

# Annual Report & Accounts

for the year ended 30<sup>th</sup> June 2007



Deposit Protection  
Fund Board

## Vision

The vision of the Deposit Protection Fund Board (DPFB) is to attain international standards of efficiency and the best practices in deposit insurance and liquidation of financial institutions.

## Mission

The mission of the DPFB is to enhance public confidence in the nation's financial system by providing a sound safety net whereby all depositors' funds held by institutions are sufficiently insured against loss as a result of bank failure. The Board is also mandated to be the liquidator of any institution that is deemed to be insolvent, and part of its mission is to ensure a diligent liquidation process for maximum benefit of all creditors.

## Objectives

The DPFB was established under Section 36 of the Banking Act, Chapter 488 of the Laws of Kenya as an autonomous body corporate. The principal objectives of the Board are to provide a deposit insurance scheme for customers of member institutions and to wind up the operations of any institution in respect of which the Board is appointed as a liquidator. Complementary objectives are to hold, manage and apply funds levied as contributions from member institutions.

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# Statement from the Chairman of the Board



It is my pleasure to present the Annual Report and Statement of Audited Accounts of the Deposit Protection Fund Board (DPFB) for the year ended 30th June, 2007.

The economy grew by 6.1 per cent in 2006 compared with 5.7 per cent in 2005 and the upward trend in growth is expected to continue in 2007. The growth was attributed to improved performance in the manufacturing, tourism, transport and communications and financial services sectors. The economic outlook remains good with output projected to increase by between 5.8 percent and 6.5 percent in the financial year 2007/08. In line with the Vision 2030, the economic expansion is expected to be sustained over the medium term supported by the ongoing reform measures in key sectors of the economy and prudent implementation of macroeconomic policies by the Government. However, the major risks to this impressive economic outlook include high and volatile international prices of crude oil, adverse weather conditions and infrastructural constraints.

Monetary policy during the period under review was directed towards achieving and maintaining low and stable inflation of 5 percent by end of June 2007. The desired monetary stance was achieved mainly through open market operations complemented by the cash ratio requirement of 6 percent. The monetary stance was adopted in order to maintain inflation at the single-digit level.

The banking sector remained stable, mainly due to favourable macroeconomic conditions prevailing during the period. Total assets expanded by 19.9 per cent from Kshs 695.1 billion as at June 2006 to Kshs 833.4 billion as at June 2007. The growth reflected an increase in deposits, fresh capital injection and retained profits. Gross non-performing loans declined by 31 per cent from Kshs. 102.0 billion in June 2006 to Kshs. 70.7 billion in June 2007. As a result, asset quality, measured by the ratio of net non-performing loans, improved from 5.3 per cent in June 2006 to 4.8 per cent in June 2007. The decline in the level of non-performing loans was mainly attributed to the repayment by the Government of its guaranteed debts at the National Bank of Kenya amounting to Kshs. 20 billion. Enhanced corporate governance and risk management as well as enforcement of strict provisioning policy by the Central Bank of Kenya also contributed to reduced level of non-performing loans. All institutions in the sector are now required to have sound risk management policies which are reviewed by the Central Bank on a regular basis.

The DPFB continued to perform well as total assets increased by 14.5 per cent to Kshs 15.8 billion in the year to 30th June 2007 from Kshs 13.9 billion in the previous financial year. Profitability of the Fund was also enhanced as surplus for the year was Kshs 1.9 billion, up from Kshs 1.8 billion in the previous year.

I wish to sincerely thank all the Board members and staff for their contribution to the success of the Fund. I am confident that the measures being undertaken by the Board to improve its operations and activities will enable it to effectively fulfil its mandate and promote the stability and growth of the financial sector.

