2023

Circular No.	Date	Title	Purpose
1	March 22, 2023	Issuance of the Kenya Foreign Exchange Code (FX Code)	To inform the financial institutions of the FX Code that aims to strengthen and promote integrity and effective functioning of the foreign exchange market.
2	March 22, 2023	Publishing of the Domestic High Value Payments (KEPSS) ISO 20022 Message Standards	To remind financial institutions of the requirements of the Banking (Credit Reference Bureau) Regulations, 2020.
3	June 2, 2023	Implementation of International Financial Reporting Standard (IFRS) 9 on financial instruments: end of 5-year transition period	To advise on the lapse of IFRS 9 transition period for commercial banks, mortgage finance companies and microfinance banks.
4	June 15, 2023	Report on the National Risk Assessment (NRA) on money laundering and terrorism financing and the mutual evaluation report (MER).	To disseminate the reports on NRA and MER to CBK licensees that are reporting institutions under POCAMLA.
5	August 10, 2023	Changes to the CBK discount (overnight) window facility	To inform CEOs of commercial banks on the changes enhancing monetary policy transmission.
6	August 14, 2023	Implementation of the recommended actions in the AML/CFT MER of Kenya	To inform institutions in the banking sector on measures to be addressed as per the MER.
7	August 29, 2023	Changes to operations in the inter-bank foreign exchange market	To inform CEOs of commercial banks on the changes to operations in the interbank foreign exchange market.
8	September 13, 2023	Compliance with Banking Act and Central Bank of Kenya Prudential Guidelines	To remind commercial banks and mortgage finance companies on their compliance requirement with the Banking Act, CBK Guidelines and Directives.
9	September 13, 2023	Conduct of foreign exchange business	To inform money remittance providers on CBK's restriction regarding the selling of foreign exchange by MRPs to customers to a maximum of USD 100,000 per customer per day.
10	October 4, 2023	Guidance on obligations of financial institutions to identify and verify the identity of beneficial owners of legal persons and arrangements	To inform financial institutions on their AML/CFT/CPF obligations to identify and independently verify the identity of beneficial owners of legal persons and arrangements.
11	October 11, 2023	Request for information on business accounts of persons and entities providing money or value transfer services without a license or authorization from the CBK	To remind financial institutions on their obligation not to on-board customers providing money or value transfer services without a license or authorization from the CBK.
12	October 17, 2023	Dissemination of money laundering, terrorism financing and proliferation financing sectoral risk assessment report	To apprise financial institutions on the outcome of the sectoral risk assessment conducted by the CBK.
13	November 3, 2023	AML/CFT/CPF obligations on customer due diligence, enhanced due diligence and record keeping	To remind financial institutions on their obligations on customer due diligence, enhanced due diligence and record keeping.
14	November 6, 2023	Highlights of the AML/CFT (Amendment) Act, 2023	To apprise financial institutions on the amendments done in the AML/CFT laws.
15	December 11, 2023	Introduction of electronic matching systems (EMS) in the interbank foreign exchange market	To inform commercial banks on the implementation of electronic trading in the interbank foreign exchange market via EMS.

XV: A SUMMARY OF SIGNED MOUS

No.	Memorandum of Understanding (MOU)	Date of Signing
1	Multilateral MOU by the Central Banks of the East African community member states (Bank of the Republic of Burundi (BRB), Central Bank of Kenya (CBK), National Bank of Rwanda (NBR), Bank of Uganda (BOU) and Bank of Tanzania (BOT)	28.01.2009 Amended in March 2016
2	Multilateral MOU by the Domestic Financial Sector Regulators (Capital Markets Authority, Central Bank of Kenya (CBK), Insurance Regulatory Authority (IRA), Retirement Benefit Authority (RBA) and Sacco Societies Regulatory Authority (SASRA).	31.08.2009 Amended on 28.08.2013
3	Bilateral MOU between South Africa Reserve Bank (SARB) and Central Bank of Kenya (CBK)	01.07.2010
4	Bilateral MOU between Central Bank of Nigeria (CBN) and Central Bank of Kenya (CBK)	23.06.2011
5	Bilateral MOU between Bank of Mauritius (BoM) and Central Bank of Kenya (CBK)	08.08.2011
6	Bilateral MOU on Technical Cooperation between the Bank of Southern Sudan and the Central Bank of Kenya	19.12.2012
7	Bilateral MOU between Reserve Bank of Malawi (RBM) and Central Bank of Kenya (CBK)	23.04.2013
8	Bilateral MOU between Reserve Bank of Zimbabwe (RBZ) and Central Bank of Kenya (CBK)	15.05.2013
9	Bilateral MOU between Bank of Zambia (BoZ) and Central Bank of Kenya (CBK)	12.06.2013
10	Bilateral MOU between the Financial Reporting Centre and Central Bank of Kenya (CBK)	30.09.2013
11	Bilateral MOU between the Reserve Bank of India and Central Bank of Kenya (CBK)	16.10.2014
12	Bilateral MOU between the Bank Al-Maghrib (Central Bank of Morocco) and Central Bank of Kenya (CBK)	26.02.2020

APPENDIX XVI: BANKS BRANCH NETWORK PER COUNTY

	County	Dec-22	Dec-23	Increase/ (Decrease)
1	Nairobi City	573	588	15
2	Kiambu	77	80	3
3	Mombasa	108	111	3
4	Nandi	12	14	2
5	Nyeri	31	33	2
6	Bungoma	17	18	1
7	Embu	11	12	1
8	Isiolo	8	9	1
9	Kajiado	45	46	1
10	Kilifi	34	35	1
11	Kisii	19	20	1
12	Kwale	11	12	1
13	Laikipia	20	21	1
14	Lamu	8	9	1
15	Makueni	16	17	1
16	Mandera	3	4	1
17	Meru	40	41	1
18	Migori	14	15	1
19	Murang'a	22	23	1
20	Nakuru	61	62	1
21	Trans Nzoia	16	17	1
22	Bomet	9	9	0
23	Busia	12	12	0
24	Elgeyo/Marakwet	6	6	0
25	Homa Bay	10	10	0
26	Kakamega	16	16	0
27	Kericho	18	18	0
28	Kirinyaga	18	18	0
29	Kitui	15	15	0
30	Machakos	31	31	0
31	Narok	14	14	0
32	Nyamira	8	8	0
33	Nyandarua	9	9	0
34	Samburu	4	4	0
35	Siaya	7	7	0
36	Taita/Taveta	10	10	0
37	Tana River	3	3	0
38	Tharaka-Nithi	7	7	0
39	Turkana	6	6	0
40	Vihiga	7	7	0
41	Wajir	4	4	0
42	West Pokot	4	4	0
43	Baringo	11	10	-1
44	Garissa	9	8	-1
45	Kisumu	39	38	-1
46	Marsabit	7	6	-1
47	Uasin Gishu	45	44	-1
	Total	1,475	1,511	36

Source: CBK

APPENDIX XVII: DIRECTORY OF COMMERCIAL BANKS, MORTGAGE FINANCE COMPANIES, KENYA BANKERS' ASSOCIATION, NON-OPERATING BANK HOLDING COMPANIES, AND REPRESENTATIVE OFFICES

A: COMMERCIAL BANKS

1	<p>Absa Bank Kenya Plc Managing Director: Mr. Abdi Mohamed Postal Address: P.O. Box 30120 - 00100 Telephone numbers: +254 (20) 4254000 Fax: +254 (20) 4455491 Email: absa.kenya@absa.africa Website: www.absabank.co.ke Physical Address: ABSA Bank, Westend Building, Off Waiyaki Way, Nairobi Date Licensed: 1916 Peer Group: Large Number of Branches: 107</p>
2	<p>Access Bank (Kenya) Plc Managing Director: Mr. Samuel Minta Postal Address: P.O. Box 34353 - 00100 Nairobi Telephone: 020-2252188/91, 0780022224, 0720081772 Fax: +254-20-2252225 Email: info@accessbankplc.co.ke Website: www.accessbankplc.com Physical Address: The Address Building, Waiyaki Way, Westlands. Date Licensed: 8/1/1985 Peer Group: Small Branches: 26</p>
3	<p>African Banking Corporation Limited Group Managing Director: Mr. Shamaz Savani 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; talk2us@abcthebank.com Website: http://www.abcthebank.com Physical Address: ABC Bank House, Woodvale Grove, Westlands, Nairobi Date Licensed: 08-12-1984 Peer Group: Small Branches: 12</p>
4	<p>Bank of Africa Kenya Limited Managing Director: Mr. Ronald Marambii Postal Address: P.O. Box 69562-00400 Telephone numbers: +254 20 3275000 Email: yoursay@boakenya.com Website: www.boakenya.com Facebook: Bank of Africa Kenya Twitter: BankofAfrica_Ke Physical Address: BOA House, Karuna Close, Off Waiyaki Way, Westlands, Nairobi Date Licensed: 22-07-2004 Peer Group: Small Number of Branches: 23</p>
5	<p>Bank of Baroda (Kenya) Ltd Managing Director: Mr. Vinay Kumar Rathi Postal Address: P.O. Box 300333 - 00100 Nairobi Telephone numbers: +254(20)2248402/2248412/2226416 Fax: +254(20)3316070/310439 Email: ho.kenya@bankofbaroda.com Website: kenya@bankofbaroda.com Physical Address: Baroda House, 29 Koinange Street, Nairobi Date Licensed: 01-07-1953 Peer Group: Medium Number of Branches: 15</p>

