Central Bank of Kenya

BANK SUPERVISION ANNUAL REPORT 2022

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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 outline the key mandate of CBK as to: -

1. Formulate and implement Monetary Policy directed to achieving and maintaining stability in the general level for prices.
2. Foster the liquidity, solvency, and proper functioning of a stable market-based financial system.
3. Subject to (1) and (2), support the economic policy of the Government, including its objectives for growth and employment.
4. Formulate and implement policies to promote the establishment, regulation and supervision of efficient and effective payment, clearing and settlement systems.
5. Issue currency notes and coins.

The other mandates of the Bank are: -

6. Formulating and implementing foreign exchange policy.
7. Effective management of the nation's foreign exchange reserves.
8. Licensing and supervising authorized dealers, digital credit providers and mortgage refinance companies.
9. 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

The banking sector entered 2022, on a strong footing as the economy fully reopened after the COVID-19 pandemic. Kenya's economy continued to exhibit resilience underpinned by its diversity and sound macroeconomic policies. On the global front, the year was characterised by multiple shocks including geo-political conflicts, elevated commodity prices, high inflation, and the ravages of climate change.

The banking sector remained stable and resilient, with a total capital adequacy ratio of 18.9 percent in December 2022 above the minimum capital adequacy ratio of 14.5 percent. Similarly, the sector's liquidity ratio stood above the minimum statutory level of 20 percent at an average liquidity ratio of 50.8 percent in the same period. Total net assets grew by 9.4 percent from Ksh.6,022.1 billion in December 2021 to Ksh.6,589.8 billion in December 2022. Deposits increased by 9.6 percent from Ksh.4,561.6 billion in December 2021 to Ksh.4,998.7 billion in December 2022.

On the regulatory front, CBK continued to strengthen the Credit Information Sharing (CIS) framework. This is to support the ongoing implementation of risk-based credit pricing in the banking sector. More importantly, the reforms are intended to enhance the effectiveness of CIS in pricing of credit and expanding access. Towards this end, Credit Reference Bureaus (CRBs) will improve the quality of their reports and enhance the robustness of their credit scoring models and align them to best practice. Additionally, CBK has reminded banks to consider the credit scores of borrowers in addition to other factors in making lending decisions.

In November 2022, CBK rolled out the Credit Repair Framework (the Framework) to commercial banks, mortgage finance company and microfinance banks. The Framework sought to improve the credit standing of over 4.2 million mobile phone digital borrowers, whose loans were non-performing and had been reported as such to CRBs. Majority of these borrowers were unable to repay their loans due to the adverse effects of COVID-19.

On the economic front, the global economy is expected to slow down. The weaker growth is attributed to a perilous phase of recovery. In this phase, economic growth remains low, financial risks have risen, while inflation remains high. Growth in Sub-Saharan Africa and on the domestic front is projected to remain moderate. On the whole, risks to the global economic outlook are heavily skewed to the downside.

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. Patrick Njoroge
Governor, Central Bank of Kenya

FOREWORD BY DIRECTOR, BANK SUPERVISION

Kenya Banking Sector

Kenya's banking sector remained stable and resilient in 2022 characterized by sound capital and liquidity ratios. The total capital adequacy ratio stood at 19.0 percent in December 2022, above the minimum adequacy ratio of 14.5 percent whereas the liquidity ratio stood above the minimum statutory level of 20 percent at an average liquidity ratio of 50.8 percent in the same period.

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

- Total net assets which grew by 9.4 percent from Ksh.6,022.1 billion in December 2021 to Ksh.6,589.8 billion in December 2022, with the growth being supported by the increase in loans and advances.
- Deposits increased by 9.6 percent from Ksh.4,561.6 billion in December 2021, to Ksh.4,998.7 billion in December 2022. The growth in deposits was due to deposit mobilization through agency banking and mobile phone platforms.
- The pre-tax profit for the sector increased by 22.0 percent from Ksh.197.0 billion in December 2021, to Ksh.240.4 billion in December 2022. The growth was largely supported by a higher increase in total income (Ksh.114.7 billion) compared to increase in total expenses (Ksh.71.3 billion).
- Gross loans which increased by 11.5 percent from Ksh.3,255.4 billion in December 2021, to Ksh.3,630.3 billion in 2022. The growth in loans is attributed to increased demand for credit by the various economic sectors.
- The liquidity ratio stood at 50.8 per cent as at December 2022, lower than the liquidity ratio in December 2021 of 56.2 per cent.
- The ratio of non-performing loans to gross loans declined from 14.1 percent in December 2021, to 13.9 percent in December 2022. The marginal decline was majorly attributable to improved business activities as the economy continued to recover from the COVID-19 pandemic.

Regulatory Reforms and Bank-Wide Capacity Building

- **Central Bank of Kenya (Amendment) Act, 2021 on Digital Credit Providers (DCPs)** became effective on December 23, 2021. The principal objective of the Act is to empower CBK to supervise and regulate digital lenders to ensure a fair and non-discriminatory marketplace for access to credit. This followed grave public concerns on unregulated Digital Credit Providers (DCPs) including high cost of credit, unethical debt collection practices and abuse of personal data. Subsequently the Digital Credit Providers Regulations were published and operationalised on March 18, 2022. Accordingly, unregulated DCPs were required to apply for a license from CBK by September 17, 2022, or cease operations.

- **Greening Kenya's Banking Sector.** CBK issued Guidance on Climate-Related Risk Management to the banking sector, on October 15, 2021. The Guidance is aimed at enabling banks to integrate climate-related risks into their governance, strategy, risk management and disclosure frameworks. To build capacity building in the banking sector, workshops for banks staff in risk and compliance as well as to CBK staff were conducted in February to March 2022. In addition, all banks submitted to CBK their board approved Climate-Related Risk Management implementation plans by June 2022.

- **Strengthening the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Framework.** CBK has made significant progress on various fronts in improving the AML/CFT legal framework. In 2022, the following activities were undertaken:
  - **National Risk Assessment**. In July 2022, Kenya launched the Money Laundering and Terrorism Financing National Risk Assessment Report (NRA). The main objective of the NRA was to identify, understand and assess

FOREWORD BY DIRECTOR, BANK SUPERVISION

Kenya's Money Laundering (ML) and Terrorism Financing (TF) risks at a national and sectoral level. CBK supported the Taskforce as its Joint Secretary with the Financial Reporting Centre. The NRA report notes that Kenya has a relatively robust AML/CFT legal and institutional framework that is largely aligned to international standards. Additionally, it identifies some gaps in the framework.

- **Mutual Evaluation**-Kenya underwent a Mutual Evaluation (ME) of its AML/CFT framework against Financial Action Task Force (FATF) Standards by Eastern and Southern Africa Anti Money Laundering Group (ESAAMLG). The ME commenced in September 2021, with two visits to Kenya by the ESAAMLG Evaluation Team in February and July 2022. The final report of the ME was tabled and adopted by the ESAAMLG Council of Ministers in September 2022, at the ESAAMLG 22nd Council of Ministers and 44th Taskforce of Senior Officials meetings held in Livingstone, Zambia.

The outcomes of the NRA and ME are part of Kenya's actions to strengthen the AML/CFT legal and regulatory framework to fully secure the country.

Consolidations, Mergers and Acquisitions

- The banking sector also continued to witness **market driven consolidation** mainly driven by the desire by the microfinance banks to grow, innovate and be well capitalized. The three institutional changes concluded in the year were.
  - Branch International Limited (Branch) of Mauritius acquired 84.89 percent shareholding of Century Microfinance Bank Limited (Century MFB) effective January 1, 2022.
  - LOLC Mauritius Holdings Limited (LOLC Mauritius) of Mauritius acquired 73 percent shareholding of Key Microfinance Bank PLC (Key MFB) effective January 1, 2022.
  - UMBA Inc. (UMBA) of State of Delaware, United States of America, acquired 66.06 percent shareholding of Daraja Microfinance Bank Limited (Daraja MFB) effective May 23, 2022.

2023 Outlook

The banking sector is expected to maintain its growth momentum. Banks will continue strengthening their business models, leveraging on technology and innovations, as they keep their customers at the centre of everything they do. In addition, some of the ongoing reforms and initiatives planned to be concluded in 2023 include:

- CBK will continue to monitor how institutions are **integrating climate-related and environmental risks** when formulating and implementing their business strategy, governance, risk management and disclosure frameworks. Commercial banks are expected to commence climate-related risk disclosures by June 2023.

- **Strengthening 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.

- **Strengthening of the Anti-Money Laundering/Combating Financing of Terrorism/Proliferation Financing (AML/CFT/PF).** This will be through implementation of the recommendations of the AML/CFT National Risk Assessment and AML/CFT/PF Mutual Evaluation Report concluded in 2022.

Gerald Nyaoma
Director, Bank Supervision Department

EXECUTIVE SUMMARY

"A year of multiple storms." 2022 was a year of multiple storms coming after the ''the year of recovery'' that was 2021. 2022 saw multiple global storms including geo-political conflicts, elevated commodity prices, high inflation, and the ravages of climate change.

The global and regional economies: Global economic growth is estimated to have grown by 3.2 percent in 2022, a contraction from 6.1 percent in 2021. The weaker growth is attributed to among others, the rise in central banks rates to fight inflation and geo-political conflicts. However, the reopening of China's economy following the relaxation of COVID-19 restrictions is expected to boost global growth in the second half of 2023 and in 2024. In Sub-Saharan Africa, economic growth in 2022 was estimated at 3.9 percent and is expected to moderate to 3.6 percent in 2023 amid prolonged fallout from the COVID-19 pandemic.

The domestic economy recorded a strong performance across all sectors in 2022. The growth was mainly supported by non-agriculture sectors. It expanded by 4.8 percent, compared to 7.6 percent in a similar period in 2021. The service sectors continued to sustain economic recovery, with a growth of 7.0 percent compared to 9.8 percent in a similar period in 2021.

Performance of the banking sector. The sector's asset base grew by 9.4 percent to approximately Ksh.6,589.8 billion in 2022 from Ksh.6,022.1 billion in 2021. The increase in total assets was mainly attributed to the growth in loans and advances. The sector recorded strong capitalization levels as a result of retention of profits and additional capital injections. The sector's capital adequacy ratio stood at 18.9 percent in 2022, a marginal decrease from 19.5 percent in 2021. Profit before tax increased by 22.0 percent to Ksh.240.4 billion from Ksh.197.0 billion in 2021. The increase in profitability was attributed to a higher increase in total income (18.2 percent) compared to increase in total expenses (16.5 percent).

This report highlights the structure of the Kenyan banking sector, supervisory developments, macroeconomic conditions, banking sector performance, regional and international development initiatives. The banking sector is projected to remain resilient in 2023, as banks continue working for and with Kenyans.

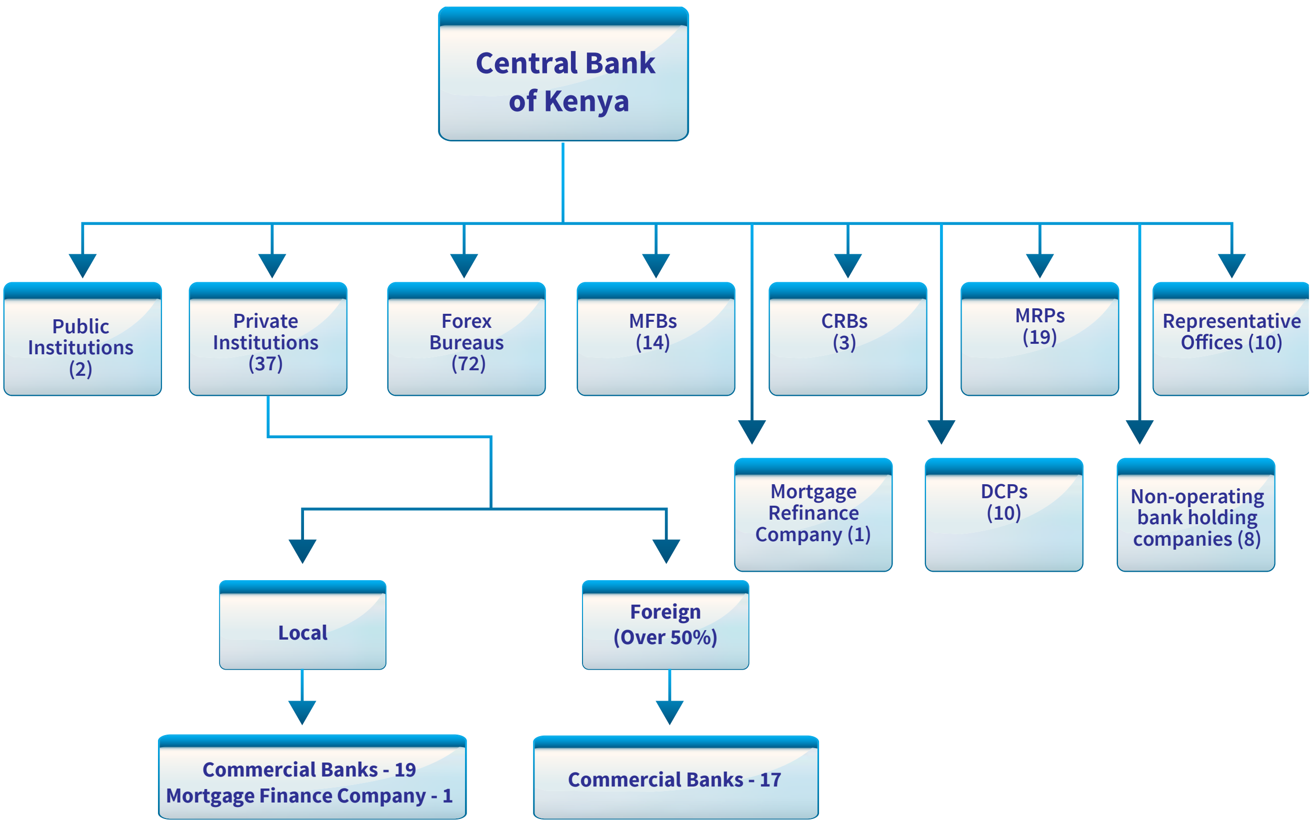
CHAPTER 1

STRUCTURE OF THE BANKING SECTOR

1.1 The Banking Sector

As at December 31, 2022, 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), 19 Money Remittance Providers (MRPs), 8 non-operating bank holding companies, 10 Digital Credit Providers (DCPs) and 72 foreign exchange (forex) bureaus. Out of the 39 banking institutions, 37 were privately owned while the Kenya Government [1]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 I** below depict the structure of the banking sector as at December 31, 2022.

Chart 1: Structure of the Banking Sector - December 2022



[1] *GOK shareholding includes shares held by state corporations*

STRUCTURE OF THE BANKING SECTOR

Bank Supervision Department

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

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

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

ii. Processing licenses of Commercial Banks, Non-Bank Financial Institutions, Mortgage Finance Institutions, 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.

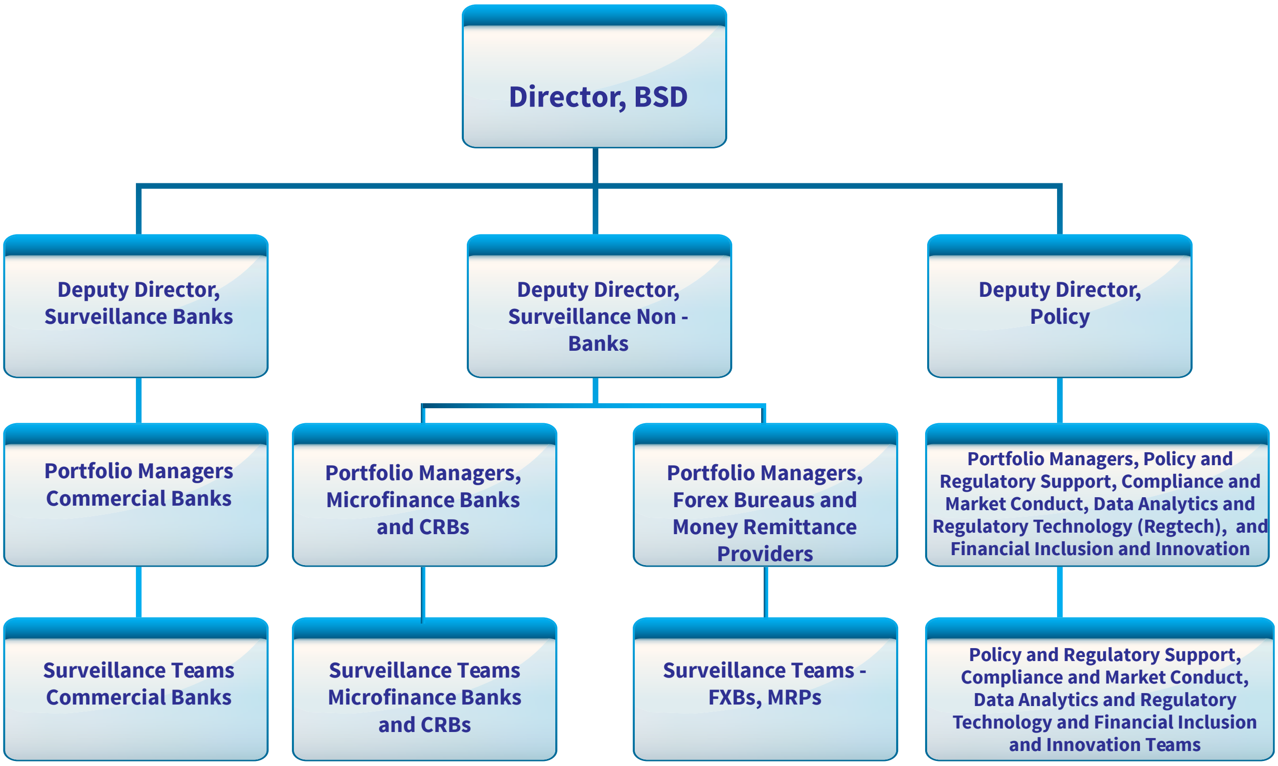
v. Hosting of the Secretariat for the National Task Force on Money Laundering (NTF) whose mandate is to develop a legal and regulatory framework to counter and prevent the use of the Kenyan financial system for money laundering. The NTF is chaired by the National Treasury. Through the NTF, BSD participates 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), and Common Market for Eastern and Southern Africa (COMESA), the Alliance for Financial Inclusion (AFI) and African Rural and Agricultural Credit Association (AFRACA).

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

viii. As at December 31, 2022, the Bank Supervision Department had a staff complement of eighty-two (82) comprising seventy (76) technical staff and six (6) support staff. The department is divided into three divisions as shown in **Chart 2**.

Chart 2: Bank Supervision Organogram



Source: CBK

1.2 Ownership and Asset Base of Commercial Banks

The total net assets in the banking sector stood at Ksh.6,589.8 billion as at December 31, 2022, compared to Ksh.6.022.1 billion as at December 2021, recording a growth of 9.4 percent. There were 20 operating local private commercial banks and 2 operating local public commercial banks, which accounted for 67.4 percent and 0.5 percent of total net assets respectively. A total of 17 operating commercial banks were foreign owned and accounted for 32.1 percent of the sector's assets as indicated in **Table 1** and **Chart 3**.

Chart 3: Ownership and Asset Base of Commercial Banks December 2022

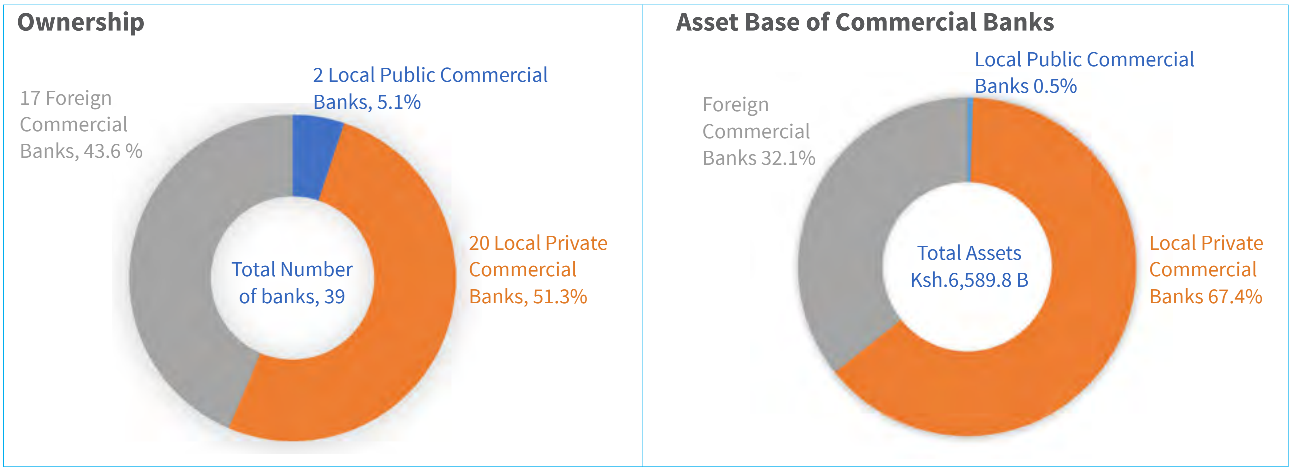


Table 1: Ownership and Asset Base of Commercial Banks

Ownership	Number of operating banks	% of Total	Total Net Assets, Ksh.M	% of Total
Local Public Commercial Banks	2	5.1	32,445	0.5
Local Private Commercial Banks	20	51.3	4,439,359	67.4
Foreign Commercial Banks	17	43.6	2,118,014	32.1
Total	**39**	**100.0**	**6,589,818**	**100.0**

Source: CBK

1.3 Distribution of Commercial Banks Branches

The number of bank branches increased from 1,459 in 2021, to 1,475 in 2022, which translates to an increase of 16 branches (1.1 percent). Nairobi County registered the highest increase in the number of branches by 9 branches (Appendix XVI). A total of 17 counties registered an increase of 30 bank branches while 9 counties registered a decrease of 14 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, customer 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, 2022, there were 9 large banks with a combined market share of 75.14 percent, 8 medium banks with a combined market share of 16.29 percent and 22 small banks with a combined market share of 8.57 percent as shown in **Table 2, Chart 4** and **Appendix IV**.

STRUCTURE OF THE BANKING SECTOR

Table 2: Commercial Banks Market Share Analysis

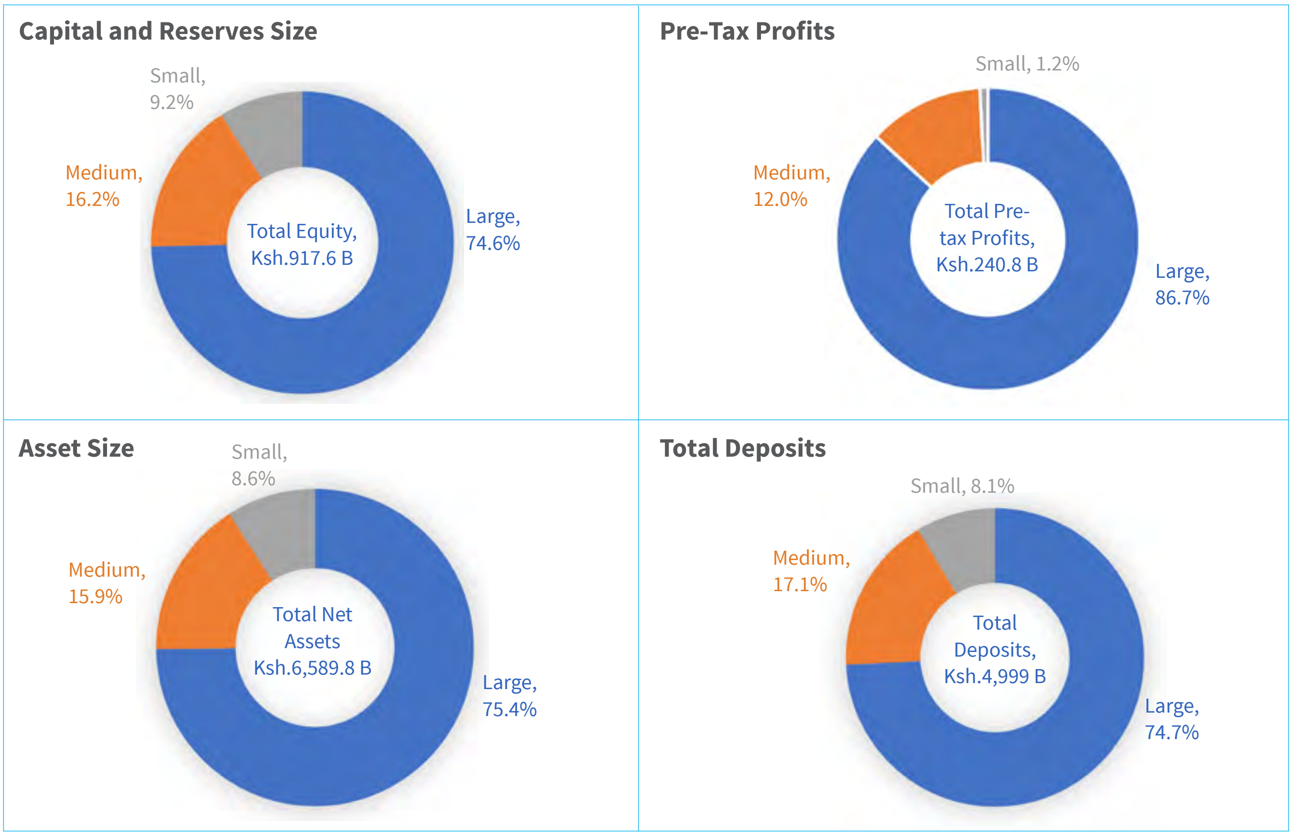
Peer Group	Combined Weighted Market Share (%)		No. of Institutions		Total Net Assets, (Ksh. B)		Total Deposits, (Ksh. B)		Capital and Reserves (Ksh. B)		Profit Before Tax (Ksh.B)	
	Dec-21	Dec-22	Dec-21	Dec-22	Dec-21	Dec-22	Dec-21	Dec-22	Dec-21	Dec-22	Dec-21	Dec-22
Large	74.76	75.14	9	9	4,508	4,971	3,387	3,736	667	684	171	209
Medium	16.41	16.29	8	8	968	1,050	781	856	147	149	24	29
Small	8.83	8.57	22	22	546	569	394	406	80	84	2	3
Total	**100.00**	**100.00**	**39**	**39**	**6,022**	**6,590**	**4,562**	**4,999**	**894**	**918**	**197**	**241**

Source: CBK

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

- Banks in large peer group increased their combined market share to 75.14 percent in December 2022, from 74.76 percent in December 2021.
- The combined market share of banks in the medium peer group decreased to 16.29 percent in December 2022, from 16.41 percent in December 2021.
- Banks in Small Peer group had a combined market share of 8.57 percent in December 2022, a decrease from 8.82 percent in December 2021.

Chart 4: Commercial Banks Market Share (%) December 2022



In 2022, the banking sector capital and reserves increased by 2.7 percent to Ksh.917.6 billion in December 2022 from Ksh.893.7 billion in December 2021. 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 strong performance in 2022, with profit before tax increasing by 22.0 percent from Ksh.197.0 billion in December 2021, to Ksh.240.4 billion in December 2022. The increase in profitability was attributed to a higher increase in total income (Ksh.114.7 billion) compared to increase in total expenses (Ksh.71.3 billion).

The large peer group accounted for 86.7 percent of the total pre-tax profit, a decrease from 86.9 percent recorded in 2021. The small peer group proportion of total pre-tax profit increased from 0.8 percent in 2021 to 1.2 percent in 2022.The medium peer group proportion of total pre-tax profit decreased from 12.3 percent in 2021 to 12.1 percent in 2022.

Total deposits increased by 9.6 percent to Ksh.4,998.7 billion in December 2022, from Ksh.4,561.6 billion in December 2021. The growth was supported by mobilization of deposits through digital platforms.

1.5 Automated Teller Machines

The number of Automated Teller Machines (ATMs) decreased by 65 (2.8 percent) to 2,301 in December 2022, from 2,366 in December 2021, as indicated in **Table 3.** The decrease in ATMs in 2022, 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 2021	2,366	16	0.70
January 2022	2,362	-4	-0.17
February 2022	2,355	-7	-0.30
March 2022	2,355	0	0.00
April 2022	2,336	-19	-0.81
May 2022	2,338	2	0.09
June 2022	2,327	-11	-0.47
July 2022	2,338	11	0.47
August 2022	2,340	2	0.09
September 2022	2,334	-6	-0.26
October 2022	2,318	-16	-0.69
November 2022	2,292	-26	-1.12
December 2022	2,301	9	0.39
Source: CBK			

1.6 Asset Base of Microfinance Banks

The number of licensed microfinance banks remained at fourteen (14), as at December 31, 2022. Out of fourteen microfinance banks, three (3) held community microfinance bank licences, while eleven (11) held nationwide microfinance bank licences.

The microfinance sector registered a 4.8 percent decline in total assets in the year 2022. The total assets as at December 31, 2022 stood at Ksh.70.4 billion, in comparison to Ksh.73.9 billion reported in the year ended 2021. Net advances decreased by 1.9 percent from Ksh.40.1 billion in 2021 to Ksh.39.3 billion in December 2022. The decline in loans was attributed to competition from commercial banks and digital lenders.

As highlighted in **Table 4**, lending remained the single largest activity undertaken by microfinance banks, as the net loan portfolio accounted for 56 percent of the microfinance bank's total assets.

Customer deposits decreased by 7.8 percent from Ksh.50.4 billion in 2021 to Ksh.46.5 billion in 2022. The decline in deposits was due to 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 66 percent and 13 percent of the microfinance banks' total funding sources.

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

ASSETS	2021	% of Total	2022	% of Total
Cash Balance (Local and Foreign notes and coins)	2,556	3	1,790	2
Deposit balances at banks and financial institutions	11,192	15	11,100	16
Government Securities	5,733	8	4,964	7
Net Advances	40,115	54	39,334	56
Accounts Receivables	2,269	3	2,786	4
Net Fixed Assets	7,112	10	5,448	8
Other Assets	4,986	7	5,004	7
TOTAL NET ASSETS	**73,963**	**100**	**70,426**	**100**
LIABILITIES & EQUITY FUNDS				
Deposits	50,413	68	46,491	66
Borrowings	9,082	12	9,328	13
Other Liabilities	5,366	7	5,855	8
Capital and Shareholders Funds	9,102	13	8,752	13
TOTAL LIABILITIES AND EQUITY FUNDS	**73,963**	**100**	**70,426**	**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, 2022, there were four (4) large microfinance banks with an aggregate market share of 81.9 percent, seven (7) medium microfinance banks with a combined market share of 16.4 percent and three (3) small microfinance banks with an aggregate market share of 1.7 percent as shown in **Table 5.**

Table 5: Microfinance Banks Market Share Analysis - December 31, 2021, and December 31, 2022

2021		2022						
	Market Size Index (%)		Market Size Index (%)	Gross Assets	Total Deposits	Total Capital	Number of Active Deposit Accounts	Number of active Loan Accounts
Weighting	**2021**	**Weighting**	**2022**	**0.33**	**0.33**	**0.33**	**0.005**	**0.005**
Large		**Large**		**Ksh.Millions**				
Faulu MFB	39.5	Kenya Women MFB	36.2	27,329	18,597	2,593	408,648	151,689
Kenya Women MFB	33.5	Faulu MFB	34.4	22,704	16,250	3,234	62,773	26,710
Rafiki MFB	7.2	Rafiki MFB	6.2	5,346	3,324	351	18,497	7,547
		Caritas MFB	5.1	3,353	2,854	393	45,207	1,109
	80.2		**81.9**	**58,732**	**41,025**	**6,571**	**535,125**	**187,055**
Medium		**Medium**						
SMEP MFB	4.6	SMEP MFB	4.6	3,219	2,240	393	9,016	17,854
Caritas MFB	4.3	Sumac MFB	4.2	3,678	1,577	367	14,375	3,042
Sumac MFB	3.5	U & I MFB	2.1	1,480	528	278	7,215	1,041
Maisha MFB	3.5	Branch MFB	1.5	872	339	122	525,099	66,562
Salaam MFB	1.5	Maisha MFB	1.4	853	338	188	43,051	7,495
U & I MFB	1.5	Salaam MFB	1.4	405	23	312	228	1
		LOLC MFB	1.2	451	140	231	6,271	266
	18.9		**16.4**	**10,958**	**5,185**	**1,891**	**605,255**	**96,261**
Small		**Small**						
LOLC MFB	0.4	Muungano MFB	0.8	360	142	134	4,106	1,008
Muungano MFB	0.4	Choice MFB	0.5	142	32	99	4,801	16
Branch MFB	0.3	Daraja MFB	0.4	235	108	58	22	132
Daraja MFB	(0.0)							
Choice MFB	(0.2)							
	0.9		**1.7**	**737**	**282**	**291**	**8,929**	**1,156**
Grand Total	**100.0**		**100.0**	**70,427**	**46,492**	**8,753**	**1,149,309**	**284,472**
Source: CBK								

The large and small peer groups registered a growth in market share of 1.7 percent and 0.8 percent respectively from the 2021 market share, whereas the medium peer group experienced a decline of 2.5 percent. In the large peer group, Kenya Women MFB overtook Faulu MFB to be ranked the largest MFB with a market share of 36.2 percent. Further, Caritas MFB moved to the large peer group from the medium peer group following growth in its business. Branch MFB and LOLC MFB ranking migrated from small to medium peer category. This follows acquisition of the MFBs by strategic investors and injection of additional capital. In the small peer group, both Choice MFB and Daraja MFB market share moved from negative 0.2 and 0.0 in 2021 to positive 0.5 and 0.4 respectively in 2022. The MFBs were also acquired by strategic investors who injected additional capital.

1.8 Distribution of Foreign Exchange Bureaus

Forex bureaus are regulated under the Central Bank of Kenya Act and the Guidelines issued by the Central Bank from time to time. As of December 31, 2022, the number of forex bureaus increased to seventy (70) following the licensing of two (2) forex bureaus during the year.
The forex bureau outlets increased to 130 as at December 31, 2022, compared to 118 as at December 31, 2021, due to opening of 12 outlets. Most of the forex bureau outlets are located in Nairobi as shown in **Table 6**:

Table 6: Distribution of Forex Bureau Outlets

City/Town	No. of Outlets	% Total
Nairobi	111	85.38
Mombasa	10	7.69
Kisumu	2	1.54
Eldoret	1	0.77
Nakuru	1	0.77
Garissa	1	0.77
Fafi Town	1	0.77
Busia	1	0.77
Namanga	1	0.77
Malindi	1	0.77
Total	**130**	**100**

CHAPTER 2

DEVELOPMENTS IN THE BANKING SECTOR

2.1 Introduction

The banking sector maintained a strong growth trajectory as the country continued to rebound from the COVID-19 pandemic in 2022. The sector witnessed consolidations, mergers and acquisitions, and new entrants.

CBK continued providing technical leadership in emerging areas of supervisory significance to enable the banking sector meet emerging operational and strategic challenges. This includes provision of guidance in such areas as sustainability and climate risk assessment, digital innovations, development of Central Bank Digital Currency (CBDC), Green Technology, Reliance on Data and Crypto Assets

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 a 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.

2.3 Legal and Regulatory Framework

The Central Bank of Kenya (Digital Credit Providers) Regulations, 2022, were published and operationalized on March 18, 2022, pursuant to Sections 57(1), 57(3) and 57(4) of the Central Bank of Kenya Act (the CBK Act). This followed an amendment to the CBK Act through the Central Bank of Kenya (Amendment) Act No 10 of 2021, which empowered CBK to regulate previously unregulated Digital Credit Providers (DCPs). The Regulations *inter alia* provide for the licensing, governance, and credit operations of digital lenders.