**Prof. Njuguna Ndung'u**

*Chairman*

**Deposit Protection Fund Board**

# Board of Directors



**Prof. Njuguna Ndung'u**  
*Chairman*



**Joseph K. Kinyua**  
*Permanent Secretary Treasury*



**Albert J. K. Ruturi**  
*Member*



**Isaac O. Awuondo**  
*Member*



**Rasiklal C. Kantaria**  
*Member*



**Gideon M. Muriuki**  
*Member*



**Terry Davidson**  
*Member*

# Message from the Director



The mission of the Board continues to be the strengthening of the financial sector by safe guarding the confidence of depositors who have placed their money with institutions licensed under the Banking Act. The Board protects the deposits in the event of insolvency leading to failure of member institutions. The operations of the Board are therefore geared towards fulfilling this mission. Its key activities include collection of premiums from member institutions, investing the contributions, liquidation of collapsed institutions, payment of protected deposits and payment of dividends to creditors.

During the financial year 2006/07, the number of Deposit Protection Fund Board (DPFB) member institutions remained at Forty Five (45), comprising Forty Two (42) commercial banks, Two (2) mortgage finance companies and one (1) non-bank financial institution. Family Building Society, the only remaining Building Society converted to a Commercial Bank (Family Bank) with effect from May 1st 2007. Charterhouse Bank Limited, which is currently under statutory management, continues to be a member of the Fund.

The Board continued to grow significantly with its total assets reaching Kshs15.8 billion in the year to 30th June 2007 from Kshs13.9 billion in the previous financial year. Profitability of the Board was also enhanced as surplus for the year was Kshs1.9 billion, up from Kshs1.8 billion in the previous year. The major source of income growth for the Board continued to be the yield on investment in Government securities.

The total deposits of member institutions amounted to Kshs.663 billion of which Kshs.92.5 billion or 14 per cent are protected by DPFB. The total assets of the DPFB at Kshs.15.7 billion provide effective cover for 17 per cent of the protected deposits and 2.3 per cent for total deposits in the sector as at 30th June 2007. It is therefore imperative that the Board continues to grow substantially to achieve higher levels of protection.

The number of institutions in liquidation remained at 24 as no new institution was placed under liquidation. Attempts to wind up several institutions currently under liquidation continued and the Board engaged a consultant to advise on the modalities of winding up. The consultants have now completed their work on the winding up of four institutions i.e. Allied Credit Finance Limited (IL), International Finance Limited (IL), Diners Finance Limited (IL) and Trade Finance Limited (IL).

The future outlook of the Board continues to be a challenging one, considering attempts to determine an appropriate policy direction for the Board. In the area of new legislation, a draft DPFB Bill is still at formulation stage while the new Microfinance Act will substantially add to the responsibilities of the Board since depositors of institutions registered under this act will be required to be protected by DPFB.

On behalf of the management I wish to thank the Chairman, Members of the Board and the Staff for their commitment to the success of the Board. May I also take this opportunity to reiterate our commitment to the vision of being a leading, efficient and effective provider of deposit insurance thereby enhancing the stability of the financial sector. As we address challenges confronting the Board, we look forward to a comprehensive review of the legislative framework underpinning all the operations of the DPFB. This will give the Board adequate powers to effectively carry out its mandate.

**Kakai Cheloti**

*Director*

**Deposit Protection Fund Board**

# Senior Management Staff



**Kakai Cheloti**

*Director*



**Linah C. Soi**

*Assistant Director  
Liquidations*



**Jane K. Ikunyua**

*Board Secretary &  
Head, Legal Division*



**Patrick N. Ndwiga**

*Manager  
Risk Management*



**Stanley N. Wainaina**

*Manager  
Information Systems*

# Liquidation Agents



**Benjamin K. Mitei**

*Assistant Director, Liquidations*

Kenya Finance Bank Ltd  
Meridien BIAO Bank Ltd  
Postbank Credit Ltd  
Ari Bank Ltd  
Heritage Bank Ltd



**Ruth W. Ngure**

Trust Bank Ltd



**Simon C. Ngeny**

Daima Bank Ltd



**Daniel L. Ng'atuny**

Trade Bank Ltd  
Trade Finance Ltd  
Diners Finance Ltd  
Thabiti Finance Co. Ltd  
Fortune Finance Ltd



**Leah A. Wambete**

Pan African Bank Ltd  
Pan African Credit & Finance Ltd  
Prudential Bank Ltd  
Prudential Building Society Ltd



**Mohamud A. Mohamud**

Reliance Bank Ltd  
Nairobi Finance Corp Ltd  
International Finance Co. Ltd  
International Finance Co. Ltd  
Middle Africa Co. Ltd  
Euro Bank Ltd  
Central Finance (K) Ltd  
Allied Credit Finance Ltd



# The Year Under Review

## I. Introduction

This Annual Report highlights key activities of the Board and developments in the economy during the financial year 2006/07. During the period, the economy exhibited strong growth attributed to improved performance by most sectors including manufacturing, tourism, transport and communications and financial services sector. Against this background, the banking industry performed well during the year.