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6	<p>Bank of India Chief Executive Officer: Mr. Gowri Shankar Rao Silda Postal Address: P.O. Box 30246 - 00100 Nairobi Telephone: +254-20-2221414/5/6/7,0720606707, 0734636737 Fax: +254-20-2221417 Email: cekenya@boikenya.com Website: www.boikenya.com Physical Address: Bank of India Building, Kenyatta Avenue, Nairobi Date Licensed: 05-06-1953 Peer Group: Medium Branches: 5</p>
7	<p>Citibank N.A Kenya Chief Executive Officer: Mr. Martin Mugambi Postal Address: P.O. Box 30711-00100 Nairobi, Kenya Telephone numbers: +254 020 2754444 Email: citiservice@citi.com Website: https://citigroup.com/citi/about/countrypresence/kenya.html Physical Address: Citibank House, Upper Hill, Nairobi Date Licensed: 01-07-1974 Peer Group: Medium Number of Branches: 2</p>
8	<p>Commercial International Bank (CIB) Kenya Limited Ag. Managing Director: Ms. Daphne Maina Postal Address: P.O Box 2051-00606, Sarit Centre, Nairobi, Kenya Telephone: +254 20 3951000, +254 709063000 Fax: None E-mail: info@cibke.com Website: www.cibke.com Physical Address: KAM House, Mezzanine Floor, Opposite Westgate Mall, Mwanzi Road, Westlands Date Licenced: 20th June 2017 Branches: 7</p>
9	<p>Consolidated Bank of Kenya Ltd Chief Executive Officer: Mr. Samuel Muthemba Muturi Postal Address: P.O. Box 51133-00200, Nairobi. Telephone numbers: +254 20 3215000, +254 703 016 000 Email: tellus@consolidated-bank.com Website: www.consolidated-bank.com Physical Address: Consolidated Bank House, 6th Floor, Koinange Street, Nairobi Date Licensed: 18-12-1989 Peer Group: Small Number of Branches: 17</p>
10	<p>Co-operative Bank of Kenya Limited Group Managing Director: Dr. Gideon Muriuki, CBS Postal Address: P.O. Box 48231-00100 Telephone numbers: 020-3276000, 0703027000 Email: Customerservice@co-opbank.co.ke Website: www.co-opbank.co.ke Physical Address: Co-operative Bank House, Haile Selassie Avenue, Nairobi Date Licensed: 1968 Peer Group: Large Branches: 171</p>

APPENDIX XVII: DIRECTORY OF COMMERCIAL BANKS, MORTGAGE FINANCE COMPANIES, KENYA BANKERS' ASSOCIATION, NON-OPERATING BANK HOLDING COMPANIES, AND REPRESENTATIVE OFFICES

11	<p>Credit Bank Plc Chief Executive Officer: Ms. Betty C. Maritim-Korir Postal Address: P.O. Box 61064, Nairobi Telephone: +254 20 2283000 /+254 709072000 / +254 738 222300 Fax: +254-20-2216700 Email: customerservice@creditbank.co.ke Website: www.creditbank.co.ke Physical Address: 14th One Africa Place, Westlands Date Licensed: 30-11-1994 Peer Group: Small Branches: 17</p>
12	<p>Development Bank of Kenya Ltd. Chief Executive Officer: Mr. Johnson Kiniti 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, Nairobi Date Licensed: 20-09-1996 Peer Group: Small Branches: 3</p>
13	<p>Diamond Trust Bank (K) Ltd. Group CEO and Managing Director: Mrs. Nasim M. Devji Postal Address: P.O. Box 61711 – 00200, Nairobi Telephone: +254-20-2849000, +254 719 031 888, +254 732 121 888 Fax: +254-20-2245495 Email: contactcentre@dtbafrica.com Website: https://dtbk.dtbafrica.com Physical Address: DTB Centre, Mombasa Road, Nairobi Date Licensed: 1-1-1946 Peer Group: Large Branches: 84</p>
14	<p>DIB Bank Kenya Limited Ag. Chief Executive Officer: Ms. Mary Kanuku Postal Address: P.O. Box 6450 – 00200 Nairobi Telephone numbers: +254 20 513 1300 / +254 709 913 000 Fax: N/A Email: contact@dibkenya.co.ke Website: www.dibkenya.co.ke Physical Address: Upper Hill Building, Bunyala/Lower Hill Rd Junction, Nairobi Date Licensed: 13-4-2017 Peer Group: Small Number of Branches: 6</p>
15	<p>Ecobank Kenya Limited Managing Director: Mrs. Josephine Anan-Ankomah Postal Address: P.O. Box 49584 - 00100 Nairobi, Kenya Telephone numbers: (+254) 719 098 000, Toll Free 0800 221 2218 Fax: +254 020 2883304 Email: Kenya@ecobank.com Website: www.ecobank.com Physical Address: Fortis Office Park, Muthangari Drive Off Waiyaki Way, Nairobi Date Licensed: 16-06-2008 Peer Group: Medium Number of Branches: 16</p>

APPENDIX XVII: DIRECTORY OF COMMERCIAL BANKS, MORTGAGE FINANCE COMPANIES, KENYA BANKERS' ASSOCIATION, NON-OPERATING BANK HOLDING COMPANIES, AND REPRESENTATIVE OFFICES

16	<p>Equity Bank Kenya Limited Managing Director: Mr. Gerald Warui Postal Address: P.O. Box 75104-00200, Nairobi Telephone numbers: +254 (0) 763 063 000 Fax: +254 020-2711439 Email: info@equitybank.co.ke Website: www.ke.equitybankgroup.com Physical Address: Equity Centre, Upper Hill, Hospital Road, Nairobi Date Licensed: 28-12-2004 Peer Group: Large Branches:197</p>
17	<p>Family Bank Limited Managing Director and CEO: Ms. Nancy Njau Postal Address: P.O. Box 74145-00200, Nairobi Telephone numbers: +254 703 095 445 / +254 705 325 325 / +254 703 095 000 Email: info@familybank.co.ke Website: www.familybank.co.ke Physical Address: Family Bank Tower, Muindi Mbingu Street, Nairobi Date Licensed: 01-05-2007 Peer Group: Medium Number of Branches: 94</p>
18	<p>Guaranty Trust Bank (Kenya) Limited Managing Director: Mr. Jubril Adeola Adeniji Postal Address: P.O. Box 20613-00200, Nairobi Telephone numbers: +254 020 3284000 / 0703084000 Fax: N/A Email: customercareke@gtbank.com Website: www.gtbank.co.ke Physical Address: Plot 1870/IX/167, Sky Park, Westlands, Nairobi Date Licensed: 13-01-1995 Peer Group: Small Number of Branches: 9</p>
19	<p>Guardian Bank Limited Chief Executive Officer: Mr. Narayanamurthi Sabesan Postal Address: P.O. Box 67437 – 00200, Nairobi Telephone numbers:(+254) 020 2226771/4 Mobile:0722282213 / 0733888060 Email: Headoffice@guardian-bank.com Website: www.guardian-bank.com Physical Address: Guardian Centre, Biashara Street, Nairobi Date Licensed: 20-12-1995 Peer Group: Small Number of Branches: 10</p>
20	<p>Gulf African Bank Limited Chief Executive Officer: Mr. Anuj Mediratta Postal Address: P.O. Box 43683 - 00100 Nairobi, Kenya Telephone numbers: Tel: +254-20-2740000/0711-075000 Fax: N/A Email: info@gab.co.ke Website: http://www.gulfafricanbank.com Physical Address: Geminia Insurance Plaza, Upper Hill, Nairobi Date Licensed: 01-11-2007 Peer Group: Small Number of Branches: 15</p>

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<p>21</p>	<p>Habib Bank AG Zurich Chief Executive Officer: Mr. Asim Basharullah Postal Address: P.O. Box 30584 - 00100, Nairobi Telephone numbers: 020-3341172/6/7 Fax: 020- 2218699 Email: info.ke@habibbank.com Website: www.habibbank.com Physical Address: Habib House, Koinange Street, Nairobi Date Licensed: 01-07-1978 Peer Group: Small Number of Branches: 4</p>
<p>22</p>	<p>I&M Bank Ltd Chief Executive Officer: Mr. Gul Khan Postal Address: P.O. Box 30238 – 00100, Nairobi Telephone: +254 20 322 1000, +254 719 088 000, +254 732 100 000 Fax: +254-20-2713757 / 2716372 Email: customercare@imbank.co.ke Website: http://www.imbank.com Physical Address: 1 Park Avenue, First Parklands Avenue Date Licensed: 1-1-1974 Peer Group: Large Branches: 41</p>
<p>23</p>	<p>KCB Bank Kenya Limited Managing Director: Ms. Annastacia Kimtai Postal Address: P.O. Box 48400 – 00100, Nairobi Telephone numbers: +254 20 3270000, 2852000, 2851000, +254 711012000/ 734 108200 Email: contactus@kcbgroup.com Website: www.kcbgroup.com Physical Address: Kencom House, Moi Avenue, Nairobi Date Licensed:01-01-1896 Peer Group: Large Branches: 207</p>
<p>24</p>	<p>Kingdom Bank Kenya Ltd Chief Executive Officer: Mr. Anthony Mburu Postal Address: P.O. Box 22742 - 00400, Nairobi Telephone numbers: 0709881000 Fax: N/A Email: info@kingdombank.co.ke Website: www.kingdombank.co.ke Physical Address: Kingdom Bank Towers, Argwings Kodhek Rd, Nairobi Date Licensed: 02-03-2010 Peer Group: Small Number of Branches: 20</p>
<p>25</p>	<p>Middle East Bank Kenya Limited Managing Director: Mr. Isaac Mwige Postal Address: P.O. Box 47387-00100, Nairobi Telephone numbers: +254 020 2723130 Fax: N/A Email: ho@mebkenya.com Website: www.mebkenya.com Physical Address: Mebank Tower, Jakaya Kikwete Road (formerly Milimani Road), Nairobi Date Licensed:15-12-1980 Peer Group: Small Branches: 4</p>

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26	<p>M Oriental Bank Limited Managing Director and Chief Executive Officer: Mr. Nitin S. Shendye Postal Address: P.O. Box 44080-00100 Telephone numbers: 0722 209 585/ 0734 333 291 Email: info@moriental.co.ke Website: www.moriental.co.ke Physical Address: Finance House, 7 Koinange Street, Nairobi Date Licensed: 08-02-1991 Peer Group: Small Number of Branches: 8</p>
27	<p>National Bank of Kenya Ltd Managing Director and CEO: Mr. George Otieno Odhiambo Postal Address: P.O. Box 72866 - 00200 Nairobi Telephone: 020 282 8900, 0703 088 900, 0732 118 900 Fax: +254-20-311444/2223044 Email: callcentre@nationalbank.co.ke Website: www.nationalbank.co.ke Physical Address: National Bank Building, Harambee Ave, Nairobi Date Licensed:01-01-1968 Peer Group: Medium Branches: 77</p>
28	<p>NCBA Bank Kenya Plc Chief Executive Officer: Mr. John Gachora Postal Address: P.O. Box 30437-00100, Nairobi, Kenya Telephone numbers: 020-2884000 Email: contact @ncbagroup.com Website: www.ncbagroup.com Physical Address: NCBA Center, Mara/Ragati Roads, Upper Hill, Nairobi Date Licensed: 1-1-1967 Peer Group: Large Branches: 92</p>
29	<p>Paramount Bank Limited Chief Executive Officer: Mr. Ayaz A. Merali Postal Address: P.O. Box 14001-00800, Nairobi Telephone numbers: 020 4449266/7 or 0709 935000 Fax: 020-4449265 Email: info@paramountbank.co.ke Website: www.paramountbank.co.ke Physical Address: Sound Plaza, Woodvale Grove Road, Nairobi Date Licensed:05-07-1995 Peer Group: Small Number of Branches: 8</p>
30	<p>Premier Bank Kenya Limited Chief Executive: Mr. Osman Duelle Postal Address: P. O. Box 26219-00100., Nairobi Telephone: +254-20-2843000-3, 07202843000, 0738-407521, , +254 725 843 000, +254 789 843 000 E-mail: info@premierbank.ke Website: www.premierbank.ke Physical Address: Mezzanine 1, FCB Mihrab Building, Ring Road, Kilimani, Nairobi Date Licenced: 29th April 2008 Peer Group: Small Branches: 18</p>