The National Assembly's Committee on Delegated Legislation approved the DCP Regulations on May 18, 2022. Consequently, in accordance with Section 59(2) of the CBK Act, all previously unregulated DCPs were required to apply to CBK for a license within six months by September 17, 2022, or cease operations. As at December 31. 2022, 10 applicants had been granted licenses. Other applicants were at various approval stages.

2.4 Consolidations, Mergers and Acquisitions, and New Entrants

The following institutional changes in the banking industry took place during the year:

- Branch International Limited (Branch) of Mauritius acquired 84.89 percent shareholding of Century Microfinance Bank Limited (Century MFB) effective January 1, 2022, as per Section 19 (4) of the Microfinance Act and approved by the Cabinet Secretary for the National Treasury and Planning on January 7, 2022, pursuant to Section 19(3)(b) of the Microfinance Act.

- LOLC Mauritius Holdings Limited (LOLC Mauritius) of Mauritius acquired 73 percent shareholding of Key Microfinance Bank PLC (Key MFB) effective January 1, 2022, as per Section 19 (4) of the Microfinance Act and approved by the Cabinet Secretary for the

National Treasury and Planning on January 7, 2022, pursuant to Section 19(3)(b) of the Microfinance Act.

- UMBA Inc. (UMBA) of State of Delaware, United States of America, acquired 66.06 percent shareholding of Daraja Microfinance Bank Limited (Daraja MFB) effective May 23, 2022, as per Section 19 (4) of the Microfinance Act and approved by the Cabinet Secretary for the National Treasury and Planning on June 10, 2022, pursuant to Section 19(3)(b) of the Microfinance Act.

2.5 Developments in Information and Communication Technology

Technology has had a profound impact on the banking industry, transforming the way we handle transactions, manage accounts, and protect data. The following are key areas of technological innovation that are poised to transform the banking industry:

- Quantum secure technology.
- Green Technology (GreenTech).
- Reliability of Data.
- Central Bank Digital Currency (CBDC).
- Cryptocurrency as emerging technologies.

• Quantum Secure Technology

Over the past few decades, there has been a significant collection of data by organizations. The vastness of digital data calls for new information systems to establish new patterns and meanings that will be business-critical and informative during decision-making. The introduction of quantum computers provides a major leap towards analyzing data and spotting patterns much more quickly and robustly than is possible by today's classical computers. Some applications where quantum computers can provide such a speed boost in finance include the following:

i) Machine Learning (ML) and Artificial Intelligence (AI): Market fluctuations are incredibly challenging to predict as they are influenced by a vast amount of compounding factors. The almost infinite possibilities could be modelled by a quantum computer, allowing better prediction of market movements, proactively monitoring customer behavior, and identifying anomalies in real-time.

ii) Optimization of loan portfolios so that lenders can free up capital, lower interest rates, and improve their offerings.

The advent of new technology, however, introduces potentially unforeseen risks. In the case of quantum computing, their ability to solve mathematical problems that are difficult or intractable to classical computers also poses the risk of breaking the current public-key encryption[2] algorithms, same that are used for the protection of passwords, personally identifiable information, emails and texts. This would significantly compromise the confidentiality and integrity of the digital communications we rely on every day – such as online banking and email software. To maintain public trust and the confidence of consumers of digital products, it is critical to anticipate these risks and plan accordingly.

As such, the National Institute of Science and Technology (NIST) initiated the Post-Quantum Cryptography Standardization[3] project in 2016, to develop a new set of encryption standards that will work with the current classical computers while being resistant to the quantum computers, thus significantly increasing the security of our digital information. The new standards

2 Encryption uses math to protect sensitive electronic information, including the secure websites we surf and the emails we send. Widely used public-key encryption systems, which rely on math problems that even the fastest conventional computers find intractable, ensure these websites and messages are inaccessible to unwelcome third parties. However, a sufficiently capable quantum computer, which would be based on different technology than the conventional computers we have today, could solve these math problems quickly, defeating encryption systems, and thus deeming the electronic information as no longer secure.

3 https://csrc.nist.gov/projects/post-quantum-cryptography

will be released in 2024, and NIST has been apt to engage digital systems' stakeholders and consumers, to begin planning for the replacement of hardware and software that use public-key algorithms now so that information is protected from future cyberattacks, and thus stay ahead of this new potential cybersecurity threat.

- **Green Technology**

The financial sector is expected to play a key role in responding to the challenges arising from climate change. Major commitments have been made towards financing the transition towards a sustainable, low carbon economy in both developed and emerging markets. In addition, financial sector supervisory authorities worldwide are enhancing their efforts towards promoting sustainability as an area of strategic focus in their respective jurisdictions. This includes the issuance of policy guidance on climate-related risk management. CBK issued a Guidance to institutions on climate-related risk management on October 15, 2021. The Guidance provides a Roadmap with actions in the short and medium term to entrench climate risk management in banks operations and business models.

Green technology (GreenTech) is an area of technological development that has been growing rapidly in recent years. It essentially refers to any products or practices that significantly reduce negative environmental impacts such as emissions, pollutants, and waste. This encompasses several different areas such as renewable energy technologies (solar, wind), green building technologies, and sustainable transportation systems. The Innovation Survey 2022 noted increase in innovation of climate change related products in the banking industry.

GreenTech is essential for policymakers, especially in emerging and developing countries, as they work to put the Paris Agreement into action and help in achieving the Sustainable development goals (SDGs) highlighted by the United Nation.

Governments around the world are increasingly introducing regulations designed to reduce emissions and promote more sustainable practices in order to combat climate change. These regulations are aimed at influencing consumer and industrial behaviour, as well as encouraging the development of clean technologies that have the potential to drive green economic growth. Examples of such regulation include renewable energy targets, carbon pricing schemes, green building standards, and waste management laws. While there are existing regulations for numerous industries, governments are having to move fast to stay ahead of the curve.

- **Reliance on Data**

NIST[4] defines data as "a collection of digital information that is used to represent some aspect of the world or some process or system under study." This definition emphasizes the digital nature of data and the fact that it represents some aspect of reality. The NIST definition also highlights the fact that data is used to study and understand various phenomena, and that it is often collected and analyzed to make informed decisions. In addition, the definition implies that data must be well-defined, structured, and organized to be useful for analysis and decision-making.

Data runs the world and as the world evolves, the intensity of data reliance is ever increasing. Banks generate and process vast amounts of data daily, which includes information on customer transactions, loans, investments, and financial products. Data can be used to identify patterns and trends, gain insights into customer behaviour and preferences, improve product design and performance, and enhance overall efficiency and productivity.

4 National Institute of Standards and Technology. (2013). NIST Big Data Interoperability Framework: Volume 1, Definitions. Retrieved from https://nvlpubs.nist.gov/nistpubs/gcr/2013/NIST.GCR.14-001.pdf

However, reliance on data in the banking sector also presents challenges. Ensuring the accuracy, completeness, and quality of data is critical, as decisions based on inaccurate or incomplete data can have significant consequences. In addition, there is the risk of data bias, which can occur when data is collected or analyzed in a way that reflects pre-existing assumptions leading to inaccurate results.

The security and privacy of customer data are of utmost importance. Banks must ensure that the data they collect is secure and compliant with data protection regulations. Digital data poses unique challenges to data confidentiality, integrity, and availability. This has seen a tremendous increase in cybersecurity related risks. CBK issued Guidance Notes on Cybersecurity to banks and PSPs in 2017 and 2019 respectively to address the cybersecurity risks. In addition, CBK has continued to work with other agencies nationally, regionally, and internationally in information sharing as pertains response to cybersecurity risks.

The banking sector's reliance on data has transformed the way financial institutions operate, providing insights that help banks make better decisions, improve customer experiences, and optimize operational efficiency. However, this reliance on data must be balanced with the need for security, privacy, accuracy, and compliance.

- **Central Bank Digital Currency (CBDC)**

  - CBK published a Discussion Paper on Central Bank Digital Currency[5] in February 2022. The Discussion Paper examined the applicability of a potential CBDC in Kenya. It assessed Kenya's payments landscape and outlined the potential opportunities and risks of a CBDC in the Kenyan context. The Discussion Paper also evaluated CBDC initiatives by other jurisdictions globally.
  - The Discussion Paper contained a short survey to gauge the public's perception of CBDCs and their acceptability as an alternative to fiat cash. This is in line with CBK's initiatives to ensure informed policy decisions regarding financial sector innovations. The Discussion Paper was underpinned by three broad themes: **people centricity**, **country context** and **balance between opportunities and risks**.
  - Several CBDC developments sprung up since the issuance of the Discussion Paper as summarised below:

    ✓ **BIS** has undertaken and continues to undertake exploratory CBDC projects in collaboration with central banks. A key lesson from the projects is that a greater focus on cross-border regulations and governance is needed.

    ✓ **The International Monetary Fund (IMF)** released a paper in February 2022 titled '*Behind the Scenes of Central Bank Digital Currency*'.[6] The paper sought to shine a spotlight on the countries at the frontier of CBDC development, with the aim of identifying and sharing insights, lessons, and open questions for sharing of experiences. IMF also released a regional survey in September 2022,[7] exploring the considerations and acceptability of CBDC in the Asia Pacific region. The IMF survey indicated that a surge in crypto assets has accelerated many central banks' interest in CBDCs to provide alternative means of payment and counteract the volatile nature of unbacked private crypto assets and contain their risks to the financial system. However, it was noted that while there is a significant interest in CBDCs, very few countries are likely to issue CBDCs in the near to medium term.

5 https://www.centralbank.go.ke/uploads/discussion_papers/CentralBankDigitalCurrency.pdf

6 https://www.imf.org/en/Publications/fintech-notes/Issues/2022/02/07/Behind-the-Scenes-of-Central-Bank-Digital-Currency-512174

7 https://www.imf.org/en/Publications/fintech-notes/Issues/2022/09/27/Towards-Central-Bank-Digital-Currencies-in-Asia-and-the-Pacific-Results-of-a-Regional-Survey-523914

- ✓ **Eastern Caribbean Central Bank (ECCB)** launched a pilot program in March 2021 to successively extend DCash throughout the countries of the Eastern Caribbean Currency Union (ECCU) and run the program for 12 months. Given its rapid adoption, ECCB is now considering transitioning to an official CBDC launch. No decision has been made to formally issue DCash.
- ✓ **Central Bank of Nigeria (CBN)** introduced a digital version of its official currency, the Naira, in November 2021. The introduction of the e-Naira was partly a response to concerns that the rising popularity of crypto assets in the country was threatening the banking system. About 45 percent of the Nigerian population did not have a bank account as of 2021. The e-Naira therefore also sought to increase financial inclusion using mobile phone financial services. According to Bloomberg[8], however, only 0.5 percent of the Nigerian population was using the e-Naira as of November 2022.
- ✓ **Bank of Tanzania (BOT)** announced on January 14, 2023, that it had adopted a phased, cautious, and risk-based approach to the adoption of CBDC.[9] BOT is considering several issues for further research on key considerations in selecting an appropriate approach to the adoption of CBDC from the country's perspective, including the type and model of CBDC, degree of anonymity and risks and controls associated with CBDC.
- ✓ **Bank of England (BoE)** on February 7, 2023, issued a consultative paper on the proposed digital pound.[10] The paper delves further into the possibility of BoE rolling out a retail CBDC for everyday payments by households and businesses. It marks the conclusion of the 'research and exploration' phase of BoE's work on the digital pound – Phase 1 of the digital pound roadmap. BoE seeks to move to Phase 2 – the 'design' phase, to develop further in both technology and policy terms.

- The CBK Discussion Paper on CBDC elicited responses from a diverse range of individuals, government, commercial banks, Payment Service Providers (PSPs), technology providers, academia, the legal fraternity, and international development partners. CBK received a total of **116** responses from across **9** countries: Kenya, South Africa, United States of America, United Kingdom, the Netherlands, Germany, Switzerland, Sweden, and Japan.

- The responses to the Discussion Paper are summarized below.

  i) **Responsibility for Tackling Financial Exclusion:** 87 percent of respondents indicated that Central Bank should be responsible for tackling financial exclusion, followed by National Government, commercial banks, non-profit organizations and individuals at 65 percent, 52 percent, 38 percent, and 32 percent, respectively.

  ii) **Impact of CBDC on Financial Inclusion:** The respondents indicated that the CBDC may have a positive impact on financial inclusion. It would specifically lower costs, empower smaller financial players and facilitate interoperability of financial platforms. However, respondents assumed that CBDC would require the use of smart phones on the internet, leading to high costs that would be a barrier to entry.

8 https://www.bloomberg.com/news/articles/2022-11-01/how-is-nigeria-s-enaira-africa-s-first-digital-currency-doing-one-year-in

9 https://www.bot.go.tz/Adverts/PressRelease/en/2023011413181519.pdf

10 https://www.bankofengland.co.uk/paper/2023/the-digital-pound-consultation-paper?sf174942394=1

iii) **CBDC and Cross-border Transactions:** Respondents noted that CBDC would positively impact cross-border transactions through enhanced efficiency. Some of the specific impact highlighted by the respondents included:

- Real or near real-time settlement.
- Lower transaction costs.
- Transactional transparency.
- Diversity in payment options for cross-border transactions.

iv) **Factors Affecting the Level of Adoption of CBDC for Payments:** Respondents indicated the following as key factors that will affect the level of adoption of CBDC as a means of payment:

- Solving current inefficiencies present with the existing systems, especially that of high transaction costs, and low speed of cross-border transactions.
- Ease of use of the CBDC, and its wide adoption by different players.
- Assurance of anonymity, privacy and security, trust, and public confidence.
- Design considerations such as interoperability, ease of conversion to cash, offline capability, efficient distribution, and programmability for social welfare programmes.
- Availability of affordable smart phones, network and internet access, and access to affordable technology for the development of CBDC.
- Implementing government incentives, and deposit insurance covering CBDC.

- Broadly, responses have indicated that while a CBDC may be useful for cross-border transactions, its risks should be carefully considered.

- Since most of the respondents considered CBDC to be the same as crypto assets, there should also be public awareness and education on the phenomenon of CBDC, particularly its differences from cryptocurrencies.

- Ultimately, the rollout of CBDC should not be a race to be first. CBK's vision is for a payments system that is secure, efficient, and widely available to and works for Kenyans. Presently, Kenya's pain points in payments can potentially be solved by strengthening innovations around the existing payment ecosystem. Accordingly, implementation of a CBDC may not be a priority in Kenya in the short-medium term. However, CBK will continue to monitor developments in the CBDC world and periodically assess the need for CBDC in Kenya.

- **Crypto Assets**

- Rapid technological innovation is ushering in a new era of public and private digital money. Digital currencies that have emerged to facilitate payment transactions include electronic money (e-money), crypto assets (also sometimes referred to as cryptocurrencies), stablecoin and Central Bank Digital Currency (CBDC).

- The growth of the crypto industry has been driven by the speed of transactions, low transaction costs, decentralization of finance, and anonymity. Additionally, crypto assets have attracted users due to offering more control as opposed to fiat currency. Further, the promise of high returns due to the high volatility and erratic growth in value of crypto assets have attracted a swathe of crypto investors, spanning both individuals and institutions. Moreover, lack of taxation mechanisms has made crypto attractive to users. While these factors have attracted growing investments into the crypto space, the same factors have enabled the flow of illicit finance and presented cyber and other risks to holders of crypto assets.

- Crypto assets are at a critical global conjecture. Globally, due to extreme volatility of the crypto market and recent collapse of stablecoins and crypto exchanges, there has been a slowdown in the uptake of crypto assets. The global crypto industry *winter* started in 2022 with developments that have led to the reduction in value of crypto assets and market capitalization by more than half since 2021. This volatility has led to investor caution and reduced interest in crypto assets. More importantly, it has highlighted key liquidity issues faced by cryptocurrency firms, exacerbated by poor governance frameworks.

- Global standard-setters have taken steps to guide the financial sector on treatment of crypto assets. Additionally, various jurisdictions have also adopted policies on dealing with crypto assets. The guidance from standard-setting bodies and lessons of other jurisdictions underscores a keen focus on financial stability, money laundering/terrorism financing (ML/TF) risks, retail investor protection and governance of crypto markets. Further, the transnational reach of crypto assets has heightened calls for cross-border regulatory and supervisory cooperation. A key trend is the foundation of wide public consultation prior to regulatory and policy action.

- CBK's philosophy on fintech is to ensure people are at the centre of innovation, so that Kenya maximises the benefits of innovation while minimising risks. Accordingly, in assessing the need for regulation of crypto assets in Kenya, the broad guiding principles of people-centricity, country context and balance between opportunities and risks should be taken into consideration.

- In considering next steps for crypto assets in Kenya, there is need to take into account the country-specific context. While the collapse of crypto exchanges in 2022 sent ripples into the crypto world, Kenya has not experienced significant effects of these developments. So far, there has been no survey done to establish the extent of crypto asset usage in the country.

- Accordingly, Kenya will benefit from a survey on crypto assets. Further, wide public consultations through a consultative paper will assess the use cases, opportunities, and risks of crypto assets in Kenya. The result of these activities will pave way for informed policy decisions on crypto assets, including whether to develop a regulatory framework.

2.6 Mobile Phone Financial Services

The adoption and usage of mobile money in December 2022 continued its upward trajectory from December 2021. This was largely propelled by changed customer behaviour and preference for mobile platforms following the COVID-19 global pandemic, which saw increased mobile money activity.

This growth underpins the fact that mobile money continues to gain popularity among businesses and public institutions, as a result, of the ease of access, efficiency, and existence of convenient delivery channels relating to mobile money. According to CBK statistics, the value of mobile money transactions in a month hit a record at Ksh.722.5 billion in July 2022, fuelled by increased demand for cashless transactions and the establishment of 42,700 new active mobile money agents. This suggests that entrepreneurs recognized an opportunity in the market to provide cash deposit and withdrawal services in under-served areas, particularly in rural regions where there were limited or no mobile money agents.

In addition, the period under review was marked by increased activity across mobile network platforms. Consequently, mobile subscriptions grew to 65.7 million from 65.1 million reported during preceding period, representing a penetration rate of 133.1 percent.

Summary of MFS Transactions Data

With more people embracing technology and the use of mobile phones for day-to-day activities, and a continuously growing demand for convenient financial services, fueled by the COVID-19 pandemic, the number of active mobile subscriptions has grown from 65.1 million in December 2021 to 65.7 million in December 2022, resulting in a marginal increase of 0.6 million new mobile subscribers. The number of active mobile money agents increased by 15.5 percent from 275,907 to 318,607. Consequently, this resulted in a 13.8 percent increase in the value of transactions from Ksh.622.14 billion in December 2021 to Ksh.708.06 billion in December 2022. These figures are captured in **Table 7**.

Table 7: Mobile Transaction Data

Digital Financial Inclusion 2007 - 2022	2007	2008	2012	2017	2018	2019	2020	2021	2022
Mobile Subscribers (millions)	11	16	31	43	50	55	61	65	66
Mobile Penetration (Percent)	31	44	78	94	106	115	129	134	133
Mobile Money Subscriptions (millions)	1	5	21	30	32	29	32	35	39
Number of Transactions (Monthly)	1	10	56	140	156	155	181	190	207
Value of Transactions (Monthly) (Ksh. Billion)	4	27	150	333	368	383	606	622	708
Avg. Value of Transactions (Daily) (Ksh. Million)	126	900	5,005	11,087	12,259	12,764	20,190	20,738	23,602
Active Mobile Money Agents (From 2018)	1,582	6,104	76,912	182,472	223,931	205,328	292,301	275,907	318,607

Source: Communications Authority Sector Statistics, CBK Mobile Money Payments Statistics

2.7 New Products

The Central Bank 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, 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, the Central Bank of Kenya considers:

- Whether the proposed increase is in conformity with the Government's policy of establishing a market-oriented economy in Kenya.
- 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 differentiating their products and services by use of alternative delivery channels such as e-banking and m-banking.

In the year 2022, CBK noted the introduction of 64 new products in the market and approved the related charges. Most of the products introduced were money remittance partnerships and prepaid contactless cards.

2.7.1 Technology and employee efficiency

In 2022, a bank employee was on average handling 1,773 deposit accounts whereas in 2021, an employee was handling 2,044 deposit accounts **(Table 8).** The decrease in efficiency is explained by the decrease in the number of deposit account holders as compared to the increase in the number of staff. There was closure of dormant deposit accounts which explains the decrease in the number of deposit accounts. Due to economic recovery and reopening of businesses in 2022, the number of staff increased due to new hires in 2022.

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

Year	No. of Deposit Account Holders	Number of Staff	Efficiency Score
2007	4,123,432	21,657	190
2008	6,428,509	25,491	252
2009	8,481,137	26,132	325
2010	11,881,114	28,846	412
2011	14,250,503	30,056	474
2012	15,861,417	31,636	501
2013	21,880,556	34,059	642
2014	28,438,292	36,923	770
2015	35,194,496	36,212	972
2016	41,203,518	33,695	1,222
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	64,022,715	36,107	1,773

Source: CBK

2.8 Transition from London Interbank Offered Rate to Alternative Reference Rates

The London Interbank Offered Rate (LIBOR), the benchmark interest rate at which major global banks lend to one another in the international interbank market for short-term loans is expected to cease immediately after June 30, 2023, for the remaining US Dollar settings. The LIBOR for the case of all Sterling, Euro, Swiss Franc and Japanese Yen settings, and the 1-week and 2-month US Dollar settings ceased immediately after December 31, 2021.

The Guidance Note issued by CBK on December 9, 2021, through Banking Circular No. 6 of 2021, required commercial banks to apprise CBK on their exposures to LIBOR and transitional arrangements. The responses from the banks indicated that: -

i) Out of 39 operating commercial banks in Kenya, 24 were offering various products of different tenors priced on LIBOR valued at Ksh.406.0 billion as at December 31, 2022, a decline from 27 banks valued at

Ksh.695.3 billion as at September 30, 2021. These products comprised: -

- Loans – Ksh.234.0 billion, representing 6.4 percent of the total banking sector loans.
- Tier II capital instruments – Ksh.110.9 billion, representing 76.2 percent of the total banking sector Tier II capital.
- Exposure to other banks – 53.8 billion, representing 19.8 percent of total banking sector placements with other banks.
- Deposits – Ksh.4.3 billion, representing 0.1 percent of total banking sector deposits.
- Off-balance sheet commitments – Ksh.3.0 billion, representing 0.2 percent of the
- total banking sector off-balance sheet commitments.

ii) Banks had addressed risks related to cessation of LIBOR through: -

- Review of legal loan contracts – to provide a clause for transitioning to Alternative Reference Rates (ARR).
- Engagement with the affected customers – to inform them of the changes and available ARR.
- Training of staff – including the front office staff on the expected change and to empower them to engage and respond appropriately to customers queries regarding the transition.
- Review and upgrade of systems – to support smooth transition to ARR.

iii) They had identified the following ARR: -

- 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).

2.9 Innovative MSME Products by Banks

In Kenya, 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.

Over time, commercial banks have realized that venturing into the market segments previously deemed risky, such as the MSME space, is made much easier through providing customer centric products. They therefore invested heavily in product innovation and risk management to provide variety and flexibility in product design, resulting in relevant financial services to MSMEs. The products have assisted MSMEs in managing business volatility as well as providing funds for working capital, business expansion, business protection and yield enhancement. The banks have also provided accessible and knowledgeable relationship managers to deliver expert advice on financial management, insurance, investments, and other financial solutions to MSMEs. Technological advancement has given MSME consumers the power to choose fit-for-purpose financial products.

With this financial inclusion, MSMEs, majority which operate informally, can continue to play a key role in poverty reduction and shared economic development. 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.

In 2022, commercial banks launched various innovative products that served the MSME sector.

The key attributes of these products are: -

- Underpinned by digital platforms and applications that allow customers to access financial services from their smartphones or other devices i.e., ‘financial services on the go’.

- Integrated with third party service providers mainly Fintechs and Payment Service Providers (PSPs).
- Using Artificial Intelligence to improve customer service and support.
- Leveraging on data analytics to understand customer need and preferences.
- There is use of algorithms drawing from on various data sources, including airtime usage and payments transaction history.

2.10 Operations of Representative Offices of Authorized Foreign Financial Institutions in Kenya

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 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 to undertake primary banking business[11] as defined in the Banking Act. They 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. Setting up representative offices in foreign countries enables commercial banks to establish a physical presence and gain a better understanding of the local market conditions, regulations, and business culture. 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 2022, the significant developments in respect to Representative Offices include: -

- **New Entrant**: CBK on August 2, 2022, granted authority to Banque Misr - S.A.E[12] of Egypt to establish a Representative Office in Kenya by the name ***Banque Misr-S.A.E –Kenya Representative Office.*** This brings the total number of representative offices in Kenya to 10 in 2022 from the previous 9 representative offices in 2021.

- These Representative Offices facilitated business worth an estimated Ksh.365.6 billion (USD3.0 billion) in 2022. The value of business activities facilitated in 2022, marginally decreased by 2.8 percent when compared to Ksh.376.0 billion (USD3.3 billion) facilitated in 2021. The decrease was largely due to decreased business activities facilitated through correspondent banking and specialized finance. 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.

[11] 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.

[12] Banque Misr - S.A.E, domiciled in Egypt, is a state-owned bank licensed (and regulated) to conduct banking business in Egypt by the Central Bank of Egypt (CBE) under Egypt's Banking Law.

Table 9: Business activities facilitated by Representative Offices

Year	2022		2021	
	Ksh. Billions	USD[13] Billions	Ksh. Billions	USD Billions
Corporate Finance	15.1	0.1	12.7	0.1
Syndicated Finance	40.5	0.3	43.8	0.4
Correspondent Banking	48.4	0.4	78.6	0.7
Project Financing	9.2	0.1	1.0	0.01
Specialized Finance	9.4	0.1	50.7	0.4
Property Finance	38.1	0.3	10.2	0.1
Trade Finance	155.7	1.3	129.1	1.1
Others (energy finance, term loans, borrowing base, working capital and bilateral receivable discounting)	49.2	0.4	49.9	0.4
Total value of business facilitated	**365.6**	**3.0**	**376.0**	**3.3**

2.11 Surveys 2022

2.11.1 Residential Mortgage Survey

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 2022. The information collected comprised:

a) Size of mortgage portfolio.
b) Mortgage loan characteristics.
c) Constraints to mortgage market financing.
d) Mortgage risk characteristics.
e) Impact of COVIC-19 on demand for mortgages.
f) Mortgage refinancing.
g) Mortgage outlook for 2023.

Below are the highlights of the Residential Mortgage Survey as at December 31, 2022.

a) Size of Mortgage Portfolio

- The value of mortgage loans outstanding was Ksh.261.8 billion in December 2022, as compared to Ksh.245.1 billion in December 2021 (**Appendix XIII**). This represents an increase of Ksh.16.7 billion or 6.8 percent. The increase was due to new mortgage loans granted in 2022.
- About 83 percent of lending to the mortgage market was by 8 institutions. That is 7 banks from the large peer group (75 percent) and one from the medium sized banks (8.3 percent) in December 2022, as compared to 84 percent of lending by 8 institutions in 2021, one medium sized bank (10 percent) and seven banks from the large peer group (74 percent).
- The outstanding value of non-performing mortgage loans increased from Ksh.28.3 billion in December 2021, to Ksh.37.8 billion in December 2022. The non-performing mortgage loans to gross mortgage loans ratio was 14.4 percent in December 2022, as compared to 12.0 percent in December 2021. The ratio was above the industry gross NPLs to gross loans ratio of 13.8 percent in December 2022. There were 27,786 mortgage loans in the market in December 2022, up from 26,723 in December 2021. This was an increase of 1,063 mortgages or 4.0 percent. This was mainly due to new mortgage loans granted in the year.
- The average mortgage loan size increased from Ksh.9.2 million in 2021, to Ksh.9.4 million in 2022.

[13] Exchange rate: 1 USD = 123.37 Ksh

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 2022, was 12.3 percent and it ranged from 8.2 percent to 17.0 percent compared to an average of 11.3 percent with a range of 7.1 percent to 15.0 percent in 2021. The increase in average rates was consistent with the increase in interest rates in the year.
- About 88.3 percent of mortgage loans were on variable interest rates in 2022, as compared to 88.0 percent in 2021.
- 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 2022 and 2021.
- The average loan maturity was 10.9 years with a minimum of 5 years and a maximum of 18 years in 2022, as compared to an average loan maturity of 12 years with a minimum of 5 years and a maximum of 20 years in 2021. This is an indication that banks decreased the period of mortgage facilities in 2022.

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 2022

Mortgage Market Obstacles	Frequencies of Responses	
	December 2021	December 2022
Low level of income	23	31
High cost of property purchase	19	23
Limited access to affordable long-term finance	17	18
Difficulties with property registration/titling	11	16
High cost of land for construction	12	15
High Incidental costs (legal fee, valuation fee, stamp duty)	15	14
Credit risk	14	12
Lengthy charge process timelines	10	9
Stringent land laws	8	9
Impact of COVID-19 Pandemic	32	4
Limited consumer knowledge on mortgage products	7	3
Lengthy process of security realization by banks in case of default	5	3

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.
- 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 low-cost housing options.
- Availability of affordable long-term funds through initiatives such as the recently launched Kenya Mortgage Refinance Company (KMRC).
- Provision of basic infrastructure services to developers by national and county governments.
- Establishment of a one-stop-shop for all the statutory approvals for development/ construction.
- Popularization and consumer education on the pension backed mortgage product.
- Training youth on home ownership and inclusion of a home ownership savings plan.

e) Mortgage Risk Characteristics

Financial 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 Reference Bureau references.
- Source and sustainability of income for debt servicing.
- 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) Impact of Coronavirus (COVID-19) Pandemic on the demand for residential mortgage loans

Based on the responses to the Survey questionnaire, it was noted that COVID-19 pandemic:

- decreased the demand for residential mortgages.
- increased the non-performing loans for mortgage loans due to the customers affected by job losses who are yet to secure new jobs.

g) Mortgage Refinancing

The survey indicated that five institutions applied for mortgage refinancing from the Kenya Mortgage Refinance Company (KMRC) in 2022 as compared to six applications in 2021. The amounts applied in 2022 totalled to Ksh.12.7 billion as compared to Ksh.8.7 billion applied in 2021. Five institutions were advanced facilities amounting to Ksh.6.9 billion in 2022 as compared to three institutions advanced Ksh.1.1 billion in 2021.

h) Mortgage Outlook for 2023

The uptake of mortgages is expected to increase as the economy recovers from the effects of the COVID-19. Government focus to support low-cost housing, availability 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. The mortgage market is also expected to remain stable.

2.11.2 Innovations Survey 2022

In February 2023, CBK conducted an Innovation Survey, which was aimed at collecting present and forward-looking information on Fintech developments in the Kenyan financial sector as of December 31, 2022. The survey collected data on the state of innovation from 38 commercial banks, 1 mortgage finance institution, and 14 Micro Finance Banks (MFBs). The survey was a follow-up to the 2018, 2019, 2020 and 2021 Innovation Surveys.

The 2022 Innovation Survey was undertaken against the backdrop of the resilience of the banking sector amid the global economic slowdown. Below is a summary of the survey results.

- **Business Strategy:** According to their business strategies, 60 percent of the institutions consider themselves as "better banks", 25 percent as "distributed banks" and 13 percent as "new banks".[14] In the 2021 Innovation Survey, 74 percent of the respondents considered themselves as "better banks", 19 percent as "distributed banks" and 8 percent as "new banks". Accordingly, the Kenyan banking institutions are increasingly focusing on collaboration and partnerships with Fintech start-ups to provide innovative services and products to customers. This will enhance customer experience, enabling an easier and more accessible digital banking services.

- **Innovation Units:** The survey noted that 77 percent of the respondents had a dedicated function that spearheaded innovation activities compared to 75 percent in the 2021 Innovation Survey. Most financial institutions 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 60 percent male and 40 percent female staff. 51 percent of financial institutions surveyed indicated that they had set up innovation hubs to promote innovation activities.

- **Innovation Priorities:** The survey noted that 82 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 71 percent of MFBs. Conversely, 93 percent of MFBs considered credit, deposit and capital-raising service as the most important operations and service areas to innovate in the short to medium term strategy compared to 72 percent of commercial banks.

[14] **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.

Accordingly, payments, clearing, and settlement services was the functional area where most banks introduced an innovative product in the period January 1 to December 31, 2022, with 64 percent of the banks innovating in this area compared to 67 percent in 2021. On the other hand, credit, deposit, and capital-raising services was the functional area where most MFBs introduced an innovative product in the period January 1 to December 31, 2022, with 64 percent innovating in this area compared to 57 percent in 2021.

While 96 percent of the institutions surveyed had adopted or developed a mobile banking solution (app or USSD) for banking and customer relationship services, 32 percent of the institutions noted that credit business remained the least digitized area of their institution's operations, similar to the findings of the 2021 survey. Charts **5 (a)** and **5 (b)** below highlight the percentage of institutions that developed new Fintech products within five functional areas of innovation.

- **Innovation Risks:** Given the increased collaboration

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

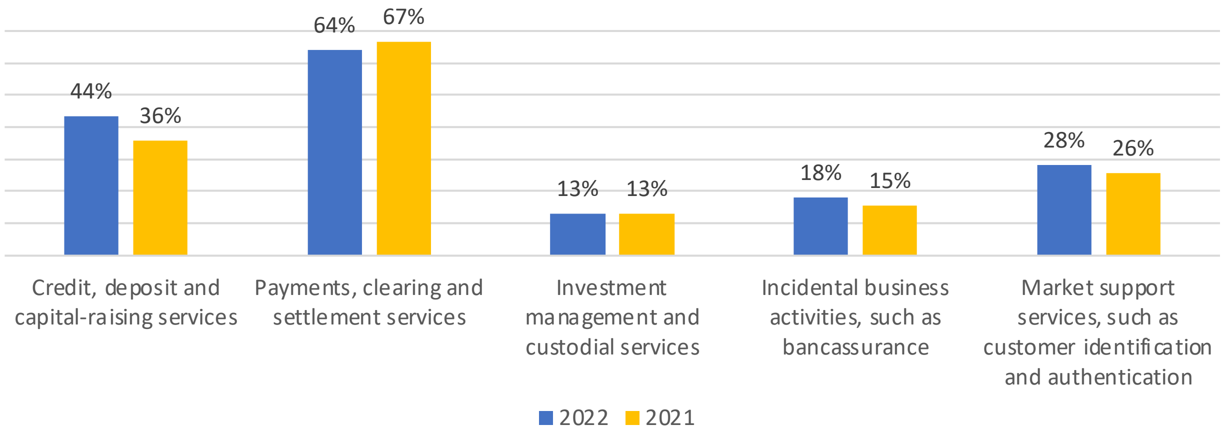
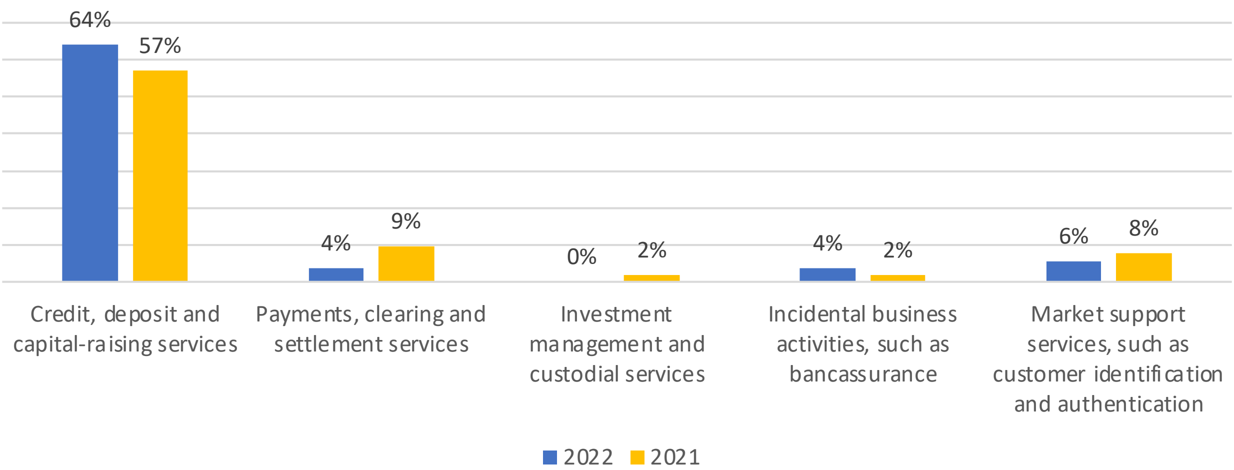


Chart 5 (b): Classification of Fintech Products Introduced by MFBs



with partners and reliance on vendors to develop digital products, cyber-risk turned out to be the key risk area for institutions in their innovation endeavors. Of the institutions surveyed, 92 percent of banks and 100 percent of MFBs identified it as one of the top three innovation-related risks. Cyber risk was also the top risk identified in the 2018-2020 Innovation Surveys. A further analysis indicated that 57 percent of MFBs and 54 percent of 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 to the development of innovative products. This is lower than 71 percent of MFBs and 67 percent of banks in 2021, indicating improvement in management of third parties.