The financial position of the Board continued to improve as was the case in previous years. Net income increased significantly compared to the previous year's income. This performance was largely attributed to an increase in member contributions and the Fund's holding of Government Securities whose yield was attractive in the period.

There were modest increases in payments of protected deposits and loan recoveries by institutions in liquidation. Four institutions also paid dividends during the year.

In the coming year, the Board will continue to strengthen its operations and activities in order to provide effective deposit insurance as well as contribute to the stability of the financial system.

## II. Performance of the economy

Kenya's economy grew by 6.1 percent in 2006 compared with 5.7 percent in 2005. The growth reflected improved performance in the manufacturing, tourism, transport and communications, and financial services sectors. In the first quarter of 2007, real GDP grew by 6.3 percent up from 4.1 percent in the same period of 2006. The economic outlook remains good with output projected to increase by between 5.8 percent and 6.5 percent in the fiscal year 2007/08. In line with the Vision 2030, the economic expansion is expected to be sustained over the medium term considering the ongoing reform measures in key sectors of the economy and prudent implementation of macroeconomic policies by the Government. However, a major risk to the economic outlook is high international oil prices, adverse weather conditions and infrastructural constraints.

Kenya's balance of payments recorded a reduced surplus of US\$ 372 million during the year to June 2007 as compared with the surplus of US\$ 847 million recorded in the year to June 2006. This outcome largely reflects a significant increase in the current account deficit to US\$ 786 million, resulting from an increase in trade deficit. The trade account worsened to US\$ 4,323 million following an increase in merchandise imports, which surpassed growth in both merchandise and service exports. The surplus in the capital and financial account also reduced to US\$ 1,158 million. This was partly due to increased net repayments of foreign loans. Net inflows of short term capital, however, rose to US\$ 1,407 million.

The overall surplus in the balance of payments resulted in a build up of gross foreign assets of the banking system from US\$ 2,909 million at the end of June 2006 to US\$ 3,767 million at end of June 2007. Out of this, gross official foreign exchange reserves held by the Central Bank of Kenya amounted to US\$ 2,723 million (equivalent to 4.4 months of imports) at the end of June 2007, which was an increase from US\$ 2,353 million at the end of June 2006 (equivalent to 4.7 months of imports).

Government budgetary operations in the fiscal year 2006/07 resulted in an overall budget deficit including grants of Ksh 41.2 billion or 2.3 percent of GDP on commitment basis compared with Ksh 51.5 billion or 3.3 percent of GDP in the fiscal year 2005/06. The deficit was lower

than the revised 2006/07 budget deficit of Ksh 67.9 billion or 3.7 percent of GDP following significant growth in revenue. In addition, Government expenditure was lower than expected reflecting a decline in recurrent expenditure as a percent of GDP, as development expenditure increased in nominal terms compared with the fiscal year 2005/06 to remain at 4.4 percent of GDP. This is due to the ongoing re-orientation of Government spending from recurrent outlays to development to finance investment in areas such as physical infrastructure.

Monetary policy in 2007 was directed towards attaining and maintaining the rate of inflation below 5 percent by the end of June 2007. Consistent with the inflation objective, both money supply, M3 and reserve money were targeted to grow by 14 percent by the end of June 2007. The desired monetary policy was implemented mainly through open market operations using repurchase agreement order securities (REPOs) which was complemented by the cash ratio requirement at 6 percent.

Money supply, M3, grew by 18.8 percent in the year to June 2007 compared with 16.0 percent in a similar period in 2006. The expansion in money supply in the year to June 2007 reflected increased net foreign assets (NFA) and net domestic assets (NDA) of the banking system.