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31	<p>Prime Bank Ltd Chief Executive Officer: Mr. Rajeev Pant Postal Address: P.O. Box 43825- 00100 Telephone numbers: (020) 4203000/4203116/4203148 Fax: 020-4451247 Email: headoffice@primebank.co.ke Website: www.primebank.co.ke Physical Address: Prime Bank Building – Riverside Drive, Nairobi Date Licensed: 03-09-1992 Peer Group: Medium Branches: 22</p>
32	<p>SBM Bank (Kenya) Ltd Managing Director: Mr. Bhartesh Shah Postal Address: P.O. Box 34886, Nairobi Telephone: (254) (20) 2242348 / 2248842 / 2244187 Fax: +254-20-2243389/2245370 Email: sbm@sbmgroup.mu Web: https://www.sbmgroup.mu/ Physical Address: Riverside Mews, Nairobi Date Licensed: 07-03-1996 Peer Group: Medium Branches: 41</p>
33	<p>Sidian Bank Limited Chief Executive Officer: Mr. Chege Thumbi Postal Address: P.O. Box 25363 – 00603, Nairobi Telephone: (+254)0711-058000, (+254)0732-158000, (+254)020-3906000 Fax: +254-20-3873178 / 3568998 Email: talktous@sidianbank.co.ke Website: www.sidianbank.co.ke Physical Address: K-Rep Centre Wood Avenue, Kilimani, Nairobi Date Licensed: 23-03-1999 Peer Group: Small Branches: 44</p>
34	<p>Spire Bank Ltd Ag. Managing Director: Mr. Brian Kilonzo Postal Address: P.O. Box 52764 - 00200 Telephone numbers: +254 -020- 4981000 Email: letstalk@spirebank.co.ke Website: spirebank.co.ke Physical Address: Mwalimu Towers, Hill Lane, Upper Hill, Nairobi Date Licensed: 23-06-1995 Peer Group: Small Branches: 1</p>
35	<p>Stanbic Bank Kenya Limited Chief Executive Officer: Mr. Joshua Oigara 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: customercare@stanbic.com Website: https://www.stanbicbank.co.ke Physical Address: Stanbic Bank Centre, Westlands Road, Chiromo, Nairobi Date Licensed: 5/14/1955 Peer Group: Large Branches: 31</p>

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36	<p>Standard Chartered Bank Kenya Limited Chief Executive Officer: Mr. Kariuki Ngari Postal Address: P.O. Box 30003 - 00100, Nairobi, Kenya Telephone numbers: +254 (0)20 3293000 Fax: +254 (0)20 3747880 Email: Ke.Service@sc.com Website: www.sc.com/ke Physical Address: Standard Chartered Building, Chiromo 48, Westlands Road, Nairobi Date Licensed: 10-1-1910 Peer Group: Large Number of Branches: 24</p>
37	<p>UBA Kenya Bank Limited Chief Executive Officer: Ms. Mary Mulili Postal Address: P.O. Box 34154 - 00100 Nairobi Telephone numbers: +254 711027099 / +254 203612099 Fax: N/A Email: cfckeny@ubagroup.com Website: https://www.ubagroup.com/countries/ke Physical Address: 2nd Floor, Imperial Court, Westlands Road, Westlands Date Licensed: 25-09-2009 Peer Group: Small Number of Branches: 5</p>
38	<p>Victoria Commercial Bank Plc Chief Executive Officer: Dr. Yogesh Pattni Postal Address: P.O. Box 41114-00100 Telephone numbers: 0709 876100 Fax: N/A Email: yogesh@vicbank.com Website: www.victoriabank.co.ke Physical Address: Victoria Towers, Upper Hill, Nairobi Date Licensed: 11-01-1996 Peer Group: Small Number of Branches: 6</p>
B: MORTGAGE FINANCE COMPANIES	
1	<p>HFC Limited Chief Executive Officer: Mr. Peter Mugeni Oduori Postal Address: P.O. Box 30088 – 00100, Nairobi Telephone numbers: 020 326 2000/ 0709 438 000 Fax: (+254 20) 2250858 Email: customer.service@hfgroup.co.ke Website: https://www.hfgroup.co.ke/ Physical Address: Rehani House, Kenyatta Avenue/Koinange Street, Nairobi Date Licensed: 07.05.1965 Peer Group: Medium Number of Branches: 23</p>
C. KENYA BANKERS' ASSOCIATION	
1	<p>Ag. Chief Executive Officer: Mr. Raimond Molenje Postal Address: P.O. Box 73100-00200, Nairobi Tel: +254-20-2221704/2224014/2224015/2217757 Fax: +254-20-2221792 Email: ceo@kba.co.ke Website: www.kba.co.ke Physical Address: 13th floor, International House, Mama Ngina Street, Nairobi</p>

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D. NON-OPERATING BANK HOLDING COMPANIES

1	<p>Bakki Holdco Limited Licensed Subsidiary: Sidian Bank Ltd Postal Address: P.O. Box 10518 -00100, Nairobi Telephone: 0709902000 E-mail: info@centum.co.ke Website: www.centum.co.ke (NB: Bakki Holdco is a subsidiary of Centum Ltd) Physical Address: 8th Floor, Two Rivers Office Towers Street, Nairobi Date Authorised: 31st December 2014</p>
2	<p>Equity Group Holdings Limited Licensed Subsidiary: Equity Bank Kenya Ltd Postal Address: P.O. Box 75104 – 00200, Nairobi Telephone: +254 763 3026000 Contact Centre: +254 763 063 000 E-mail: info@equitygroupholdings.com Website: www.equitygroupholdings.com Physical Address: Equity Centre, 9th Floor, Hospital Road, Upper Hill, Nairobi</p>
3	<p>HF Group Limited Licensed Subsidiary: HFC Ltd Postal Address: P.O. Box 30088 – 00100, Nairobi Telephone: +254(20)-3262000, 0722715256, 0722708660, 0722201175, 0733617682 E-mail: housing@hfgroup.co.ke Website: www.hfgroup.co.ke Physical Address: Rehani House, Kenyatta Avenue/ Koinange Street. Junction, Nairobi. Date Authorised: 3rd June, 2015</p>
4	<p>I&M Holdings PLC Licensed Subsidiary: I&M Bank Ltd Postal Address: P.O. Box 30238-00100, Nairobi Telephone: +254 20 322 1000, +254 719 088 000, +254 732 100 000, +254 753 221 000 E-mail: invest@imbank.co.ke Website: www.imbank.com Physical Address: 1 Park Avenue, First Parklands Avenue. Date Authorised: 13th May 2013</p>
5	<p>KCB Group Plc Licensed Subsidiary: KCB Bank Kenya Ltd Postal Address: P.O. Box 48400 – 00100, Nairobi Telephone: +254 20 3270000/2851000/2852000/+254 711012 000/0734 108200 /Sms: 22522 E-mail: contactus@kcbbankgroup.com Website: www.kcbbankgroup.com Physical Address: Kencom House, Nairobi Date Authorised: 1st November, 2015</p>
6	<p>M Holdings Limited Licensed Subsidiary: M-Oriental Bank Ltd Postal Address: P.O. Box 73248-00200 Nairobi, Kenya Telephone: +254 20 2149923 E-mail address: mholdings2014@gmail.com Physical address: Jadala Place, 3rd Floor, Ngong Lane, Ngong Road, Nairobi Date Authorised: 18th February, 2015</p>
7	<p>NCBA Group PLC Licensed Subsidiary: NCBA Bank Kenya Plc Postal Address: P.O. Box 44599-00100 Nairobi, Kenya Telephone: +254 20 2888000 E-mail address: info@nic-bank.com Physical address: NCBA Centre, Mara/Ragati Road Date Authorised: 30th September 2019</p>

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8	<p>Stanbic Holdings PLC Licensed Subsidiary: Stanbic Bank Kenya Ltd Postal Address: P.O. Box 72833-00200, Nairobi Telephone: + 254 20 3638000 E-mail: customercare@stanbic.com Website: http://www.stanbicbank.co.ke Physical Address: Stanbic Bank Centre, 1st Floor, Westlands Road, Chiromo Nairobi Date Authorised: 21st June 2013</p>
DIRECTORY OF AUTHORISED REPRESENTATIVE OFFICES	
1	<p>Bank of China Limited - Kenya Representative Office Chief Representative Officer: Mr. Chen Tao Address: P.O. Box 21357 - 00505 – Nairobi, Kenya Telephone No.: +254 - 20 - 3862811 / 2 Mobile: +254 788808600 E-mail: chentao19@bankofchina.com Physical Address: Unit 1, 5th Floor, Wing B, Morningside Office Park, Ngong Road, Nairobi Date Authorised: June 29, 2012</p>
2	<p>FirstRand Bank Limited - Kenya Representative Office Chief Representative Officer: Mrs. Alfetta Koome Mungai Postal Address: P.O. Box 35909, 00200 – Nairobi, Kenya Telephone No.: +254 20 4908201 / 4908206 Cell: +254790469978 E-mail : Alfetta.Koome@rmb.co.za Physical Address: Ground Floor, Eaton Place, UN Crescent, Gigiri, Nairobi Date Authorized: November 29, 2011</p>
3	<p>HDFC Bank Limited - Kenya Representative Office Chief Representative Officer: Mr. Rajesh Kumar Saboo Postal Address: P.O. Box 38807 – 00623 – Nairobi, Kenya Mobile No.: +254 713597593 / +254 705750491 Telephone No: +254 20 3749857/63/ Mobile: E-mail address: Rajesh.Saboo@hdfcbank.com Physical Address: Park Suites, 4th Floor, Parklands Road, Opposite Parklands Police Station, Nairobi Date Authorised: June 26, 2008</p>
4	<p>Mauritius Commercial Bank Limited - Kenya Representative Office Chief Representative Officer: Mr. Murray van Rossom Telephone No: +254 709 796 000 Mobile No: +254 794 66 93 15 E-mail address : murray.vanrossom@mcb.mu Physical Address: 7th Floor, Pramukh Towers, 52 Westlands Road, Westlands, Nairobi Date Authorised: November 27, 2014</p>
5	<p>Nedbank Limited - Kenya Representative Office Chief Representative Officer: Mr. Geoffrey Oduor Gangla Postal Address: P.O Box 39218 - 00623, Nairobi, Kenya Telephone: +254-20 - 8045102 E-mail: kenyacontact@nedbank.co.ke Physical Address: The Exchange Building, 3rd Floor, 55 Westlands Road, Nairobi Date Authorised: June 18, 2010</p>
6	<p>Co-operative Rabobank U.A - Kenya Representative Office Chief Representative Officer: Mr. Wouter Marinus Kool Postal Address: P.O. Box 1105-00606, Nairobi, Kenya Telephone: +254 202 955 000/1/2 Mobile : 254 +254 799 434 963 E-mail: Wouter.Kool@Rabobank.com Website Address: www.rabobank.com Physical Address: 17th Floor, Delta Corner Tower, Waiyaki Way, Nairobi Date Authorised: June 5, 2014</p>