- **Technological Developments:** Application Programming Interfaces (APIs) have been adopted by most institutions with an 89 percent adoption rate by both banks and microfinance banks collectively. This is followed by Big Data and Data Analytics, Biometrics Technology, and Cloud Computing, with an adoption rate of 57 percent, 51 percent, and 47 percent, respectively, across all financial institutions.

- **Public Support, Policy and Regulation:** Institutions indicated that the top three forms of public support based on the 2022 survey were: provision of infrastructure and services (68 percent), direct funding support (58 percent) and demand-side support (55 percent). They identified data protection as one of the public policies that regulatory agencies need to focus on, highlighting the importance of implementation of the Kenya Data Protection Act, 2019.

- **Climate Action and Sustainability:** Of the institutions surveyed, 51 percent of commercial banks and 43 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 33 percent and 36 percent, respectively, in 2021, indicating a steady focus on the emerging issue. Some of the climate change-related solutions were focused on climate financing, lending for clean energy solutions, and automation of services to reduce carbon footprint.

- **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:

    - Fourth Industrial Revolution (4IR) technologies such as artificial intelligence (AI) and machine learning (ML) for risk assessment, customer service, and fraud detection.
    - Solutions that address access to credit for SMEs.
    - Open banking for secure sharing of financial data.
    - Central Bank Digital Currencies.
    - Quick Response (QR) code-based payment solutions.
    - Embedded finance.
    - Green finance.
    - Real-time Know-Your-Customer (KYC) solutions.
    - Islamic banking product innovations.
    - Credit scoring as a service.
    - Big data.

2.11.3 MSME FinAcess Business Survey

2.11.3.1 Background

Pursuant to its strategic objective of promoting a sound and inclusive banking sector, the Central Bank of Kenya (CBK) conducts a bi-annual **FinAccess Business Supply-Side Survey (FinAccess Business Survey)** on the state of financing for the Micro, Small and Medium Enterprises (MSMEs) in the banking industry. The survey monitors trends in the modes and level of financing available to MSMEs from commercial banks, mortgage finance institutions and microfinance banks (MFBs). The ultimate objective of the survey is to identify the main barriers to MSME financing with the aim of addressing the same through appropriate policy interventions.

2.11.3.2 About the 2022 FinAccess Business Supply-Side Survey

The 2022 MSME Survey is the fourth survey, aimed at updating the findings of the previous surveys by determining the MSME financing status in the banking sector as at December 2022. The findings will inform CBK's policy responses aimed at addressing the constraints facing MSMEs in accessing bank credit.

The 2022 MSME FinAccess Business Survey sought the following data:

- The value of banks' MSME loan portfolios as at December 2022, and their sectoral distribution.
- Value and proportion of overall income (interest, fees, and commissions) generated by lending institutions from their MSMEs loan portfolios.
- Average tenors and pricing of MSME credit facilities.
- Type of credit facilities offered by banks to MSMEs in each of the recognised economic sectors.
- Total number and value of the MSME credit facilities outstanding in each sector as at December 31, 2022.
- Total number and value of non-performing credit facilities to MSMEs as at December 31, 2022.
- Average pricing for each type of MSME credit facility offered in each sector.
- The collateral: loan value ratio for each type of MSME credit facility offered in each sector.

The data obtained will facilitate a review of developments in banking sector MSME financing as well as the effectiveness of policy initiatives aimed at enhancing access.

2.11.3.3 Survey's Findings

The last FinAccess Business survey conducted in 2020 assessed the status of MSME financing as at December 2020. The key findings were as follows:

- There were 1.18 million active MSME loan accounts in the banking industry as at December 2022, with a total value of Ksh.783.3 billion. This was a 29 percent increase from 915,115 active loan accounts valued at Ksh.638.3 billion as at the last MSME lending survey in December 2020. Of this total, commercial banks, and mortgage finance companies, cumulatively, disbursed Ksh.750.3 billion (96 percent) while MFBs disbursed Ksh.32.98 billion (4 percent).
- The active MSME loan accounts as at December 2022 constituted a 29 percent increase from 915,115 active accounts existing as at December 2020. The cumulative value of the MSME loan portfolio as at December 2022 of Ksh.783.3 billion also increased by 23 percent from Ksh.638.3 billion reported in December 2020.
- The proportion of the MSME loan portfolio to the total banking sector loan book as at December 2022 stood at 21.3 percent compared to 20.9 percent as at the end of 2020.
- Lending to MSMEs generated Ksh.105.1 billion for the banking industry, representing 24.4 percent of the total income generated from lending by the banking industry. A significant increase compared with the overall revenue from MSME-lending in 2020 that stood at Ksh.70.8 billion (12.2 percent of the banking sector overall lending-related income).
- On average, MSME borrowers took 27 months to repay loan facilities as at December 2022, slightly lower than 2020 (30 months). Loans to micro enterprises had the shortest average repayment period at 16 months, with small and medium enterprise loans taking 30 and 35 months, respectively, to repay.
- The average rate of interest charged on facilities to MSMEs as at December 2022 was 15.5 percent and 27.0 percent for commercial banks and MFBs, respectively. The average of interest rates charged by the commercial banks and MFBs ranges between 12.6-13.9 and 20.0-22.0 percent, respectively. Aver-

age interest rates per institutional category were 13.9 percent for micro enterprises, 13.3 percent for small enterprises and 12.6 percent for medium-sized enterprises in commercial banks. MFBs charge interest of 21.0 percent, 22.0 percent and 20.0 percent for micro enterprises, small and medium-sized enterprises, respectively.

- MSMEs continued to be a significant source of funding for the banking industry, accounting for 14.9 percent and 59.5 percent of total customer deposits held in commercial banks and MFBs, respectively.
- Banks have designed various credit products targeting MSMEs. More than 55 percent of all commercial banks offer products targeting all the three categories of MSMEs, i.e. micro, small and medium-sized enterprises. 21 percent of commercial banks offer products targeting only enterprises in the medium category, while 10 percent offer products targeting enterprises in the small and medium categories. 43 percent of MFBs offer products targeting all three MSME categories, while 14 percent offer products targeting only micro and small enterprises.
- In commercial banks, the largest credit allocation as at December 2022 was to MSMEs in the trade sector (45.2 percent), followed closely by real estate, and transport and communication sector at 19.4 percent and 11.3 percent, respectively. The agriculture, financial services sectors and mining had the lowest allocation at 2.4 percent, 2.4 percent, and 0.4 percent, respectively.
- In MFBs, the largest proportion of the MSME loan portfolio was extended to the trade sector (44.1 percent), followed distantly by real estate, and agriculture sectors with 14.2 percent, and 13.4 percent, respectively. The energy and mining sectors had the lowest allocation at 0.5 percent and 0.7 percent, respectively.
- In the view of the respondents of the MSME survey, the COVID-19 crisis in 2020 had a significant impact on MSMEs' access to bank credit. The 2022 survey sought to monitor progress on economic recovery of MSMEs, following the pandemic. 61 percent of commercial banks rated the impact of the pandemic on MSMEs lending as moderate, while 34 percent rated it as high. Similarly, 64 percent of microfinance rated the impact on MSMEs lending as moderate, while 21 percent rated it as high.
- A total of 6,572 MSME loan facilities in the banking industry valued at Ksh.122.5 billion were restructured in 2022 to enable borrowers to better manage their credit performance. These constituted 0.05 percent of total loan accounts and 3.37 percent of the total value of the gross loan portfolio as at December 2022. By comparison, in 2020, commercial banks and MFBs restructured a total of 17,381 loan facilities valued at Ksh.138.7 billion.
- Of the 1.18 million MSMEs loan accounts in the banking industry as at December 2022, 216,951 accounts valued at Ksh.90.4 billion were classified as non-performing. This amounted to 18.3 percent of total MSME loan accounts and 11.5 percent of the total value of outstanding MSME loans. NPLs in MSMEs also made-up 17.5 percent of total banking industry NPLs as December 2022 which stood at approximately Ksh.515.7 billion. By comparison, the level of MSME NPLs in December 2020 was relatively higher at Ksh.98.7 billion or 14.6 percent of the overall MSME loan portfolio of 638.2 billion.
- In the 12 months to December 2022, a total of 18,105 MSME loans valued at Ksh.9.6 billion were written-off, with commercial banks and MFBs writing off Ksh.9.10 billion and Ksh.0.51 billion, respectively. The total accounts written off constituted 1.5 percent of total MSME loan accounts and 1.2 percent by value.
- MSMEs continued to be a significant source of funding for the banking industry, accounting for 13.4 percent and 57.3 percent of total customer deposits held in commercial banks and microfinance banks, respectively.
- In commercial banks, the largest credit allocation as at December 2022 was to MSMEs in the trade sector (47.2 percent), followed closely by real estate, and transport and communication sector

at 19.1 percent and 11.9 percent, respectively. The agriculture, financial services sectors and mining had the lowest allocation at 2.4 percent, 2.1 percent, and 0.2 percent, respectively.

- In microfinance banks, the largest proportion of the MSME loan portfolio was extended to the trade sector (53.8 percent), followed distantly by transport and communication, and real estate sectors with 20.5 percent, and 6.2 percent, respectively. The energy and mining sectors had the lowest allocation at 0.5 percent and 0.2 percent, respectively.

2.12 Employment Trends in the Banking Sector

The banking sector staff levels increased by 3,667 (11.3 percent) from 32,440 in December 2021, to 36,107 in December 2022 **(Table 11).** Secretarial and other Staff, and Clerical staff cadres increased by 1,507 and 1,093 respectively. The increase was largely attributed to some large banks recruiting additional sales and payment channels support staff.

Table 11: Employment in the Banking Sector

	2021	2022	Change	Percentage Change (%)
Management	10,396	10,956	560	5.4
Supervisory	7,750	8,257	507	6.5
Clerical	11,796	12,889	1,093	9.3
Secretarial and other Staff	2,498	4,005	1,507	60.3
Total	**32,440**	**36,107**	**3,667**	**11.3**

Source: CBK

2.13 Future Outlook

The banking sector is expected to continue its growth trajectory, driven by increased uptake of digital banking services and innovative fintech solutions. The banking sector is likely to see more investment in technology and digital banking, as banks aim to expand their reach and enhance their service delivery. Whilst the outlook is expected to remain positive, banks need to remain vigilant, adaptable and innovative to stay competitive in a rapidly changing market.

CHAPTER 3

MACROECONOMIC CONDITIONS AND BANKING SECTOR PERFORMANCE

3.1 Global Economic Conditions

The IMF's World Economic Outlook (WEO) for April 2023, projects the global output growth to slow down from an estimated 3.4 percent in 2022 to 2.8 percent in 2023, before rising modestly to 3.0 percent in 2024. The outlook is 0.1 percentage points lower for both 2023 and 2024, than in the January WEO update. The weaker growth is attributed to a perilous phase of recovery in which economic growth remains low, financial risks have risen, and yet inflation remains high. Risks to the global outlook are heavily skewed to the downside, with rising financial sector risks as the banking sector vulnerabilities come into focus.

Growth in advanced economies is projected to decline sharply from 2.7 percent in 2022 to 1.3 percent in 2023 before rising to 1.4 percent in 2024. This is on account of the rise in central bank rates to fight inflation as well as the war in Ukraine. Most economic activities in this group are forecast to slowdown in 2023, including the US (1.6 percent), UK (-0.3 percent), Germany (-0.1 percent), France (0.7 percent), Italy (0.7 percent), and Spain (1.5 percent). However, growth in Japan is projected to rise to 1.3 percent in 2023, due to the continued monetary and fiscal policy support.

Growth in emerging market and developing economies (EMDEs) is expected to decline gradually, from 4.0 percent in 2022 to 3.9 percent in 2023 and 4.2 percent in 2024, the forecast for 2023 is modestly lower (by 0.1 percentage point) than in the January 2023 WEO Update. China's growth is expected to reach 5.2 percent in 2023, attributed to the recent reopening of the economy which has led to more than expected recovery before falling to 4.5 percent in 2024. Growth in India is set to decline from 6.8 percent in 2022 to 5.9 percent in 2023 before picking up to 6.3 percent in 2024 due to strong domestic demand despite global constraints.

3.2 The Regional Economy

In the Sub-Saharan Africa (SSA), economic activity is projected to remain moderate at 3.6 percent in 2023 amid prolonged fallout from the COVID-19 pandemic, before picking up to 4.2 percent in 2024. In 2023, Nigeria and South Africa are predicted to grow by 3.2 percent and 0.1 percent, respectively, while in 2024, both are expected to grow by 3.2 percent (Nigeria) and 1.8 percent (South Africa). The upward revision for Nigeria's growth is due to measures put in place to address insecurity issues in the oil sector while the declining growth in South Africa reflects weaker external demand, power shortage and structural constraints as depicted in **Table 12**

Table 12. Overview of the *World Economic* Outlook Projections

(Percent change, unless noted otherwise)

	Annual			Difference from January 2023 WEO Update	
	Year over Year				
		Projections			
	2022	2023	2024	2023	2024
World Output	**3.4**	**2.8**	**3.0**	**–0.1**	**–0.1**
Advanced Economies	**2.7**	**1.3**	**1.4**	**0.1**	**0.0**
United States	2.1	1.6	1.1	0.2	0.1
Euro Area	**3.5**	**0.8**	**1.4**	**0.1**	**–0.2**
Germany	1.8	0.1	1.1	–0.2	–0.3
France	2.6	0.7	1.3	0.0	–0.3
Italy	3.7	0.7	0.8	0.1	–1.0
Spain	5.5	1.5	2.0	0.4	–0.4
Japan	1.1	1.3	1.0	–0.5	0.1
United Kingdom	4.0	–0.3	1.0	0.3	0.1
Canada	3.4	1.5	1.5	0.0	0.0
Emerging Market and Developing Economies	**4.0**	**3.9**	**4.2**	**–0.1**	**0.0**
China	3.0	5.2	4.5	0.0	0.0
India	6.8	5.9	6.3	–0.2	–0.5
Russia	–2.1	0.7	1.3	0.4	–0.8
Latin America and the Caribbean	4.0	1.6	2.2	–0.2	0.1
Brazil	2.9	0.9	1.5	–0.3	0.0
Mexico	3.1	1.8	1.6	0.0	0.0
Middle East and Central Asia	5.3	2.9	3.5	–0.3	–0.2
Saudi Arabia	8.7	3.1	3.1	0.5	–0.3
Sub-Saharan Africa	**3.9**	**3.6**	**4.2**	**–0.2**	**0.1**
Nigeria	3.3	3.2	3.0	0.0	0.1
South Africa	2.0	0.1	1.8	–1.1	0.5
Source: IMF, World Economic Outlook,April 2023 Update					

3.3 The Domestic Economy

The domestic economy remained resilient in 2022 despite multiple shocks. It expanded by 4.8 percent compared to 7.6 percent in 2021, largely supported by the non-agriculture sectors. In particular, growth was enhanced by the strong performance of the services sector, which grew by 7.0 percent compared to 9.8 percent in 2021. The robust performance was reflected across all service sectors, particularly transport and storage, financial and insurance, information and communication, and accommodation and food services. Growth of the industrial sector slowed to 3.9 percent from 7.5 percent in 2021, mainly on account of a deceleration in manufacturing sector growth to 2.7 percent from 7.3 percent in 2021. The construction sector grew by 4.1 percent compared to 6.7 percent in 2021. In contrast, the agriculture sector contracted further due to adverse weather conditions experienced in most parts of the country. It contracted by -1.6 percent compared to a contraction of -0.4 percent in 2021 **(Table 13).**

Table 13: Real Gross Domestic Product

Real GDP Growth Rates	2021Q1	2021Q2	2021Q3	2021Q4	2022Q1	2022Q2	2022Q3	2022Q4	2021 Annual	2022 Annual
1. Agriculture	**-0.6**	**-1.8**	**-0.6**	**2.1**	**-1.7**	**-2.4**	**-1.3**	**-0.9**	**-0.4**	**-1.6**
2. Non-Agriculture (o/w)	**3.1**	**14.0**	**11.4**	**10.0**	**8.2**	**7.1**	**5.3**	**4.7**	**9.5**	**6.3**
2.1 Industry	**4.1**	**9.2**	**9.0**	**7.7**	**5.6**	**5.0**	**2.6**	**2.4**	**7.5**	**3.9**
Mining & Quarrying	10.4	10.6	16.0	35.5	23.8	16.6	-4.5	1.6	18.0	9.3
Manufacturing	2.0	11.1	10.5	6.2	3.8	3.6	1.8	1.8	7.3	2.7
Electricity & water supply	3.9	7.7	7.1	3.8	3.2	5.6	6.0	4.9	5.6	4.9
Construction	6.2	6.9	6.7	7.0	6.0	4.5	3.5	2.4	6.7	4.1
2.2 Services	**2.9**	**14.9**	**12.0**	**10.1**	**8.9**	**8.0**	**5.9**	**5.3**	**9.8**	**7.0**
Wholesale & Retail Trade	8.8	10.3	6.6	6.7	4.9	4.1	3.6	2.7	8.0	3.8
Accommodation & Food Services	-28.3	69.7	145.1	120.8	40.1	44.0	16.9	14.9	52.6	26.2
Transport & Storage	-7.9	18.5	14.6	7.0	7.5	7.0	4.8	3.2	7.4	5.6
Information & Communication	5.1	11.8	1.4	6.9	9.0	11.2	11.8	8.0	6.1	9.9
Financial & Insurance	10.1	13.2	10.6	11.8	17.0	16.1	9.6	9.4	11.5	12.8
Public administration	7.2	8.2	5.3	3.6	6.2	3.8	3.4	4.7	6.0	4.5
Professional, Admin. & Support Services	-12.3	20.0	15.3	9.6	13.4	10.9	8.9	5.2	7.1	9.4
Real estate	6.0	6.8	7.1	6.8	6.0	5.0	4.0	2.9	6.7	4.5
Education	12.0	34.4	30.9	18.4	4.7	4.4	3.8	6.0	22.8	4.8
Other services	-8.5	28.6	17.5	16.9	8.9	4.3	5.7	4.0	12.5	5.7
FISIM	5.9	3.6	5.0	6.5	0.7	1.3	2.3	1.6	5.3	1.5
All Industries at basic prices	2.3	9.6	9.1	8.1	6.0	5.1	4.0	3.6	7.2	4.6
2.3 Taxes on products	**2.4**	**19.2**	**12.5**	**14.6**	**9.5**	**6.1**	**7.1**	**5.4**	**11.9**	**7.0**
Real GDP Growth	**2.4**	**10.3**	**9.4**	**8.6**	**6.3**	**5.2**	**4.3**	**3.8**	**7.6**	**4.8**

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

Economic Outlook for 2022

Despite uncertainty in the global environment, economic growth is expected to remain strong in 2023, supported by the expected continued strong performance of services sectors, recovery of agriculture sector, supportive government policies and a stable macroeconomic environment. However, there are downside risks. These include possibility of lower-than-expected rainfall and escalation of the Russia-Ukraine war which could exert further strain on global supply chains resulting in spillover effects on domestic economy.

3.4 Inflation

Overall inflation remained well anchored within the medium-term target band in the first five months of 2022. However, it exceeded the upper bound of the target band in the period June to December 2022, following the adverse domestic and international shocks that significantly increased food and fuel prices. As a result, the annual average inflation increased to 7.7 percent from 6.1 percent in 2021.

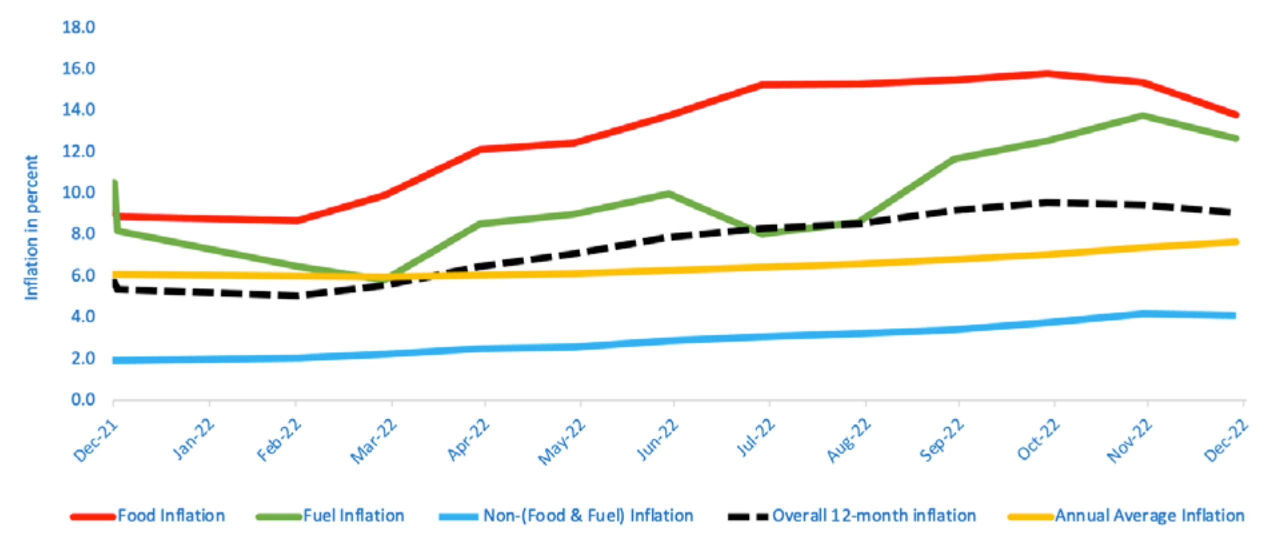
Food inflation remained elevated due to unfavourable weather conditions and high prices of some imported food items following supply-side disruptions associated with the Russia-Ukraine war. It increased to 13.8 percent in December 2022 from 9.1 percent in December 2021.

Fuel inflation remained elevated during the year in line with the trends in international oil prices, which resulted in high domestic prices of energy items and transport costs. However, government interventions through the energy subsidy programme continued to moderate the prices. Fuel inflation peaked at 13.8 percent in November 2022 before declining to 12.7 percent in December 2022.

Non-Food-Non-Fuel (NFNF) inflation remained low and stable. It increased gradually to 4.1 percent in December 2022 from 1.9 in December 2021— reflective of the second order effects of rising energy and transport costs.

Inflation is expected to continue moderating in the near term in line with the easing of international food and oil prices as well as favourable domestic seasonal factors such as ongoing harvests.

Chart 6: Developments in inflation (percent)



Source: KNBS and CBK

3.5 Exchange Rate

The Kenya Shilling exchange rate weakened against major international currencies largely attributed to the appreciation of the dollar owing to monetary policy tightening in the USA. It exchanged at an average of KSh.117.9 in 2022, against the US dollar from an average of KSh. 109.6 in 2021 (**Table 14**).

Table 14: Exchange rate

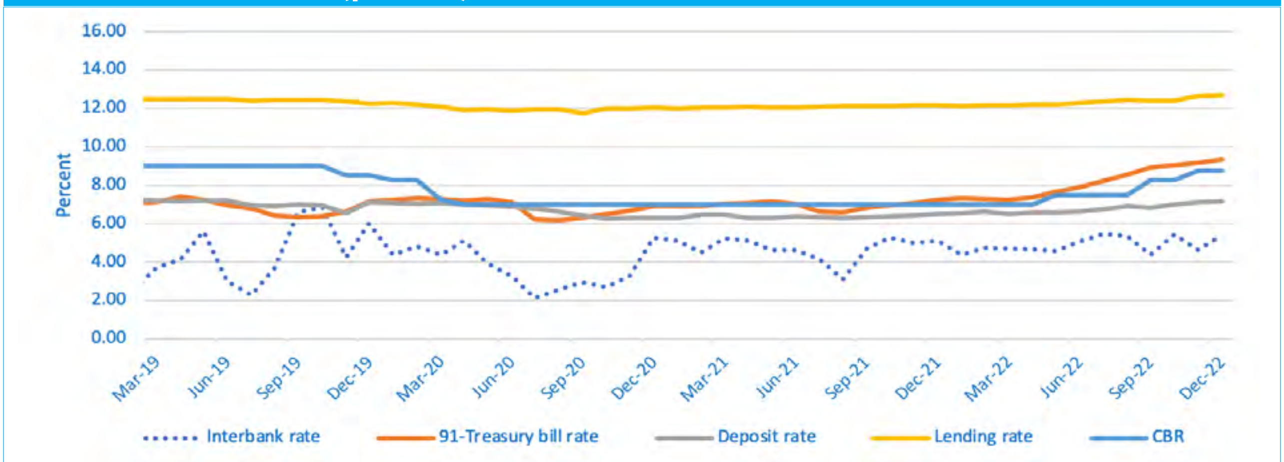
	USD Dollar	Sterling Pound	EURO	SA RAND	USHS	TSHS	RWF	BIF
2017	103.4	133.1	116.7	7.8	34.9	21.6	8.1	16.7
2018	101.3	135.3	119.7	7.7	36.8	22.5	8.6	17.5
2019	102.0	130.1	114.2	7.1	36.3	22.6	8.9	18.0
2020	106.5	136.8	121.7	6.5	34.9	21.8	9.0	18.0
2021	109.6	150.9	129.8	7.4	32.7	21.1	9.2	18.0
2022	117.9	145.8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

3.6 Interest Rates

Interest rates generally increased in 2022, reflecting monetary policy stance and liquidity conditions in the market. The Monetary Policy Committee (MPC) tightened monetary policy three times since May 2022 to anchor inflation expectations arising from the elevated global commodity prices and supply chain disruptions. In May 2022, the MPC raised the Central Bank Rate (CBR) from 7.00 percent to 7.50 percent. The MPC maintained the CBR at 7.50 percent in its meeting in July, noting that its action of tightening monetary policy in May 2022 was timely in anticipating emerging inflationary pressures, and the impact of the CBR increase in May was still transmitting through the economy. This action was complemented by an additional package of fiscal measures by the Government to moderate the prices of specific items. The MPC raised the CBR from 7.50 percent to 8.25 percent in September, and further to 8.75 percent in November, noting the sustained inflationary pressures, the elevated global risks, and their potential impact on the domestic economy.

The weighted average interbank interest rate increased to 4.90 percent in 2022 from 4.71 percent in 2021. Similarly, the interest rates on Government securities increased, with the 91-day Treasury bill rate averaging 8.17 percent in 2022 compared to 6.96 percent in 2021, while the 182-day Treasury bill rate averaged 8.98 percent compared to 7.57 percent in the previous year. Commercial banks average lending rate increased slightly to 12.34 percent in 2022 from 12.08 percent in 2021, reflecting the monetary policy stance. The deposit rate also increased to an annual average of 6.77 percent in 2022 from 6.38 percent in 2021. Consequently, the interest spread decreased slightly from 5.70 percent to 5.57 percent **(Chart 7).**

Chart 7: Interest Rates (percent)

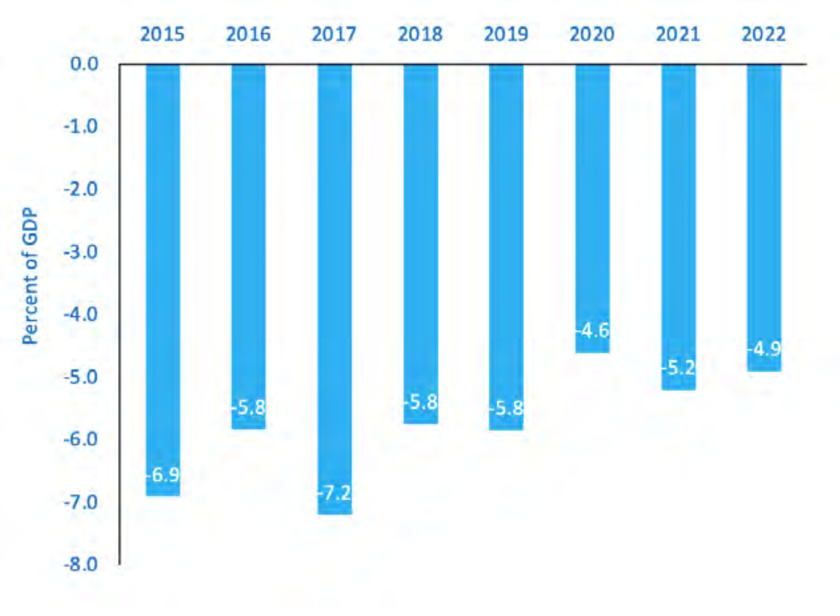


Source: CBK

3.7 Balance of Payments

The current account deficit is estimated at 4.9 percent of GDP in 2022 from 5.2 percent of GDP in 2021. The narrower deficit was mainly due to strong performance of exports and services as well as record level of remittances, with import growth slowing due to a reduction in imports of machinery and transport equipment **(Chart 8).**

Chart 8: Developments in Current Account



Source: CBK

3.8 Fiscal Developments

Total government revenues and grants amounted to Ksh.1,110.7 billion in the period July-December 2022, representing a 6.4 percent increase from Ksh.1,044.1 billion collected in a similar period in 2021 **(Table 15).** Tax revenue were below its set target in the first half of FY 2022/23. Total expenditure and net lending also decreased by 1.8 percent during the first half of FY 2022/23 to Ksh.1,340.3 billion compared to Ksh.1,364.9 billion over a similar period in 2021 indicating reduction in COVID-19 related expenditure incurred in 2020 and 2021. Consequently, Government budgetary operations during the period under review resulted in a lower deficit of Ksh.229.6 billion (1.6 percent of GDP) on a cash basis in the first half of FY 2022/23 compared to a deficit of Ksh.293.6 billion (2.3 percent of GDP) incurred over the same period in 2021. The deficit remained below the target of 2.0 percent of GDP.

Table 15: Fiscal Developments

	FY 2021/22			FY 2022/23				Over (+) /	%
	Q1	Q2	Cumulative	Q1	Q2	Cumulative	Target	Below (-)	Variance
Ksh Bn			to Dec-2021			to Dec-2022		Target	
1. TOTAL REVENUE & GRANTS	**513.0**	**531.2**	**1,044.1**	**570.2**	**540.5**	**1,110.7**	**1163.9**	**(53.2)**	**(4.6)**
Ordinary Revenue	**441.8**	**469.5**	**911.3**	**485.4**	**499.6**	**985.0**	**1028.1**	**(43.2)**	
Tax Revenue	416.4	451.5	867.9	464.7	487.1	951.8	988.3	(36.5)	
Non Tax Revenue	25.4	18.0	43.4	20.7	12.5	33.2	39.8	(6.6)	
Appropriations-in-Aid	64.5	56.4	120.9	84.2	37.2	121.4	130.1	(8.6)	
External Grants	6.7	5.3	12.0	0.6	3.7	4.3	5.6	(1.3)	
2. TOTAL EXPENSES & NET LENDING	**631.7**	**733.2**	**1,364.9**	**759.5**	**580.8**	**1,340.3**	**1448.9**	**(108.6)**	**(7.5)**
Recurrent Expenses	453.7	531.5	985.2	573.3	431.1	1,004.4	1014.6	(10.2)	
Development Expenses	117.0	117.7	234.7	115.9	78.9	194.8	234.7	(39.9)	
County Transfers	61.1	83.9	145.0	70.3	70.8	141.1	197.7	(56.6)	
Others	-	-	-	-	-	-	2.0	(2.0)	
3. DEFICIT (INCL. GRANTS) (1-2)	**(118.7)**	**(202.0)**	**(320.7)**	**(189.3)**	**(40.3)**	**(229.6)**	**(285.1)**	**55.5**	**(19.5)**
As percent of GDP	(0.9)	(1.6)	(2.5)	(1.3)	(0.3)	(1.6)	(2.0)	0.4	
4. ADJUSTMENT TO CASH BASIS	**13.4**	**13.7**	**27.1**	**15.0**	**-**	**-**	**-**	**-**	
5. DEFICIT INCL . GRANTS ON A CASH BASIS	**(105.3)**	**(188.3)**	**(293.6)**	**(174.3)**	**(40.3)**	**(229.6)**	**(285.1)**	**55.5**	**(19.5)**
As percent of GDP	(0.8)	(1.5)	(2.3)	(1.2)	(0.3)	(1.6)	(2.0)	0.4	
6. DISCREPANCY: Expenditure (+) / Revenue (-)	**6.6**	**12.0**	**6.3**	**(33.0)**	**118.3**	**(10.3)**	**-**	**(10.3)**	
7. FINANCING	**111.9**	**188.0**	**299.9**	**141.4**	**78.0**	**219.3**	**285.1**	**(65.8)**	**(23.1)**
Domestic (Net)	140.0	159.2	298.7	101.6	22.6	124.1	233.0	(108.9)	
External (Net)	(28.2)	41.0	1.2	39.8	55.4	95.2	52.1	43.1	
Other Dom. Financing (domestic loan receipts)	-	0.3	-		-	-	-	-	
Others	-	-	-	-	-	-	-		

GDP figures Provisional Dec 2022 BOT

Source: The National Treasury-Dec 2022 Provisional BOT

3.9 Performance of the Banking Sector

The banking sector recorded a strong performance in the year ended December 2022, against a backdrop of a challenging business and operating environment. The improved performance is mainly due to the continued economic recovery from the COVID-19 pandemic. The sector's profit before tax increased by 22.0 percent to Ksh.240.4 billion in the year ended December 2022 from Ksh.197.0 billion in the year ended December 2021. The increase in profitability was mainly driven by a higher increase in total income (18.2 percent) compared to the increase in total expenses (16.5 percent). The increase in total income was mainly attributed to higher increases in other income (56.9 percent), interest on placements (24.3 percent) and interest on government securities (18.6 percent).

