

CSDs: CBK (Kenya), CDSC (Kenya)

Date: 04 Feb 2009

SMI Markets: Kenya

CMIRR Markets: Kenya

## Amendments to the Banking Act

The Finance Act 2008, which amended the Banking Act, came into force on 1 January 2009. The Act provides for an enhancement of the minimum core capital from KES 250 million to KES 1 billion by end of 2012 for banks and mortgage finance companies. This enhancement is scheduled as follows:

Compliance Date: Minimum Core Capital

- 31 December 2009: KES 350 million
- 31 December 2010: KES 500 million
- 31 December 2011: KES 700 million
- 31 December 2012: KES 1,000 million

All institutions whose core capital is currently below KES 1 billion should submit to the BCK a time-bound core capital build-up plan by 1 March 2009. The plan should clearly state how the institution intends to comply with the enhanced minimum core capital requirements.

## CSD Risk Impact

### CBK (Kenya)

CSD Rating: BBB

CSD Flash Impact: Positive

Impacted Risk Type: Counterparty Risk

Current Rating = BBB

Flash Impact = Positive

The increase of the minimum core capital requirements for banking institutions should strengthen the market infrastructure as market participants will be more robust financially; thus improving the quality of participants and reducing the risk of default. This will have a 'Positive' impact on Counterparty Risk.

### CDSC (Kenya)

CSD Rating: A-

CSD Flash Impact: Positive

Impacted Risk Type: Counterparty Risk

Current Rating = A-

Flash Impact = Positive

The increase of the minimum core capital requirements for banking institutions should strengthen the market infrastructure as market participants will be more robust financially; thus improving the quality of participants and reducing the risk of default. This will have a 'Positive' impact on Counterparty Risk.

## Market Information Impact

### Kenya

This information affects the data contained in the Market Entry Requirements sections of the Securities Market Information Service.

## Infrastructure Risk Ratings Impact

### Kenya

Market Rating: BBB

Market Flash Impact: Positive

Impacted Risk Type: Counterparty Risk

Current Rating = BBB

Flash Impact = Positive

The increase of the minimum core capital requirements for banking institutions should strengthen the market infrastructure as market participants will be more robust financially; thus improving the quality of participants and reducing the risk of default. This will have a 'Positive' impact on Counterparty Risk.

---

### For further information contact:

Ana Giraldo - Americas and Eurasia

Peter Katz - Asia Pacific

Jim Micklethwaite - Western Europe (incl. EU)

Barry Morales - Africa, Middle East

Tel: (+44) 20 7830 8300 | Fax: (+44) 20 7287 1549

Email: [cmiqueries@thomasmurray.com](mailto:cmiqueries@thomasmurray.com)

*Whilst reasonable care has been taken in the compilation of this information, neither Thomas Murray, its affiliates or information contributors shall have any liability for any errors, omissions, delays or inadequacies in the information or for any loss or damage however occasioned (whether arising directly or indirectly), to any person or company relying on this information, or any decision made, action or inaction taken by any party in reliance upon this information (except to the extent permitted by law).*

---

© Thomas Murray Ltd. 2009