APPENDIX XVII: DIRECTORY OF COMMERCIAL BANKS, MORTGAGE FINANCE COMPANIES, KENYA BANKERS' ASSOCIATION, NON-OPERATING BANK HOLDING COMPANIES, AND REPRESENTATIVE OFFICES

7	<p>Société Générale - Kenya Representative Office Chief Representative Officer: Mr. George Mutua Postal Address: P.O. Box 1795-00606, Nairobi, Kenya Telephone: +254 774995860 Mobile: 254 710764933 E-mail: George.Mutua@sgcib.com Website Address: www.societegenerale.com Physical Address: Unit 2, 8th Floor, Tower 3, The Mirage, Chiromo Road, Westlands, Nairobi Date Authorised: August 28, 2017</p>
8	<p>BAHL - Representative Office Chief Representative Officer: Mr. Hasnain Muhammad Postal Address: P.O. Box 2445-00606, Nairobi, Kenya Telephone: +254 799743776 Mobile: +254 758 727 124 E-mail: bahl.kenyaro@bankalhabib.com / Hasnain.13535@bankalhabib.com Website Address: www.bankalhabib.com Physical Address: Unit 5, 8th Floor, The Mirage Tower, Waiyaki Way, Nairobi Date Authorised: April 9, 2018</p>
9	<p>Banque Misr – S.A.E. – Kenya Representative Office Chief Representative Officer: Ms. Elizabeth Machua – Muriungi Postal Address: P.O. Box 25300 – 00603, Nairobi, Kenya Telephone: +254 20 8698340 DL: +254 20 8698345: Mobile: +254 733247636 E-mail: NairobiRepOfficeSupportTeam@banquemisr.com Website Address: http://www.banquemisr.com Physical Address: Merchant Square- Block D, Ground Floor, Riverside Drive, Nairobi Date Authorised: July 29, 2022</p>

XVIII: DIRECTORY OF MICROFINANCE BANKS

1	Branch Microfinance Bank Limited Chief Executive Officer: Ms. Rose Muturi Postal Address: P.O. Box 38319 – 00623, Nairobi Telephone: +254 – 020 – 2664282, 0722168721, 0756305132 Email: info@branch.co.ke Website: www.branch.co.ke Physical address: Reliable Towers, 9th Floor - Mogotio Road, Nairobi Date Licensed: 17.09.2012 Branches: 3
2	Caritas Microfinance Bank Limited Chief Executive Officer: Mr. David Mukaru Postal Address: P.O. Box 15352 – 00100, Nairobi Telephone: +254 – 020 – 5151500 Email: info@caritas-mfb.co.ke Website: www.caritas-mfb.co.ke Physical address: Cardinal Maurice Otunga Plaza, Kaunda Street, Nairobi Date Licensed: 02.06.2015 Branches: 7 Deposit Taking Marketing office: 1
3	Choice Microfinance Bank Limited Chief Executive Officer: Mr. Bonface Isinta Ombui Postal Address: P.O Box 18263 – 00100, Nairobi Telephone: +254 – 020 – 3882206/207, 0736662218, 0724308000 Email: info@choicemfb.com Website: www.choicemfb.com Physical address: Siron Place, Ongata Rongai, Magadi Road, Kajiado Date Licensed: 13.05.2015 Branches: 2
4	Faulu Microfinance Bank Limited Acting Managing Director: Mr. Julius Wamae Ouma Postal Address: P. O. Box 60240 – 00200, Nairobi Telephone: +254 – 020 – 3877290/3/7; 3872183/4; 3867503, 0711074074, 0708 111000 Fax: +254 – 020 – 3867504, 3874875 Email: info@faulukenya.com , customercare@faulukenya.com , contact@faulukenya.com Website: www.faulukenya.com Physical address: Faulu Kenya House, Ngong Lane - Off Ngong Road, Nairobi Date Licensed: 21.05.2009 Branches: 29 Deposit Taking Marketing offices: 15
5	Kenya Women Microfinance Bank PLC. Acting Managing Director: Mr. Benson Kitabu Kariuki Postal Address: P.O Box 4179 – 00506, Nairobi Telephone: +254 – 020 – 3067000, 2470272-5/2715334-5, 0703067700, 0730167700 Email: info@kwftbank.com Website: www.kwftbank.com Physical address: KWFT House, Kiambere Road/Masaba Road Junction, Upper Hill, Nairobi Date Licensed: 31.03.2010 Branches: 28 Deposit Taking Marketing offices: 9

VIII: DIRECTORY OF MICROFINANCE BANKS

6	LOLC Microfinance Bank PLC. Acting Chief Executive Officer: Mr. Muhandiramge Ruwan Achintha Rodrigo Postal Address: P. O. Box 20833 – 00100, Nairobi Telephone: +254 – 020 – 2214483/2215384/5/7/8/9, 2631070, 2215380, 0733554555 Email: info@lolckenya.co.ke Website: www.lolckenya.co.ke Physical address: Westpark Towers, Mpesi Lane off Muthithi Road, Nairobi. Date Licensed: 31.12.2010 Branches: 5 Deposit Taking Marketing offices: 3
7	Muungano Microfinance Bank Limited Chief Executive Officer: Ms. Lydia Kibaara Postal Address: P.O. Box 355 – 10218, Muranga Telephone: +254 725454762 Email: info@muunganomfbank.com Website: www.muunganomfbank.com Date Licensed: 30.10.2019 Branches: 2 Deposit Taking Marketing offices: 2
8	On It Microfinance Bank Limited (formerly Maisha Microfinance Bank Ltd) Chief Executive Officer: Mr. Kenneth Leonard Okwero Postal Address: P.O Box 49316 - 00100, Nairobi Telephone: +254 – 020 – 2220648, 0709567000, 0736028982 Email: info@maishamfbank.co.ke Website: www.maishabank.com Physical address: Jahazi Building, James Gichuru Road, Nairobi Date Licensed: 21.05.2016 Branches: 2
9	Rafiki Microfinance Bank Limited Chief Executive Officer: Mr. Joseph Njuguna Postal Address: P.O. Box 12755 – 00400, Nairobi Telephone: +254 – 020 – 2166401, 0730170000/500 Email: info@rafiki.co.ke Website: www.rafiki.co.ke Physical address: Rafiki House, Biashara Street, Nairobi Date Licensed: 14.06.2011 Branches: 17 Deposit Taking Marketing offices: 3
10	Salaam Microfinance Bank Limited Chief Executive Officer: Mr. Jaafar Sheikh Abdulkadir Postal Address: P.O. Box 1654 – 00100, Nairobi Telephone: +254 720 – 350808, 0729 - 211829 Email: info@salaammfbank.com Website: www.salaammfbank.com Physical address: Park Plaza Building, Ground Floor, Moktar Daddah Street, Nairobi Date Licensed: 08.11.2010 Branches: 4
11	SMEP Microfinance Bank PLC Chief Executive Officer: Mr. Symon Kamore Postal Address: P.O. Box 64063 – 00620, Nairobi Telephone: +254 – 020 – 3572799, 2055761, 2673327/8, 0711606900 Email: info@smep.co.ke Website: www.smep.co.ke Physical address: SMEP Building - Kirichwa Road, Off Argwings Kodhek Road, Nairobi Date Licensed: 14.12.2010 Branches: 7 Deposit Taking Marketing offices: 14

XVIII: DIRECTORY OF MICROFINANCE BANKS

12	<p>Sumac Microfinance Bank Limited Chief Executive Officer: Mr. John Njihia Postal Address: P.O. Box 11687 – 00100, Nairobi Telephone: +254 – 020 – 2212587, 2210440, 2249047, 0738637245, 0725223499 Fax: +254 – 020 – 2210430 Email: info@sumacmicrofinancebank.co.ke Website: www.sumacmicrofinancebank.co.ke Physical address: Consolidated Bank House, 2nd Floor, Koinange Street, Nairobi Date Licensed: 29.10.2012 Branches: 6</p>
13	<p>U & I Microfinance Bank Limited Chief Executive Officer: Mr. Simon Mwangi Ngigi Postal Address: P.O. Box 15825 – 00100, Nairobi Telephone: +254 – 020 – 2367288, 0713112791 Email: info@uni-microfinance.co.ke Website: www.uni-microfinance.co.ke Physical address: Asili Complex, 1st Floor, River Road, Nairobi Date Licensed: 08.04.2013 Branches: 2 Deposit Taking Marketing offices: 3</p>
14	<p>Umba Microfinance Bank Limited, Acting Chief Executive Officer: Mr. Tiernan Kennedy Postal Address: P.O Box 100854 - 00101, Nairobi Telephone: +254 – 020 – 3879995, 0746555222 Email: info@umba.com Website: www.umba.com Physical address: Timschack House, 2nd Floor, Ngong Road, Nairobi Date Licensed: 12.01.2015 Branches: 2</p>