In the foreign exchange market, the Kenya shilling generally recorded gains against major international currencies over the period June 2006 and June 2007. Against the US dollar, the shilling strengthened from Ksh.73.4 per US dollar in June 2006 to Ksh.66.6 per US dollar in June 2007. The strengthening of the shilling is attributed to surplus in the foreign exchange market mainly from capital flows, export earnings and remittances resulting in surpluses in overall balance of payments. The weakening of the US dollar in the international currency markets also exacerbated the appreciation of the shilling against the US dollar in the local foreign exchange market.

In the money and Government securities markets, the average interest rates on 91-day and 182-day Treasury bills declined from 6.60 percent and 7.32 percent respectively, in June 2006 to 6.53 percent and 7.19 percent in June 2007. However, the average interbank rate increased from 6.41 percent to 6.98 percent during the period.

During the same period, month-on-month overall inflation increased from 10.9 percent in June 2006 to 11.1 percent in June 2007. Similarly, month-on-month underlying inflation rose from 3.7 percent in June 2006 to 4.9 percent in June 2007.

### III. Developments in Banking Sector

#### Overview

The overall financial performance of the banking industry improved in the year to June 2007 compared to a similar period in 2006. The banking industry remained stable in the period to June 2007. One bank was placed under statutory management in June 2006, following banking malpractices.

The sector performed relatively well during the year to June 2007. Total deposits and assets held by financial institutions recorded growth rates of 18.9 per cent and 19.9 per cent respectively. The sector also recorded an impressive 30 per cent growth in pre-tax profits. The stability in the sector was attributed to the stable macroeconomic environment and stringent supervisory oversight. The introduction of Risk Management Programmes improved credit appraisal and administration standards of loans and advances. This contributed to the overall decline in the non-performing loans portfolio.

#### Structure of the Banking Sector

The number of financial institutions remained at 45, comprising 42 commercial banks, 2 mortgage finance companies and one non-bank financial institution. Family Finance Building Society, the only remaining Building Society converted to a commercial bank with effect from 1st May, 2007. The period was characterised by rapid expansion of branch network of banking institutions. Over 50 branches for banks were approved during the year. The number of forex bureaus increased from 89 to 95 over the same period. The increase in the number of forex bureaus was due to licensing of new forex bureaus in the period under review.

#### Structure of the Balance Sheet

The balance sheet structure for the banking sector is as shown in Table 1 below. In tandem with the country's economic resurgence which has continued to provide favourable operating economic environment for businesses, the banking sector's total assets expanded by 19.9 per cent from Ksh. 695.1 billion as at June 2006 to Ksh. 833.5 billion. The growth in assets is attributed to an increase in deposits, fresh capital injection and retained profits.

The major components of the assets portfolio were loans and Government securities. Loans and advances constituted 50 per cent of the total assets in June 2007 while Government securities constituted 22 per cent. Loans were mainly disbursed to private households, transport and communications, building and construction and manufacturing sectors. On the other hand, Treasury Bonds accounted for 71.9 per cent of Government securities as Bonds offered relatively higher returns than the 91-day Treasury bills.

**Table 1: Balance Sheet (Kshs m)**

<b>Assets</b>	<b>Jun-07</b>	<b>Jun-06</b>	<b>% Change</b>
Cash	13,744	11,346	21.1
Balances at CBK	57,890	56,147	3.1
Placements	80,249	50,361	59.3
Govt. securities	184,522	146,309	26.1
Other investments	6,867	7,697	-10.7
Loans & advances (Net)	417,498	362,031	15.3
Foreign assets	4,484	4,437	1.1
Other assets	68,193	56,815	20.0
<b>Total assets</b>	<b>833,448</b>	<b>695,142</b>	<b>19.9</b>
<b>Liabilities and shareholders funds</b>			
Deposits	682,147	573,459	18.9
Foreign liabilities	4,753	2,542	86.9
Other liabilities	42,102	32,216	30.7
Capital & reserves	104,445	86,925	20.2
<b>Total liabilities and shareholders funds</b>	<b>833,447</b>	<b>695,142</b>	<b>19.9</b>