3.10 Commercial Banks Balance Sheet Analysis

The banking sector registered improved financial strength in 2022, with total net assets recording an increase of 9.4 percent from Ksh.6,022.2 billion in December 2021 to Ksh.6,589.8 billion in December 2022 (**Table 16**). This is attributable to increase in other assets, loans and advances, cash, and investment in government securities. Other assets increased by 29.9 percent, loans and advances registered an increase of 14.7 percent, cash increased by 13.9 percent, and government securities increased by 28.6 percent.

Net loans and advances, government securities and other assets accounted for 50.8 percent, 28.6 percent, and 9.2 percent of the total net assets, respectively and remained the main components of the banks' balance sheet.

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

	Dec-21	Dec-22	% of Total Assets/Total Liabilities
Cash	77,635	88,443	1.3
Balances at Central bank	242,570	233,642	3.5
Placements	279,263	272,059	4.1
Government Securities	1,837,879	1,884,116	28.6
Investments	196,537	154,649	2.3
Loans and Advances (Net)	2,920,670	3,349,400	50.8
Other assets	467,594	607,509	9.2
Total Assets	**6,022,147**	**6,589,818**	**100.0**
Liabilities and Shareholders' Funds			
Deposits	4,561,635	4,998,658	75.7
Other liabilities	566,767	673,576	10.3
Capital and Reserves	893,745	917,584	14.0
Total liabilities and Shareholders' Funds	**6,022,147**	**6,589,818**	**100.0**
Source: CBK			

Deposits, which are the main source of funding for the banks grew by 9.6 percent from Ksh.4,561.6 billion in December 2021 to Ksh.4,998.7 billion in December 2022. The growth was supported by mobilization of deposits through agency banking and mobile phone platforms.

In 2022, the banking sector capital and reserves increased by 2.7 percent from Ksh.893.7 billion in December 2021 to Ksh.917.6 billion in December 2022. The increase in capital and reserves is attributable to increase in retained earnings and share premium. Retained earnings increased by Ksh.70.9 billion from Ksh.479.6 billion in December 2021 to Ksh.545.9 billion in December 2022. Proposed Dividends increased by Ksh.5.4 billion from Ksh.42.0 billion in December 2021 to Ksh.47.2 billion in December 2022.

The increase in proposed divided by Ksh.5.4 billion had minimal impact on capital and reserves as the retained earnings and share premium increased by a higher margin of Ksh.70.9 billion.

3.11 Sectoral Distribution of Gross Loans, Loan Accounts and 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 72.57 percent of gross loans in December 2022, as indicated in **Table 17**. Personal and Household, Trade and Agriculture sectors accounted for the highest number of loan accounts with a total of 98.92 percent. Trade, Manufacturing Real Estate, and Personal and Household sectors accounted for the highest value of non-performing loans by registering 70.31 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 2022. 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.

Table 17: Sectoral Distribution of Loan Accounts, Gross Loans and NPLs-December 2022						
	No. of Loan A/Cs	% of Total	Gross Loans Ksh. Million	% of Total	Gross NPLs Ksh. Million	% of Total
Agriculture	124,297	0.9	126,462.6	3.5	27,707.2	5.5
Manufacturing	30,693	0.2	530,637.1	14.6	90,883.6	18.1
Building and Construction	14,903	0.1	144,795.7	4.0	34,530.5	6.9
Mining and Quarrying	2,179	0.0	30,980.2	0.9	2,882.9	0.6
Energy and Water	4,240	0.0	142,688.6	3.9	23,772.8	4.7
Trade	459,095	3.2	652,574.0	18.0	107,200.1	21.3
Tourism, Restaurant and Hotels	8,302	0.1	108,168.2	3.0	12,287.2	2.4
Transport and Communication	50,199	0.3	310,173.4	8.5	42,579.5	8.5
Real Estate	31,146	0.2	467,171.2	12.9	81,074.9	16.1
Financial Services	14,630	0.1	132,483.9	3.6	5,658.0	1.1
Personal and Household	13,702,607	94.9	984,116.0	27.1	74,665.1	14.8
Total	**14,442,291**	**100**	**3,630,250.8**	**100**	**503,241.8**	**100**

3.11.1 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 and watch category increased by 11.4 percent and 14.4 percent respectively whereas it decreased in substandard category by 6.7 percent. The normal category accounted for 73.7 percent of the total loans in 2022, compared to 73.8 percent in 2021 whereas, the watch category accounted for 12.4 percent of the total loans in 2022, compared to 12.1 percent in 2021.

The loans and advances in the doubtful and loss categories increased by 13.6 percent and 13.5 percent respectively **(Table 18).** This is also reflected by the increased levels of these categories to the entire loan book. The substandard, doubtful and loss categories accounted for 2.4 percent, 8.2 percent, and 3.2 percent of the loan book in 2022, compared to 2.9 percent, 8.1 percent, and 3.2 percent in 2021.

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.

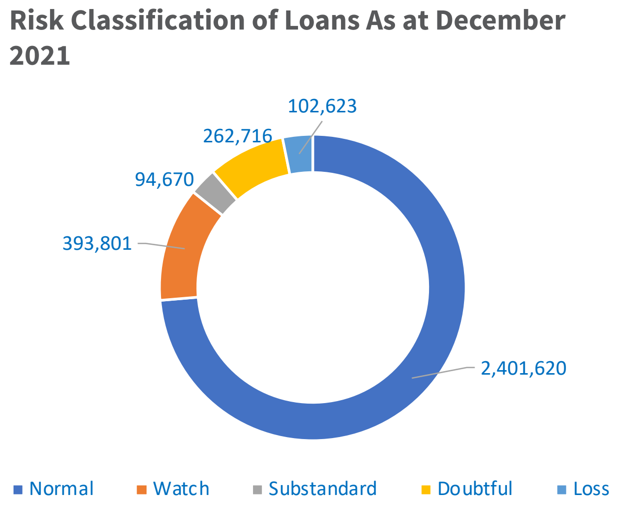
The amount of loans in all categories increased in 2022, with exception of substandard category as shown in **Table 18** and **Chart 9.**

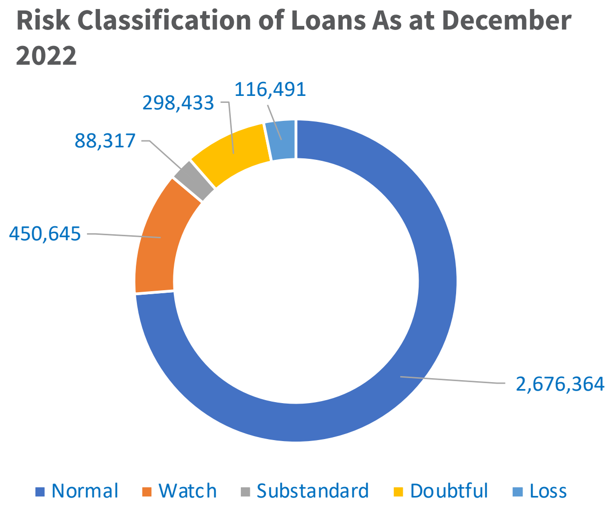
Table 18: Risk Classification of Loans and Advances

	2021		2022		Change Ksh' Million	% Change
	Amount Ksh' Million	% of Total	Amount Ksh' Million	% of Total		
	A		B		C=B-A	D=C/A
Normal	2,401,620	73.80	2,676,364	73.7	274,744	11.4
Watch	393,801	12.10	450,645	12.4	56,844	14.4
Substandard	94,670	2.90	88,317	2.4	- 6,353	-6.7
Doubtful	262,716	8.10	298,433	8.2	35,717	13.6
Loss	102,623	3.20	116,491	3.2	13,868	13.5
Total	**3,255,429**	**100.00**	**3,630,251**	100	374,822	11.5

Source: CBK

Chart 9: Risk Classification of Loans and Advances





3.12 Asset Quality

The stock of non-performing loans (NPLs) increased by 9.4 percent to Ksh.503.2 billion in December 2022 from Ksh.460.0 billion in December 2021. However, asset quality, which is measured by the ratio of gross NPLs to gross loans improved with gross NPLs to gross loans ratio decreasing to 13.9 percent in December 2022 from 14.1 percent in December 2021 as shown in **Table 19** and **Appendix III**. This was mainly due to a higher increase in gross loans (11.5 percent) as compared to the increase in gross non-performing loans (9.4 percent). The improvement in asset quality was mainly due to improved business activities as the economy continued to recover from the COVID-19 pandemic.

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

	Dec-21	Dec-22	% Change
Net Assets	6,022,147	6,589,818	8.6
Gross Loans and Advances	3,255,429	3,630,251	11.5
Total Loans	3,182,279	3,550,719	11.6
Net Loans	2,967,879	3,320,377	11.9
Gross Non-Performing Loans	460,008	503,242	9.4
Interest in Suspense	73,150	79,532	8.7
Total Non-Performing Loans	386,859	423,710	9.5
Total Provisions	214,400	230,342	7.4
Net Non- Performing Loans	172,459	193,368	12.1
Gross Loans/Net Assets (%)	54.1	55.5	1.5
Gross NPLs/Gross Loans (%)	14.1	13.9	-0.3
Net NPLs/Gross Loans (%)	5.3	5.3	0.0

Source: *Banks and Mortgage Finance Companies Published Financial Statements*

3.13 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 16.6 percent in December 2021 to 16.0 percent in December 2022. The Total Capital to Total Risk Weighted Assets ratio decreased from 19.5 percent in December 2021 to 18.9 percent in December 2022. However, the core capital to total deposits ratio increased slightly from 16.9 percent in December 2021 to 17.1 percent in December 2022. The Kenyan banking industry was therefore fully compliant with the capital adequacy ratios in 2022. **Table 20** presents the Kenyan banking sector capital adequacy trend from 2017 to 2022.

Table 20: Capital Adequacy Ratios

	2017	2018	2019	2020	2021	2022	Minimum Capital Adequacy Ratios (%)
Core Capital/TRWA (%)	16.5	16.6	16.6	16.6	16.6	16.0	10.5
Total Capital/TRWA (%)	18.8	19.5	18.8	19.0	19.5	18.9	14.5
Core Capital/Total Deposits (%)	18.9	17.9	17.9	17.1	16.9	17.1	8.0

Key: TRWA-Total Risk Weighted Assets

Source: *CBK*

3.14 Liquidity

Liquidity held by commercial banks depicts their ability to fund increases in assets and meet obligations as they fall due. Liquidity is one of the important financial stability indicators. 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 2022, stood at 50.8 percent compared to 56.2 percent registered in December 2021. The decrease in the liquidity ratio is mainly attributed to a growth in total short-term liabilities compared to a decrease in total liquid assets. Total short-term liabilities grew by 6.6 percent while total liquid assets decreased by 3.6 percent.

The decrease in liquid assets was mainly attributed to a 60.9 percent decrease in balances with foreign banks, 22.4 percent decrease in balances with Central Bank, and 21.1 percent decrease in investments in government treasury bills. The banking sector's average liquidity in 2022 was way above the statutory minimum requirement of 20 percent.

3.15 Profit and Loss

The banking sector registered an increase in profitability in 2022 with profit before tax increasing by 22.0 percent from Ksh.197.0 billion in December 2021 to Ksh.240.4 billion in December 2022 as shown in **Table 21**. The increase in profitability was attributed to a higher increase in total income (Ksh.114.7 billion) compared to the increase in total expenses (Ksh.71.3 billion).

3.15.1 Income

Total income for the banking sector increased by 18.2 percent to Ksh.744.8 billion in December 2022 from Ksh.630.2 billion in December 2021 as shown in **Table 21**. The increase in income was largely attributed to increase in other income (56.9 percent), interest on placements (24.3 percent) and interest on government securities (18.6 percent) between December 2021 and December 2022.

Table 21: Income and Expenditure Items as a Percentage of Total Income/Total Expenses

	December 2021		December 2022	
Income	**Ksh.M**	**% of Total Income/ total expenses**	**Ksh.M**	**% of Total Income/ total expenses**
Interest on Advances	299,036	48.0	336,107	45.1
Fees and Commission for Loans and Advances	37,767	6.2	41,731	5.6
Other Fees and Commission Income	48,451	7.6	52,201	7.0
Interest on Government Securities	174,748	25.9	207,322	27.8
Interest on Placement	8,031	1.3	9,984	1.3
Other Income	62,118	10.9	97,460	13.1
Total Income	**630,151**	**100.0**	**744,804**	**100.0**
Expenses				
Interest Expenses	154,572	31.5	183,985	36.5
Bad Debts Charge	59,252	23.8	69,844	13.8
Salaries and Wages	103,774	20.9	117,582	23.3
Other Expenses	115,517	23.8	133,008	26.4
Total Expenses	**433,115**	**100.0**	**504,419**	**100.0**
Profit Before Tax	**197,036**		**240,384**	

Source: Banks and Mortgage Finance Companies Published Financial Statements

3.15.2 Expenses

Banking sector total expenses increased by 16.5 percent from Ksh.433.1 billion in December 2021 to Ksh.504.4 billion in December 2022 (Table 22). The increase was largely attributed to increased interest expenses (Ksh.29.4 billion) and bad debt charge (Ksh.10.6 billion) in 2022. Interest expenses accounted for 36.5 percent of the total banking sector expenses in 2022. Interest expense as a ratio of income increased slightly to 24.7 percent in 2022 from 24.5 percent in 2021. Other expenses including training, advertising, printing and management fees increased by 15.1 percent from Ksh.115.5 billion in December 2021 to Ksh.133.0 billion in December 2022. Salaries and wages increased by 13.3 percent to Ksh.117.6 billion in December 2022 from Ksh.103.8 billion in December 2021. Salaries and wages as a ratio of income decreased from 16.5 percent in 2021 to 15.8 percent in 2022 reflecting a lower increase in staffing costs compared to the increase in income.

3.16 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 2022 as was in 2021. The institutions rated strong, satisfactory, fair, marginal, and unsatisfactory in December 2022 were 7, 21, 9, 1 and 1, respectively, as compared to 6, 19, 11, 2, and 1 in December 2021, respectively (**Table 22**). The number of institutions rated strong and satisfactory increased from 6 and 19 in December 2021 to 7 and 21 in December 2022, respectively. The number of institutions rated fair decreased from 11 in December 2021 to 9 in December 2022. However, the market share for banks rated fair increased to 20.06 percent from 12.56 percent. The number of institutions rated marginal decreased from 2 in December 2021 to 1 institution in December 2022 with market share decreasing by 0.88 percent.

Table 22: Banking Sector Performance Rating

Performance Rating	2021			2022		
	No. of Institutions	Total Net Assets (Ksh 'Million)	Market Share (%)	No. of Institutions	Total Net Assets (Ksh 'Million)	Market Share (%)
Strong	6	2,299,728	34.90	7	1,878,101	28.50
Satisfactory	19	2,812,307	42.68	21	3,372,163	51.17
Fair	11	829,895	12.59	9	1,321,729	20.06
Marginal	2	76,302	1.16	1	18,269	0.28
Unsatisfactory	1	3,914	0.06	1	-445	-0.01
Total*		**6,022,147**	**100**		**6,589,818**	**100**
Overall Rating	**Satisfactory**			**Satisfactory**		

* Charterhouse Bank Ltd in Statutory Management, and Imperial Bank Ltd and Chase Bank Ltd in Receivership have been excluded in the 2020 statistics

Source: CBK

3.17 Compliance with Supervisory and Regulatory Requirements

During the year ended December 31, 2022, thirteen commercial banks were in violation of the Banking Act and CBK Prudential Guidelines compared to nine commercial banks in the previous year 2021. Most of the violations were in respect to breach of single obligor limit mainly due to decline in core capital in some banks that have continued to report losses.

The specific incidences of non-compliance noted during the year ended December 31, 2022, were as follows:

i) Single Obligor Limit

Ten commercial banks were in violation of Section 10 (1) of the Banking Act as they exceeded the single obligor limit of 25 percent of core capital.

ii) Insider Lending

- Five banks were in violation of Section 11(1) (f) of the Banking Act as they exceeded 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 as they exceeded the total insider borrower limit of 100 percent of the core capital.

iii) Restrictions on Advances to Real Estate

One commercial bank was in violation of Section 14 (1) of the Banking Act due to lending more than 25 percent of the total deposits to real estate.

iv) Prohibited Business

- Four commercial banks were in violation of Section 12 (C) of the Banking Act and CBK Prudential Guideline on Prohibited Business (CBK/PG/07) which restricts investment in land and buildings to 20 percent of core capital.

- Four commercial banks were in violation of CBK/PG/07 on Prohibited Business which restricts aggregate large exposures to not more than 5 times of the Core Capital.

v) 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.

- Five 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 minimum statutory required ratio for total capital to total risk weighted assets of 14.5 percent. Five banks failed to meet the statutory minimum required ratio for core capital to total risk weighted assets of 10.5 percent. While three banks failed to meet the statutory minimum required ratio for core capital to deposit ratio of 8 percent.

vi) 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.

vii) 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.

viii) Corporate Governance

One commercial bank was in violation of CBK Prudential Guideline on Corporate Governance, CBK/PG/02, that requires commercial banks to have at least five directors and at least three fifths should be non-executive directors.

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

3.18 Performance of Microfinance Banks

Microfinance banks' performance declined in the year ended December 31, 2022. As shown in **Table 23**, the sector reported a combined loss before tax of Ksh.980 million as at December 31, 2022, compared to a loss of Ksh.877 million as at December 31, 2021. Four institutions reported profits, while the remaining ten institutions registered losses. The main contributors to the loss position are Maisha Microfinance Bank Limited and Rafiki Microfinance Bank Limited which reported losses before tax of Ksh.477 million and Ksh.314 million, respectively.

The decline in the performance of the sector is attributed to a reduction in total income by 2 percent from Ksh.13.4 billion in 2021 to Ksh.13.2 billion in 2022. The decline in income is largely attributed competition from commercial banks and digital lenders.

Customer deposits declined by 8 percent, from Ksh.50.4 billion in 2021 to Ksh.46 billion in 2022. The decline in deposits was due to transfer of funds to alternative attractive investments due to the overall increase in interest rates. Net loans decreased by 2 percent from Ksh.40.1 billion in 2021 to Ksh.39.3 billion in 2022 on account of increased competition.

Table 23: Performance of Microfinance Banks - Ksh. 'M'

Parameter	2021	2022	% Change
Pre-tax Profits	(877)	(980)	(12)
Customer Deposits	50,413	46,491	(8)
Loan Portfolio (Net)	40,115	39,334	(2)
Core Capital/Total Risk Weighted Assets (%)	13	13	0
Total Capital/Total Risk Weighted Assets (%)	16	16	0
Return on Assets (%)	(1)	(1)	0
Return on Shareholders' Funds (%)	(10)	(11)	(10)
Number of Branches	**115**	**114**	**(1)**
Source: CBK			

The ratios of core and total capital to total risk weighted assets remained at 13 percent and 16 percent in 2022. While the sectors' capital ratios were within the minimum requirement of 10 percent and 12 percent respectively, 3 institutions were non-compliant, as shown in **Appendix XII**.

The MFBs' average liquidity stood at 81 percent as at December 31, 2022. One institution was non-compliant with the statutory minimum liquidity ratio of 20 percent. The microfinance sector's branch network declined in the year under review, with the number of branches standing at 114. Faulu MFB closed three (3) branches while LOLC MFB and Salaam MFB opened one (1) branch each during the period. The sector closed 4 marketing offices during the period under review, bringing down the total marketing offices from 63 in 2021 to 59 in 2022. Further, the sector engaged 140 new specific third-party agents and closed 229 agents, leading to a decline of agents from 1,010 in December 2021 to 921 in December 2022.

3.19 Agency Banking

The delivery of financial services through the agent banking model continued to increase in 2022. During the year, 21 commercial banks and 5 microfinance banks (MFBs) contracted 82,780 and 921 bank agents, respectively. As at December 2021, commercial banks recorded 78,371 bank agents, while MFBs agents were 1,010. The change was an increase of 4,409 commercial bank agents (5.6 percent) and a decrease of 89 MFB agents (8.8 percent).

The increase in the number of agents in banks is attributed to the growing confidence in bank agents, the need for banks to decongest banking halls, and the acceptability of the agency banking model by financial institutions and the general public. This is illustrated by the continued recruitment of specific agents by commercial banks. Despite the increase in the number of agents, a few commercial banks' agents closed their businesses. This was necessitated by the business slowdown in 2021 and 2022 as a result of COVID-19, and the low income earned by the agents rendering the agents inactive.

Over 90 percent of the approved bank agents were concentrated in 3 banks with the largest physical branch presence namely, Equity Bank with 39,640 agents, KCB Bank Kenya Limited with 20,610 agents and Cooperative Bank of Kenya Limited with 15,554 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 (212 agents) and Faulu Microfinance Bank Limited (598 agents).

a) Number of Transactions

The number of banking transactions undertaken through bank agents increased by 1.3 percent from approximately 156.4 million transactions recorded in 2021, to 158.4 million transactions in December 2022. A brief summary is provided in **Table 24 (a)** below:

Table 24 (a): Agency Banking Data for Banks- No. of Transactions

Type of Transactions	Number of Transactions			
	2021	2022	% Change	Cumulative (2010-2022)
Cash Deposits	77,362,818	74,460,575	-3.8	595,476,673
Cash Withdrawals	41,239,991	43,731,268	6	378,143,561
Payment of Bills	3,500,643	4,612,173	31.8	18,839,013
Payment of Retirement and Social Benefits	958,900	965,865	0.7	13,002,588
Transfer of Funds	14,840	14,238	-4.1	240,012
Account balance enquiries	32,637,126	33,960,191	4.1	203,572,827
Mini statement requests	541,809	551,522	1.8	4,555,422
Collection of loan applications forms	-	3	0	62,746
Collection of account opening application forms	17,844	15,037	-15.7	1,813,796
Collection of debit and credit card application forms	-		0	119,876
Collection of debit and credit cards	-		0	60,580
Others	88,783	121,143	36.4	879,228
Total	**156,362,754**	**158,432,015**	**1.3**	**1,216,766,322**
Number of Agents	**78,371**	**82,780**	**5.6**	
Source: CBK				

The increase in total transactions was mainly as a result of increases in transactions relating to cash withdrawals, payment of bills, account balances inquiry, mini statement requests, and payment of retirement and social benefits. The increase was attributed to continued recovery and opening of the economy in 2022.

b) Value of Transactions

In 2022, the value of banking transactions undertaken through agents increased from Ksh.1.6 trillion (USD 14.5 billion) in December 2021 to Ksh.1.8 trillion (USD 15.2 billion) in December 2022 **Table 24 (b)** above. The increase was attributed to continued recovery and opening up of the economy in 2022.

Table 24 (b): Agency Banking Data for Banks- Value of Transactions (Ksh.'M')

Type of Transactions	2021	2022	% Change	Cumulative (2010 to 2022)
Cash Deposits	1,269,050	1,493,754	17.7	7,513,525
Cash Withdrawals	276,934	295,402	6.7	2,176,197
Payment of Bills	38,414	32,082	-16.5	138,023
Payment of Retirement and Social Benefits	6,464	7,945	22.9	76,014
Transfer of Funds	907	0	-100.0	4,905
Total	**1,591,769**	**1,829,183**	**14.9**	**9,908,663**

Source: CBK

The increase in Payment of Retirement and Social Benefits by Ksh.1.5 million (22.9 percent) was as a result of an increase in collections of these benefits through agents. The decrease in Payment of Bills by Ksh.6.3 million (16.5 percent) resulted from bank customers preferred use of mobile banking in bills payment as opposed to paying via agents.

3.20 Credit Reference Bureaus

Credit reports requests grew year on year in the last five years from 2018 albeit the negative effects of the COVID-19 pandemic in the years 2020 and 2021. The growth trajectory was however interrupted in the year 2022, which registered a decline of 3 percent for banks and 17 percent for individual customers. The decline in credit reports requests witnessed in 2022 is largely attributed to the "wait and see" effect in the lead-up to the 2022 general elections.

On March 18, 2022, CBK issued The Central Bank of Kenya (Digital Credit Providers) Regulations, 2022, that govern the licensing and oversight of Digital Credit Providers (DCPs). The Regulations allow DCPs to share positive and negative credit information of their customers with the Credit Reference Bureaus (CRBs).

On November 10, 2022, CBK mandated all CRBs to include a standard statement at the top of every credit report indicating that a ***customer's credit score should not be used as the sole reason by a lender to deny a customer a loan***. Further, CBK emphasized on the need for CRBs to improve the quality of the credit reports, and in particular, enhance the robustness of their credit scoring models and align them to best practices.

In a circular dated November 10, 2022, CBK reminded commercial banks, mortgage finance companies and microfinance banks of their obligations in credit information sharing mechanism. Particularly, CBK emphasized on the need for the institutions to consider the credit score of a borrower **in addition to other factors**, in making lending decisions. This will allow borrowers and especially micro, small, and medium-sized enterprises (MSMEs) to access appropriately priced credit. The institutions were further reminded to observe the requirements of the Banking (Credit Reference Bureau) Regulations, 2020.

On November 14, 2022, CBK issued a circular to commercial banks, mortgage companies and microfinance banks on implementation of Credit Repair Framework (the Framework). The Framework sought to improve the credit standing of the mobile phone digital borrowers whose loans were non-performing and had been reported as such to CRBs.

The Framework required institutions to update the status of the digital loans from non-performing to performing in the CRBs after providing a discount of at least 50 percent of the amount outstanding (principal and interest). The institutions were then required to work with the borrowers on a repayment plan for the balance of the loan after the discount, for a maximum period of six (6) months up to May 31, 2023.

The Framework was meant to enable over 4.2 million mobile phone digital borrowers, who were adversely listed with CRBs to repair their credit standing. Majority of these borrowers were unable to repay their loans owing to the negative effects of the COVID-19 pandemic including loss of employment and closure of their microenterprises. The Framework will enable borrowers access new credit once their listing with CRBs has been repaired and thus contribute towards economic recovery.

The number of third-party data sources stood at 2,091 in the year 2022 having increased from 2,077 in the previous year. The distribution of the third-party data sources in 2022 is shown in **Table 25a.**

Table 25a: Distribution of Third-Party Data Sources in 2022

Type of Data Source	Number of Data Sources
Non-deposit taking Saccos	1,360
Trade companies	652
Insurance providers	54
Development finance institutions	10
Other public entities	15
Total	**2,091**

Source: CBK

Third-party data sources serve to complement information provided by mandatory CRB subscribers, which include commercial banks, microfinance banks and deposit-taking SACCOs.

The number of credit reports requested by subscribing institutions decreased by 3 percent from 38.7 million in 2021 to 37.5 million in 2022. Similarly, the requests for credit reports by individual customers decreased by 17 percent from 1.2 million in 2021 to 951,740 in 2022 as indicated in **Table 25b**. The decrease in credit reports requests in 2022 can be attributed to the "wait and see" effect in the lead-up to the general elections of August 2022.

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

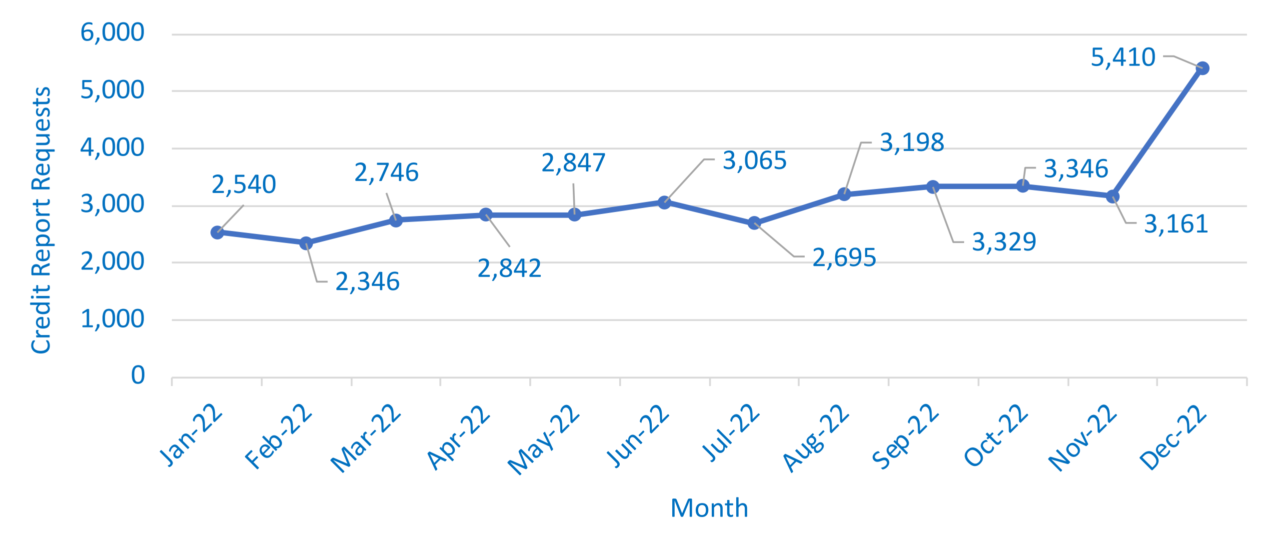
Period	Banks*	% Change	Individual Customers	% Change
August - December 2015	3,088,523	-	43,440	-
January - December 2016	4,943,173	60	84,412	94
January - December 2017	4,404,654	-11	131,587	56
January - December 2018	12,404,219	182	149,558	14
January - December 2019	26,822,614	116	661,891	343
January - 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
Total	**158,075,065**		**4,064,845**	
**Commercial and Microfinance banks*				
Source: CBK				

Table 25c and **Chart 10** below show monthly credit reports requests by banks in 2022. The requests for credit reports grew steadily from quarter one through to quarter four. Quarter four registered the highest requests of 11.9 million where the month of December led with 5.4 million requests. The growth of credit reports requests in quarter four can in part be attributed to the peaceful conclusion of the general elections held in August 2022.

Table 25c: Credit reports requests by banks in 2022

Month	Number of Credit Reports Requested
January	2,539,901
February	2,345,694
March	2,745,595
April	2,842,357
May	2,846,637
June	3,065,492
July	2,695,465
August	3,197,957
September	3,329,412
October	3,345,692
November	3,161,398
December	5,410,312
Source: CBK	

Chart 10: Monthly credit report requests by banks CRBs in 2022



3.21 Money Remittance Providers

Stand- alone Money Remittance Providers (MRPs) are licensed and supervised under the Money Remittance Regulations published in 2013. As of December 31, 2022, the Central Bank of Kenya had licensed (18) MRPs an increase from (17) seventeen as of December 31, 2021. The number of MRPs increased following licensing of one (1) new institution during the period.

The MRPs have established a total of 50 outlets, out of which 42 are located in Nairobi and 4 each in Mombasa and Garissa. In addition, the MRPs have engaged 59 agents that are distributed across the country as shown in **Table 26**. Forty-six (46) percent of the agents consist of licensed forex bureaus that provide remittance services on behalf of the MRPs.

Table 26: Distribution of outlets and agents of MRPs

No.	City/Town	No. of Outlets		No. of Agents	
		December 2021	December 2022	December 2021	December 2022
1	Nairobi	33	42	31	28
2	Mombasa	4	4	3	3
3	Dadaab	-	-	4	4
4	Nakuru	-	-	3	3
5	Eldoret	-	-	2	2
6	Garissa	4	4	2	2
7	Kitale	-	-	1	1
8	Kajiado	-	-	1	1
9	Kakuma	-	-	1	1
10	Moyale	-	-	2	2
11	Mandera	-	-	2	2
12	Wajir	-	-	1	1
13	Isiolo	-	-	2	2
14	Malindi	-	-	1	1
15	Namanga	-	-	1	2
16	Kisumu	-	-	1	1
17	Malaba	-	-	1	1
18	Busia	-	-	1	1
19.	Fafi	-	-	-	1
	Total	**41**	**50**	**60**	**59**

Source: CBK

The number of outlets increased from 41 in December 2021 to 50 in December 2022 while the number of agents reduced from 60 to 59 in the same period. The nine (9) new outlets opened in Nairobi in anticipation of increased business opportunities.

In the remittance industry, the key players are commercial banks, money remittance providers and mobile money operators. Remittance inflows continues to be a stable source of foreign exchange to the country's economy and amounted to Ksh.301 billion in 2022, while outflows amounted to Ksh.70 billion, as shown in **Table 27**.

Table 27: Total inflows and outflows for year 2021 and 2022

Month	2021		2022	
	Inflows	Outflows	Inflows	Outflows
January	16,026,568	4,613,597	26,761,180	4,364,381
February	19,427,500	4,086,056	27,363,609	4,148,146
March	26,715,053	13,404,614	10,465,608	5,628,631
April	23,254,270	5,434,763	26,437,838	5,519,258
May	32,345,447	4,061,517	24,913,778	4,761,330
June	30,271,914	3,853,260	28,957,622	5,385,439
July	34,268,275	4,261,293	30,675,706	5,419,219
August	32,347,822	4,121,703	23,560,962	9,203,765
September	25,232,044	4,662,292	27,193,384	6,256,145
October	19,041,915	3,906,664	22,025,909	5,777,508
November	17,197,465	4,597,596	25,699,801	6,667,660
December	24,549,213	4,652,370	26,935,358	6,827,432
Total	**300,677,487**	**61,655,726**	**301,073,790**	**69,958,914**

Source: CBK

There was a marginal increase in inflows from Ksh.300.7 billion in 2021 to Ksh.301.1 billion in 2022. The largest source of diaspora remittances was from North America (United States and Canada) and Europe. Total outflows increased from Ksh.61.7 billion in 2021 to Ksh.70 billion in 2022 attributed mainly to increased remittances within the East African region. Digital channels have become the preferred choice for users as they facilitate prompt transfers from the sender to the recipient through their bank accounts or mobile wallets.

3.22 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) for the purpose of increasing 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 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 and 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.

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 2022, the **significant developments** in respect to KMRC include: -

- KMRC's total interest income in the year 2022, increased by Ksh.589.9 million to Ksh.1,300.8 million from Ksh.710.9 million reported in the year 2021. This was attributed to interest income on loans and advances issued to PMLs and interest income from financial assets.

- Profit before tax in the year 2022, increased by Ksh.144.2 million to Ksh.429.5 million from Ksh.285.3 million reported in the year 2021. The main source of income was interest income derived from interest on loans disbursed to the primary mortgage lenders and advances and investments in financial assets. In the year 2022, KMRC had disbursed loans amounting to Ksh.6.8 billion and invested in financial assets amounting to Ksh.5.2 billion.

- KMRC registered a 118 percent growth in total assets in the year 2022. The total assets as at December 2022, stood at Ksh.21.4 billion, in comparison to Ksh.9.8 billion reported in the year ended 2021.
- As part of KMRC's efforts in achieving its objectives, KMRC got approval from CBK to raise Ksh.10.5 billion through a Medium-Term Note programme from the capital markets. As at end of the first quarter of 2022, KMRC raised Ksh.1.4 billion on the first tranche of the bond which was listed at the Nairobi Securities Exchange.

3.23 Digital Credit Providers

The access and usage of digital credit has grown tremendously over the years owing to the widespread uptake of digital financial services, including mobile-phone financial services. The 'anytime anywhere' convenience attributed to digital credit has made it the financial service of choice for many individuals and Micro, Small and Medium Enterprises (MSMEs) who were previously excluded from formal credit markets. In addition, the use of non-traditional data to determine creditworthiness of borrowers and approve the loans, eliminates the need for physical collateral which was previously a major challenge in accessing credit.

The year 2022 saw the implementation of the Central Bank of Kenya (CBK) Act, 2021, through the publication of the CBK Digital Credit Providers Regulations, 2022 on March 18, 2022. The Act and Regulations expanded CBK's regulatory and supervisory mandate by endowing CBK with the powers to license, regulate and supervise Digital Credit Providers (DCPs) conducting digital credit business in Kenya.