XIX: DIRECTORY OF CREDIT REFERENCE BUREAUS

1	Credit Reference Bureau Africa Limited (Trading as TransUnion) The Chief Executive Officer: Mr. Morris Muriithi Maina Postal Address: P.O Box 46406 – 00100, Nairobi Telephone: +254 - 742 258478, +254 768 617074, +254 768 253748, +254 768 262495, +254 706 565285 Email: info@transunionafrica.com Website: www.transunionafrica.com Physical address: Delta Corna Annex, 2 nd Floor, Ring Road, Westland, Nairobi Date Licensed: 09.02.2010
2	Creditinfo Credit Reference Bureau Kenya Limited The Chief Executive Officer: Mr. Stephen Kamau Kunyiha Postal Address: P.O Box 38941 – 00623, Nairobi Telephone: +254 - 020 – 3757272/0735880880 Email: cikinfo@creditinfo.co.ke or consumercare@creditinfo.co.ke Website: www.creditinfo.co.ke Physical address: Standard Chartered Building, 48 Westlands Rd, Nairobi Date Licensed: 29.04.2015
3	Metropol Credit Reference Bureau Limited The Managing Director: Mr. Gideon Kipyakwai Postal Address: P.O. Box 35331 – 00200, Nairobi Telephone: +254 - 020 – 2713575 Email: info@metropol.co.ke Website: www.Metropolcorporation.com Physical address: KCB Towers, 15 th Floor - Kenya Road, Upper Hill, Nairobi Date Licensed: 06.04.2011

XX: DIRECTORY OF DIGITAL CREDIT PROVIDERS	
1.	<p>Anjoy Credit Limited Postal Address: P.O. Box 40583 – 00100, Nairobi Telephone: +254769984360 Email: info@anjoycredit.com Physical Address: Transnational House 1st Floor, Mama Ngina Street, Nairobi</p>
2.	<p>Asante FS East Africa Limited Postal Address: P.O. Box 13796 - 00800, Nairobi Telephone: +254111017500 Email: info@asantefinancegroup.com Physical Address: Delta Corner Towers, 3rd Floor, Waiyaki Way, Westlands, Nairobi</p>
3.	<p>Autochek Limited Postal Address: P.O. Box 49393-00100, G.P.O Nairobi Telephone: +254720994511 Email: autochekenya@gmail.com Physical Address: General Mathenge Drive, The Promenade, Nairobi</p>
4.	<p>Azura Credit Limited Postal Address: P.O. Box 30834 – 00100, Nairobi Telephone: +254705903265 Email: azurakenyacredit@gmail.com Physical Address: Top Plaza, Kilimani Street, Kindaruma Lane, Westlands, Nairobi</p>
5.	<p>Ceres Tech Limited Postal Address: P.O. Box 50047 – 00100, GPO, Nairobi Telephone: +254702038679 Email: cerestechltdke@gmail.com Physical Address: Victoria Court, Abacus Lane, Ruaraka, Nairobi</p>
6.	<p>Chapeo Capital Limited Postal Address: P.O. Box 14363 – 00800, Nairobi Telephone: +254725235235/ +254738235000 Email: info@chapeo.co.ke; loan@chapeo.co.ke Physical Address: 33 Spring Valley Road, Nairobi</p>
7.	<p>Chime Capital Limited Postal Address: P.O. Box 7255 Eastleigh, Nairobi Telephone: +254720990601 Official Email: accounts@chime.llc Physical Address: Agip House, Harambee Avenue, Nairobi</p>
8.	<p>Colkos Enterprises Limited Postal Address: P.O. Box 22813 – 0505, Ngong Road, Nairobi Telephone: +254722253228/+254741129129 Email: info@colkos.com Physical Address: Amani Court, Near Adams Arcade, Nairobi</p>
9.	<p>Creditarea Capital Limited Postal Address: P.O. Box 7640-00600, Nairobi Telephone: +254709462700 Email: help@kashbean.co.ke Physical Address: Baba Dogo, Business Park, Eastlands, Off Outering Road, Spect Godown No.3, Nairobi</p>
10.	<p>Decimal Capital Limited Postal Address: P.O. Box 5077-00100, Nairobi Telephone: +254721858774 Email: decimalcapital@gmail.com Physical Address: Nachu Plaza, 9th Floor, Kiambere Road, Upperhill, Nairobi</p>
11.	<p>Dexintec Kenya Limited Postal Address: P. O. Box. 103818 – 00100, Nairobi Telephone: +254727620547 Email: info@ke.dexintec.com Physical Address: Cardinal Otunga Plaza, Koinange Road, Starehe District, Nairobi</p>
12.	<p>ED Partners Africa Limited Postal Address: P. O. Box. 1063 - 00100, Nairobi Telephone: +254722462044 Email: edpa01893@gmail.com Physical Address: Haven Court, Parkfield Place, Waiyaki Way, Nairobi</p>

XX: DIRECTORY OF DIGITAL CREDIT PROVIDERS	
13.	<p>EDOMX Limited Postal Address: P.O. Box 797-00606, Nairobi Telephone: +254701220220 Email: legal@edomx.com Physical Address: The Address, 16th Floor, Muthangari Drive, Westlands, Nairobi</p>
14.	<p>Extend Money Services Limited Postal Address: P.O. Box 21735 – 00100, Nairobi Telephone: +254 709503 000 Email: info@extendmoney.co.ke Physical Address: 4th Floor, Suite 6G, Vision Plaza, Mombasa Road, Nairobi</p>
15.	<p>Factorhouse Limited Postal Address: P. O. Box 70- 00618, Nairobi Telephone: +254726770992 Email: mwangi@factorhouseitd.com Physical Address: 5th Floor, Liberty Plaza, Mombasa Road, Nairobi</p>
16.	<p>Fezotech Kenya Limited Postal Address: P. O. Box 21188 00100 - GPO, Nairobi Telephone: +254 111753435 Email: fezotechkenya@gmail.com /fezotechk@gmail.com Physical Address: The Arch Place Building, Kilimani Road, Westlands District, Nairobi</p>
17.	<p>Fortune Credit Limited Postal Address: P.O. Box 4237-00506, Nairobi Telephone: +254722982474 Email: info@fortunecredit.co.ke Physical Address: Enwealth Business Centre, Ngong Lane, Nairobi</p>
18.	<p>Fourth Generation Capital Limited Postal Address: P.O. Box 287-00502, Karen, Nairobi Telephone: +254113862239 Email: compliance@4g-capital.com / legal@4g-capital.com Physical Address: Africa Reit Lane, Africa Reit House, Nairobi</p>
19.	<p>Getcash Capital Limited Postal Address: P.O. Box 15682-00503, Mbagathi, Nairobi Telephone: +254736276000 Email: info@getcashcapital.co.ke Physical Address: Devcon House, 2nd Floor, Lunga Lunga, Nairobi</p>
20.	<p>Giando Africa Limited (Trading as Flash Credit Africa) Postal Address: P.O. Box 0706934558 - 00100 Sarit Centre Telephone: +254713948254 Email: hello@flashcreditafrica.com Physical Address: Krishna Center, Woodvale Groove, Nairobi</p>
21.	<p>Inventure Mobile Limited (Trading as Tala) Postal Address: P.O. Box 35523 – 00100, Nairobi Telephone: 0800720597 (toll free) Email: hellokenya@talamobile.com Physical Address: The Oval, 6th Floor, Wing A, Ring Road, Westlands, Nairobi</p>
22.	<p>Ismuk Credit Limited Postal Address: P.O. Box 60973 – 00200, Nairobi Telephone: +254768654598 Email: ismukventures@gmail.com Physical Address: Delta House 4th Floor, Room 421, University Way, Nairobi</p>
23.	<p>Jijenge Credit Limited Postal Address: P.O. Box 9578 – 00200, Nairobi Telephone: +254722843770 / +254 717282727 / +254 711282727 Email: petermacharia@jijengecredit.com Physical Address: 6th Floor Suites 604/605, Town House, Kaunda Street, Nairobi</p>
24.	<p>Jumo Kenya Limited Postal Address: P.O. Box 10643 - 00100, Nairobi Telephone: +254787777771 Email: contact@jumo.world Physical Address: Ikigai Nairobi, Merchant Square, Riverside Drive, Nairobi</p>

XX: DIRECTORY OF DIGITAL CREDIT PROVIDERS	
25.	<p>Kweli Smart Solutions Limited Postal Address: P.O. Box 53431-00200, Nairobi Telephone: +254791578693 Email: sema@ksmart.tech Physical Address: 2nd Floor, Eaton Place, UN Crescent Avenue, Nairobi</p>
26.	<p>Letshego Kenya Ltd Postal Address: P.O. Box 52926 – 00200, Nairobi Telephone: +254730687000 Email: kenya@letshego.com Physical Address: 316 Upper Hill Chambers, 7th Floor, 2nd Ngong Avenue, Nairobi</p>
27.	<p>Lipa Later Limited Postal Address: P.O. Box 43537 – 00100, Nairobi Telephone: +254709684000 Email: info@lipalater.com Physical Address: Lipa Later HQ, Lavington, next to Mawara Gardens, Off Olenguruone Avenue, Nairobi</p>
28.	<p>Little Pesa Limited Postal Address: P.O. Box 39886 – 00623, Nairobi Telephone: +254746510778/+254710490126/+254746510781 Email: Info@littlepesa.com Physical Address: Reliable Towers, Mogotio Road, Westlands, Nairobi</p>
29.	<p>Lobelitec Credit Limited Postal address: P. O. Box 51191 00100, Nairobi Telephone No: +254740006073 Email: lobeliteccredit@gmail.com Physical address: 5th Floor, Galana Plaza, Galana Rd, Nairobi</p>
30.	<p>Maralal Ledger Limited Postal Address: P.O. Box 104949-00101 Telephone: 0724 055 813 Email: info@maralalledger.com Physical Address: Feruzi Towers, Fourth Floor, Wing B, Kiambu Road</p>
31.	<p>Marble Capital Solutions Limited Postal Address: P.O. Box 818 – 00511, Ongata Rongai Telephone: +254729141295 Email: marblecapitalsolutions@gmail.com Physical Address: 2nd Floor, Maasai Mall, Ongata Rongai</p>
32.	<p>Mint Credit Limited Postal Address: P.O Box 2417-00606, Sarit Centre Telephone: +254799555333 Email: info@mintcredit.co.ke Physical Address: Trance Towers 7th floor, South B, Tsavo Road</p>
33.	<p>MFS Technologies Limited Postal Address: P.O. Box 43250-00100, Nairobi Telephone: +254709184000 Email: info@mfs.co.ke Physical Address: Capital West, 5th Floor, Lantana Road (Off Rhapta Road), Nairobi</p>
34.	<p>MKM Capital Limited Postal address: P.O Box 22715-00505, Nairobi Telephone: +254 707 039 513 Email: info@mkmcapitalglobal.co.ke Physical address: Western Heights, 4th Floor, Suite 10, Nairobi</p>
35.	<p>M-Kopa Loan Kenya Limited Postal Address: P.O. Box 51866 – 00100, Nairobi Telephone: +254707333222 Email: legal@m-kopa.com Physical Address: Riverside Paddocks, M-Kopa House, Nairobi</p>
36.	<p>Mogo Auto Limited Postal Address: P.O. Box 9979-00100 Telephone: +254768469112 Email: info@mogo.co.ke Physical Address: Pine Tree Plaza, Kaburu Drive- Off Ngong Road, Nairobi</p>