### Non-Performing Loans

Gross non-performing loans declined by 31% from Kshs. 102.0 billion in June 2006 to Ksh. 70.7 billion in June 2007. As a result asset quality, measured by the ratio of net non-performing loans to gross loans, improved from 5.3 per cent in June 2006 to 4.8 per cent in June 2007. The decline in the level of non-performing loans was attributed significantly to the repayment program by the Government of its guaranteed debts to the National Bank of Kenya totalling Ksh. 20 billion. Enhanced corporate governance and risk management as well as enforcement of strict provisioning policy by the Central Bank of Kenya has contributed to reduced level of non-performing loans. The estimated value of securities at Ksh. 22.2 billion together with provisions amounting to Ksh. 27 billion as at June 2007, resulted in reduction of the net exposure of the sector to only Ksh. 0.5 billion and therefore the non-performing loans did not pose any significant credit risk exposure to the sector.

**Table 2: Composition of Deposits (Kshs m)**

<b>Type of Deposits</b>	<b>Jun-07</b>	<b>Jun-06</b>	<b>Share in 2007</b>	<b>% Change</b>
<b>Demand deposits</b>	<b>388,403</b>	<b>296,385</b>	<b>57.0</b>	<b>31.0</b>
Kenya shillings	310,771	236,943	45.6	31.2
Foreign currency	77,632	59,442	11.4	31.0
<b>Time deposits</b>	<b>202,771</b>	<b>170,540</b>	<b>29.7</b>	<b>18.9</b>
Kenya Shillings	172,890	169,417	25.3	2.0
Foreign currency	29,881	1,123	4.4	256.0
<b>Savings deposits</b>	<b>90,973</b>	<b>106,534</b>	<b>13.3</b>	<b>-14.6</b>
Kenya shillings	90,054	105,860	13.2	-14.9
Foreign currency	919	674	0.1	36.4
<b>Total</b>	<b>682,147</b>	<b>573,459</b>	<b>100.0</b>	<b>18.9</b>

### Deposit Liabilities

Deposit liabilities in the banking system, including accrued interest increased by 18.9 per cent from Ksh.573.5 billion as at the end of June 2006 to Ksh.682.1 billion in June 2007. Besides branch expansion and aggressive marketing campaigns by some institutions, the increase in deposits was also complemented by external donor inflows to various government agencies and

non-governmental organizations as well as increased earnings from tourism and exports. As shown in Table 2, demand deposits accounted for 57 per cent of total deposits while time deposits remained at last years level at 29.7 per cent followed by savings deposits at 13.3 per cent.

**Table 3: Banking Sector Profits (Kshs m)**

Item	Jun-07	Jun-06	% Change
Total income	51,164	44,983	13.7%
Expenses before provisions	32,055	28,698	11.7%
Profit before provisions	19,109	16,285	17.3%
Provisions for bad debts	2,760	3,715	-25.7%
Profit before tax	16,349	12,570	30.0%

## Capital and Reserves

During the period under review, the banking sector remained well capitalised with capital and reserves increasing by 20.2 per cent from Ksh. 86.9 billion in June 2006 to Ksh. 104.4 billion in June 2007. The increase in capital and reserves in the sector was as a result of fresh capital injection and retention of profits. The sector's core and supplementary capital (total capital) increased by 18.8 per cent from Kshs. 76.8 billion in June 2006 to Ksh.91.3 billion in 2007. Total risk weighted assets increased by 13.1 per cent from Ksh.488.1 billion to Ksh.551.9 billion over the same period. Consequently, the sector's capital adequacy index, as measured by the ratio of total capital to total risk weighted assets ratio, increased from 16.7 per cent in June 2006 to 17.3 per cent in June 2007, well above the minimum 12 per cent requirement.

## Profitability

As shown in Table 3 below, the banking sector's pre-tax profits grew by 30 per cent from Ksh. 12.6 billion in June 2006 to Ksh.16.3 billion in June 2007. The sector continued to derive a greater proportion of its income from loans and advances which constituted 49 per cent of total income. Interest income from loans and advances increased by 13 per cent from Ksh. 22.2 billion in 2006 to Kshs. 25.2 billion in 2007 while non-funded income including fees and commissions constituted 25 per cent of total income. The improvement in profitability was therefore attributed to increase in interest income from loans and advances, increased volume of transactions based income and the reduction in bad debt provisions.