The need for this legislation was precipitated by the escalation in the number of unregulated digital credit providers in Kenya, which have continued to pose significant concerns and challenges in recent years. These include, consumer protection concerns, such as lack of proper disclosure, aggressive debt collection practices and high interest rates. Other concerns include data protection concerns, such as misuse of personal consumer data; and financial integrity concerns, such as money laundering and financing of terrorism, among others.

All previously unregulated DCPs were expected to apply to CBK for a license by September 17, 2022, or cease operations. CBK has received over 400 licence applications since March 2022. To facilitate the licensing of the DCPs, CBK has worked closely with the applicants as well as relevant regulators and Government agencies pertinent to the licensing process. The focus of the engagements has been *inter alia* on the viability of business models; adequacy of consumer protection safeguards; fitness and propriety of proposed shareholders, directors, and management; and adequacy of policies, infrastructure, processes, and systems.

To date, 32 DCPs have been licensed. CBK continues to engage with the licensed DCPs as well as the other licence applicants to ensure adherence to the relevant laws, and importantly that the interests of customers are safeguarded.

CHAPTER 4

DEVELOPMENTS IN THE SUPERVISORY FRAMEWORK

4.1 Introduction

A number of initiatives geared towards ensuring a stable and resilient banking sector were undertaken in 2022. These initiatives included the implementation of Risk Based Supervision Framework on Consolidated Supervision and Guidance on Climate-Related Risk Management.

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

In the year 2022, there were no legal reforms (amendments) for the banking sector.

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 East AFRITAC 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 2022, 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 external shocks brought about by the slowdown in economic activities in most of the countries because of the COVID-19 pandemic.

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 Guidance on Climate-Related Risk Management

CBK issued Guidance on Climate-Related Risk Management to the banking sector, on October 15, 2021. The Guidance is aimed at enabling banks to integrate climate-related risks into their governance, strategy, risk management and disclosure frameworks.

It is also intended to enable banks leverage on business opportunities from efforts to mitigate and adapt to climate change. These include the adoption of low emission energy sources, development of new products and services, access to new markets, housing, and resilient infrastructure.

CBK is working with banks and other partners to build capacity and integrate climate-related risk management in their day-to-day operations. Sensitization of Chief Executive Officers of banks was held on October 29, 2021, while capacity building workshops for banks and CBK staff were conducted in February to March 2022.

All banks submitted their board approved implementation plans by June 30, 2022. Subsequently, the banks reported, on a quarterly basis, the implementation status of the roadmaps from the quarter ended September 2022. The banks are expected to develop disclosure templates and commence disclosures effective June 2023.

Based on quarterly updates by the banks, most of them have made significant progress in integrating climate-related risks in their governance and strategy frameworks. However, they are at initial stages in respect to risk management and disclosure frameworks. Some of the key milestones reported by the banks include:

Governance

- Board Charters have been amended to include board's mandate on Environmental, Social and Governance (ESG) considerations.
- Key policies revised to enhance management of climate-related risks and to include the roles and responsibilities of respective business units on climate risk issues.
- Creating a climate Risk Management Framework.

Strategy

- Integration of Environmental, Social and Governance (ESG) and Sustainable Development Goals (SDGs) aligned to the CBK Guidance on Climate-Related Risk Management, International Financial Reporting Standards (IFRS) sustainability standards and Nairobi Securities Exchange (NSE) ESG Guidelines.

Risk Management

- Some banks have integrated climate-related risks into their Internal Capital Adequacy Assessment Process (ICAAP).
- Most banks are in process of developing their ESG risk management frameworks.
- Some banks have revised their Enterprise Risk Management Frameworks to incorporate climate-related risk as a principal risk.
- Some banks plan to undertake a portfolio mapping to establish the level of exposure to climate risks in 2023.

Disclosures

- All banks have continued to report to CBK on a Quarterly basis on the status of implementation of the board approved roadmaps submitted from September 30, 2022.
- Most banks are at design stage of the metrics for reporting climate-related risk exposures.
- Some banks plan to adopt and incorporate Task Force on Climate-Related Financial Disclosures (TCFD) Reporting framework into their reporting frameworks in 2023.

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

4.5. 1 The National Risk Assessment on Money Laundering and Terrorism Financing (NRA)

The Financial Action Task Force (FATF, the global standard setter on Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation (AML/CFT/CPF) standards, requires countries to identify, assess and understand their money laundering (ML) and terrorist financing (TF) risks and to develop a risk-based approach (RBA) in addressing the identified risks.

DEVELOPMENTS IN THE SUPERVISORY FRAMEWORK

In 2019, the National Treasury issued a gazette notice that established a Taskforce on the National Risk Assessment on ML and TF (NRA Taskforce). The main objective of the NRA was to identify, assess and understand Kenya's ML/TF risks at both national and sectoral levels. In conducting the NRA, the Taskforce undertook a series of activities that culminated in the drafting of the NRA Report and the National Anti-Money Laundering and Countering Financing of Terrorism and Proliferation Financing (AML/CFT/PF) Strategy and Action Plan in 2021.

Membership in the NRA Taskforce comprised:

i. Public sector representatives drawn from:

- **Law enforcement investigative and prosecutorial agencies:** This includes the Office of the Director of Public Prosecutions (ODPP), the Directorate of Criminal Investigations (DCI) the National Police Service (NPS), the Financial Reporting Centre (FRC) and the Asset Recovery Agency (ARA).
- **Financial sector regulators and supervisors** including the Central Bank of Kenya, the Capital Market Authority, the Insurance Regulatory (IRA), the Saccos Regulatory Authority (SASRA).
- **Other relevant Government agencies and Ministries such as** the National Treasury, the Office of the Attorney General and Department of Justice, Ministry of Foreign Affairs, Business Registration Service (BRS) and the State Department of Immigration.

ii. Private sector representatives were drawn from the financial sector and included commercial banks, microfinance banks, money remittance providers, mobile money payment service providers and foreign exchange bureaus,

CBK participated in the NRA as part of the Joint Secretariat to the Taskforce together with the FRC that was responsible for spearheading the NRA.

At the end of 2021, following the conclusion of the NRA, the NRA Taskforce developed a report and a National AML/CFT Strategy and Action Plan. The Strategy and Action Plan set out the action items to be taken by the Kenyan authorities to address deficiencies in Kenya's AML/CFT/PF regime. It also assigns implementation responsibilities to the relevant agencies that are to be achieved within specific timelines. The report was shared with participating agencies in January 2022 and launched by the Cabinet Secretary, Ministry of Interior and Coordination of National Government in July 2022.

Key highlights of the NRA report are as follows:

- The banking and foreign exchange bureaus sector were assessed to pose a high ML vulnerability. Weaknesses identified include:
    - Low AML/CFT knowledge among staff of foreign exchange bureaus, and money remittance providers.
    - Ineffective systems of monitoring and reporting suspicious activity in foreign exchange bureaus.
- Financial institutions were facing challenges in undertaking checks on beneficial ownership of legal persons, due to lack of access to beneficial ownership information at the Business Registration Service (BRS).
- Certain financial products/persons were identified as posing a high ML/TF risk e.g., paybills, current accounts and legal persons.
- There is need to revamp the regulatory framework governing the regulation of online forex dealers, considering requirements for licensing under CMA and CBK when dealing with foreign exchange.
- Unregulated businesses offering financial services such as credit only institutions pose a high ML risk. This is due to difficulties in establishing the sources of funding for such enterprises as well as the use of such businesses to create multiple layers of transactions aimed at concealing the source of funds.

4.5.2 Mutual Evaluation of Kenya by the Eastern and Southern African Anti-Money Laundering Group (ESAAMLG)

Kenya is a member of the Eastern and Southern Africa Anti Money Laundering Group (ESAAMLG), one of the nine regional bodies affiliated to the FATF, the international standard setter on combating money laundering and the financing of terrorism and proliferation.

One of the key functions of the ESAAMLG, as one of the FATF regional bodies is to monitor member countries' compliance with international FATF standards on anti-money laundering, combating terrorism financing and proliferation financing (AML/CFT/CPF). This is a peer review mechanism commonly referred to as Mutual Evaluation (ME).

Kenya was previously evaluated in 2010, under the ESAAMLG's First Round of ME, and the Mutual Evaluation Report (MER) published on the ESAAMLG website in 2011.

The Second Round ME of Kenya was conducted by the ESAAMLG from October 2021 to July 2022. The assessment considered the country's technical compliance, the extent to which Kenya's AML/CFT/CPF laws and regulations comply with the FATF Standards and the level of effectiveness with Eleven Immediate Outcomes (IOs) considered critical to the establishment of an effective AML/CFT/CPF regime. The MER for Kenya was subsequently adopted by the ESAAMLG at its plenary meeting held in September 2022, in Livingstone, Zambia.

Key highlights of the MER are as follows:

- Since the 2011 MER, Kenya has made improvements to its AML/CFT legal and institutional frameworks since the 2011 MER including:
  - Conducted a national ML/TF risk assessment (NRA).
  - Established the Asset Recovery Agency (ARA)
  - Enhanced the human and technical resources of the Financial Reporting Centre (FRC).
  - Introduced requirements on beneficial ownership (BO).
- The MER noted that while Kenya conducted a national money laundering and terrorism financing (ML/TF) risk assessment (NRA). The exercise did not consider some key ML/TF risks related to:
  - The physical movement of cash and associated cross-border risks.
  - Terrorism Financing risks.
  - Politically Exposed Persons (PEPs).
  - Non-Profit Organizations (NPOs).
  - Virtual Assets and Virtual Asset Service Providers (VASPs).
- Commercial banks and microfinance banks demonstrated a good understanding of money laundering risks, while medium tier banks and medium sized mobile money payment service providers and money remittance providers demonstrated a fair understanding. Small non-bank financial institutions displayed a low understanding of money laundering risks.
- The financial sector demonstrated a fair to limited understanding of terrorism financing risks.
- Strategic gaps in Kenya's AML/CFT legislation significantly hampered financial institutions' ability to implement preventive measures on terrorism financing (TF), beneficial ownership (BO), customer due diligence (CDD), Politically Exposed Persons (PEPs) and innovative/new technologies.

- Fit and proper requirements for the financial sector did not include the establishment of beneficial ownership (BO) of significant shareholders and verification of the fitness and probity of applicants with law enforcement agencies.
- Risk-based AML/CFT supervision was relatively underdeveloped, with a low number of on-site AML/CFT inspections.
- The level of suspicious transaction reports (STR) filed by financial institutions was generally low.

Following the approval and publication of the MER of Kenya by the ESAAMLG in September 2022, Kenya was placed under observation for a period of one year (from October 2022 to October 2023) by the FATF's International Cooperative Review Group (ICRG). At the end of the observation period, the Kenyan authorities will be expected to complete and submit a progress report highlighting the actions that the country has taken to address the recommended actions in its MER. The report will then be considered at the FATF plenary meeting in February 2024. FATF will decide whether to publicly identify Kenya as a country with strategic deficiencies in its anti-money laundering and combating the financing of terrorism and proliferation financing (AML/CFT/PF) regime.

CHAPTER 5

REGIONAL AND INTERNATIONAL DEVELOPMENTS AND INITIATIVES

CBK is committed to promoting financial stability, regional integration, and sustainable finance in Kenya and the wider region. In 2022, 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, stays informed about emerging issues, gains exposure to international developments, and offers opportunities to enhance the capacity of CBK staff.

In 2022, 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, IMF's Monetary and Capital Markets Department, United Nations Environment Programme (UNEP) Finance Initiative, the COMESA Competition Commission, Communications Authority of Kenya, Association of African Central Banks (AACB), Financial Reporting Centre (FRC), Annual African Financial Inclusion Policy Initiative (AfPI), Financial Sector Deepening Kenya (FSD-K), Islamic Financial Services Board (IFSB), European Investment Bank (EIB), Group on Financial Inclusion Policy (EGFIP), Global Policy Forum (GPF), and COMESA Monetary Institute.

These forums discussed various issues affecting the financial sector locally, regionally and globally. The areas of discussion included 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 the 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 (MAC)

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 States[15]. 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, establishment of 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 2022, BSD participated in various MAC activities that were aimed and 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:

[15] Kenya, Uganda, Tanzania, Rwanda, Burundi, South Sudan, and Democratic Republic of Congo.

- The 25th Ordinary Virtual Meeting of MAC held on February 28 - March 4, 2022. The meeting discussed progress made on the implementation of various initiatives as well as challenges faced by the member Partner States.
- The Regional Technical Working Group meeting on the compilation of Financial Soundness Indicators held in Zanzibar from May 23 – 27, 2022. The meeting discussed the status of the implementation of Key Recommendations for the Compilation of Financial Soundness Indicators (FSI) for the EAC.
- The MAC Macro-Prudential Analysis, Stress Testing and Statistics Technical Working Group meeting held in June 2022, and November 2022 in Bujumbura, Burundi and Rwanda respectively. The meetings discussed various appropriate policy actions on risks identified in the region as well as specific measures to mitigate the effect of COVID-19 pandemic.
- The MAC Crisis Management Technical Working Group (CM-WG) meetings held in June 2022, and November 2022. The meetings 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.
  The following are the trainings and workshops organized by MAC;
- A training workshop for Kenya on the compilation of Financial Soundness Indicators from June 27 – July 1, 2022, in Nairobi. The training was organized by the East African Community Secretariat.
- Bank of Tanzania in conjunction with the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) organized a Regional Training on Contingency and Recovery Planning on October 10 – 14, 2022, in Zanzibar, Tanzania. The training was aimed at equipping participants from the member Partner States with the necessary skills needed to develop their generic contingency plans in line with agreed MAC criteria.

East African Monetary Union (EAMU)

Efforts to implement initiatives under the East African Monetary Union (EAMU) roadmap continued in 2022. 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 organised by MAC as part of ensuring the operationalization of the Protocol. Specifically, the Bank was represented at the Joint Meeting of MAC, Fiscal Affairs Committee and Capital Market Insurance and Pension Committee in Arusha, Tanzania on September 5-7, 2022. The meeting's purpose was to review the progress made on EAMU roadmap. It proposed revised timelines for the realization of EAMU. The operationalization of EAMU was in progress at the end of the year.

Common Market for Eastern and Southern Africa (COMESA)

In the year 2022, BSD participated in the following activities organized by COMESA: -

- The National Sensitization Workshop for the business community in Kenya, organized by the COMESA Competition Commission on March 24-25, 2022, at the Hilton Hotel.
- A Virtual Workshop on Basel III and Macro-prudential Surveillance convened by the COMESA Monetary Institute on September 19 -23, 2022.

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

The Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) is among the nine (9) regional Financial Action Taskforce Style Regional Bodies (FSRBs) that form part of the Financial Action Task Force's (FATF) global network.

REGIONAL AND INTERNATIONAL DEVELOPMENTS AND INITIATIVES

In 2022, BSD being the host of the Secretariat to the National Taskforce on Anti-Money Laundering and Combating the Financing of Terrorism (NTF), continued to coordinate Kenya's participation in ESAAMLG activities including the 43rd ESAAMLG Taskforce of Senior Officials Meeting held in Arusha, Tanzania from April 2 to 8, 2022, the 44th ESAAMLG Taskforce of Senior Officials and the 21st Council of Ministers' Meeting held in Livingstone, Zambia from August 28 to September 1, 2022.

Key highlights of the meetings are as follows:

- Task Force noted that following the conclusion of the Mutual Evaluations of Namibia and Kenya, ESAAMLG was nearing the end of its 2nd Round of Mutual Evaluations. Rwanda and Eritrea would be the two remaining countries whose mutual evaluations are expected to be completed by September 2024.

- The meeting considered and adopted Mauritius' proposal to develop a toolkit that will be used to assist countries under the Financial Action Taskforce (FATF) International Cooperative Review Group (ICRG) process. The FATF publicly identifies and monitors jurisdictions with strategic AML/CFT deficiencies that present a risk to the international financial system. This is by closely monitoring their progress in addressing deficiencies in their AML/CFT regimes. The FATF's International Co-operation Review Group (ICRG) oversees the process.

- The ESAAMLG meeting approved the commencement of the ESAAMLG's 3rd follow-up de-risking survey. Since 2017, The ESAAMLG has been tracking the de-risking of correspondent bank accounts in the ESAAMLG region. De-risking refers to the practice where financial institutions terminate or restrict the accounts of clients perceived as high risk for money laundering or terrorist financing abuse. This includes correspondent banks and money remittance service providers, non-profit organizations, correspondent banks and embassies.

- The ESAAMLG meetings approved the ESAAMLG Secretariat and the Fintech Project Team to undertake a "*Survey on the Opportunities and Challenges Posed by Fintech Products, in particular, Virtual Assets and their Resultant Effect on Inclusive Financial Integrity in the ESAAMLG Region* "

- The 5th ESAAMLG Public/Private Sector Dialogue (PPSD) was launched by President of Zambia His Excellency Hakainde Hichilema on September 2. 2022 following the conclusion of the ESAAMLG meetings. The theme of the Dialogue was "*Virtual Assets and the Implementation of the AML/CFT Programmes in the ESAAMLG Region*".

    - The two-day event, brought together over 800 participants drawn from both the public and private sector. The participants considered emerging ML/TF risks, trends and typologies associated with Virtual Assets in the ESAAMLG Region.

    - Dr. Patrick Njoroge, the CBK Governor made a presentation on Central Bank Digital Currencies (CBDCs).

Alliance for Financial Inclusion (AFI)

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.

In view of this, AFI has contributed to 920 policy and regulatory changes through its membership of 84 member institutions from 76 countries. It has facilitated the implementation of these impactful policy changes by providing a platform for peer learning, knowledge sharing and peer transformation across its network.

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. CBK also participates as a Board Member of the AFI Board of Directors.

a) The AFI Global Policy Forum, 2022

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 population[16]. This has been supported by the creation of a supporting environment for financial inclusion policy initiatives as well as commitments and declarations geared towards enhancing financial inclusion.

In September 2022, AFI held the GPF 2022, and related meetings in Dead Sea, Jordan. The Forum was co-hosted by AFI and the Central Bank of Jordan (CBJ), with the theme, ***"Moving Forward Together: Towards A Resilient, Inclusive and Sustainable Future".*** It attracted over 600 global policymakers, regulatory institutions, development partners, and private sector players, from 102 countries across the 6 continents. During this event, a series of sessions and closed meetings for AFI members took place, including the meetings of the Board, AFI working groups, regional initiatives, as well as the AFI Annual General Meeting and Awards Ceremony.

The GPF 2022, reflected on AFI's work, the state of financial inclusion across the AFI network and around the world, and emergent issues following the COVID-19 pandemic. It also explored the themes of financial inclusion and sustainability around four pillars; (i) Livelihood, (ii), Green (iii) Social, and (iv) Innovation. Against the backdrop of these four pillars, the GPF provided a dynamic platform to discuss financial inclusion beyond the COVID-19 pandemic.

At an Awards Ceremony held during the GPF, CBK received recognition as one of five finalists for the *Nestor Espenilla Jr. Financial Inclusion Innovation Award*[17]. CBK was shortlisted based on its work in promoting the use of technology and innovation to solve real needs of Kenyans; its accomplishments in financial inclusion, and the learning that different countries continue to draw from Kenya's financial inclusion journey.

b) African Financial Inclusion Policy Initiative (AfPI), 2022

Unveiled in May 2017 in Maputo, Mozambique, AfPI carries on the objectives of the African Mobile Phone Financial Services Policy Initiative (AMPI) which was launched in Zanzibar in February 2013. The main aim of AfPI is to provide a platform for AFI's African members to support and develop financial inclusion policies, regulatory frameworks, and other knowledge products which are customized to their specific needs. It also coordinates regional capacity building and peer learning efforts. The key AfPI initiatives include; (i) the Leaders Roundtable and (ii) an Expert Group on Financial Inclusion Policy (EGFIP).

- **The Leaders Roundtable** brings together AfPI leaders and high-level policymakers and regulators to discuss policy issues and provide strategic guidance. The 10th AfPI Leaders' Roundtable was held in Arusha, Tanzania on June 23, 2022. The overarching theme of the event was *"Africa's Leadership on Inclusive Finance through Digitization for Stability and Growth"*. It focused on two key thematic areas:

16 https://www.worldbank.org/en/publication/globalfindex/interactive-executive-summary-visualization

17 This award was one of the two new awards that AFI introduced in the GPF 2022. The award seeks to honor the memory and legacy of Governor Nestor Espenilla Jr. of Banko Sentral ng Pilipinas, a founding member of AFI and a global champion of innovation and inclusion. The award recognizes AFI members that demonstrate an outstanding commitment towards innovation and use of technology to advance financial inclusion.

- Policy and regulatory approaches to address the barriers that the vulnerable groups face in accessing formal financial services.
- Exploring the opportunities for expanding inclusive digital finance solutions.

- The Meeting of **the Experts Group on Financial Inclusion Policy** (EGFIP);

a) Provided a platform for sharing of experiences on Africa's digital transformation relating to Instant Payment Technology and Central Banks Digital Currency (CBDC) in Africa.

b) Discussed two important pieces of work;
   - **Policy framework on the supervision of fintech in Africa**, to provide a systematic guide for policymakers in the Africa region to define coherent approaches and policies towards supervision of fintech.
   - **Special Report on leveraging the acceptance of digital payments by merchants** to foster the uptake of digital financial services in Africa. The interim insights of the special report indicate that infrastructure for digital payments and access to it are key pre-conditions for digital merchant payments to flourish. Affordability, security, and adaptive payment solutions, on the other hand, are considered as enablers for digital merchant payments adoption.

On the margins of the event, a training on *"Regulatory and Supervisory Technologies Solutions"* and the Public Private Dialogue on CBDCs in Africa, Protecting Customers in DFS, and Capacity Building on DFS was also held. The training session covered such topics as instant payment systems, RegTech and SupTech, CBDCs, gender and youth inclusive finance.

Financial Stability Board Regional Consultative Group for Sub-Saharan Africa

CBK hosted a meeting of the Financial Stability Board (FSB), Regional Consultative Group for **Sub-Saharan Africa** on November 18, 2022. The meeting was held in Diani, Kwale, and was attended by representatives from FSB-member institutions in Sub-Saharan Africa The meeting discussed FSB's strategic priority areas for 2023, and on the ways by which RCG Sub-Saharan Africa members could participate in implementation of the work programme. Among the topics covered by the discussions are the following:

- Current global and regional financial stability issues and their potential impact on Sub-Saharan economies, with a focus on financial sector vulnerabilities to macro-economic cycles.
- Strengthening regional crisis preparedness and response arrangements, as well as an exchange of views on crisis mitigation measures that are appropriate to the regional context.
- Progress made within the region in enhancing cross-border payments, and how RCG SSA members can contribute to the FSB's roadmap for enhancing cross-border payments.
- Financial risks arising from food insecurity in the region, including risks arising from erratic climate cycles, and the appropriate policy responses.

At the end of the meeting, members resolved to continue their collaborative monitoring efforts towards promoting regional and global financial stability.

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). The following capacity building activities were undertaken by East AFRITAC: -

- On March 7-10, 2022, the African Training Institute (ATI) in collaboration with the International Monetary Fund (IMF) Monetary and Capital Markets

Department hosted a virtual training course on 'Selected Issues in the Regulation of Fintech'. Participants included over fifty representatives from central banks across Africa including two representatives from BSD. The Course mainly focused on providing a comprehensive view of the approach in regulation and supervision of fintechs and digital money.

- Four BSD officers participated in the Sub-Saharan Africa Central Bank Digital Currencies Virtual Regional Conference held on April 5-6, 2022. During the Conference the participants were mainly trained on: overview, legal issues, financial integrity, digital risks, and interoperability issues relating to Central Bank Digital Currencies (CBDCs) and Crypto Assets.

African Rural and Agricultural Credit Association (AFRACA)

The African Rural and Agricultural Credit Association (AFRACA) is a regional association of Sub-Saharan financial and non-financial institutions involved in promoting rural and agricultural finance. It was established in 1977 as a lead advocate and coordinator of rural and agricultural finance and its secretariat is currently based at the Kenya School of Monetary Studies (KSMS).

In 2022, AFRACA invited CBK to: -

- Participate in the Digitizing Rural and Agricultural Finance Conference, Training and Exhibition held on May 23 – 27, 2022. The Conference was titled '*Analysing Features Shaping the Digital Future of Rural and Agricultural Finance (RAF) Landscape in Africa*'. The Conference availed a platform to discuss the opportunities and challenges facing digitalization of rural and agricultural financial services in the context of rapid technological innovation, It also provided a platform for discussions on policy enabling environment, and best practices from innovative practitioners from both the supply and demand sides of RAF.
- The virtual 86th AFRACA and in person 87th Executive Meetings in June and November 2022, respectively. The Executive Meetings are responsible for policy direction of AFRACA and also arranges meetings to deliberate on AFRACA's priority initiatives.

Bank Supervision Application

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 Sothern Africa central banks to support the automation of Banking Supervision functions. Currently, the BSA application is being used by 18[18] (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 2023.

[18] 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.

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.
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 2022

BSO organized a BSA Executive Committee meeting, on April 21-22, 2022, and BSA Stakeholders meeting on September 12-16, 2022. The meetings reviewed and approved the BSA Operational Plan for the year 2022/2023, ratified the Budget for 2022/2023, and approved the BSA Financial Audit Report for 2022.

BSO launched the BSA software system in Central Bank of Comores and Mozambican Insurance Supervision Institute in the year 2022 and they became the latest central bank and insurance regulator to adopt the BSA Software.

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;

- Use of Application Programming Interfaces (APIs) for data collection.
- 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.

The release of BSA v 5.0 is scheduled for 2023.

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 2022, 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 2022, 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.

- **New FSI Connect Platform:** The FSI launched a new online portal for the FSI Connect in April 2022, following a pilot run conducted at the end of 2021. The new portal has enhanced features and functionalities aimed at improving user experience and engagement. Following the launch, all CBK users were moved to the new portal.

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 guiding principles for Islamic banking, Islamic capital markets and Takāful (Insurance) sectors. Over the previous four years, the Bank has benefitted from participating in surveys and conferences that focus on Islamic banking which is relevant to CBK's regulatory mandate. In 2022, CBK participated in the IFSB's inaugural *'Sharing of Experience Session'* which was held virtually on July 28, 2022. The Session included speakers from various central banks and international organisations who shared their experiences around Shari'ah compliant liquidity management and its instruments from different perspectives.

Network for Greening the Financial System (NGFS)

In 2022, CBK joined the Network for Greening the Financial System (NGFS). 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. To this end, the Network defines and coordinates 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*. 3 BSD staff members also participated in a virtual course on *Banking Supervision of Climate-Related and Environmental Risks* held from May 18 – June 30, 2022. The course was jointly organized by NGFS and the Bank for International Settlements (BIS).

Knowledge Exchanges

In 2022, CBK hosted the following delegations that visited the Bank for knowledge exchange on various supervisory areas. These include the following:

- A benchmarking visit by members of the National Assembly of Malawi held in April 2022, on regulation of interest rates in Kenya's banking sector.
- A visit by a supervisory team from Bank of the Republic of Burundi held from May 23-27, 2022, on Supervision of Digital Financial Services in Kenya.
- A visit by a team from the Reserve Bank of Malawi held from November 7-11, 2022, on regulation of financial technologies.

Memoranda of Understanding (MOUs)

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 cooperation and collaboration, help define and guide the working relationships between regulators and enable the smooth exchange of supervisory information.

CBK continues to establish and initiate contact with additional 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 beyond. 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.

The total number of branches of Kenyan banks subsidiaries in EAC Partner States and DRC grew by 11.7 percent from 494 branches recorded as at December 31, 2021 to 552 recorded as at December 31, 2022. The growth was mainly driven by KCB Group Plc's acquisition of Trust Merchant Bank in the Democratic Republic of Congo. The regional presence is as illustrated in **Table 28.**

Table 28: 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	15	15	28	8	8	-		-	**74**
Uganda	13	50	34	4	11	8		3	**123**
Rwanda	84	16	-	5	14	14		-	**133**
Burundi	6	-	4	-	-	-		-	**10**
South Sudan	14	5	-	-	-	-	4	-	**23**
Democratic Republic of Congo	108	81	-	-	-	-		-	**189**
Total 2022	**240**	**167**	**66**	**17**	**33**	**22**	**4**	**3**	**552**
Total 2021	**196**	**148**	**67**	**19**	**35**	**22**	**4**	**3**	**494**

Source: *CBK*

In addition to having presence within the EAC Partner States, 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 has 10.6 percent shareholding of First Capital Bank Malawi Plc in Malawi, 6.62 percent shareholding of First Capital Bank of Botswana and 5.0 percent shareholding of First Capital Bank SA, Mozambique.

5.3.1 Performance Highlights

5.3.1.1 Number of Employees

The subsidiaries of Kenyan banks had a combined employee count of 11,125 as at December 31, 2022, an increase of 28 percent compared to 8,712 employees in the preceding year. The growth was primarily driven by the expansion of KCB Group Plc in DRC. The employee count in subsidiaries shows that DRC had the highest number of employees at 3,157 as at December 2022 and accounted for 28.4 percent of the total number of employees. Uganda has the largest proportion of subsidiaries in the region. **Table 29** shows regional employee count for subsidiaries of Kenyan banks.

Table 29: 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	283	447	577	181	181	-	-	-	**1,669**
Uganda	269	1,430	648	155	296	163	-	47	**3,008**
Rwanda	1,179	454	-	99	417	101	-		**2,250**
Burundi	143	-	47	-	-	-	-	-	**190**
South Sudan	159	109	-	-	-	-	131		**399**
Democratic Republic of Congo	1,752	1,405	-	-	-	-	-	-	**3,157**
Mauritius		-	-	-	452	-	-	-	**452**
Total 2022	**3785**	**3,845**	**1,272**	**435**	**1,346**	**264**	**131**	**47**	**11,125**
Total 2021	**1,914**	**3,273**	**1,162**	**531**	**1,397**	**263**	**122**	**50**	**8,712**

Source: *CBK*

5.3.1.2 Total Assets

Total assets of subsidiaries stood at Ksh.1,617 billion as at December 31, 2022, compared to Ksh.1,218 billion as at December 31, 2021. 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.442 billion and KCB Group Plc's subsidiary in DRC, Trust Merchant Bank with total assets of Ksh.212 billion. Individual performance per country is as illustrated in **Table 30**.

Table 30: Total Assets of Subsidiaries in host country

Country presence	2021		2022		% Change of Total assets from 2021
	Total Assets (Ksh.'000')	% of Total Assets	Total Assets (Ksh.'000')	% of Total Assets	
Burundi	16,332,047	1.34	21,192,238	1.31	29.76
DRC	419,866,543	34.45	655,010,246	40.49	56.00
Mauritius	117,243,215	9.62	131,377,747	8.12	12.06
Rwanda	203,665,060	16.71	235,997,706	14.59	15.88
South Sudan	31,242,024	2.56	40,301,430	2.49	29.00
Tanzania	195,130,283	16.01	246,424,349	15.23	26.29
Uganda	235,273,389	19.30	287,244,706	17.76	22.09
Grand Total	**1,218,752,562**	**100.00**	**1,617,548,423**	**100.00**	**32.72**

Source: CBK

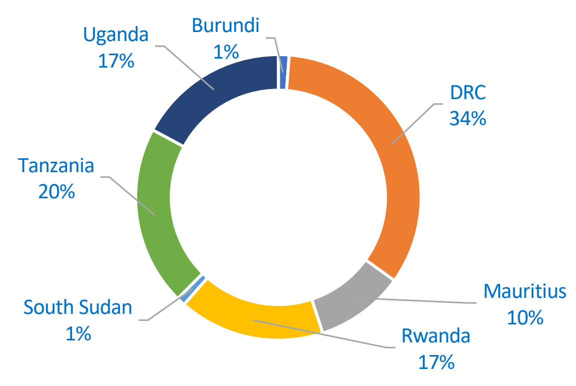
As shown in **Table 30,** DRC now accounts for most regional assets at 40.5 percent in 2022 compared to 34.5 percent in 2021. The growth was mainly driven by KCB Group Plc's acquisition of Trust Merchant Bank in the DRC.

5.3.1.3 Gross Loans

The combined gross loans for the subsidiaries in the host countries stood at Ksh.725.8 billion as at December 31, 2022, an increase of 42.2 percent from Ksh.510.3 billion as at December 31, 2021. The Kenyan banks subsidiaries operating in DRC recorded the highest level of gross loans at Ksh.244.5 billion accounting for 33.69 percent of gross loans in all the subsidiaries outside Kenya. Subsidiaries operating in Tanzania accounted for 20.37 percent of the gross loans. Uganda and Rwanda accounted for 17.16 percent and 16.53 percent of the gross loans respectively. Mauritius recorded gross loans of Ksh.73.1 billion accounting for 10.07 percent of gross loans. **Chart 11** below shows the proportion of gross loans for subsidiaries in the host countries.

Source: CBK

Chart 11: Percent of gross loans per host country



5.3.1.4 Deposits

The Kenyan banks subsidiaries accounted for a combined deposit base of Ksh.1,288 billion in December 2022 compared to Ksh.940 billion in December 2021. The main contributors of deposits were Equity Group Plc's subsidiary in DRC, Banque Commerciale Du Congo -BCDC with total deposits of Ksh.365 billion or 28 percent 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.180 billion or 14 percent of the total deposits of subsidiaries in the host countries.

The regional spread of deposits is as depicted in **Table 31**.

Table 31: Deposit distribution

Country Presence	2022 Gross Deposits (Ksh.'000)	2022 % of Gross Deposits	2021 Gross Deposits (Ksh.'000)	2021 % of Gross Deposits
Burundi	15,160,511	1.18	11,181,267	1.15
DRC	545,743,945	42.34	361,705,058	37.27
Mauritius	107,210,209	8.32	97,064,629	10.00
Rwanda	167,437,594	12.99	145,758,072	15.02
South Sudan	29,453,297	2.29	20,990,879	2.16
Tanzania	197,822,954	15.35	149,277,319	15.38
Uganda	225,982,298	17.53	184,477,592	19.01
Grand Total	**1,288,810,809**	**100**	**970,454,815**	**100**

Source: CBK

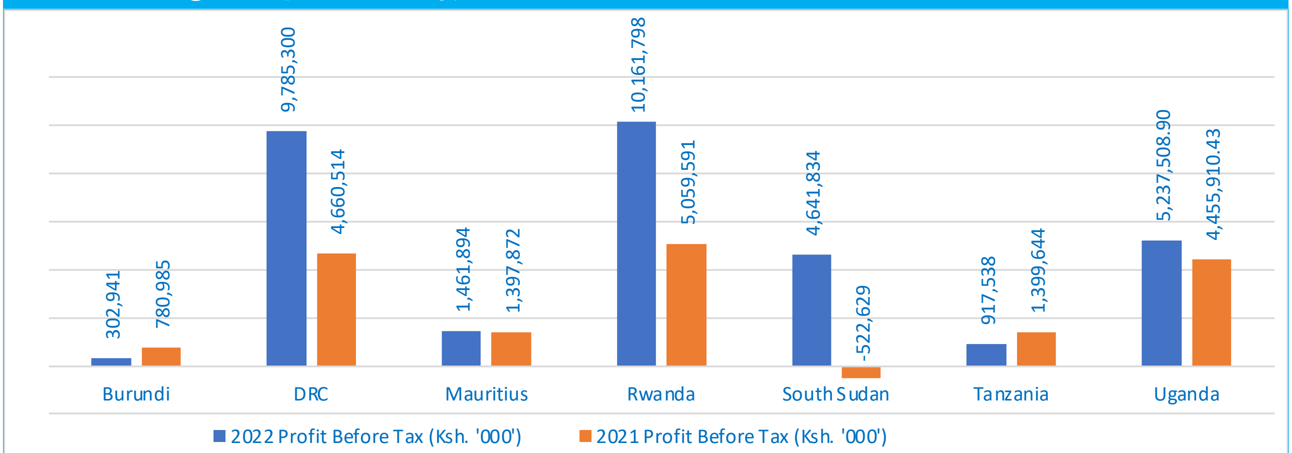
5.3.1.5 Profitability

The regional subsidiaries profit before tax stood at Ksh.32.51 billion as at December 31, 2022, an increase of 88.65 percent from Ksh.17.23 billion reported in December 31, 2021. Rwanda contributed the highest earnings capacity recording Ksh.10.16 billion in profits, translating to 31.26 percent of the total profits. Subsidiaries operating in DRC and Uganda contributed 30.10 percent and 16.11 percent of the total profits respectively while subsidiaries in South Sudan contributed 14.28 percent of the total profits.