XX: DIRECTORY OF DIGITAL CREDIT PROVIDERS

37.	Mwanzo Credit Limited Postal Address: P.O. Box 33 – 00100, Nairobi Telephone: +254729670100 Email: infomwanzocreditltd@gmail.com Physical Address: Newton House, 3rd Floor, Deliverance Road, Nairobi-Namanga.
38.	Mycredit Limited Postal Address: P.O. Box 21798 – 00100, Nairobi Telephone: +254711349805 Email: info@mycredit.co.ke Physical Address: ABSA Towers, 11th Floor, Loita Street, Nairobi
39.	MyWagepay Limited Postal Address: P.O. Box 43844-00200, Nairobi Telephone: +254727062060 Email: ceo@mywagepay.com; Physical Address: Thika Road, Room 503C, Astrol Building (Opp Garden City), Nairobi
40.	Natal Tech Limited Postal Address: P.O. Box 306 – 00241, Kitengela Telephone: +254722100213 /+254(02)114612792 Email: nataltech2022@gmail.com Physical Address: Jarju House, Namanga Road, Kitengela
41.	Ngao Credit Limited Postal Address: P.O. Box 60776 – 00200, Nairobi Telephone: +254709650000 Email: info@ngaocredit.com Physical Address: 4th Floor, Morning Side Office Park, Ngong Rd, Nairobi
42.	Okolea International Limited Postal Address: P.O. Box 1316 - 00100, Nairobi Telephone: +254742532281 Email: info@okolea-international.com Physical Address: 1st Floor, Venus Complex, Office No. 4111, Nairobi
43.	Payablu Credit Limited Postal Address: P.O. Box 610-00518, Nairobi Telephone: +254742066421 Email: payablucreditlimited@gmail.com Physical Address: 1st Floor, NBK Building, Harambee Avenue
44.	Pezesha Africa Limited Postal Address: P.O. Box 22986 – 00505, Nairobi Telephone: +254755768547 Email: hello@pezesha.com Physical Address: House Number 37, Kayahwe Road, Kilimani, Nairobi
45.	Pi Capital Limited Postal Address: P.O. Box 54489, City Square, Nairobi Telephone: +254759808086 Email: info@bayes.co.ke Physical Address: 5th Floor, Mitsumi Business Park, Muthithi Road, Westlands, Nairobi
46.	Progressive Credit Limited Postal Address: P.O. Box 64036-00620 Telephone: +254710810810 Email: info@progressivecr.com Physical Location: 7th Floor, Flamingo Towers, Mara Road, Nairobi
47.	Rewot Ciro Limited Postal Address: P.O. Box 15073 – 00400, Tom Mboya Street, Nairobi Telephone: +254715464554 Email: info@rewotciro.co.ke / rewotafrica@gmail.com Physical Address: Keekorok Building, Keekorok Road, Nairobi
48.	Risine Credit Limited Postal Address: P.O. Box 25347 – 00603, GPO, Nairobi Telephone: +254793362676 Email: risinecredit@gmail.com Physical Address: Ukigai office Ninety JGO, James Gichuru Road, Nairobi

XX: DIRECTORY OF DIGITAL CREDIT PROVIDERS

49.	Senti Capital Limited Postal Address: P.O. Box 1145-00606, Nairobi Telephone: +254111021113 Email: info@senti.co.ke Physical Address: Stellato Complex, 4th Floor, Muthithi Road, Westlands, Nairobi
50.	Sevi Innovation Limited Postal Address: P.O. Box 41987 – 00100, Nairobi Telephone: +254111560376 Email: partner@sevi.io Physical Address: L.R. No. 10119/4, Trio Complex, Room 311, Off Exit 7, Thika Road, Nairobi
51.	Sokohela Limited Postal Address: P.O. Box 34-00502, Nairobi Telephone: +254728915511 Email: business@sokohela.com Physical Address: Rivona House, 2nd Floor, Naivasha Road, Nairobi
52.	Stride Credit Limited Postal Address: P. O. Box. 1604-60200, Meru Telephone: +254715982342 Email: stridecreditltd@gmail.com Physical Address: Twin Plaza, Ghana Street, Meru Town
53.	Tenakata Enterprises Limited Postal Address: P.O. Box 21605 – 00505, Nairobi Telephone: +254728888863 Email: info@tenakata.com Physical Address: 3rd Floor, Utumishi House, Mamlaka Road, Nairobi
54.	UbaPesa Limited Postal Address: P. O. Box 22745 – 00100, Nairobi Telephone: +254709693000 Email: info@upabesa.com /ubapesa.ke@gmail.com Physical Address: Golf View Office Suites – Wambui Road, Muthaiga, Nairobi
55.	Umoja Fanisi Limited Postal Address: P.O. Box 44165 – 00100, Nairobi Telephone: +254796250881 Email: info@umojafanisilimited.com Physical Address: Fanisi House, Mbaazi Road, Off Kingara Road, Lavington, Nairobi
56.	Zanifu Limited Postal Address: P.O. Box 66877- 00800, Nairobi Telephone: +254713023159 Email: legal@zanifu.com Physical Address: Kenrail Towers, 4th Floor, Mkungu Close, Nairobi
57.	Zenka Digital Limited Postal Address: P.O. Box 29107, 00100 - Nairobi Telephone: +254112480254 /+254 20 7650878 Email: info@zenka.co.ke Physical Address: Mirage Tower, Tower 2, 12th Floor, Waiyaki Way, Westlands, Nairobi
58.	Zillions Credit Limited Postal Address: P.O. Box. 7640-00600, Nairobi Telephone: +254 709462300 Email: info@zashloan.com Physical Address: Spectrum Business Park, Baba Dogo, Nairobi

XXI: DIRECTORY OF FOREIGN EXCHANGE BUREAUS

No.	Name of Bureau	Location	E-mail Address & Fax
1	Alpha Forex Bureau Ltd P. O. Box 476 - 00606 Nairobi Tel: 4451435/7	Pamstech House Woodvale Grove Westlands, Nairobi	alphaforexbureau@hotmail.com Fax: 254-2-4451436
2	Aristocrats Forex Bureau Ltd P. O. Box 10884 - 00400 Nairobi Tel: (020) 2228080	Rosslyn Riviera Mall, Limuru Road.	aristoforex@nbi.ispkenya.com aristocratsforex@gmail.com Fax: 254-2-213794
3	Avenue Forex Bureau Ltd P. O. Box 1755 - 80100 Mombasa Tel: (041) 2319749/50	Motor Mart Building, Moi Avenue, Mombasa	avenueforex@gmail.com info@avenueforex.com
4	Bamburi Forex Bureau Ltd P. O. Box 97803 - 80102 Mombasa Tel: 041-4477004, 0722-412649/ 0733-466729	City Mall Nakumatt Nyali, Mombasa - Malindi Road	bamburiforex@hotmail.com Fax: 254-41-5486948
5	Bay Forex Bureau (Nairobi) Ltd P. O. Box 46154 - 00100 Nairobi Tel: 0704482421/0700-510000	280 Annex Building, Eastleigh, Nairobi	bayforex@yahoo.com Fax: 254-2-229665/248676
6	Boston Forex Bureau Ltd P.O. Box 11076 - 00400 Nairobi Tel: 0205249664/ 0732622429/ 0702022429	Ameer Centre, Westlands, Nairobi	mariosshah_101@hotmail.com
7	CBD Forex Bureau Ltd P. O. Box 30840 - 00100 Nairobi Tel: 020 - 316123/2250853	Sound Plaza, Woodvale Groove, Nairobi	cbdforex@gmail.com Fax: 254-2-318895
8	Central Forex Bureau Ltd P. O. Box 43966 - 00100 Nairobi Tel: (020) 317217/2226777	I. P. S. Building, Ground Floor, Kaunda Street, Nairobi	centralforex2012@gmail.com Fax: 254-2-249016
9	Classic Forex Bureau Ltd P. O. Box 76694 - 00508 Nairobi Tel: 3862343/4	Prestige Plaza, 1st Floor, Ngong Road, Nairobi	info@classicforex.co.ke Fax No. 3862346
10	Commercial Forex Bureau Ltd P. O. Box 47452 - 00100 Nairobi Tel. 020-2210307/8	KCS House, Mama Ngina Street, Nairobi	info@commercialforex.co.ke
11	Conference Forex Bureau Company Ltd P. O. Box 32268 - 00600 Nairobi Tel. (020) 2219677, 2219518, 2219069	KICC, Ground Flour, Harambee Avenue, Nairobi	cfbltd@akarim.net Fax: 254-2-224126
12	Continental Forex Bureau Ltd P. O. Box 49580 - 00400 Nairobi Tel: (020) 5101078	Old Mutual Building, Ground Floor, Kimathi Street, Nairobi	continentalforex@yahoo.com Fax: 254 2-216163
13	Cosmos Forex Bureau Ltd P. O. Box 10284 - 00100 Nairobi Tel: 2250582/5; 0701666622	Rehema House, Ground Floor, Standard/Kaunda Street, Nairobi	cosmosforex@yahoo.com Fax: 254-2-250591
14	Crystal Forex Bureau Limited P. O. Box 104021 - 001010 Nairobi Tel: 0748111333 , 0748 111444	EcoBank Westminster House, Standard Street, Nairobi	info@crystalforex-bureau.com
15	Dayliff Forex Bureau Ltd P. O. Box 41762 - 00100 NAIROBI Tel: +254 711 079 000	Dayliff & Shirtliff Building, Dundori Road, Industrial Area, NAIROBI	legal@dayliff.com