## Outlook for the Banking Sector

- The banking industry is expected to sustain its strong performance throughout the year 2007, benefiting mainly from an improved domestic economy, expanding business opportunities and a robust monetary policy stance. Institutions are expected to continue rolling out new products as they expand their branch and ATM network.
- Competition is likely to increase with the planned entry of fully-fledged Islamic banks after the Minister for Finance opened a window for Sharia-compliant products in the Budget Speech for the year 2007/2008.
- It is also anticipated that further consolidation will take place in the industry through mergers and acquisitions as institutions seek to achieve economies of scale required to effectively compete and expand into the increasingly lucrative mass market as well as meet the new requirements of attaining the minimum capital requirement of Kshs.1 billion by end of 2010 as proposed in the budget speech.

## IV. Board Operations and Activities

### Fund Membership

At the end of the financial year 2006/07, the total number of member institutions was 45 comprising 42 commercial banks 1 non-bank financial institution, and 2 mortgage finance companies.

During the year, Family Finance Building Society was converted into a commercial bank on 1st May 2007 while Charterhouse Bank Limited currently under statutory management continues to be a member of the fund.

### Financial Performance

The Fund's net income increased by 6.3 per cent to Kshs 1,914 million compared with Kshs 1,800 million recorded in the previous financial year. Interest earned on Government Securities increased by 7.5 per cent from Kshs 1,148 million to Kshs 1,235 million during the financial year under review. Assessed premium increased by 13.2 per cent from Kshs 696 million to Kshs 788 million during the financial year due to increased deposit base of the member institutions.

Total assets increased by 13.9 per cent to Kshs 15,781 million from Kshs 13,855 million in the previous financial year. The increase was mainly due to re-investment of the surplus in government securities, which also increased by 13.8 per cent to Kshs 15,729 million from Kshs 13,816 million in the previous financial year. The Fund balance grew by 13.9 per cent to Kshs 15,723 million from Kshs 13,809 million recorded the previous year. Highlights on the trend in some selected financial indicators are summarised in Table 4 below:

**Table 4: Selected Financial Indicators (Kshs millions)**

<b>Year</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Assessment	399	445	465	486	497	544	615	696	788
Int. on T.Bills	737	831	499	387	165	63	235	479	552
Int. on T.Bonds	25	11	293	538	709	608	576	667	683
Surplus	199	1,333	943	1,195	1,297	1,478	1,218	1,800	1,914
Net Assets	4,707	5,995	6,915	8,108	9,407	10,885	12,009	13,809	15,723

# Liquidation Activities

## Payment of protected deposits

Total protected deposit payments made by the twenty four institutions in liquidation as at June 30,2007 amounted to Kshs.1,112 million compared with Kshs.1,107 million as at June 30,2006. The increase amounting to Kshs.5 million refers to the payments made by Daima Bank (IL) and Trust Bank Ltd (IL). Similarly all institutions except Trust Bank Ltd (IL), Prudential Building Society (IL) and Euro Bank Ltd (IL) have paid 50 percent or more of their protected deposits. Trade Bank Ltd (IL) which was placed in liquidation in 1993 is leading with its protected deposit payments amounting to 87 percent. The cumulative average settlement by all the 24 institutions has increased slightly to 72.8 percent of the total exposure compared to 72.4 percent during the same period last year.

The above performance has been considered reasonable in view of the fact that the unpaid portion relates to those creditors who have not filed claims so far. It is envisaged that this percentage may not increase further due to the limitation period as provided by the Banking Act section 39.

Details of payment of protected deposits by each institution are shown on Table 5.