Subsidiaries operating in Mauritius, Tanzania and Burundi were the least profitable and contributed 4.50 percent, 2.82 percent and 0.93 percent of the total profits respectively. Three subsidiaries registered a combined loss of Ksh.2,401 million. Out of the three loss- making subsidiaries, two were operating in Tanzania and one in Uganda.

Profitability of the banks in their respective host countries is as shown in **Chart 12**.

Chart 12: Regional profitability, Ksh '000'



Source: CBK

APPENDIX I: BANKING SECTOR BALANCE SHEET - DECEMBER 2022-KSH.M

		December 2021				December 2022			
A	**ASSETS**	**BANKS**	**NBFIS**	**GRAND TOTAL**	**% OF TOTAL**	**BANKS**	**NBFIS**	**GRAND TOTAL**	**% OF TOTAL**
1	Cash (both Local & Foreign)	77,096	539	77,635	1.29	87,898.89	544.45	88,443	1.3
2	Balances due from Central Bank of Kenya	240,764	1,805	242,570	4.03	232,078.12	1,563.59	233,642	3.5
3	Kenya Government and other securities held for dealing purposes	72,613	-	72,613	1.21	138,283.83	-	138,284	2.1
4	Financial Assets at fair value through profit and loss	18,042	-	18,042	0.3	17,051.63	-	17,052	0.3
5	Investment Securities:	-	-	-	-	-	-	0	0.0
	a) Held to Maturity:	-	-	-	0	-	-	0	0.0
	a. Kenya Government securities	837,907	1,825	839,733	13.94	844,465.74	3,779.14	848,245	12.9
	b. other securities	10,992	-	10,992	0.18	21,160.04	-	21,160	0.3
	b) Available for sale:	-	-	-	0	-	-		0.0
	a. Kenya Government securities	920,809	4,725	925,533	15.37	892,826.20	4,760.99	897,587	13.6
	b. other securities	126,922	-	126,922	2.11	133,489.23	-	133,489	2.0
6	Deposits and balances due from local banking institutions	63,256	90	63,346	1.05	107,940.09	41.91	107,982	1.6
7	Deposits and balances due from banking institutions abroad	215,609	307	215,917	3.59	164,029.63	47.33	164,077	2.5
8	Tax recoverable	3,297	222	3,519	0.06	9,334.63	225.50	9,560	0.1
9	Loans and advances to customers (net)	2,884,759	35,911	2,920,670	48.5	3,312,490.21	36,909.33	3,349,400	50.8
10	Balances due from banking institutions in the group	141,421	-	141,421	2.35	152,986.72	-	152,987	2.3
11	Investments in associates	5,029	-	5,029	0.08	6,710.99	-	6,711	0.1
12	Investments in subsidiary companies	19,178	-	19,178	0.32	19,160.37	-	19,160	0.3
13	Investments in joint ventures	-	198	198	0	-	194.22	194	0.0
14	Investment properties	15,478	699	16,177	0.27	13,368.29	780.00	14,148	0.2
15	Property and equipment	60,702	1,586	62,287	1.03	63,172.27	573.45	63,746	1.0
16	Prepaid lease rentals	928	-	928	0.02	1,294.37	-	1,294	0.0
17	Intangible assets	31,558	519	32,077	0.53	34,333.05	331.85	34,665	0.5
18	Deferred tax asset	90,610	1,390	92,000	1.53	119,255.70	1,383.14	120,639	1.8
19	Retirement benefit asset	-	-	-	0	-	-	0	0.0
20	Other assets	133,079	2,283	135,362	2.25	163,319.72	4,033.47	167,353	2.5
21	**TOTAL ASSETS**	**5,970,048**	**52,098**	**6,022,147**	**100**	**6,534,649.73**	**55,168.37**	**6,589,818.10**	**100.0**
B	**LIABILITIES**								
22	Balances due to Central Bank of Kenya	27,127	-	27,127	0.53	77,938.53	499.78	78,438	1
23	Customer deposits	4,413,941	37,793	4,451,734	86.81	4,721,840.66	39,861.73	4,761,702	84
24	Deposits and balances due to local banking institutions	58,559	602	59,161	1.15	100,550.16	24.32	100,574	2
25	Deposits and balances due to foreign banking institutions	46,989	-	46,989	0.92	92,385.07	-	92,385	2
26	Other money market deposits	3,751	-	3,751	0.07	43,996.04	-	43,996	1
27	Borrowed funds	243,102	4,351	247,453	4.83	274,144.58	4,370.62	278,515	5
28	Balances due to banking institutions in the group	107,256	-	107,256	2.09	125,182.89	-	125,183	2
29	Tax payable	15,277	-	15,277	0.3	6,013.71	-	6,014	0
30	Dividends payable	13,184	-	13,184	0.26	3,457.05	-	3,457	0
31	Deferred tax liability	54	-	54	0	-	-	0	0
32	Retirement benefit liability	925	-	925	0.02	859.27	-	859	0
33	Other liabilities	154,003	1,487	155,490	3.03	179,060.27	2,049.25	181,110	3
34	**TOTAL LIABILITIES**	**5,084,169**	**44,233**	**5,128,402**	**100**	**5,625,428.21**	**46,805.69**	**5,672,233.90**	**100.0**
C	**SHAREHOLDERS' FUNDS**								
35	Paid up /Assigned capital	208,896	5,000	213,896	3.55	211,150.13	5,090.00	216,240	23.6
36	Share premium/(discount)	112,242	3,514	115,756	1.92	100,605.11	3,513.66	104,119	11.3
37	Revaluation reserves	8,018	311	8,329	0.14	(32,240.04)	593.67	-31,646	-3.4
38	Retained earnings/Accumulated losses	483,919	-4,367	479,552	7.96	550,348.63	(4,471.84)	545,877	59.5
39	Statutory loan loss reserves	30,378	3,414	33,791	0.56	54,048.43	3,696.58	57,745	6.3
40	Other Reserves	-1,858	-5	-1,863	-0.03	(24,407.91)	(59.38)	-24,467	-2.7
41	Proposed dividends	41,966	-	41,966	0.7	47,390.65	-	47,391	5.2
42	Capital grants	2,317	-	2,317	0.04	2,326.52	-	2,327	0.3
43	**TOTAL SHAREHOLDERS' FUNDS**	**885,879**	**7,866**	**893,745**	**14.84**	**909,221.52**	**8,362.68**	**917,584.20**	**100.0**
44	Minority Interest	-	-	-	-	-	-	0	0
45	**TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS**	**5,970,048**	**52,098**	**6,022,147**	**100**	**6,534,649.73**	**55,168.37**	**6,589,818.10**	**100.0**
	Source: Commercial Banks Published Financial Statements								

APPENDIX II: BANKING SECTOR PROFIT AND LOSS ACCOUNT-DECEMBER 2022-KSH.M

		December 2021				December 2022			
		BANKS	NBFIS	GRAND TOTAL	% OF TOTAL	BANKS	NBFIS	GRAND TOTAL	% OF TOTAL
1	**INTEREST INCOME**								
1.1	Loans and advances	295,628	3,408	299,036	62.9	332,636	3,470	336,107	59.9
1.2	Government securities	174,084	664	174,748	36.7	206,384	938	207,322	37.0
1.3	Deposits and placements with banking institutions	8,010	22	8,031	1.7	9,973	11	9,984	1.8
1.4	Other Interest Income	1,250	-	1,250	0.3	1,323	-	1,323	0.2
1.5	**Total interest income**	**478,972**	**4,094**	**483,066**	**101.6**	**550,317**	**4,419**	**554,735**	**98.9**
2.0	**INTEREST EXPENSE**								
2.1	Customer deposits	134,776	1,529	136,305	31.5	151,552	1,588	153,140	30.4
2.2	Deposits and placement from banking institutions	6,574	168	6,743	1.6	14,713	159	14,872	2.9
2.3	Other interest expenses	11,117	407	11,524	2.7	15,599	373	15,973	3.2
2.4	**Total interest expenses**	**152,468**	**2,104**	**154,572**	**35.7**	**181,864**	**2,121**	**183,985**	**36.5**
3.0	**NET INTEREST INCOME/(LOSS)**	**326,504**	**1,989**	**328,494**		**368,452**	**2,298**	**370,750**	
4.0	**NON-INTEREST INCOME**								
4.1	Fees and commissions on loans and advances	37,636	130	37,767	7.9	41,559	171	41,731	7.4
4.2	Other fees and commissions	48,317	133	48,451	10.2	52,070	131	52,201	9.3
4.3	Foreign exchange trading income/(Loss)	38,513	48	38,561	8.1	74,340	136	74,476	13.3
4.4	Dividend Income	1,441	-	1,441	0.3	1,995	-	1,995	0.4
4.5	Other income	20,784	82	20,866	4.4	19,476	189	19,665	3.5
4.6	**Total Non-interest income**	**146,691**	**394**	**147,085**	**30.9**	**189,440**	**628**	**190,068**	**33.9**
5.0	**TOTAL OPERATING INCOME**	**473,196**	**2,383**	**475,579**	**100.0**	**557,892**	**2,926**	**560,819**	**100.0**
6.0	**OTHER OPERATING EXPENSES**								
6.1	Loan loss provision	58,907	346	59,252	13.7	69,650	194	69,844	13.8
6.2	Staff costs	99,863	1,079	100,942	23.3	113,410	1,174	114,584	22.7
6.3	Directors' emoluments	2,814	18	2,832	0.7	2,972	26	2,998	0.6
6.4	Rental charges	5,147	147	5,295	1.2	5,124	52	5,176	1.0
6.5	Depreciation charge on property and equipment	15,313	213	15,526	3.6	14,494	146	14,640	2.9
6.6	Amortisation charges	7,707	231	7,938	1.8	7,654	240	7,894	1.6
6.7	Other operating expenses	85,755	1,003	86,758	20.0	104,304	994	105,298	20.9
6.8	**Total Other Operating Expenses**	**275,505**	**3,038**	**278,543**	**64.3**	**317,609**	**2,825**	**320,434**	**63.5**
	TOTAL EXPENSES (2.4+6.8)	**427,973**	**5,142**	**433,115**	**100.0**	**499,473**	**4,946**	**504,419**	**100.0**
7	**Profit/(loss) Before Tax and Exceptional Items**	**197,690**	**(654)**	**197,036**		**240,284**	**101**	**240,384**	
8.0	Exceptional Items	476	10	486		715	4	719	
9.0	**Profit/(Loss) After Exceptional Items**	**197,214**	**(664)**	**196,550**		**239,569**	**97**	**239,666**	
10.0	Current Tax	64,295	12	64,307		71,102	10	71,112	
11.0	Deferred Tax	(10,796)	(295)	(11,091)		(6,845)	(92)	(6,936)	
12.0	**Profit/(Loss) After Tax and Exceptional Items**	**143,714**	**(381)**	**143,333**		**175,312**	**178**	**175,490**	
13.0	Minority Interest			-				-	
14.0	**Profit/(loss) after tax, exceptional items and Minority Interest**	**143,714**	**(381)**	**143,333**		**175,312**	**178**	**175,490**	
15.0	**Other Comprehensive Income**								
15.1	Gains/(Losses) from translating the financial statements of foreign operations	(1,288)	-	(1,288)		(3,282)	-	(3,282)	
15.2	Fair value changes in available for sale financial assets	(12,128)	(0)	(12,129)		(66,232)	(77)	(66,310)	
15.3	Revaluation surplus on Property, plant and equipment	287	-	287		426	404	830	
15.4	Share of other comprehensive income of associates	376	-	376		869	-	869	
15.5	Income tax relating to components of other comprehensive income	798	0	798		6,846	(98)	6,748	
16.0	**Other Comprehensive Income for the year net of tax**	**(11,955)**	**(0)**	**(11,956)**		**(61,372)**	**229**	**(61,144)**	
17.0	**Total comprehensive income for the year**	**131,759**	**(382)**	**131,378**		**113,939**	**407**	**114,346**	

APPENDIX III: BANKING SECTOR OTHER DISCLOSURES – DECEMBER 2022

Figures in Ksh. Millions	December 2021			December 2022			
	BANKS	NBFIS	GRAND TOTAL	BANKS	NBFIS	GRAND TOTAL	ANNUAL PERCENTAGE CHANGE (%)
NON-PERFORMING LOANS AND ADVANCES							
(a) Gross Non-performing loans and advances	451,336	8,673	460,008	494,755	8,487	503,242	9.4
(b) Less: Interest in Suspense	70,333	2,817	73,150	76,751	2,780	79,532	8.7
(c)Total Non-Performing Loans and Advances (a-b)	**381,003**	**5,856**	**386,859**	**418,004**	**5,707**	**423,710**	**9.5**
(d) Less: Loan Loss Provision	210,833	3,567	214,400	226,431	3,911	230,342	7.4
(e) Net Non-Performing Loans and Advances(c-d)	**170,170**	**2,289**	**172,459**	**191,573**	**1,796**	**193,368**	**12.1**
(f) Discounted Value of Securities	160,929	2,289	163,218	183,481	1,796	185,277	13.5
(g) Net NPLs Exposure (e-f)	**9,241**	**0**	**9,241**	**8,091**	**0**	**8,091**	**(12.4)**
INSIDER LOANS AND ADVANCES							**-**
(a) Directors, Shareholders and Associates	46,107	2,323	48,430	60,430	1,784	62,214	28.5
(b) Employees	80,169	772	80,941	82,371	1,049	83,421	3.1
(c)Total Insider Loans and Advances and other facilities	**126,276**	**3,095**	**129,371**	**142,801**	**2,834**	**145,635**	**12.6**
OFF-BALANCE SHEET ITEMS							-
(a) Letters of credit, guarantees, acceptances	643,002	1,146	644,148	716,040	1,935	717,975	11.5
(b) Forwards, swaps and options	438,693	915	439,607	478,373	1,816	480,189	9.2
(c) Other contingent liabilities	18,545	-	18,545	16,554	-	16,554	(10.7)
(d) Total Contingent Liabilities	**1,100,240**	**2,061**	**1,102,300**	**1,210,967**	**3,751**	**1,214,718**	**10.2**
CAPITAL STRENGTH							-
(a) Core capital	747,348	3,172	750,519	805,876	3,185	809,061	7.8
(b) Minimum Statutory Capital	1,000	1,000	1,000	1,000	1,000	1,000	-
(c) Excess/(Deficiency)(a-b)	**747,348**	**2,172**	**749,519**	805,876	2,185	**808,061**	7.8
(d) Supplementary Capital	131,426	1,480	132,906	144,061	1,532	145,593	9.5
(e) Total Capital (a+d)	**878,773**	**4,652**	**883,425**	**949,937**	**4,717**	**954,654**	**8.1**
(f) Total risk weighted assets	**4,490,860**	**38,441**	**4,529,301**	**5,002,862**	**38,520**	**5,041,382**	**11.3**
(g) Core Capital/Total deposits Liabilities	**16.9**	**8.4**	**16.9**	**17.2**	**8.0**	**17.1**	
(h) Minimum statutory Ratio	**8.0**	**8.0**	**8.0**	**8.0**	**8.0**	**8.0**	
(i) Excess/(Deficiency) (g-h)	**8.9**	**0.4**	**8.9**	**9.2**	**0.0**	**9.1**	
(j) Core Capital / total risk weighted assets	**16.6**	**8.3**	**16.6**	**16.1**	**8.3**	**16.0**	
(k) Minimum Statutory Ratio	10.5	10.5	10.5	10.5	10.5	10.5	
(l) Excess (Deficiency) (j-k)	**6.1**	**-2.2**	**6.1**	**5.6**	**-2.2**	**5.5**	
(m) Total Capital/total risk weighted assets	**19.6**	**12.1**	**19.5**	**19.0**	**12.2**	**18.9**	
(n) Minimum statutory Ratio	14.5	14.5	14.5	14.5	14.5	14.5	
(o) Excess/(Deficiency) (m-n)	**5.1**	**-2.4**	**5.0**	**4.5**	**-2.3**	**4.4**	
LIQUIDITY							
(a) Liquidity Ratio	**56.5**	**22.5**	**56.2**	**51.1**	**23.7**	**50.8**	
(b) Minimum Statutory Ratio	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	
(c) Excess (Deficiency) (a-b)	36.5	2.5	36.2	31.1	3.7	30.8	
Performance Indicators							
Yield on Earning Assets	8.9	8.2	8.8	9.5	8.3	9.5	
Cost of Funding Earning Assets	2.8	4.2	2.8	3.2	4.0	3.2	
Interest Margin on Earning Assets	6.1	4.0	6.0	6.4	4.3	6.4	
Yield on Advances	9.3	8.1	9.2	9.3	8.0	9.3	
Cost of Deposits	3.4	5.5	3.4	3.7	5.3	3.7	
Return on Assets (ROA)	3.3	-1.3	3.3	3.7	0.2	3.7	
Return on Equity (ROE)	22.3	-8.3	22.0	26.5	1.2	26.3	
Overheads to Earnings	44.0	67.7	44.2	42.9	56.0	43.0	
Gross NPLs/Gross Loans	14.3	20.5	14.1	13.8	19.5	13.9	
RATINGS							
Capital Adequacy	1	3	1	2	3	2	
Asset Quality	2	3	2	2	1	2	
Earnings	1	5	1	1	4	1	
Liquidity	1	3	1	1	3	1	
Composite Score	1	4	1	**2**	**3**	**2**	
Performance Category	**Strong**	**Marginal**	**Strong**	**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) (%)**	**MANAGEENT (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 2022)

APPENDIX IV: BANKING SECTOR MARKET SHARE - DECEMBER 2022

		Market size index (%)	Market Rank index	Total Net Assets	% of the market (%)	Total Deposits	% of the market (%)	Total Shareholders' funds	% of the market (%)	Number Deposit accounts (Millions)	% of the market (%)	Number of loan accounts (Millions)	% 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	14.20	1	971,352,761	14.74	720,107,195	14.41	123,394,335	13.45	11.38	17.78	1.62	11.21
2	Equity Bank Kenya Ltd	12.67	2	894,011,760	13.57	691,220,430	13.83	97,527,391	10.63	12.29	19.19	0.77	5.34
3	NCBA Bank Kenya PLC	10.01	3	619,661,644	9.40	508,590,081	10.17	82,421,691	8.98	29.48	46.04	10.25	71.00
4	The Co-operative Bank of Kenya Ltd	9.24	4	562,082,490	8.53	411,169,491	8.23	101,260,360	11.04	3.87	6.05	1.01	6.98
5	Absa Bank Kenya Plc	6.69	5	477,290,548	7.24	315,680,463	6.32	60,811,301	6.63	2.04	3.18	0.28	1.96
6	Standard Chartered Bank (K) Ltd	5.81	6	381,630,646	5.79	285,367,433	5.71	55,781,008	6.08	0.29	0.46	0.05	0.34
7	Stanbic Bank Kenya Ltd	5.74	7	390,319,664	5.92	287,782,782	5.76	52,358,555	5.71	0.27	0.42	0.07	0.48
8	Diamond Trust Bank Kenya Limited	5.63	8	359,269,886	5.45	272,806,685	5.46	56,277,082	6.13	0.63	0.98	0.02	0.10
9	I &M Bank Limited	5.15	9	315,510,359	4.79	243,522,287	4.87	54,633,758	5.95	0.20	0.32	0.02	0.17
	Sub-Total	**75.14**		**4,971,129,758**	**75.44**	**3,736,246,847**	**74.74**	**684,465,482**	**74.59**	**60.45**	**94.41**	**14.10**	**97.60**
	Medium Peer Group (1-5%)												
1	Bank of Baroda (K) Limited	3.09	10	193,775,161	2.94	163,705,018	3.27	28,839,794	3.14	0.06	0.10	0.00	0.03
2	Prime Bank Ltd	2.54	11	140,402,895	2.13	107,586,684	2.15	31,383,739	3.42	0.04	0.07	0.00	0.03
3	Citibank N.A. Kenya	2.33	12	139,827,066	2.12	111,251,604	2.23	24,894,907	2.71	0.00	0.00	0.00	0.00
4	Bank of India	2.12	13	121,649,324	1.85	97,012,732	1.94	24,309,583	2.65	0.01	0.02	0.00	0.00
5	National Bank of Kenya Ltd	2.09	14	142,769,274	2.17	124,165,652	2.48	15,089,932	1.64	0.84	1.31	0.04	0.27
6	Family Bank Ltd.	1.86	15	128,465,438	1.95	95,762,821	1.92	15,740,434	1.72	1.09	1.70	0.16	1.14
7	Ecobank Kenya Ltd	1.19	16	101,225,490	1.54	99,401,310	1.99	606,652	0.07	0.19	0.29	0.00	0.02
8	SBM Bank Kenya Ltd	1.07	17	81,757,793	1.24	57,213,177	1.14	7,864,834	0.86	0.18	0.27	0.02	0.13
	Sub-Total	**16.29**		**1,049,872,441**	**15.93**	**856,098,998**	**17.13**	**148,729,875**	**16.21**	**2.41**	**3.77**	**0.23**	**1.63**
	Small Peer Group < 1%												
1	HFC Ltd	0.84	18	55,168,371	0.84	39,886,049	0.80	8,362,683	0.91	0.28	0.44	0.02	0.11
2	Victoria Commercial Bank Limited	0.79	19	52,082,032	0.79	40,300,929	0.81	7,318,265	0.80	0.01	0.01	0.00	0.01
3	Guaranty Trust Bank Limited	0.68	20	32,973,352	0.50	22,363,552	0.45	10,154,141	1.11	0.02	0.03	0.00	0.01
4	Bank of Africa Ltd	0.68	21	48,848,588	0.74	33,737,243	0.67	5,799,402	0.63	0.07	0.11	0.01	0.07
5	Gulf African Bank Limited	0.62	22	38,162,471	0.58	31,367,799	0.63	6,027,799	0.66	0.09	0.14	0.02	0.11
6	Sidian Bank Ltd	0.57	23	42,585,542	0.65	26,405,264	0.53	5,141,807	0.56	0.17	0.27	0.02	0.14
7	African Banking Corporation Ltd	0.54	24	36,965,935	0.56	30,536,344	0.61	4,148,754	0.45	0.03	0.04	0.00	0.01
8	Habib Bank A.G Zurich	0.45	25	30,855,524	0.47	27,094,697	0.54	3,166,279	0.35	0.01	0.01	0.00	0.00
9	Credit Bank Ltd	0.37	26	25,721,643	0.39	18,247,392	0.37	3,267,287	0.36	0.04	0.07	0.00	0.01
10	DIB Bank Kenya Ltd	0.32	27	18,236,325	0.28	14,007,447	0.28	3,710,598	0.40	0.01	0.01	0.00	0.01
11	Kingdom Bank Limited	0.30	28	34,659,895	0.53	9,641,403	0.19	1,817,672	0.20	0.18	0.28	0.02	0.11
12	Development Bank of Kenya Ltd	0.28	29	16,891,988	0.26	9,286,791	0.19	3,737,775	0.41	0.00	0.00	0.00	0.01
13	First Community Bank Ltd	0.28	30	17,640,991	0.27	13,934,321	0.28	2,753,180	0.30	0.08	0.12	0.00	0.01
14	Mayfair CIB Bank Limited	0.28	31	12,929,077	0.20	8,081,885	0.16	4,445,475	0.48	0.00	0.01	0.00	0.00
15	Guardian Bank Limited	0.27	32	15,658,126	0.24	11,875,847	0.24	3,238,859	0.35	0.01	0.02	0.00	0.01
16	UBA Kenya Bank Ltd	0.25	33	16,290,399	0.25	12,846,547	0.26	2,422,902	0.26	0.01	0.02	0.00	0.00
17	M-Oriental Commercial Bank	0.25	34	13,333,772	0.20	9,831,714	0.20	3,247,384	0.35	0.00	0.01	0.00	0.00
18	Paramount Bank Ltd	0.23	35	13,813,300	0.21	11,297,898	0.23	2,285,410	0.25	0.01	0.01	0.00	0.01
19	Access Bank (Kenya) PLC	0.20	36	14,601,676	0.22	12,510,278	0.25	1,314,978	0.14	0.09	0.13	0.01	0.06
20	Consolidated Bank of Kenya Limited	0.19	37	15,552,524	0.24	11,617,026	0.23	1,073,309	0.12	0.05	0.07	0.00	0.03
21	Middle East Bank (K) Ltd	0.19	38	12,962,188	0.20	9,326,192	0.19	1,793,376	0.20	0.00	0.01	0.00	0.00
22	Spire Bank Limited	0.00	39	2,882,182	0.04	2,115,508	0.04	(838,493)	(0.09)	0.02	0.03	0.00	0.03
	Sub-Total	**8.57**		**568,815,901**	**8.63**	**406,312,126**	**8.13**	**84,388,843**	**9.20**	**1.16**	**1.82**	**0.11**	**0.78**
	Grand-Total	**100.00**		**6,589,818,099**	**100.00**	**4,998,657,971**	**100.00**	**917,584,200**	**100.00**	**64.02**	**100.00**	**14.44**	**100.00**

Source: Commercial Banks Published Financial Statements (December 2022)

APPENDIX V: BANKING SECTOR PROFITABILITY - DECEMBER 2022

			Return on Assets		Return on Equity	
		Profit/(Loss) Before Tax (Ksh.M)	Total Assets (Ksh.M)	(1/2) (%)	Total Shareholder's Funds (Ksh.M)	(1/4) (%)
		1	2	3	4	5
1	KCB Bank Kenya Ltd	48,911	971,353	5.0	123,394	39.6
2	Equity Bank Kenya Ltd	42,002	894,012	4.7	97,527	43.1
3	Co-operative Bank of Kenya Ltd	26,872	562,082	4.8	101,260	26.5
4	NCBA Bank Kenya PLC	23,013	619,662	3.7	82,422	27.9
5	Absa Bank Kenya Plc	19,832	477,291	4.2	60,811	32.6
6	Standard Chartered Bank Kenya Ltd	17,138	381,631	4.5	55,781	30.7
7	I&M Bank Ltd	12,260	315,510	3.9	54,634	22.4
8	Stanbic Bank Kenya Ltd	12,163	390,320	3.1	52,359	23.2
9	Citibank N.A. Kenya	9,854	139,827	7.0	24,895	39.6
10	Bank of Baroda (Kenya) Limited	7,057	193,775	3.6	28,840	24.5
11	Diamond Trust Bank Kenya Ltd	6,590	359,270	1.8	56,277	11.7
12	Bank of India	3,946	121,649	3.2	24,310	16.2
13	Family Bank Ltd	3,742	128,465	2.9	15,740	23.8
14	Prime Bank Ltd	3,523	140,403	2.5	31,384	11.2
15	Guaranty Trust Bank	1,332	32,973	4.0	10,154	13.1
16	National Bank of Kenya Ltd	848	142,769	0.6	15,090	5.6
17	Gulf African Bank Ltd	827	38,162	2.2	6,028	13.7
18	Kingdom Bank Ltd	804	34,660	2.3	1,818	44.2
19	Victoria Commercial Bank Plc	701	52,082	1.3	7,318	9.6
20	Middle East Bank (K) Ltd	544	12,962	4.2	1,793	30.4
21	Sidian Bank Ltd	536	42,586	1.3	5,142	10.4
22	Habib AG Zurich	482	30,856	1.6	3,166	15.2
23	Bank of Africa (K) Ltd	283	48,849	0.6	5,799	4.9
24	Guardian Bank Ltd	272	15,658	1.7	3,239	8.4
25	Paramount Bank Ltd	255	13,813	1.8	2,285	11.2
26	African Banking Corporation Ltd	202	36,966	0.5	4,149	4.9
27	M-Oriental Bank Ltd	186	13,334	1.4	3,247	5.7
28	Ecobank Kenya Ltd	133	101,225	0.1	607	21.9
29	HFC Ltd	101	55,168	0.2	8,363	1.2
30	Development Bank of Kenya Ltd	79	16,892	0.5	3,738	2.1
31	SBM Bank Kenya Ltd	49	81,758	0.1	7,865	0.6
32	Credit Bank Plc	(66)	25,722	-0.3	3,267	-2.0
33	First Community Bank Ltd	(293)	17,641	-1.7	2,753	-10.7
34	Access Bank (Kenya) PLC	(354)	14,602	-2.4	1,315	-27.0
35	UBA Kenya Bank Ltd	(437)	16,290	-2.7	2,423	-18.0
36	Consolidated Bank of Kenya Ltd	(446)	15,553	-2.9	1,073	-41.6
37	Mayfair CIB Bank Ltd	(515)	12,929	-4.0	4,445	-11.6
38	DIB Bank Kenya Ltd	(523)	18,236	-2.9	3,711	-14.1
39	Spire Bank Limited	(1,067)	2,882	-37.0	(838)	127.3
	Total	**240,835**	**6,589,818**	**3.7**	**917,584**	**26.2**

Source: Commercial Banks Published Financial Statements (December 2022)

APPENDIX VI: BANKING SECTOR GROSS LOANS AND NON-PERFORMING LOANS- DECEMBER 2022

	BANKS	Gross Loans and Advances, Ksh. M		Gross Non-Performing Loans, Ksh. M	
		December 2021	December 2022	December 2021	December 2022
1	KCB Bank Kenya Ltd	584,441	676,648	92,193	129,110
2	Equity Bank Kenya Ltd.	420,774	458,599	35,470	39,144
3	Co - operative Bank of Kenya Ltd	334,274	362,205	43,312	47,480
4	NCBA Bank Kenya Plc	255,664	270,100	40,909	35,300
5	Absa Bank Kenya Plc	256,465	301,717	19,817	22,519
6	Stanbic Bank (Kenya) Ltd	200,941	253,959	22,504	28,450
7	Diamond Trust Bank (K) Ltd	171,866	191,056	27,151	28,167
8	I&M Bank Ltd	172,615	198,770	18,563	19,662
9	Standard Chartered Bank (K) Ltd	147,917	159,083	23,283	22,577
10	National Bank of Kenya Ltd	79,236	83,851	26,542	18,496
11	Family Bank Ltd.	73,529	88,137	11,056	12,431
12	Bank of Baroda Kenya Ltd	58,165	63,390	6,088	6,016
13	HFC Ltd	39,339	43,601	8,673	8,487
14	Prime Bank Ltd	47,577	44,469	5,199	5,870
15	SBM Bank (Kenya) Ltd	37,408	48,913	12,850	13,190
16	Citibank N.A. Kenya	53,765	51,242	1,020	1,563
17	Gulf African Bank Ltd	22,486	24,240	3,623	3,203
18	Victoria Commercial Bank Plc	31,291	37,477	4,342	4,563
19	Ecobank Kenya Ltd	27,223	27,683	4,389	5,623
20	Bank of Africa (K) Ltd	26,337	22,289	8,352	5,321
21	African Banking Corporation Ltd	23,654	25,364	4,665	5,075
22	Sidian Bank Ltd	23,834	24,920	2,820	2,880
23	Credit Bank Plc	17,784	21,094	5,022	5,775
24	Guaranty Trust Bank Ltd	18,332	14,301	2,528	1,791
25	Bank of India	22,552	20,680	627	839
26	First Community Bank Ltd	19,037	17,849	5,487	7,333
27	Kingdom Bank Limited	8,072	9,154	6,010	4,512
28	Guardian Bank Ltd	7,665	7,018	1,257	1,208
29	Development Bank of Kenya Ltd	10,218	11,510	2,995	2,992
30	Consolidated Bank of Kenya Ltd	9,858	11,487	2,712	2,845
31	M-Oriental Bank Ltd	7,212	8,226	1,934	1,653
32	Access Bank Kenya Plc	3,128	4,041	202	209
33	Paramount Bank Ltd	7,934	8,708	1,518	1,811
34	Habib Bank A.G. Zurich	6,359	7,385	739	740
35	Middle East Bank Kenya Ltd	6,648	6,132	524	421
36	Spire Bank Ltd	3,405	4,090	2,587	2,765
37	DIB Bank Kenya Ltd	9,965	12,037	1,492	1,381
38	Mayfair CIB Bank Ltd	5,649	5,301	212	876
39	UBA Kenya Bank Ltd	2,808	3,525	1,342	961
	Total	**3,255,429**	**3,630,251**	**460,008**	**503,242**
	Source: Banks Published Financial Statements				