XXI: DIRECTORY OF FOREIGN EXCHANGE BUREAUS

No.	Name of Bureau	Location	E-mail Address & Fax
16	Electron Forex Bureau Limited P. O. Box 2466 – 00100 Nairobi Tel: 070270929, 0713105944, 0768804444	Prudential Assurance Building, Nairobi	electronforex1@gmail.com
17	Fesaki Bureau De Change Limited P. O. Box 23008 – 00100 Nairobi Tel: 0742202040, 0752101020, 0799775658	Adlife Plaza, Kilimani	kimolifk@taxplan.co.ke
18	Forex Bureau Afro Ltd P. O. Box 14353 - 00800 Nairobi Tel: 2222950/2250676/222950	Jamia Plaza Kigali Street Nairobi	forexafro@gmail.com Fax: 254-2-2251078
19	Gateway Forex Bureau Ltd P. O. Box 11500 - 00100 Nairobi Tel: 020-2212945/55	Town House, Kaunda Street, Nairobi	info@gatewayforex.co.ke Fax: 254-20-2212942
20	Giant Forex Bureau de Change Ltd P. O. Box 56947 - 00200 Nairobi Tel: 020-2680516	Terminal 1A, Jomo Kenyatta International Airport, Nairobi	giantforex@mitsuminet.com Fax: 254-2-825327
21	Give and Take Forex Bureau Ltd P. O. Box 51463 - 00200 Nairobi Tel: 020-3562152/0738157274	China Garden, United Nations Avenue, Nairobi	info@giventakeforex.co.ke Fax: 254-2-7120046
22	Glory Foreign Exchange Bureau Ltd P. O. Box 42909 - 00100 Nairobi Tel: 2244333/2241164/2243115	Norwich Union House Kimathi Street, Nairobi	gloryforex@yahoo.com Fax: 254-2-245614
23	GNK Forex Bureau Ltd P. O. Box 14297 - 00100 Nairobi Tel: 890303/2461598	The Great Jubilee Shopping Centre, Ground Floor, Langata Road, Nairobi	gnkforex@swiftkenya.com Fax: 254-2-892266
24	Green Exchange Forex Bureau Ltd P. O. Box 20809 - 00100 Nairobi Tel: 0202214547/8/9	Emperor Plaza, Ground Floor, Koinange Street, Nairobi	greenexchangeforexbureau@hotmail.com Fax: 254-2-2214550
25	Industrial Area Forex Bureau Ltd P. O. Box 45746 - 00100 Nairobi Tel: 020-3755456/0711768786	Diamond Plaza, Parklands, Nairobi.	indafx@gmail.com Fax: 254-2-551186
26	Island Forex Bureau Ltd P. O. Box 84300- 80100 Mombasa Tel: 041-2223988/ 2229626	Abdulrasul Inst. Building, Makadara Road, Moi Avenue, Mombasa	islandforex@hotmail.com Fax: 254-41-2227057
27	Kaitmatt Forex Bureau Ltd P. O. Box 102330- 00101 Nairobi Tel: 0728392225	Uniafric House, Koinange Lane, Nairobi	kaitmatfx@gmail.com
28	Karama Forex Bureau Ltd P. O. Box 12544 - 00100 Nairobi Tel: 020 2020134	Uhuru Highway Mall, located along the Uhuru Highway	karamalimited2020@gmail.com
29	Kenza Exchange Bureau Ltd P. O. Box 21819 - 00400 Nairobi Tel: 0710320345, 0735320345	Jomo Kenyatta International Airport, Arrival Unit 1 Nairobi	okambua@gmail.com , rokora@yahoo.com
30	Kifarufxb Bureau Limited P.O. Box 14433-00100 Nairobi Tel: 0728581255, 0733903024	Ground Floor, Regal Plaza, Parklands, along Limuru Road.	kifarufxb@gmail.com ; timz_77@yahoo.com

XXI: DIRECTORY OF FOREIGN EXCHANGE BUREAUS

No.	Name of Bureau	Location	E-mail Address & Fax
31	La'che Forex Bureau Ltd P. O. Box 13464 - 00800 Nairobi Tel: (020) 2221305/6	Mirage Towers, Chiromo Road, Nairobi.	lachekenya@gmail.com Fax: 254-2-2733485
32	Leo Forex Bureau Ltd P. O. Box 3073 - 80100 Mombasa Tel: 041-2230396/7/8; 2230399	T. S. S. Towers Nkrumah Road, Mombasa	info@leoforex.com Fax: 254-41-230399
33	Link Forex Bureau Ltd P. O. Box 11659 - 00400 Nairobi Tel: 0734-542903	Uganda House – Arcade, Ken- yatta Avenue, Nairobi	Link-forex@yahoo.com Fax: 254-2-213620
34	Magnum Forex Bureau De Change Ltd P. O. Box 46434 - 00100 Nairobi Tel: 652532/0732736575	Southfield Mall, Airport North Road, Nairobi	magnumkenya@gmail.com
35	Manifest Forex Bureau Ltd P. O. BOX 73860 - 00100 NAIROBI Tel: +254724776887	Terminal 1E at the Jomo Kenyatta International Airport (JKIA)	manifestforexbureau@gmail.com
36	Maritime Forex Bureau Ltd P. O. Box 43296 - 80100 Mombasa Tel: 041- 319175/6/7/0734244644	Hassanali Building, Nkrumah Road, Mombasa	info@maritimeforex.com Fax: 254-41-2319178
37	Middletown Forex Bureau Ltd P. O. Box 41830 – 00100 Nairobi Tel: 2211227/2211798	Westminister House Kaunda Street Nairobi	mtforex@iconnect.co.ke Fax: 254-2-332534
38	Mona Bureau De Change Ltd P. O. Box 46180 – 00100 Nairobi Tel: 828111/2, Cell: 0733-744348	Panari Centre, Mombasa Road Nairobi	monaraj@ymail.com Fax: 254-2-828113
39	Moneypoint Forex Bureau Ltd P. O. Box 3338 - 00100 Nairobi Tel No. 0720-393049	Immigrations Department, Customs Yard Busia	moneypointforex@gmail.com Fax:+254-20-2211342
40	Morgan Forex Bureau De Change Ltd P. O. Box 79012 – 00400 Nairobi Tel No. 020-4444072/3	Kipro Centre, Sports Street, Westlands, Nairobi	morgankenya@gmail.com Fax: 254 -2-4444074
41	Mustaqbal Forex Bureau Ltd P. O. Box 100745 – 00101 Nairobi Tel: 020-2497344	Mosque House, 6th Street, Eastleigh, Nairobi	mustaqbalforex@yahoo.com Fax: 254-2-6766650
42	Muthaiga-ABC Forex Bureau Ltd P. O. Box 63533 – 00619, Tel: 020-2135761 Cell: 0721/0736 - 123456	Triad Building, Muthaiga Road, Nairobi	mfbfx@mafgroup.com ; adminoffice@mafgroup.com
43	Nairobi Bureau De Change Ltd P. O. Box 644 – 00624, Village Mkt, Nairobi Tel: 822158	Unit 2 Jomo Kenyatta Interna- tional Airport, Nairobi	info@nairobiibureau.com Fax: 254-2-241307
44	Namanga Forex Bureau Ltd P. O. Box 12577 – 00100 Nairobi Tel: 0721466737/0732412157	Immigration Building, Naman- ga Town	namangaforexbureaubranch@gmail.com
45	Naseeb Forex Bureau Ltd P. O. Box 1234 – 00100 Nairobi Tel: +254722114682	Momosa Enterprises Ltd, Ole Shapara Road, Nairobi	naseebforexbureaulimited@gmail.com

XXI: DIRECTORY OF FOREIGN EXCHANGE BUREAUS

No.	Name of Bureau	Location	E-mail Address & Fax
46	Nawal Forex Bureau Ltd P. O. Box 10715 – 00100 Nairobi Tel: 2720111/0720242578	Chaka Place, Chaka Road, Nairobi	nawalforexbureau@yahoo.com Fax: 254-2-272011
47	North Wing Forex Bureau Ltd P. O. Box 76571 – 00508 Nairobi Tel: 0722990090; 0799920608	Gigiri Box UN Avenue, Nairobi.	info@northwingfb.co.ke
48	Offshore Forex Bureau Ltd P. O. Box 26650 – 00100 Nairobi Tel: 020 – 310837/8	Cianda House, Ground Floor, Koinange Street, Nairobi	offshoreforex@hotmail.com Fax: 254-02-310839
49	Pacific Forex Bureau Ltd P. O. Box 24273 – 00100 Nairobi Tel. 020- 5100940/310882	Lonhro House, Standard Street, Nairobi	pacific@sahannet.com , pacificbc@yahoo.com
50	Panther Forex Bureau Ltd P.O. Box 786-70100 Nairobi Tel: 0746556719	Shujaa Mall Kilimani, Nairobi.	pantherforexbureaultd@gmail.com
51	Peaktop Bureau De Change Ltd P. O. Box 13074 - 00100 Nairobi Tel: 020-254371, 0722 - 332518	20th Century, Mama Ngina/ Kaunda Streets, Nairobi	info@peaktop.co.ke , peaktopbureau@gmail.com Fax: 254-2-210210
52	Pearl Forex Bureau Ltd P. O. Box 58059 – 00200 Nairobi Tel: 2724769/ 2724778	Hurlingham Shopping Centre, Unipen Flats, Nairobi	pearlforex@rocketmail.com Fax: 254-2-2724770
53	Pel Forex Bureau Ltd P. O. Box 957 - 40100 Kisumu Tel: 057-2024134/2044425	Allmamra Plaza Oginga Odinga Road, Kisumu	41472pelforex@gmail.com Fax: 254-57-2022495
54	Planet Forex Bureau Ltd P.O Box 47964-00100 Nairobi Tel: +254795150512	Lonhro House, Kaunda Street, Nairobi	planetforexbureau@gmail.com
55	Pwani Forex Bureau Ltd P. O. Box 87200 - 80100 Mombasa Tel: 041-2221727/2221734/ 2221845	Mombasa Block 404 XV11/M1 Abdel Nasser	pwaniforex@yahoo.com Fax: 254-41-2221870
56	Rand Forex Bureau Ltd P. O. Box 30923 - 00100 Nairobi Tel: 0722200815	The Waterfront Mall, Karen, Nairobi	info@randforex.co.ke
57	Regional Forex Bureau Ltd P. O. Box 634 – 00100, Nairobi Tel. 020-3311953	Kimathi House, Kimathi Street, Nairobi	regionalfx@gmail.com Fax: 254-20-312296
58	Rift Valley Forex Bureau Ltd P. O. Box 12165 Nakuru Tel: 051-2212495/2210174	Merica Hotel Building, Court Road, Nakuru	riftvalleyforex@yahoo.com
59	Satellite Forex Bureau Ltd P. O. Box 43617- 00100 Nairobi Tel: 2218140/1, Cell: 0721-411300	City House, Standard Street, Nairobi	satelliteforexbureaultd2@hotmail.com Fax: 254-20-230630
60	Simba Forex Bureau Ltd P. O. Box 66886 – 00800 Nairobi Tel. 020 - 445995, 0723598662	Moi International Airport, Mombasa	simbaforexmombasa@gmail.com Fax No: 020 – 4443706