**Table 5: Payment of Protected Deposits (Kshs million)**

Name of Institution	Liquidation Date	Total Deposits as at Liquidation	Total Protected Deposits	Protected Deposits paid as at 30 June 2006	Protected Deposits paid as at 30 June 2007	% of Protected Deposits paid as at 30 June 2007
1. Inter-Africa C.credit & Finance Ltd.	31 Jan. 1993	138	4	2	2	50.00
2. International Finance Ltd.	16 April 1993	168	2	1	1	50.00
3. Central Finance Ltd.	19 May 1993	111	15	12	12	80.00
4. Post bank Credit Ltd.	20 May 1993 *	3,834	50	30	30	60.00
5. Trade Bank Ltd	18 Aug 1993 **	4,181	280	243	243	86.79
6. Trade Finance Ltd.	18 Aug 1993	203	8	6	6	81.00
7. Middle Africa Finance Ltd.	20 Aug 1993	236	17	13	13	76.47
8. Diners Finance Ltd.	20 Aug 1993	700	142	95	95	66.90
9. Nairobi Finance Ltd.	20 Aug 1993	188	5	4	4	80.00
10. Allied Credit Ltd.	20 Aug 1993	81	14	8	8	57.14
11. Pan-African Bank Ltd.	18 Aug 1994***	2,421	107	90	90	84.11
12. Pan-African Credit & Finance	18 Aug 1994	445	8	6	6	75.00
13. Thabiti Finance Ltd.	19 Dec 1994	850	54	33	33	61.11
14. Meridien Biao Bank Ltd.	15 Apr 1996	805	47	38	38	80.85
15. Heritage Bank Ltd.	13 Sep 1996	376	10	7	7	74.00
16. Kenya Finance Bank Ltd.	29 Oct 1996	1,782	386	323	323	83.68
17. Ari Bank Corporation Ltd.	05 Dec 1997	286	11	6	6	54.55
18. Prudential Bank Ltd.	05 May 2000	600	16	12	12	75.00
19. Reliance Bank Ltd.	12 Sept 2000	969	90	50	50	55.56
20. Fortune Finance Ltd.	14 Sept 2000	320	33	23	23	69.70
21. Trust Bank Ltd.	15 Aug 2001	154	111	21	23	20.72
22. Euro Bank Ltd.	21 Feb 2003	2,040	19	8	8	42.11
23. Prudential Building Society	18 Jan 2005	2,025	8	3	3	38.75
24. Daima Bank Ltd.	13 Jun 2005	669	93	73	76	81.72
<b>TOTAL</b>		<b>23,582</b>	<b>1,530</b>	<b>1,107</b>	<b>1,112</b>	<b>72.74%</b>

\* Total figure shown includes CBK Balance of Kshs.1, 433m

\*\* Total figure shown includes CBK balance of Kshs.2, 414m and DPFb balance of Kshs.659m

\*\*\* Total figure shown includes investor's funds of Kshs.1, 800m

## Debt recovery

The number of institutions under liquidation remained unchanged at 24 during the year to June 30, 2007. Cumulatively all the 24 institutions had collected Kshs.5,099 million from loans/realization of assets by 30th June, 2007. This represents a slight increase of 4.5 per cent against the total cumulative realization of Kshs.4, 881 million achieved in the previous financial year and over 12 per cent of the total loan portfolio outstanding at liquidation which was Kshs.41, 111 million.

The table below shows the cumulative loan recovery and performance by all institutions. Out of these institutions, only seven have made recoveries of 20 per cent or more of the outstanding debt to date.