APPENDIX VII: BANKING SECTOR CAPITAL AND RISK WEIGHTED ASSETS -DECEMBER 2022

	Banks	Core Capital (Ksh.million)	Total Capital (Ksh.million)	Overall Risk Weighted Assets (Ksh. million)	Core Capital/ TRWA (%)	Total Capital/TRWA (%)	Core Capital/ Total Deposits (%)
1	Equity Bank Kenya Ltd	121,149,261	158,382,119	768,315,225	15.8	20.6	18.7
2	Co-operative Bank of Kenya Ltd	89,090,841	95,010,292	539,577,102	16.5	17.6	21.7
3	KCB Bank Kenya Ltd	85,964,036	120,750,384	792,142,822	10.9	15.2	12.4
4	NCBA Bank Kenya PLC	72,475,434	72,475,434	404,040,200	17.9	17.9	16.2
5	Absa Bank Kenya Plc	55,606,048	71,111,743	382,149,724	14.6	18.6	18.1
6	Diamond Trust Bank Kenya Limited	52,984,880	55,334,288	267,006,899	19.8	20.7	21.1
7	Stanbic Bank Kenya Ltd	46,949,458	57,089,997	339,606,832	13.8	16.8	16.9
8	I&M Bank Ltd	42,575,320	56,454,129	279,769,286	15.2	20.2	18.2
9	Standard Chartered Bank (K) Ltd	42,132,719	47,404,082	274,257,322	15.4	17.3	15.1
10	Bank of Baroda (Kenya) Limited	30,813,723	30,813,723	99,550,442	31.0	31.0	18.9
11	Prime Bank Ltd	25,221,433	25,574,455	72,071,335	35.0	35.5	23.4
12	Citibank N.A. Kenya	24,178,238	24,222,937	97,275,279	24.9	24.9	22.0
13	Bank of India	23,290,845	23,545,529	50,427,672	46.2	46.7	42.8
14	Family Bank Ltd.	13,254,449	18,436,806	94,588,542	14.0	19.5	14.8
15	National Bank of Kenya Ltd	11,034,430	12,163,979	90,363,905	12.2	13.5	10.4
16	Ecobank Kenya Ltd	7,575,900	7,806,505	49,288,483	15.4	15.8	8.9
17	SBM Bank Kenya Ltd	7,295,986	7,975,771	54,382,829	13.4	14.7	14.8
18	Victoria Commercial Bank Plc	6,903,583	8,459,398	50,279,293	13.7	16.8	17.7
19	Gulf African Bank Ltd	5,722,800	6,027,799	31,524,032	18.2	19.1	18.2
20	Guaranty Trust (Kenya) Bank	5,682,480	5,925,620	19,451,184	29.2	30.5	25.4
21	Sidian Bank Ltd	4,453,658	7,132,438	35,155,429	12.7	20.3	17.5
22	Mayfair CIB Bank Ltd	3,624,427	3,624,427	9,873,677	36.7	36.7	45.6
23	HFC Ltd	3,185,061	4,717,313	38,520,149	8.3	12.2	8.0
24	Guardian Bank Limited	2,961,439	3,238,859	11,127,423	26.6	29.1	24.9
25	Habib Bank AG Zurich	2,767,519	2,920,441	9,456,369	29.3	30.9	10.8
26	African Banking Corporation Ltd	2,759,259	3,549,206	21,640,545	12.8	16.4	9.2
27	M-Oriental Bank Kenya Ltd	2,670,944	2,785,015	9,125,698	29.3	30.5	27.2
28	Bank of Africa Ltd	2,601,790	3,843,331	24,342,466	10.7	15.8	7.9
29	Kingdom Bank Limited	2,451,690	2,451,690	10,239,032	23.9	23.9	25.4
30	UBA Kenya Bank Ltd	2,422,902	2,422,902	9,158,894	26.5	26.5	29.5
31	Development Bank of Kenya Ltd	2,224,233	2,479,801	12,586,464	17.7	19.7	30.6
32	Paramount Bank Ltd	2,102,209	2,102,209	7,910,235	26.6	26.6	18.6
33	DIB Bank Kenya Ltd	2,096,242	2,175,288	14,395,401	14.6	15.1	15.0
34	Middle East Bank (K) Ltd	1,693,030	1,758,557	6,277,369	27.0	28.0	18.2
35	Credit Bank Plc	1,655,957	3,343,516	22,438,170	7.4	14.9	9.4
36	Access Bank (Kenya) Limited	1,314,977	1,314,977	7,758,984	16.9	16.9	13.4
37	First Community Bank Ltd	- 331	1,626,737	20,441,788	0.0	8.0	0.0
38	Consolidated Bank of Kenya Limited	- 160,780	- 160,780	12,629,705	-1.3	-1.3	-1.4
39	Spire Bank Limited	- 1,664,616	- 1,636,669	2,235,723	-74.5	-73.2	-78.7
	Total	**809,061,475**	**954,654,248**	**5,041,381,930**	**16.0**	**18.9**	**17.1**

Source: Banks Published Financial Statements

APPENDIX VIII: BANKING SECTOR ACCESS TO FINANCIAL SERVICES - NUMBER OF DEPOSIT ACCOUNTS - DECEMBER 2022

		Peer	Dec-21			Dec-22			
	Commercial Banks	Group - 2022	< 100,000	>100,000	Total	< 100,000	>100,000	Total	% change
1	NCBA Bank Kenya Plc	Large	32,329,476	132,972	32,462,448	29,330,294	146,396	29,476,690	-9.2
2	Equity Bank Kenya Ltd	Large	11,570,447	394,641	11,965,088	11,866,388	419,736	12,286,124	2.7
3	KCB Bank Kenya Ltd	Large	9,505,449	297,610	9,803,059	11,050,565	330,484	11,381,049	16.1
4	Co-operative Bank of Kenya Ltd	Large	3,460,903	272,837	3,733,740	3,592,446	280,128	3,872,574	3.7
5	ABSA Bank Kenya Plc	Large	1,826,334	115,089	1,941,423	1,926,588	110,423	2,037,011	4.9
6	Diamond Trust Bank (K) Ltd	Large	488,259	58,568	546,827	564,633	62,305	626,938	14.7
7	Stanbic Bank Kenya Ltd	Large	196,243	44,295	240,538	220,877	47,619	268,496	11.6
8	Standard Chartered Bank (K) Ltd	Large	198,491	74,042	272,533	217,505	76,896	294,401	8.0
9	I & M Bank Ltd.	Large	131,973	59,036	191,009	143,760	59,968	203,728	6.7
10	Family Bank Ltd	Medium	2,399,526	63,026	2,462,552	1,022,608	67,855	1,090,463	-55.7
11	National Bank of Kenya Ltd	Medium	773,997	45,236	819,233	792,038	44,610	836,648	2.1
12	Ecobank Kenya Ltd	Medium	173,098	8,850	181,948	177,525	8,740	186,265	2.4
13	Bank of Africa Kenya Ltd	Medium	69,616	9,220	78,836	58,709	9,075	67,784	-14.0
14	Bank of Baroda Ltd	Medium	20,740	36,681	57,421	23,790	39,662	63,452	10.5
15	Prime Bank Ltd	Medium	19,933	20,248	40,181	21,637	21,776	43,413	8.0
16	Bank of India	Medium	5,137	9,722	14,859	4,642	9,182	13,824	-7.0
17	Citibank N.A. Kenya	Medium	523	1,454	1,977	559	1,520	2,079	5.2
18	HFC Limited	Small	400,656	13,281	413,937	270,497	13,438	283,935	-31.4
19	Sidian Bank Limited	Small	168,600	10,762	179,362	159,355	10,915	170,270	-5.1
20	SBM Bank (Kenya) Ltd.	Small	194,933	11,393	206,326	164,925	10,436	175,361	-15.0
21	Kingdom Bank Limited	Small	200,673	2,408	203,081	174,098	3,219	177,317	-12.7
22	Access Bank (Kenya) PLC	Small	100,275	6,142	106,417	81,174	4,962	86,136	-19.1
23	Gulf African Bank Ltd	Small	83,335	17,426	100,761	68,614	18,199	86,813	-13.8
24	First Community Bank Ltd	Small	68,351	10,064	78,415	69,992	6,065	76,057	-3.0
25	Consolidated Bank of Kenya Ltd	Small	40,006	5,196	45,202	40,523	5,063	45,586	0.8
26	Credit Bank Plc	Small	37,800	4,412	42,212	38,372	4,515	42,887	1.6
27	African Banking Corporation Ltd	Small	24,214	6,082	30,296	22,398	5,941	28,339	-6.5
28	Spire Bank Limited	Small	20,732	1,195	21,927	15,706	889	16,595	-24.3
29	Guaranty Trust Bank (Kenya) Ltd	Small	14,638	6,335	20,973	16,257	6,118	22,375	6.7
30	Guardian Bank Limited	Small	6,497	3,179	9,676	6,596	3,118	9,714	0.4
31	Paramount Bank Ltd	Small	6,592	1,627	8,219	4,726	1,656	6,382	-22.4
32	UBA Kenya Bank Ltd	Small	7,050	965	8,015	13,476	971	14,447	80.2
33	M-Oriental Bank Ltd	Small	2,433	1,572	4,005	2,493	1,590	4,083	1.9
34	DIB Bank Kenya Ltd	Small	2,866	1,252	4,118	3,597	1,549	5,146	25.0
35	Habib Bank A.G. Zurich	Small	1,926	3,248	5,174	2,024	3,445	5,469	5.7
36	Middle East Bank Ltd	Small	2,022	1,230	3,252	2,013	1,323	3,336	2.6
37	Victoria Commercial Bank Plc	Small	1,404	4,228	5,632	1,549	4,829	6,378	13.2
38	Mayfair CIB Bank Ltd	Small	1,679	1,491	3,170	1,953	1,406	3,359	6.0
39	Development Bank of Kenya Ltd	Small	757	1,100	1,857	736	1,055	1,791	-3.6
	Sub-Totals		**64,557,584**	**1,758,115**	**66,315,699**	**62,175,638**	**1,847,077**	**64,022,715**	**-3.5**
	Microfinance Banks								
1	Kenya Women Microfinance Bank Limited	Large	1,034,157	9,868	1,044,025	1,018,358	9,868	1,028,226	-1.5
2	Faulu Microfinance Bank Limited	Large	359,041	8,503	367,544	278,831	7,172	286,003	-22.2
3	Rafiki Microfinance Bank Limited	Large	97,569	1,849	99,418	63,937	1,726	65,663	-34.0
4	SMEP Microfinance Bank Limited	Medium	554,307	2,026	556,333	549,070	1,946	551,016	-1.0
5	Sumac Microfinance Bank Limited	Medium	12,379	575	12,954	14,100	574	14,674	13.3
6	LOLC Microfinance Bank Limited	Medium	9,224	82	9,306	6,719	114	6,833	-26.6
7	Maisha Microfinance Bank Ltd	Small	486,459	125	486,584	497,287	123	497,410	2.2
8	Caritas Microfinance Bank Limited	Small	33,924	1,520	35,444	43,374	1,781	45,155	27.4
9	Branch Microfinance Bank Limited	Small	24,268	198	24,466	543,845	395	544,240	2124.5
10	U & I Microfinance Bank Limited	Small	7,221	171	7,392	8,413	199	8,612	16.5
11	Salaam Microfinance Bank Limited	Small	6,082	8	6,090	5,792	17	5,809	-4.6
12	Choice Microfinance Bank Limited	Small	8,350	113	8,463	8,475	54	8,529	0.8
13	Daraja Microfinance Bank Limited	Small	4,486	69	4,555	5,253	57	5,310	16.6
14	Muungano Microfinance Bank Limited	Small	2,453	114	2,567	3,876	231	4,107	60.0
	Sub-Totals		**2,639,920**	**25,221**	**2,665,141**	**3,047,330**	**24,257**	**3,071,587**	**15.3**
	Grand Total		**67,197,504**	**1,783,336**	**68,980,840**	**65,222,968**	**1,871,334**	**67,094,302**	

Source: CBK

APPENDIX IX: BANKING SECTOR PROTECTED DEPOSITS - DECEMBER 2022

			Dec-21		Dec-22			
			Insured	Customer	Insured	Customer	Change in Insured	% Change In
	BANKS		Deposits	Deposits	Deposits	Deposits	Deposits	Customer
			Ksh M	Ksh. M	Ksh M	Ksh. M		Deposits
1	ABSA Bank Kenya Plc	Large	45,865	270,737	43,671	306,663	-2,194	13.3
2	Access Bank (Kenya) Plc	Small	1,292	9,468	1,343	9,842	51	3.9
3	African Banking Corporation Ltd	Small	2,598	30,774	2,541	29,999	-57	-2.5
4	Bank of Africa (K) Ltd	Small	3,694	26,593	3,622	32,733	-71	23.1
5	Bank of Baroda (Kenya) Limited	Medium	15,958	149,372	17,409	163,330	1,452	9.3
6	Bank of India	Medium	4,336	52,571	4,103	54,424	-233	3.5
7	Citibank N.A. Kenya	Medium	101,281	98,430	112,462	110,040	11,182	11.8
8	Consolidated Bank of Kenya Limited	Small	2,081	11,268	2,022	11,356	-59	0.8
9	Credit Bank Plc	Small	1,865	20,365	1,877	17,537	12	-13.9
10	Development Bank of Kenya Ltd	Small	479	7,265	468	7,263	-11	0.0
11	Diamond Trust Bank Kenya Limited	Large	24,532	225,783	26,093	250,593	1,561	11.0
12	DIB Bank Kenya Ltd	Small	554	11,926	677	14,007	123	17.5
13	Ecobank Kenya Ltd	Medium	2,078	90,845	2,096	84,762	19	-6.7
14	Equity Bank Kenya Ltd	Large	151,231	648,453	161,447	647,371	10,215	-0.2
15	Family Bank Ltd.	Medium	23,847	82,431	26	89,343	-23,821	8.4
16	First Community Bank Ltd	Small	19,114	21,479	14,711	13,743	-4,403	-36.0
17	Guaranty Trust Bank (Kenya) Ltd	Small	2,684	22,315	1,612	22,361.25	-1,072	0.2
18	Guardian Bank Limited	Small	1299.951	14,347.92	1271.185	11,875.85	-29	-17.2
19	Gulf African Bank Ltd	Small	6,857	29,170.88	7,137	31,367.80	280	7.5
20	Habib Bank AG Zurich	Small	1,386	23,683.97	1,476	25,721.72	90	8.6
21	HFC Ltd	Medium	38,395	37,793.02	39,886	39,861.73	1,491	5.5
22	I & M Bank Ltd	Large	24,568	228,030.62	24,866	233,806.80	298	2.5
23	KCB Bank Kenya Ltd	Large	123,333	624,480.44	132,764	694,515.58	9,432	11.2
24	Kingdom Bank Ltd	Small	1,070	6,380.19	1,356	9,641.40	286	51.1
25	Mayfair CIB Bank Ltd	Small	635	8,301.93	591	9,326.19	-43	12.3
26	Middle East Bank (K) Ltd	Small	527	9,465.43	567	9,831.71	40	3.9
27	M-Oriental Bank Ltd	Small	2,003	10,242.67	2,042	7,949.08	39	-22.4
28	National Bank of Kenya Ltd	Medium	18,293	106,103.10	17,854	105,675.31	-440	-0.4
29	NCBA Bank Kenya Plc	Large	56,687	431,214.22	62,517	502,675.95	5,830	16.6
30	Paramount Bank Ltd	Small	694	10,197.38	694	11,297.90	0	10.8
31	Prime Bank Ltd	Medium	97,092	97,195.05	107,434	107,582.20	10,343	10.7
32	SBM Bank Kenya Ltd	Medium	4,769	60,064.66	4,337	49,305.81	-433	-17.9
33	Sidian Bank Limited	Small	4,225	25,841.81	4,271	25,445.38	46	-1.5
34	Spire Bank Limited	Small	521	1,781.49	343	2,115.50	-178	18.7
35	Stanbic Bank Kenya Ltd	Large	17,460	239,869.09	11,612	282,139.29	-5,848	17.6
36	Standard Chartered Bank Kenya Ltd	Large	29,650	265,469.11	30,741	278,879.31	1,091	5.1
37	Co-operative Bank of Kenya Ltd	Large	104,522	398,686.29	107,057	410,187.85	2,535	2.9
38	UBA Kenya Bank Ltd	Small	413	10,976.98	410	8,224.53	-3	-25.1
39	Victoria Commercial Bank Plc	Small	1843.456		2133.286	38,908.33	290	20.2
	Sub-Totals		**939,731**		**957,541**	**4,761,702.39**	**17,811**	**7.0**
	Microfinance Banks							
1	Faulu Microfinance Bank Ltd	Large	21,052	21,074	15,827	16,250	-5,225	-22.9
2	Kenya Women Microfinance Bank Ltd	Large	8,018	17,737	8,291	18,597	272	4.8
3	Rafiki Microfinance Bank Ltd	Large	796	3,336	275	3,324	-521	-0.4
4	Branch Microfinance Bank Ltd	Medium	68	388	177	339.19	109	-12.6
5	SMEP Microfinance Bank Ltd	Medium	1,042	2,345	1,577	2,240	535	-4.5
7	Sumac Microfinance Bank Ltd	Medium	1,266	1,266	245	1,577	-1,021	24.6
6	Muungano Microfinance Bank PLc	Small	48	94	50	141.67	2	50.7
8	Caritas Microfinance Bank Ltd	Small	621	2,501	401	2,854	-220	14.1
9	Choice Microfinance Bank Ltd	Small	24	115	30	32.12	5	-72.1
10	Daraja Microfinance Bank Ltd	Small	32	101	27	107.53	-5	6.5
11	LOLC Microfinance Bank Limited	Small	27	80	60	139.51	34	74.4
12	Maisha Microfinance Bank Ltd	Small	88	478	78	337.86	-26	-29.3
13	U & I Microfinance Bank Ltd	Small	94	423	23	528.2	-16	24.9
14	Uwezo Microfinance Bank Ltd	Small	9.0	20	23	22.93	14	14.7
	Sub-Totals		**33,185**	**49,958**	**27,123**	**46,491**	**-32,913**	**-6.9**
	Grand total		**975,286**	**3,865,086**	**984,664**	**4,808,193**	**-17,473**	**6.8**

Source: Banks Published Financial Statements (December 2021 and December 2022)

APPENDIX X: MICROFINANCE BANKS BALANCE SHEET - DECEMBER 2022

		KENYA WOMEN	FAULU	RAFIKI	SMEP	CARITAS	SUMAC	LOLC	U & I	SALAAM	DARAJA	MAISHA	BRANCH*	MUUNGANO	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																
1.0	**ASSETS**															
1.1	Cash and bank balances	1,059	353	60	30	169	92	3	5	4	4	1	3	7	1	1,790
1.2	Short term deposits with banks	4,659	1,357	874	761	374	1,399	129	347	174	-	451	427	59	89	11,100
1.3	Government securities	-	4,149	380	11	425	-	-	-	-	-	-	-	-	-	4,964
1.4	Advances to customers (net)	15,810	12,975	3,473	1,412	2,154	1,540	168	1,077	0	-	142	342	236	4	39,334
1.5	Due from related organisations															
1.6	Other receivables	606	593	174	462	160	475	47	4	10	142	77	30	4	2	2,787.1
1.7	Tax recoverable	272	329	80	32	-	14	5	-	2	-	-	2	7	-	743
1.8	Deferred tax Asset	434	719	-	92	-	10	80	8	74	71	24	38	13	26	1,588
1.9	Other investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.10	Investment in associate companies	1	66	46	-	5	-	-	-	-	-	110	-	-	-	228
1.11	Intangible assets	531	1,446	63	158	9	81	12	24	50	2	23	5	17	25	2,446
1.12	Property and equipment	3,956	717	198	261	56	66	7	15	91	16	26	25	18	(5)	5,448
	TOTAL ASSETS	**27,329**	**22,704**	**5,346**	**3,219**	**3,353**	**3,678**	**451**	**1,480**	**405**	**235**	**853**	**872**	**360**	**142**	**70,427**
2.0	**LIABILITIES**															
2.1	Cash collaterals held	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Customer deposits	18,597	16,250	3,324	2,240	2,854	1,577	140	528	23	108	338	339	142	32	46,491
2.3	Borrowings	4,603	1,265	525	461	-	1,460	32	644	-	-	264	-	74	0	9,328
2.4	Deposit & balances due to banking institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.5	Deferred tax liability	-	-	-	-	-	-	1.3	-	-	-	-	-	-	-	-
2.6	Due to related organisations	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1
2.7	Other liabilities	1,535	1,955	1,147	124	107	274	47	30	69	70	63	411	11	11	5,855
	TOTAL LIABILITIES	**24,736**	**19,470**	**4,996**	**2,825**	**2,961**	**3,311**	**219**	**1,202**	**92**	**177**	**666**	**750**	**227**	**44**	**61,674**
3.0	**SHARE CAPITAL & RESERVES**															
3.1	Share capital	186	660	3,000	558	697	205	261	241	533	304	1,017	373	155	354	8,542.9
3.2	Share premium	2,851	3,770	-	15	-	123	222	-	-	27	20	250	11	5	7,294.1
3.3	Retained earnings	(562)	(1,476)	(2,700)	(334)	(337)	38	(290)	36	(220)	(273)	(848)	(502)	(32)	(261)	(7,760.9)
3.4	Revaluation reserve	96	280	-	154	(6)	-	38	-	-	-	-	-	-	-	562.4
3.5	Statutory reserve	22	-	51	-	39	-	0	-	-	-	-	1	-	-	113.3
3.6	**Total Shareholders' funds**	**2,593**	**3,234**	**351**	**393**	**393**	**367**	**231**	**278**	**312**	**58**	**188**	**122**	**134**	**99**	**8,751.8**
	TOTAL LIABILITIES AND EQUITY	**27,329**	**22,704**	**5,346**	**3,219**	**3,353**	**3,678**	**451**	**1,479.58**	**405**	**235**	**853**	**872**	**360**	**142**	**70,427**

**Unaudited Financial Statements*

Source: MFBs Published Financial Statements

APPENDIX XI: MICROFINANCE BANKS PROFIT & LOSS ACCOUNT - DECEMBER 2022

		KENYA WOMEN	FAULU	RAFIKI	SMEP	CARITAS	SUMAC	LOLC	U & I	SALAAM	DARAJA	MAISHA	BRANCH*	MUUNGANO	CHOICE*	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**	**Ksh. M**
1.1	Interest on Loan Portfolio	4,035	3,006	597	477	347	348	17	173	11	0	63	200	43	1	9,316
1.2	Fees and Commission on Loan Portfolio	536	345	45	59	43	29	5	45	0	0	5	0	13	0	1,126
1.3	Government Securities	-	497	62	1	29	-	-	-	-	-	-	-	-	-	589
1.4	Deposit and Balances with Banks and Financial Inst.	252	22	59	42	69	85	9	2	-	-	5	2	3	-	552
1.5	Other Investments	25	-	-	-	-	-	-	-	-	-	-	-	-	2	26
1.6	Other Operating Income	431	182	82	96	19	90	4	0	25	0	95	28	6	6	1,065
1.7	Non- Operating Income	14	4	-	-	(7)	-	-	-	-	-	498	-	-	-	509
	Total Income	**5,293**	**4,056**	**846**	**674**	**500**	**552**	**36**	**221**	**36**	**0**	**666**	**231**	**66**	**9**	**13,185**
2.0	**Expenses**															
2.1	Interest and Fee Expense on Deposits	1,186	1,414	192	86	121	153	9	44	0	8	45	6	10	2	3,275
2.2	Other Fees and Commissions expense	23	227	53	-	2	17	0	-	-	-	-	-	1	-	322
2.3	Provision for Loan Impairment	34	(202)	60	42	48	9	(10)	8	0	0	(10)	127	8	0	114
2.4	Staff Costs	1,683	978	383	208	119	77	39	35	24	4	39	42	16	8	3,655
2.5	Director's Emoluments	148	16	6	7	9	14	0	9	4	-	2	1	1	-	217
2.6	Rental Charges	272	116	93	61	6	20	10	1	0	-	4	5	0	4	592
2.7	Depreciation Charges	275	336	83	34	36	11	2	2	16	4	4	1	4	2	810
2.8	Amortization Charges	63	74	2	9	1	8	0	4	3	1	9	-	2	0	177
2.9	Other Administrative Expense	1,179	949	239	162	127	69	28	34	55	4	71	69	17	4	3,006
2.1	Non-Operating Expense	-	-	-	-	-	-	-	6	-	-	940	-	-	-	946
	Total Expenses	**4,864**	**3,908**	**1,110**	**609**	**468**	**377**	**77**	**143**	**102**	**21**	**1,105**	**251**	**58**	**20**	**13,114**
3.0	**Operating Profit**	**429**	**148**	**(264)**	**65**	**32**	**175**	**(41)**	**77**	**(66)**	**(21)**	**(439)**	**(20)**	**7**	**(12)**	**71**
4.0	Interest and Fee Expense on Borrowings (Finance Costs)	504	162	50	61	-	168	7	51	-	-	38	-	10	-	**1,051**
5.0	**Profit/(Loss) before tax**	**(75)**	**(14)**	**(314)**	**3**	**32**	**7**	**(48)**	**27**	**(66)**	**(21)**	**(477)**	**(20)**	**(3)**	**(12)**	**(980)**
6.0	Current Tax	4	12	-	-	-	1	-	12	-	-	21	-	-	-	**50**
6.1	Deferred Tax	-	295	-	(2)	-	-	-	(9)	(10)	-	-	-	(1)	-	**273**
7.0	**Net Profit (After Taxes and Before Donations)**	**(79)**	**(321)**	**(314)**	**5**	**32**	**6**	**(48)**	**24**	**(56)**	**(21)**	**(498)**	**(20)**	**(2)**	**(12)**	**(1,303)**
8.0	Donations for Operating Expense	22	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.0	**Net Profit After Taxes**	**(57)**	**(321)**	**(314)**	**5**	**32**	**6**	**(48)**	**24**	**(56)**	**(21)**	**(498)**	**(20)**	**(2)**	**(12)**	**(1,303)**
	Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Surplus on revaluation of building	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Deferred tax on revaluation surplus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total comprehensive income	**(57)**	**(321)**	**(314)**	**5**	**32**	**6**	**(48)**	**24**	**(56)**	**(21)**	**(498)**	**(20)**	**(2)**	**(12)**	**(1,303)**

**Unaudited Financial Statements*

Source: MFBs Published Financial Statements

APPENDIX XII: MICROFINANCE BANKS OTHER DISCLOSURES - DECEMBER 2022

		KENYA WOMEN	FAULU	RAFIKI	SMEP	CARI-TAS	SU-MAC	LOLC	U & I	SALAAM	DARAJA	MAISHA	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
1	**NON-PERFORMING LOANS AND ADVANCES**															
(a)	Gross Non-Performing Loans and Advances	4,413	4,270	2,162	598	194	490	73	42	-	41	158	47	11	4	12,502
(b)	Less: Interest in Suspense	-	949	440	239	14	-	-	18	-	26	-	14	1	5	1,705
(c)	Total Non-Performing Loans and Advances (a-b)	4,413	3,321	1,722	359	180	490	73	24	-	15	158	33	10	(1)	10,797
(d)	Less: Impairment Loss Allowance	750	3,109	248	421	67	85	32	30	-	15	140	168	6	8	5,079
(e)	**Net Non-Performing Loans (c-d)**	**3,664**	**212**	**1,474**	**(62)**	**112**	**405**	**41**	**(6)**	**-**	**(0)**	**18**	**(135)**	**5**	**(9)**	**5,718**
2	**INSIDER LOANS AND ADVANCES**															
(a)	Directors, Shareholders and Associates	78	18	-	5	2	6	-	3	-	-	1	-	3	1	118
(b)	Employees	131	267	51	7	44	19	3	17	0	0	11	5	1	1	558
(c)	**Total Insider Loans, Advances and Other Facilities**	**209**	**285**	**51**	**12**	**46**	**26**	**3**	**20**	**0**	**0**	**12**	**5**	**3**	**3**	**675**
3	**OFF-BALANCE SHEET ITEMS**															
(a)	Guarantees and Com-mitments	140	11	2,349	-	-	-	-	-	-	-	18	-	-	-	2,518
(b)	Other Contingent Liabilities	19	62	-	-	-	-	-	-	-	-	-	-	-	-	80
(c)	**Total Contigent Liabilities**	**159**	**73**	**2,349**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**18**	**-**	**-**	**-**	**2,599**
4	**CAPITAL STRENGTH**															
(a)	**Core Capital**	**2,045**	**2,169**	**332**	**115**	**351**	**338**	**113**	**271**	**236**	**(12)**	**164**	**164**	**121**	**71**	**6,479**
(b)	Minimum Statutory Capital	60	60	60	60	60	60	60	60	60	20	60	60	20	20	720
(c)	Excess/(Deficiency) (a-b)	1,985	2,109	272	55	291	278	53	211	176	(32)	104	104	101	51	5,759
(d)	Supplementary Capital	809	470	66	39	41	63	-	-	-	-	-	-		-	1,488
(e)	**Total Capital (a+d)**	**2,853**	**2,639**	**398**	**154**	**393**	**401**	**113**	**271**	**236**	**(12)**	**164**	**164**	**121**	**71**	**7,966**
(f)	**Total Risk Weighted Assets**	**20,066**	**14,943**	**4,064**	**2,272**	**2,460**	**2,469**	**344**	**767**	**185**	**161**	**484**	**454**	**282**	**180**	**49,131**
(g)	Core Capital/ Total Deposit Liabilities (%)	11	13	10	5	12	21	81	51	1030	-12	49	48	85	221	14
(h)	Minimum Statutory Ratio (%)	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
(i)	Excess/(Deficiency) (g-h) (%)	3	5	2	-3	4	13	73	43	1022	-20	41	40	77	213	6
(j)	Core Capital/ Total Risk Weighted Assets (%)	10	15	8	5	14	14	33	35	128	-8	34	36	43	40	13
(k)	Minimum Statutory Ratio (%)	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
(l)	Excess/(Deficiency) (j-k) (%)	0	5	-2	-5	4	4	23	25	118	-18	24	26	33	30	3
(m)	Total Capital/ Total Risk Weighted Assets (%)	14	18	10	7	16	16	33	35	128	-8	34	36	43	40	16
(n)	Minimum Statutory Ratio (%)	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
(O)	Excess/(Deficiency) (m-n) (%)	2	6	-2	-5	4	4	21	23	116	-20	22	24	31	28	4
5	**LIQUIDITY**															
(a)	Liquidity Ratio (%)	20	30	28	25	34	49	30	67	363	3	130	97	47	207	81
(b)	Minimum Statutory Ratio (%)	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
(c)	Excess/(Deficiency) (a-b) (%)	0	10	8	5	14	29	10	47	343	-17	110	77	27	187	61
	**Unaudited Financial Statements*															
	Source: MFBs Published Financial Statements															

APPENDIX XIII: RESIDENTIAL MORTGAGES MARKET SURVEY DECEMBER 2022

	Institution	Peer Group	December' 2021					December' 2022				
			Mortgage Outstand-ing (Ksh. M)	% of the Mort-gage Market (%)	No. of Mort-gage Accounts	Value of Mortgage Loans NPLs (Ksh. M)	Number of Accounts for Mort-gage 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 Mort-gage Loans NPLs
1	KCB Bank Kenya Ltd	Large	76,327	31.1	8,290	8,924	547	79,553	30.4	8,359	14,608	461
2	Stanbic Bank Kenya Limited	Large	31,357	12.8	2,531	3,096	291	33,099	12.6	2,706	3,764	297
3	Standard Chartered Bank Kenya Limited	Large	20,170	8.2	1,901	1,321	134	22,560	8.6	2,258	1,299	137
4	HFC Ltd	Medium	24,103	9.8	4,065	3,133	245	21,605	8.3	4,028	1,693	183
5	Absa Bank Kenya PLC	Large	15,768	6.4	1,475	671	84	18,181	6.9	1,593	1,013	107
6	NCBA Bank Kenya PLC	Large	11,057	4.5	1,376	1,329	146	16,540	6.3	1,738	1,587	184
7	Co-operative Bank of Kenya Limited	Large	13,825	5.6	823	2,008	109	13,601	5.2	825	5,383	1,124
8	Equity Bank Kenya Ltd	Large	12,544	5.1	1,855	760	142	12,842	4.9	1,780	721	151
9	Family Bank Ltd	Medium	5,796	2.4	785	684	94	12,140	4.6	868	1,678	105
10	I&M Bank Ltd	Large	4,020	1.6	352	464	38	3,890	1.5	355	384	36
11	Gulf African Bank Ltd	Small	2,315	0.9	411	158	15	3,761	1.4	327	535	63
12	Development Bank of Kenya Limited	Small	3,102	1.3	542	767	57	3,279	1.3	736	835	69
13	DIB Bank Kenya Ltd	Small	4,318	1.8	121	655	15	3,114	1.2	105	669	7
14	Bank of Baroda Ltd	Small	2,305	0.9	196	54	5	2,993	1.1	334	68	7
15	SBM Bank Kenya Limited	Medium	1,741	0.7	174	915	81	2,358	0.9	249	724	59
16	Bank of Africa Ltd	Medium	1,313	0.5	151	223	47	2,278	0.9	306	381	55
17	National Bank of Kenya Ltd	Medium	2,217	0.9	363	127	21	2,220	0.8	364	193	24
18	Consolidated Bank of Kenya Limited	Small	944	0.4	160	269	40	1,252	0.5	188	267	42
19	Diamond Trust Bank of Kenya Ltd	Large	1,125	0.5	95	84	10	1,015	0.4	91	100	12
20	Kingdom Bank Ltd	Small	949	0.4	184	798	95	949	0.4	184	798	95
21	Bank of India	Medium	584	0.2	45	8	1	663	0.3	46	2	1
22	Ecobank Kenya Ltd	Medium	535	0.2	74	80	15	618	0.2	74	144	20
23	African Banking Corpora-tion Ltd	Small	659	0.3	87	106	7	575	0.2	75	139	6
24	First Community Bank Ltd	Small	5,690	2.3	474	1,096	62	566	0.2	51	234	21
25	Guardian Bank Ltd	Small	436	0.2	38	164	4	463	0.2	30	95	2
26	Credit Bank Plc	Small	830	0.3	91	70	9	338	0.1	34	66	8
27	Spire Bank Ltd	Small	313	0.1	16	243	5	318	0.1	15	265	383
28	Victoria Commercial Bank Plc	Small	193	0.1	6	72	2	312	0.1	10	79	2
29	Prime Bank Ltd	Medium	237	0.1	18	8	2	310	0.1	29		
30	Paramount Bank Ltd	Small	251	0.1	14	26	3	244	0.1	16	41	4
31	Sidian Bank Ltd	Small	95	0.0	6	8	1	103	0.0	7	7	1
32	Middle East Bank Kenya Limited	Small	21	0.0	4	13	1	80	0.0	5	12	1
	Banks not offering Mortgage Loans											
32	Citibank N.A. Kenya	Medium										
33	Guaranty Trust Bank Ltd	Small										
34	Habib Bank A.G. Zurich	Small										
35	M-Oriental Bank Ltd	Small										
36	Access Bank Kenya Plc	Small										
37	Mayfair CIB Bank Ltd	Small										
39	UBA Kenya Bank Ltd	Small										
	Total		**245,140**	**100.00**	**26,723**	**28,333**	**2,328**	**261,820**	**100.0**	**27,786**	**37,784**	**3,666**
	Average Mortgage Loan Size (Mortgage outstand-ing loans/Number of mortgage accounts)		**9.2**					**9.4**				
	Source: Commercial Banks and Mortgage Finance Companies											

XIV BANKING CIRCULARS ISSUED 2022

Circular No.	Date	Title	Purpose
1	May 13, 2022	Expiry of Cash Reserve Ratio emergency measure	To inform the financial institutions of the expiry of the CRR emergency measure.
2	November 10, 2022	Compliance with Banking (Credit Reference Bureau) Regulations, 2020	To remind financial institutions of the requirements of the Banking (Credit Reference Bureau) Regulations, 2020.
3	November 10, 2022	Credit reports issued by Credit Reference Bureaus	To require CRBs to improve the quality of credit reports and to incorporate a statement regarding the use of customers' credit scores being used as a factor for loans, credit facilities or other financial services.
4	November 14, 2022	Credit repair framework	To provide guidance to institutions on improving the credit standing of persons and micro-enterprise sectors that were adversely impacted by the COVID-19 pandemic.
5	November 21, 2022	Additional guidance on large cash transactions	To provide additional guidance on handling large cash transactions.
6	December 5, 2022	Resumption of charges for transfers between mobile money wallets and bank accounts	To inform institutions on the expiry of the emergency measure on elimination of charges for transfers between mobile money wallets and bank accounts.