XXI: DIRECTORY OF FOREIGN EXCHANGE BUREAUS

No.	Name of Bureau	Location	E-mail Address & Fax
61	Sisi Forex Bureau Ltd P.O. Box 60770 - 00200 Nairobi Tel: 2445846/0722-382995	Agip House, Haile Selasie Avenue, Nairobi	sisiforex@sisi.co.ke
62	Sky Forex Bureau Ltd P. O. Box 26150 - 00100 Nairobi Tel: 020-2242062/3	20th Century, Mama Ngina/Kaunda Street, Nairobi	info@skyforexbureau.com Fax No. 020-2242064
63	Solid Exchange Bureau Ltd P. O. Box 19257- 00501 Nairobi Tel: 822922/0722-853769	Jomo Kenyatta International Airport -Unit 2, Nairobi	solidexchangebureau@yahoo.com Fax: 254-2-822923
64	Southend Forex Bureau Ltd P. O. Box 3321 - 00506 Nairobi Tel: 0722844598, 0719806999	Freedom Heights Mall, Langata Road, Nairobi	southendforexbureaultd@gmail.com
65	Springs Forex Bureau Ltd P.O. Box 15913 - 00100 Nairobi Tel: 0711796625	Medina Mall, Ground Floor, Eastleigh, Nairobi.	springsforex@gmail.com
66	Sterling Forex Bureau Ltd P. O. Box 43673 - 00200 Nairobi Tel: 2228923/340624	Laxmi Plaza, Biashara Street, Nairobi	info@sterlingforexbureau.com Fax: 254-2-330894
67	The Palm Forex Bureau Ltd P. O. Box 1703 – 00100 Nairobi Tel: 0727111450	Caxton House, Ground Floor, Kenyatta Avenue	thepalmforex@gmail.com
68	Trade Bureau De Change Ltd P. O. Box 102214 - 00101 Nairobi Tel: (020) 8000700/0715518999	St. Eliss House, City Hall Way, Nairobi	tradebureau1@gmail.com Fax: 254-2-317759
69	Travellers Forex Bureau Ltd P. O. Box 13580 - 00800 Nairobi Tel: 447204/5/6	The Mall, Ring Road Westlands, Nairobi	bmawjee@hotmail.com Fax: 254-2-443859
70	Travel Point Forex Bureau Ltd P. O. Box 75901 - 00200 Nairobi Tel. 020-2532065/2306479	Jomo Kenyatta International Airport, International Arrivals Terminal, Nairobi	info@travelpoint.com Fax: 254-2-827872
71	Union Forex Bureau Ltd P. O. Box 430- 00606 Nairobi Tel: 4441855/4448327/4447618	Sarit Centre, Lower Kabete Road, Westlands, Nairobi	unionforex@hotmail.com Fax: 254-2-4441855
72	Victoria Forex Bureau De Change Ltd P. O. Box 705 - 40100 Kisumu Tel 057-2025626/2021134/ 2023809	Sansora Building, Central Square, Kisumu	victoriaforex@yahoo.com Fax: 254-57-202536
73	View Forex Bureau Ltd P.O Box 1428 - 00610 Nairobi Tel: 0729232380	Postbank House, Market street, Nairobi	mohamudhaji28@gmail.com
74	Wallstreet Bureau De Change Ltd P. O. Box 6841- 30100 Eldoret Tel: 053-2062907/0733665555	Bargetuny Plaza, Uganda Road, Eldoret	wallstreet756@gmail.com Fax: 254- 53-2062907
75	Westlands Forex Bureau Exchange Ltd P. O. Box 45746 - 00100 Nairobi Tel: 4442385/6	Westgate Mall, Nairobi	info@westforex.co.ke
76	Yaya Centre Exchange Bureau Ltd P. O. Box 76302 - 00508 Nairobi Tel: 02-3862881/0722349746	Yaya Centre Towers, Argwings Kodhek Road, Nairobi	info@yayaforex.co.ke Fax: 254-2-3870869

XXII: DIRECTORY OF MONEY REMITTANCE PROVIDERS			
No.	Name of MRP	Location	Email Address
1	Afrisend Money Transfer Limited P.O. Box 1145 – 00606 Nairobi Tel: 254111060640	Stellato Complex, Muthithi Road, Nairobi.	info@afrend.com
2	Airtel Money Transfer Limited P.O. Box 73146 – 00200 Nairobi Tel: 0734110000	Parkside Towers, Mombasa Road, Nairobi.	IMT@ke.airtel.com
3	Amal Express Money Transfer Limited P.O.BOX 3165 – 00100 Nairobi Tel: 0722878597 / 0723281122	Amal Plaza, 1 st Avenue Eastleigh, Nairobi	info@amalexpress.co.ke
4	Amana Money Transfer Ltd P.O. Box 68578 – 00622 Nairobi Tel: 072253725 / 0720939326	Amana Shopping Complex, Captain Mungai Street, Eastleigh, Nairobi.	amanamnytransfer@gmail.com / amanaforex@hotmail.com
5	Bakaal Express Money Transfer Ltd P.O.BOX 71248 – 00610 Nairobi Tel: 2394513 / 0717399039	Amco Shopping Mall, 1 st Avenue Eastleigh, Nairobi	nbiinfo@bakaal.com
6	Dahabshiil Money Transfer Company Limited. P.O. Box 68991 – 00622 Nairobi Tel:2222728/9 / 0720169999	20 th Century Building, Standard Street, Nairobi	ken.dmtc@dahabshiil.com
7	Flex Money Transfer Limited P.O. Box 22922-00505 Nairobi Tel: 020-3861100/ 0731742400	Delta House, Riverside, Nairobi	info@flex-money.com www.flex-money.com
8	Gala Money Transfer Limited P.O Box 35021-00100 Nairobi Tel:020-2210346, 0717729772	20 th Century Plaza, Mama Ngina Street, Nairobi	galaforex bureau@gmail.com
9	Hodan Global Money Remittance and Exchange Limited P.O. Box 68811 – 00622 Nairobi Tel:0728656734	Portal place, Ground Floor, Muindi Mbingu Street, Nairobi	hodanfore@gmail.com info@hodanglobal.co.ke hodanforex2008@hotmail.com
10	Iftin Express Money Transfer Limited P.O. Box 100184 – 00100 Nairobi Tel: 2629818 / 0713105944	Portal Place, Muindi Mbingu Street, Nairobi	iftinforex@gmail.com
11	Juba Express Money Transfer Limited P.O.BOX 16567 – 00100 Nairobi Tel: 2240540, 0727699669 / 0772699669	Hamilton House, Kaunda Street Nairobi	info@jubaexpress.co.ke
12	Junction Forex & Remittance Limited P.O Box 43888-00100 Nairobi Tel:020-3861268/9, 0725852840	The Junction Mall, Ngong Road, Nairobi	junctionforexbureau ltd@yahoo.com
13	Kaah Express Money Transfer Limited P.O.BOX 10327 – 00400 Nairobi Tel: 0206767494/604 / 0724710153	Kaah Building, 2 th Avenue, 8 th Street, Eastleigh, Nairobi	kaahexpress.kenya@gmail.com
14	Mobex Money Transfer Services Ltd P.O. Box 13574 - 00800 Nairobi Tel: 0763276464 / 07301178000	2 nd Floor, Park Place Business Centre, Parklands 2 nd Avenue, Nairobi.	contactus@terrapay.com regulatory@terrapay.com

XXII: DIRECTORY OF MONEY REMITTANCE PROVIDERS

No.	Name of MRP	Location	Email Address
15	Mukuru Money Transfer Limited P. O. Box 764 – 00606 Sarit Centre, Nairobi Tel:0736219056 , 0708047188/9 , +27836278248	9 West ECP, 9 th Floor, Sarit Centre, Nairobi	andre@mukuru.com
16	Real Value Money Transfer Limited P.O. Box 26530-00100 Nairobi Tel:0721297906	Shariff Complex, 5 th Avenue, Eastleigh, Nairobi	realvaluemtransfer@gmail.com
17	Remitcore Money Transfer Limited P.O. Box 15502 - 00503 Nairobi Tel:0759222333	Covo Square, 1st Floor-4A, Othaya Rd, Lavington, Kenya.	Info@remitcore.money
18	Safaricom Money Transfer Services Limited P. O. Box 66827 – 00800 Nairobi Tel: 20 4273272 , 0722003272 / 0722000000	Safaricom House, Waiyaki Way, Westlands, Nairobi	ceo@safaricom.co.ke
19	Sunny Forex & Remittance Limited P.O Box 41257-00100 Nairobi Tel:2252013/252079	Valley Arcade Mall, Gitanga Road, Nairobi	sunnyforexbureau@yahoo.com ; sunnyforexbureau@gmail.com
20	Surfin Money Remittance Limited P.O Box 12688-00100 Nairobi Tel: 0706823434, 0792536785	Maralal Oasis Building, 3 rd Floor, Room 10, Argwings Kodhek Road, Nairobi	info@surfintransfer.com
21	Taaj Money Transfer Limited P.O. Box 47583 – 00100 Nairobi Tel: 020-2321972 / 0722701990	1st Floor Shariff Centre, Eastleigh Nairobi	globalfrx@gmail.com
22	Tawakal Money Transfer Limited P.O. BOX 71623 – 00610 Nairobi Tel : 6766171 , 0722146643	City House, Ground Floor, Nairobi.	info@tawakalmoneytransfer.com
23	Upesi Money Transfer Limited P.O Box 60776-00200 Nairobi Tel:0726499656 / 0726500404	Morning Side Office Park, Ngong Road, Nairobi	info@upesi.co.ke
24	Wapi Money Transfer Ltd P.O Box 12248-00100 Nairobi Tel:0721171754	Westside Towers, Lower Kabete Road, Nairobi	Wanwapipay.com , lizzie@ wapicapital.com

XXII: DIRECTORY OF MORTGAGE REFINANCE COMPANIES

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| 1. | <p>Kenya Mortgage Refinance Company Plc
Chief Executive Officer: Mr. Johnstone Oltetia
Address: P.O. Box 15494 – 00100 – Nairobi, Kenya
Telephone No.: +254 - 20 - 3862811 / 2
Mobile: +254 111 022 400
E-mail: info@kmrc.co.ke
Physical Address: UAP Old Mutual Tower, 27th Floor Upperhill Road, Upperhill, Nairobi
Date Authorised: September 18, 2020</p> |
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Central Bank of Kenya

Haile Selassie Avenue P.O. Box 60000 - 00200 Nairobi | Tel: (+254) 20 - 286 0000 / 286 1000 / 286 3000