XV. A Summary of Negotiated MOUs

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) and Retirement Benefit Authority (RBA)	31.08.2009 Amended on 28.08.2013
3	Bilateral MOU between the South Africa Reserve Bank (SARB) and the Central Bank of Kenya (CBK)	01.07.2010
4	Bilateral MOU between the Central Bank of Nigeria (CBN) and the Central Bank of Kenya (CBK)	23.06.2011
5	Bilateral MOU between the Bank of Mauritius (BoM) and the 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 the Reserve Bank of Malawi (RBM) and the Central Bank of Kenya (CBK)	23.04.2013
8	Bilateral MOU between the Reserve Bank of Zimbabwe (RBZ) and Central Bank of Kenya (CBK)	15.05.2013
9	Bilateral MOU between the Bank of Zambia (BoZ) and the Central Bank of Kenya (CBK)	12.06.2013
10	Bilateral MOU between the Financial Reporting Centre and the Central Bank of Kenya (CBK)	30.09.2013
11	Bilateral MOU between the Reserve Bank of India and the Central Bank of Kenya (CBK)	16.10.2014
12	Bilateral MOU between the Bank Al-Maghrib (the Central Bank of Morocco) and Central Bank of Kenya (CBK)	26.02.2020

APPENDIX XVI: BANKS BRANCH NETWORK PER COUNTY

	County	Dec-21	Dec-22	Increase/ (Decrease)
1	Baringo	10	11	1
2	Bomet	9	9	0
3	Bungoma	17	17	0
4	Busia	11	12	1
5	Elgeyo/Marakwet	6	6	0
6	Embu	12	11	-1
7	Garissa	7	9	2
8	Homa Bay	9	10	1
9	Isiolo	10	8	-2
10	Kajiado	44	45	1
11	Kakamega	17	16	-1
12	Kericho	19	18	-1
13	Kiambu	76	77	1
14	Kilifi	33	34	1
15	Kirinyaga	17	18	1
16	Kisii	21	19	-2
17	Kisumu	39	39	0
18	Kitui	15	15	0
19	Kwale	11	11	0
20	Laikipia	17	20	3
21	Lamu	8	8	0
22	Machakos	30	31	1
23	Makueni	16	16	0
24	Mandera	3	3	0
25	Marsabit	6	7	1
26	Meru	40	40	0
27	Migori	14	14	0
28	Mombasa	112	108	-4
29	Murang'a	20	22	2
30	Nairobi City	564	573	9
31	Nakuru	61	61	0
32	Nandi	13	12	-1
33	Narok	14	14	0
34	Nyamira	6	8	2
35	Nyandarua	9	9	0
36	Nyeri	31	31	0
37	Samburu	3	4	1
38	Siaya	7	7	0
39	Taita/Taveta	11	10	-1
40	Tana River	3	3	0
41	Tharaka-Nithi	7	7	0
42	Trans Nzoia	17	16	-1
43	Turkana	6	6	0
44	Uasin Gishu	44	45	1
45	Vihiga	6	7	1
46	Wajir	4	4	0
47	West Pokot	4	4	0
	Total	**1,459**	**1,475**	**16**

Source: CBK

APPENDIX XVII: DIRECTORY OF COMMERCIAL BANKS, MORTGAGE FINANCE COMPANIES, KENYA BANKERS' ASSOCIATION, NON-OPERATING BANK HOLDING COMPANIES AND AUTHORISED REPRESENTATIVE OFFICES	
1	**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
2	**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: 25
3	**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
4	**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: 31
5	**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: 13

APPENDIX XVII: DIRECTORY OF COMMERCIAL BANKS, MORTGAGE FINANCE COMPANIES, KENYA BANKERS' ASSOCIATION, NON-OPERATING BANK HOLDING COMPANIES AND AUTHORISED REPRESENTATIVE OFFICES	
6	**Bank of India** Chief Executive Officer: Gowri Shankar Rao Sailda 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
7	**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: 3
8	**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
9	**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: 156
10	**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: 18

APPENDIX XVII: DIRECTORY OF COMMERCIAL BANKS, MORTGAGE FINANCE COMPANIES, KENYA BANKERS' ASSOCIATION, NON-OPERATING BANK HOLDING COMPANIES AND AUTHORISED REPRESENTATIVE OFFICES	
11	**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: 2
12	**DIB Bank Kenya Limited** Ag. Chief Executive Officer: Ms. Rose Kagucia 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: 5
13	**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: 70
14	**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: 18
15	**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:190

APPENDIX XVII: DIRECTORY OF COMMERCIAL BANKS, MORTGAGE FINANCE COMPANIES, KENYA BANKERS' ASSOCIATION, NON-OPERATING BANK HOLDING COMPANIES AND AUTHORISED REPRESENTATIVE OFFICES	
16	**Family Bank Limited** Managing Director and CEO: Ms. Rebecca Mbithi 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: 92
17	**First Community Bank Ltd** Chief Executive: Mr. Osman Dualle Postal Address: P.O. Box 26219-00100, Nairobi Telephone numbers:020-2843000 Fax: N/A Email: queries@fcb.co.ke Website: www.first communitybank.co.ke Physical Address: FCB Mihrab, Mezzanine 1 Lenana Road/Ring Road Kilimani, Nairobi Date Licensed: 29-04-2008 Peer Group: Small Number of Branches:18
18	**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
19	**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
20	**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: 17

APPENDIX XVII: DIRECTORY OF COMMERCIAL BANKS, MORTGAGE FINANCE COMPANIES, KENYA BANKERS' ASSOCIATION, NON-OPERATING BANK HOLDING COMPANIES AND AUTHORISED REPRESENTATIVE OFFICES	
21	**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
22	**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: 40
23	**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
24	**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: 203
25	**Mayfair CIB Bank Limited** Managing Director: Mr. Hossam Rageh Postal Address: P.O. Box 2051-00606, Nairobi Telephone numbers: +254 20 3951 000/ + 254 709 063 000 Fax: N/A Email: info@mayfair-bank.com Website: www.mayfair-bank.com Physical Address: KAM House, Mezzanine Floor, Mwanzi Road, Westlands, Nairobi Date Licensed: 20-06-2017 Peer Group: Small Branches: 5

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26	**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
27	**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: 7
28	**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: 78
29	**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: 82
30	**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

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31	**Prime Bank Ltd** Chief Executive Officer: Mr. Rajeer 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 Number of Branches: 22
32	**SBM Bank (Kenya) Ltd** Managing Director: Mr. Moezz Mahmood Mir Postal Address: P.O. Box 34886, Nairobi Telephone: (254) (20) 2242348 / 2248842 / 2244187 Fax: +254-20-2243389/2245370 Emailsbm@sbmgroup.mu Web: https://www.sbmgroup.mu/ Physical Address: Riverside Mews, Nairobi Date Licensed:07-03-1996 Peer Group: Medium Branches: 53
33	**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: 42
34	**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: 12
35	**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: 26

APPENDIX XVII: DIRECTORY OF COMMERCIAL BANKS, MORTGAGE FINANCE COMPANIES, KENYA BANKERS' ASSOCIATION, NON-OPERATING BANK HOLDING COMPANIES AND AUTHORISED REPRESENTATIVE OFFICES	
36	**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: 26
37	**UBA Kenya Bank Limited** Chief Executive Officer: Mr. Chike Isiuwe Postal Address: P.O. Box 34154 - 00100 Nairobi Telephone numbers: +254 711027099 / +254 203612099 Fax: N/A Email: cfckenya@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: 3
38	**Victoria Commercial Bank Plc** Managing Director: 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: 5
B: MORTGAGE FINANCE COMPANIES	
1	**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: 22
C. KENYA BANKERS ASSOCIATION	
1	Chief Executive Officer: Dr. Habil Olaka 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

APPENDIX XVII: DIRECTORY OF COMMERCIAL BANKS, MORTGAGE FINANCE COMPANIES, KENYA BANKERS' ASSOCIATION, NON-OPERATING BANK HOLDING COMPANIES AND AUTHORISED REPRESENTATIVE OFFICES	
D. NON-OPERATING BANK HOLDING COMPANIES	
1	**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
2	**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
3	**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
4	**I&M Holdings PLC** Licensed Subsidiary: I&M Bank Kenya Ltd Postal Address: P.O. Box 30238-00100, Nairobi Telephone: +254 20 322 1000, +254 719 088 000, +254 732 100 000, +254 753 221 000 E-mail: invest@imbank.co.ke Website: www.imbank.com Physical Address: 1 Park Avenue, First Parklands Avenue. Date Authorised: 13th May 2013
5	**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
6	**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

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7	**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
8	**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
E. AUTHORISED REPRESENTATIVE OFFICES	
1	**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: 29th June 2012
2	**Bank of Kigali PLC- Kenya Representative Office** Acting Chief Representative Officer: Ms. Christa Sangwa Postal Address: P.O. Box 73279-00200 GPO – Nairobi, Kenya Telephone No.: +254 (20) 2711076 E-mail: csangwa@bk.rw lmukuha@bk.rw Physical Address: Ground Floor, Capitol Hill Square, Off Chyulu Road, Upper Hill, Nairobi Date Authorised: 12th February 2013
3	**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: 29th November 2011
4	**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: 26th June 2008

APPENDIX XVII: DIRECTORY OF COMMERCIAL BANKS, MORTGAGE FINANCE COMPANIES, KENYA BANKERS' ASSOCIATION, NON-OPERATING BANK HOLDING COMPANIES AND AUTHORISED REPRESENTATIVE OFFICES	
5	**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: 27th November 2014
6	**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: 18th June 2010
7	**Co-operatieve 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: 5th June 2014
8	**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: 28th August 2017
9	**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: 9th April, 2018
10	**Banque Misr - S.A.E. – Kenya Representative Office** Chief Representative Officer: Ms. Elizabeth Machua - Muriungi Postal Address: P.O Box 25300 – 00603, Nairobi Telephone: 020 8698340 E-mail: EMachua@banquemisr.com; NairobiRepOfficeSupportTeam@banquemisr.com Website Address: http://www.banquemisr.com Physical Address: Merchant Square - Block D, Ground Floor, Riverside Drive Date Authorised: 29th July 2022

APPENDIX 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: 6
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	**Daraja Microfinance Bank Limited** Ag. Chief Executive Officer: Ms. Jane Mwangi Postal Address: P.O Box 100854 - 00101, Nairobi Telephone: +254 – 020 – 3879995, 0733988888, 0707444888, 0718444888 Email: info@darajabank.co.ke Website: www.darajabank.co.ke Physical address: Daraja House, Karandini Road, off Naivasha Road, Nairobi Date Licensed: 12.01.2015 Branches: 2
5	**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

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6	**Kenya Women Microfinance Bank PLC.** Managing Director: Mr. James Mwangi Githaiga Postal Address: P.O Box 4179 – 00506, Nairobi Telephone: +254 – 020 – 3067000, 2470272-5/2715334-5, 0729 920920, 0732633332, 0703067000 Email: info@kwft.com Website: www. kwft.com Physical address: KWFT House, Kiambere Road/Masaba Road Junction, Upper Hill, Nairobi Date Licensed: 31.03.2010 Branches: 28
7	**LOLC Microfinance Bank PLC.** Chief Executive Officer: Mr. Gregory Siro Odongo 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
8	**Maisha Microfinance Bank Limited** Chief Executive Officer: Mr. Ireneus Gichana Postal Address: P.O Box 49316 - 00100, Nairobi Telephone: +254 – 020 – 2220648, 0736028982, 0792002300 Email: info@maishamfbank.co.ke Website: www.maishabank.com Physical address: Chester House, 2nd Floor, Koinange Street, Nairobi Date Licensed: 21.05.2016 Branches: 2
9	**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
10	**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

APPENDIX XVIII: DIRECTORY OF MICROFINANCE BANKS	
11	**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
12	**SMEP Microfinance Bank Limited** Chief Executive Officer: Mr. Symon Kamore Postal Address: P.O. Box 64063 – 00620, Nairobi Telephone: +254 – 020 – 3572799, 2055761, 2673327/8, 0711606900 Email: info@smep.co.ke Website: www.smep.co.ke Physical address: SMEP Building - Kirichwa Road, Off Argwings Kodhek Road, Nairobi Date Licensed: 14.12.2010 Branches: 7
13	**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: 5
14	**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

APPENDIX XIX; DIRECTORY OF CREDIT REFERENCE BUREAUS	
1	**Credit Reference Bureau Africa Limited (Trading as TransUnion)** 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, 2nd Floor, Ring Road, Westland, Nairobi Date Licensed: 09.02.2010
2	**Creditinfo Credit Reference Bureau Kenya Limited** 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** 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, 15th Floor - Kenya Road, Upper Hill, Nairobi Date Licensed: 06.04.2011

APPENDIX XX: DIRECTORY OF FOREIGN EXCHANGE BUREAUS

No.	Name of Bureau	Location	E-mail Address
1	Alpha Forex Bureau Ltd P. O. Box 476 - 00606 Nairobi Tel: 4451435/7	Pamstech House Woodvale Grove Westlands, Nairobi	alphaforexbureau@hotmail.com
2	Aristocrats Forex Bureau Ltd P. O. Box 10884 -00400 Nairobi Tel: (020) 2228080	Keinidia House, Loita Street, Mombasa.	aristoforex@nbi.ispkenya.com aristocratsforex@gmail.com
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@yahoo.com
5	Bay Forex Bureau (Nairobi) Ltd P. O. Box 46154 - 00100 Nairobi Tel: 0704482421/0700-510000	280 Annex Building, Eastleigh, Nairobi	bayforex@yahoo.com
6	Boston Forex Bureau Ltd P.O. Box 11076 - 00400 Nairobi Tel: 0205249664/ 0732622429/ 0702022429	Ameer Centre, Westlands, Nairobi	marioshah_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
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
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
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
12	Continental Forex Bureau Ltd P. O. Box 49580 - 00100 Nairobi Tel: (020) 5101078	Old Mutual Building, Ground Floor, Kimathi Street, Nairobi	continentalforex@yahoo.com
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
14	Electron Forex Bureau Ltd P. O. Box 2466 - 00100 Nairobi Tel: 0713105944	Prudential Assurance Building, Nairobi	electronforex1@gmail.com
15	Forex Bureau Afro Ltd P. O. Box 100414 - 00101 Nairobi Tel: 2222950/2250676/222950	Jamia Plaza Kigali Street Nairobi	forexafro@gmail.com
16	Fesaki Bureau De Change Ltd P. O. Box 44207-00100 Nairobi Tel: 0742202040/0752101020	Adlife Plaza, Hurlingham, Nairobi	kimolifk@taxplan.co.ke.

APPENDIX XX: DIRECTORY OF FOREIGN EXCHANGE BUREAUS

No.	Name of Bureau	Location	E-mail Address
17	Gala Forex Bureau Ltd P. O. Box 35021- 00100 Nairobi Tel: 020-2210346 Mobile: 0717729772/ 0712095004	20th Century, 1st Floor Mama Ngina/ Kaunda Street, Nairobi	galaforexbureau@gmail.com
18	Gateway Forex Bureau Ltd P. O. Box 11500 - 00100 Nairobi Tel: 020-2212945/55	Town House, Kaunda Street, Nairobi	info@gatewayforex.co.ke
19	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
20	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
21	Glory Foreign Exchange Bureau Ltd P. O. Box 42909 - 00100 Nairobi Tel: 2244333/2241164/2243115	Norwich Union House Kimathi Street, Nairobi	gloryforex@yahoo.com
22	GNK Forex Bureau Ltd P. O. Box 14297 - 00100 Nairobi Tel: 890303/2461598	The Great Jubilee Shopping Centre, Ground Floor, Langata Road, Nairobi	gnkforex@gmail.com
23	Green Exchange Forex Bureau Ltd P. O. Box 20809 - 00100 Nairobi Tel: 0202214547/8/9	Emperor Plaza, Ground Floor, Koinange Street, Nairobi	greenexchangeforexbureau@yahoo.com
24	Industrial Area Forex Bureau Ltd P. O. Box 45746 - 00100 Nairobi Tel: 020-3755456/0711768786	Diamond Plaza, Parklands, Nairobi.	indafx@gmail.com
25	Island Forex Bureau Ltd P. O. Box 84300- 80100 Mombasa Tel: 041-2223988/ 2229626	Abdulrasul Inst. Building, Makadara Road, Moi Avenue, Mombasa	islandforex1@hotmail.com
26	Junction Forex Bureau Ltd P. O. Box 43888 - 00100 Nairobi Tel: 3861268/9, 0725-852840	The Junction Shopping Mall, Ngong Road/ Dagoreti Corner, Nairobi	junctionforexbureaultd@yahoo.com
27	Kaitmat Forex Bureau Ltd P. O. Box 102330 - 00101 Nairobi Tel: 0722397661	Uniafric House, Koinange Street, Nairobi	info@taipanforex.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	Kifaru Forex Bureau Ltd P. O. Box 14433-00100 Nairobi Tel: 0728581255,0733903024	Ground Floor, Regal Plaza, Parklands, Nairobi	kifarufxb@gmail.com, timz_77@yahoo.com
31	La'che Forex Bureau Ltd P. O. Box 13464 - 00800 Nairobi Tel: (020) 2221305/6	Mirage Towers, Chiromo Road, Nairobi.	lachekenya@gmail.com

APPENDIX XX: DIRECTORY OF FOREIGN EXCHANGE BUREAUS

No.	Name of Bureau	Location	E-mail Address
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
33	Link Forex Bureau Ltd P. O. Box 11659 - 00400 Nairobi Tel: 0734-542903	Uganda House – Arcade, Kenyatta Avenue, Nairobi	linkforexbureau@yahoo.com
34	Magnum Forex Bureau De Change Ltd P. O. Box 46434 - 00100 Nairobi Tel: 652532/0732736575	Adlife Plaza, Kilimani, Nairobi	magnumkenya@gmail.com
35	Maritime Forex Bureau Ltd P. O. Box 43296 - 80100 Mombasa Tel: 041- 319175/6/7/0734244644	Hassanali Building, Nkrumah Road, Mombasa	info@maritimeforex.com
36	Middletown Forex Bureau Ltd P. O. Box 41830 – 00100 Nairobi Tel: 2211227/2211798	Westminister House, Kaunda Street, Nairobi	mtforexbureau@gmail.com
37	Mona Bureau De Change Ltd P. O. Box 46180 – 00100 Nairobi Tel: 020 828111/2, Cell: 0724522256	Panari Centre, Mombasa Road Nairobi	monaraj@ymail.com; monaforex@ymail.com
38	Moneypoint Forex Bureau Ltd P. O. Box 3338 - 00100 Nairobi Tel No. 0720-393049	AQSA House, Ground Floor, 1st Avenue, 7th Street, Eastleigh, Nairobi	moneypointforex@gmail.com;moneypointforex@hotmail.com
39	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
40	Mustaqbal Forex Bureau Ltd P. O. Box 100745 – 00101 Nairobi Tel: 020-6766650/0769009625	Mosque House, 6th Street, Eastleigh, Nairobi	mustaqbalforex@yahoo.com
41	Muthaiga-ABC Forex Bureau Ltd P. O. Box 63533 – 00619, Nairobi Tel: 020-2135761 Cell: 0715/0736 - 123456	Triad Building, Muthaiga Road, Nairobi	mfbfx@mafxgroup.com; adminoffice@mafxgroup.com
42	Nairobi Bureau De Change Ltd P. O. Box 644 – 00624, Village Mkt, Nairobi Tel: 822158	Unit 2 Jomo Kenyatta International Airport, Nairobi	info@nairobibureau.com
43	Namanga Forex Bureau Ltd P. O. Box 12577 – 00100 Nairobi Tel: 0721466737/0732412157	Muindi Mbingu Street, Nairobi	namangaforexbureaubranch@gmail.com
44	Nawal Forex Bureau Ltd P. O. Box 10715 – 00100 Nairobi Tel: 2720111/0720242578	Chaka Place, Chaka Road, Nairobi	nawalforexbureau@yahoo.com
45	Offshore Forex Bureau Ltd P. O. Box 26650 – 00100 Nairobi Tel: 020 – 310837/8	Cianda House, Ground Floor, Koinange Street, Nairobi	offshoreforex@hotmail.com
46	Pacific Forex Bureau Ltd P. O. Box 24273 – 00100 Nairobi Tel. 020-5100940/310882	Lonhro House, Standard Street, Nairobi	pacificbc@yahoo.com

APPENDIX XX: DIRECTORY OF FOREIGN EXCHANGE BUREAUS

No.	Name of Bureau	Location	E-mail Address
47	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
48	Pearl Forex Bureau Ltd P. O. Box 58059 – 00200 Nairobi Tel: 2724769/ 2724778	Hurlingham Shopping Centre, Unipen Flats, Nairobi	pearlforex@rocketmail.com
49	Pel Forex Bureau Ltd P. O. Box 957 - 40100 Kisumu Tel: 057-2024134/2044425	Allmamra Plaza Oginga Odinga Road, Kisumu	pelforex@gmail.com
50	Pwani Forex Bureau Ltd P. O. Box 41572 - 80100 Mombasa Tel: 041-2221727/2221734/ 2221845	Mombasa Block 404 XV11/M1 Abdel Nasser Road, Mombasa	pwaniforex@yahoo.com
51	Rand Forex Bureau Ltd P. O. Box 30923 - 00100 Nairobi Tel: 0722200815	The Waterfront Mall, Karen, Nairobi	info@randforex.co.ke
52	Regional Forex Bureau Ltd P. O. Box 634 – 00100, Nairobi Tel. 020-3311953	Kimathi House, Kimathi Street, Nairobi	regionalfx@gmail.com
53	Rift Valley Forex Bureau Ltd P. O. Box 12165 - 20100 Nakuru Tel: 051-2212495/2210174	Merica Hotel Building, Court Road, Nakuru	info@riftvalleyforex.co.ke
54	Satellite Forex Bureau Ltd P. O. Box 43617- 00100 Nairobi Tel: 2218140/1, Cell: 0721-411300	City House, Standard Street, Nairobi	satelliteforexbureaultd2@hotmail.com
55	Simba Forex Bureau Ltd P. O. Box 66886 – 00800 Nairobi Tel. 020 - 445995, 0723598662	Moi International Airport, Mombasa	simbaforexmombasa@gmail.com
56	Sisi Forex Bureau Ltd P.O. Box 60770 - 00200 Nairobi Tel: 2445846/0722-382995	Agip House, Haile Selasie Avenue, Nairobi	sisiforex@sisi.co.ke.
57	Sky Forex Bureau Ltd P. O. Box 26150 - 00100 Nairobi Tel: 020-2242062/3	20th Century, Mama Ngina/ Kaunda Street, Nairobi	skyforexbureau100@gmail.com
58	Solid Exchange Bureau Ltd P. O. Box 19257- 00501 Nairobi Tel: 822922/0722-853769	Jomo Kenyatta International Airport -Unit 2, Nairobi	solidexchangebureau@yahoo.com
59	Southend Forex Bureau Ltd P. O. Box 3321 - 00506 Nairobi Tel: 0722844598, 0719806999	Pewin House, Wilson Airport, Nairobi	southendforexbureaultd@gmail.com
60	Springs Forex Bureau Ltd P.O. Box 15913 - 00100 Nairobi Tel: 0711796625	Medina Mall, Ground Floor, Eastleigh, Nairobi.	springsforex@gmail.com
61	Sterling Forex Bureau Ltd P. O. Box 43673 - 00200 Nairobi Tel: 2228923/340624	Laxmi Plaza, Biashara Street, Nairobi	info@sterlingforexbureau.com
62	Sunny Forex Bureau Ltd P. O. Box 41257 - 00100 Nairobi Tel: 2252013	Valley Arcade Mall, Nairobi	sunnyfoexbureau@yahoo.com

APPENDIX XX: DIRECTORY OF FOREIGN EXCHANGE BUREAUS

No.	Name of Bureau	Location	E-mail Address
63	The Palm Forex Bureau Ltd P. O. Box 1703 - 00100 Nairobi Tel: 0727111450	Caxton House, Kenyatta Avenue, Nairobi	thepalmforex@gmail.com
64	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
65	Travellers Forex Bureau Ltd P. O. Box 13580 - 00800 Nairobi Tel: 447204/5/6	The Mall, Ring Road Westlands, Nairobi	bmawjee@hotmail.com
66	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
67	Union Forex Bureau Ltd P. O. Box 430- 00606 Nairobi Tel: 4441855/4448327/4447618	Sarit Centre, Lower Kabete Road, Westlands, Nairobi	unionforex@hotmail.com
68	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
69	View Forex Bureau Ltd P.O Box 1428 - 00610 Nairobi Tel: 0729232380	New Stanley Building, Nairobi	mohamudhaji28@gmail.com
70	Wallstreet Bureau De Change Ltd P. O. Box 6841- 30100 Eldoret Tel: 053-2062907/0733665555	Bargetuny Plaza, Uganda Road, Eldoret	wallstreet756@gmail.com
71	Westlands Forex Bureau Exchange Ltd P. O. Box 45746 - 00100 Nairobi Tel: 4442385/6	Westgate Mall, Nairobi	info@westforex.co.ke
72	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

APPENDIX XXI: DIRECTORY OF MONEY REMITTANCE PROVIDERS			
No.	**Name of Bureau**	**Location**	**E-mail Address & Fax**
1	Airtel Money Transfer Ltd P.O. Box 73146 – 00200, Nairobi Tel: 0734110000	Parkside Towers, Mombasa Road,Nairobi	corporatecommunications@ke.airtel.com
2	Afrisend Money Transfer Ltd P.O. Box 1145 – 00606, Nairobi Tel:+254111050640	Stellato Mall, Muthithi Road, Westlands, Nairobi.	info@afrisend.com
3	Amal Express Money Transfer Ltd P.O. Box 3165 – 00100, Nairobi Tel:+254722878597/ 0723281122	1.Amal Plaza, 1st Avenue, 6th Street, Eastleigh, Nairobi	Info@amalexpress.co.ke
4	Amana Money Transfer Ltd P.O. Box 68578 – 00622, Nairobi Tel : 0722553725/ 0720939325	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 Complex, 2nd Floor, 1st Avenue, 6th Street, Eastleigh, Nairobi	Nbiinfo@bakaal.com
6	Dahabshill Money Transfer Company Limited P.O. Box 68991 – 00622, Nairobi Tel:2222728/9 / 0720169999	20th Century Building, Standard Street, Nairobi.	Ken.dmtc@dahabshiil.com
7	Flex Money Transfer Limited P.O. Box 23786-00100, Nairobi Tel: 020-3861100/ 0715919391	Green House, Adams Arcade, Ngong Road, Nairobi	Info@flex-money.com
8	Hodan Global Money Remittance & Exchange P.O. Box 68811 – 00622, Nairobi Tel:2084862	Portal Place Building, Muindi Mbingu Street, Nairobi	Info@hodanglobal.net hodanforex2008@hotmail.com
9	Iftin Express Money Transfer Limited P.O. Box 100184 – 00101, Nairobi Tel: 2629818 / 0713105944	Portal Place Building, Muindi Mbingu Street, Nairobi	Iftinforex@gmail.com
10	Juba Express Money Transfer Limited P.O. Box 16567 – 00100, Nairobi Tel: 2240540, 0727699669 / 0772699669	Hamilton House, Kaunda Street, Nairobi	Info@jubaexpress.co.ke

APPENDIX XXI: DIRECTORY OF MONEY REMITTANCE PROVIDERS

No.	Name of Bureau	Location	E-mail Address & Fax
11	Kaah Express Money Transfer Limited P.O. Box 10327 – 00400, Nairobi Tel: 0206767494/604 / 0724710153	Nairobi- 2nd Avenue, 8th Street, Eastleigh. Posta road in Garissa.	Kaahexpress.kenya@gmail.com
12	Mobex Money Transfer Servces Limited P.O. Box 1956 - 00621, Nairobi Tel: 0733701243 / 0731005504	Park Place Business Centre, Parklands 2nd Avenue, Nairobi.	Contactus@terrapay.com Regulatory@terrapay.com
13	Mukuru Money Transfer Ltd P. O. Box 764 – 00606 Sarit Centre, Nairobi Tel:0736219056, 0708047188/9	YTL Plaza, Ngara Road, Nairobi	Andre@mukuru.com
14	Real Value Money Transfer Limited P.O. Box 26530-00100, Nairobi Tel:0721297906	Shariff Complex, Athumani Kipande Road off 5th Avenue, Eastleigh, Nairobi.	Realvaluemtransfer@gmail.com
15	Safaricom Money Transfer Services Ltd P. O. Box 66827 – 00800, Nairobi Tel: 20 4273272, 0722003272 /0722000000	Safaricom House, Waiyaki Way, Westlands, Nairobi	Ceo@safaricom.co.ke
16	Taaj Money Transfer Ltd P.O. Box 47583 – 00100, Nairobi Tel: 020-2321972 / 0700420700 / 0732420777	Shariff Complex, Kipande Athumani Street, Eastleigh,Nairobi	Globalfrx@gmail.com
17	Tawakal Money Transfer Ltd P.O. Box 71623 – 00610, Nairobi Tel : 6766171, 0722146643	City House, Standard Street, Nairobi.	Info@tawakalmoneytransfer.com
18	Upesi Money Transfer Ltd P.O Box 60776-00200, Nairobi Tel:0726499656 / 0726500404	3rd Floor Morningside Office Park, Ngong Road, Nairobi	Info@upesi.co.ke
19	Wapi Money Transfer Limited P. O. BOX 12248 - 00100 ,Nairobi Tel: +254711158256	7th Floor, Westside, Lower Kabete Road, Westlands, Nairobi.	endichu@wapicapital.com/ pndichu@wapicapital.com

XXII: DIRECTORY OF MORTGAGE REFINANCE COMPANIES	
1.	**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

APPENDIX XXIII: DIRECTORY OF DIGITAL CREDIT PROVIDERS	
1	**Anjoy Credit Limited** Postal Address: P.O. BOX 14100 - 00100. Telephone: +254769984360 Email: Info@anjoycredit.com Physical Address: Transnational House 1st Floor, Mama Ngina Street.
2	**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
3	**Ceres Tech Limited** Postal Address: P.O. Box 50047 – 00100, GPO, Nairobi Telephone: +254702038679 Email: muthongeken@gmail.com Physical Address: Uncle Two Apartment, Fedha Estate, Church Road
4	**Colkos Enterprises Limited** Postal Address: P.O. Box 11203 – 00100, GPO, Nairobi Telephone: +254722253228 Email: colkos2019@gmail.com Physical Address: Monomatapa Court, House No. 2, Oledume Road
5	**EDOMX Limited** Postal Address: P.O. Box 797-00606, Nairobi Telephone: +254701220220 Email: info@edomx.com Physical Address: The Address, 16th Floor, Muthangari Drive, Westlands
6	**Extend Money Service Limited** Postal Address: P.O. Box 21735 – 00100, Nairobi Telephone: +254722528349 Email: skamau@extend.co.ke Physical Address: 4th Floor, Suite 6G, Vision Plaza, Mombasa Road, Nairobi
7	**Fourth Generation Capital Limited** Postal Address: P.O. Box 4916-00100, Nairobi Telephone: +254113862239 Email: legal@4g-capital.com Physical Address: Africa Reit Lane, Africa Reit House, Nairobi
8	**Getcash Capital Limited** Postal Address: P.O. Box 15682-00503, Mbagathi, Nairobi Telephone: +254721264009 Email: fwtuse@gmail.com Physical Address: Devcon House, Lunga Lunga

APPENDIX XXIII: DIRECTORY OF DIGITAL CREDIT PROVIDERS	
9	**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
10	**Inventure Mobile Limited (Trading as Tala)** Postal Address: P.O. Box 35523 – 00100, Nairobi Telephone: +254113810895 Email: legal-ke@tala.co Physical Address: 7th Floor Block 1, Chiromo Road Building, Eden Square Complex, Nairobi
11	**Jijenge Credit Limited** Postal Address: P.O. Box 9578 – 00200, Nairobi Telephone: +254722843770 Email: petermacharia@jijengecredit.com Physical Address: Town House, Kaunda Street
12	**Jumo Kenya Limited** Postal Address: P.O. Box 4916 – 00100, Nairobi Telephone: +254787777771 Email: contact@jumo.world Physical Address: ICEA Lion Centre, Harambe Avenue and Riverside Park, 5th Floor, West Wing, Chiromo Road, Westlands, Nairobi
13	**Kweli Smart Solutions Limited** Postal Address: P.O. Box 53431-00200, Nairobi Telephone: +254722519148 Email: sema@ksmart.tech Physical Address: 6th Floor, Senteu Plaza (ihub), Galana Road
14	**Letshego Kenya Ltd** Postal Address: P.O. Box 52926 – 00200, Nairobi Telephone: +254730687000 Email: Kenya@letshego.com Physical Address: 316 Chambers, 2nd Ngong Avenue, Upper Hill, Nairobi
15	**Little Pesa Limited** Postal Address: P.O Box 39886 - 00623 Telephone: +254746510778/+254710490126/+254746510781 Email: Info@littlepesa.com Physical Address: Reliable Towers, Mogotio Road, Westlands.
16	**MFS Technologies Limited** Postal Address: P.O. Box 43250 – 00100, Nairobi Telephone: +254722730336 Email: info@mfs.co.ke Physical Address: Capital West Business Centre, Corner of Lantana and Raphta Road, Nairobi

APPENDIX XXIII: DIRECTORY OF DIGITAL CREDIT PROVIDERS	
17	**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
18	**Mwanzo Credit Limited** Postal Address: P.O. Box 33 – 00100, Nairobi Telephone: +254729670100 Email: infomwanzocreditltd@gmail.com Physical Address: Newton House, Deliverance Road
19	**Mycredit Limited** Postal Address: P.O. Box 21798 – 00100, Nairobi Telephone: +254711349805 Email: info@mycredit.co.ke Physical Address: ABSA Towers, Loita Street, Nairobi
20	**MyWagepay Limited** Postal Address: P.O. Box 43844-00200, Nairobi Telephone: +254727062060 Email: bwangai2015@gmail.com Physical Address: View Estate, 5th Floor, Room 503C, Mirema Road
21	**Natal Tech Company Limited** Postal Address: P.O. Box 306 – 00241, Kitengela Telephone: +254727279380/+254(02)114612792 Email: nataltech2022@gmail.com Physical Address: Jarju House, Namanga Road, Kitengela
22	**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
23	**Okolea International Limited** Postal Address: P.O Box 75474 – 00200 Telephone: +254792900958 Email: wilson@okolea-international.com Physical Address:1st Floor, Venus Complex, Office No.4111, Nairobi
24	**Pezesha Africa Limited** Postal Address: P.O. Box 22986 – 00505, Nairobi Telephone: +254755768547 Email: hello@pezesha.com Physical Address: Rosami Court, Muringa Road, Office No. 2, Nairobi
25	**Rewot Ciro Limited** Postal Address: P.O. Box 15073 - 00400 Tom Mboya Street, Nairobi Telephone: +254715464554 Email: rewotafrica@gmail.com Physical Address: Keekorok Builiding, Keekorok Road
26	**Risine Credit Limited** Postal Address: P.O. Box 25347 – 00603, GPO, Nairobi Telephone: +254113231996 Email: noelokoth44@gmail.com Physical Address: Ukigai Ofice Ninety JGO, James Gichuru Road

APPENDIX XXIII: DIRECTORY OF DIGITAL CREDIT PROVIDERS	
27	**Sevi Innovation Limited** Postal Address: P.O. Box 41987 – 00100, Nairobi Telephone: +254709473003/+254729062298 Email: pmwaura@mwc.legal Physical Address: Luthers Plaza, Nyerere Road
28	**Sokohela Limited** Postal Address: P.O. Box 34-00502, Nairobi Telephone: +254728915511 Email: nonyango7@gmail.com Physical Address: Capri Plaza, Naivasha Road, Kawangware
29	**Tenakata Enterprises Limited** Postal Address: P.O. Box 21605 – 00505, Nairobi Telephone: +254728888863 Email: info@tenakata.com Physical Address: 8th Floor, Pineplaza, Kaburu Drive, Kilimani, Nairobi
30	**Umoja Fanisi Limited** Postal Address: P.O. Box 44165 – 00100, Nairobi Telephone: +254723623323 Email: info@umojafanisilimited.com Physical Address: Fanisi House, Mbaazi Road, Lavington, Nairobi
31	**Zanifu Limited** Postal Address: P.O. Box 30624 – 00200, Nairobi Telephone: +254711558453 Email: steve@zanifu.com Physical Address: Kenrail Towers, 4th Floor, Mkungu Close, Nairobi
32	**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

Central Bank of Kenya

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

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