**Table 6: Debt recovery (Kshs million)**

Name of Institution	Liquidation Date	Total Loans as at Liquidation Date	Total Loans Recovered as at 30 June 2006	Total Loans Recovered as at 30 June 2007	% of Original Original Debt 30 June 2007
1. Inter-Africa Credit & Finance Ltd.	31 Jan 1993	155	35.70	35.70	23.03
2. International Finance Ltd.	16 Apr 1993	176	5.20	5.20	2.95
3. Central Finance Ltd.	19 May 1993	111	106.07	106.07	95.56
4. Post Bank Credit Ltd.	20 May 1993	3,605	1,879.85	1,939.55	53.80
5. Trade Bank Ltd.	18 Aug 1993	3,955	746.54	746.54	18.88
6. Trade Finance Ltd.	18 Aug 1993	105	94.66	94.66	90.15
7. Middle Africa Finance Ltd.	20 Aug 1993	656	55.75	55.75	8.50
8. Diners Finance Ltd.	20 Aug 1993	358	116.13	116.13	32.44
9. Nairobi Finance Ltd.	20 Aug 1993	997	63.80	63.80	6.40
10. Allied Credit Ltd.	20 Aug 1993	111	4.40	4.40	3.96
11. Pan African Bank Ltd.	18 Aug 1994	1,433	277.52	281.81	19.67
12. Pan-African Credit & Finance Ltd.	18 Aug 1994	445	126.64	128.38	28.85
13. Thabiti Finance Ltd.	19 Dec 1994	1,217	101.79	106.62	8.76
14. Meridien Biao Bnk Ltd.	15 Apr 1996	224	74.35	74.67	33.33
15. Heritage Bank Ltd.	13 Sept 1996	458	50.03	50.03	10.92
16. Kenya Finance Ltd.	29 Oct 1996	2,329	406.14	428.23	18.39
17. Ari Bank Corporation Ltd	05 Dec 1997	453	24.74	24.74	5.46
18. Prudential Bank Ltd.	05 May 2000	633	60.28	71.60	11.31
19. Reliance Bank Ltd.	12 Sept 2000	1,591	129.14	129.39	8.13
20. Fotune Finance Ltd.	14 Sept 2000	345	34.43	34.43	9.98
21. Trust Bank Ltd.	15 Aug 2001	13,808	401.62	490.61	3.55
22. Euro Bank Ltd.	21 Feb 2003	3,861	57.98	60.69	1.57
23. Prudential Bldg. S. Ltd	18 Jan 2005	3,283	7.52	12.52	0.38
24. Daima Bank Ltd.	13 Jun 2005	802	21.00	37.80	4.71
<b>TOTAL</b>		<b>41,111.00</b>	<b>4,881.28</b>	<b>5,099.32</b>	<b>12.40%</b>



## Payment of dividends

During the year, three institutions namely Daima Bank Ltd (IL), International Finance and Credit Ltd (IL) and Trust Bank Ltd (IL) paid dividends amounting to Kshs.12.00m.

As at 30th June 2007 the cumulative dividends paid by all the institutions since their respective liquidation dates amounted to Kshs.4,131.0m. This represented a slight increase of 0.4% up from the previous amount of Kshs.4,113.5m.

The highest dividend payout so far has been declared by Post Bank Ltd (IL) amounting to Kshs.1,285.0m followed by Trade Bank Ltd (IL) at Kshs.600.0m and Pan African Bank Ltd (IL) at Kshs.494.0m.

Table 7 below shows cumulative dividend payments made to date by individual institutions.

**Table 7: Dividend payments (Kshs million)**

Name of Institution	Liquidation Date	Total Unprotected Deposits at Liquidation	Dividends paid as at 30 June 2006	Dividends paid as at 30 June 2007
1. Inter-Africa Credit & Finance Ltd.	31 Jan 1993	134	14.10	18.10
2. International Finance Ltd.	16 Apr 1993	166	0.00	0.00
3. Central Finance Ltd.	19 May 1993	96	104.10	104.10
4. Post Bank Credit Ltd.	20 May 1993*	3,784	1,284.66	1,284.66
5. Trade Bank Ltd.	18 Aug 1993**	3,901	599.62	599.62
6. Trade Finance Ltd.	18 Aug 1993	195	80.23	80.23
7. Middle Africa Fin. Ltd.	20 Aug 1993	219	14.70	14.70
8. Diners Finance Ltd.	20 Aug 1993	558	244.84	244.84
9. Nairobi Finance Ltd.	20 Aug 1993	183	48.10	48.10
10. Allied Credit Ltd.	20 Aug 1993	67	0.00	0.00
11. Pan African Bank Ltd.	18 Aug 1994***	2,314	494.00	494.00
12. Pan African Credit & Finance	18 Aug 1994	437	130.00	130.00
13. Thabiti Finance Ltd.	19 Dec 1994	796	71.45	71.45
14. Meridien Biao Bank Ltd.	15 Apr 1996	758	330.11	330.11
15. Heritage Bank Ltd.	13 Sept 1996	366	12.43	12.43
16. Kenya Finance Bank Ltd.	29 Oct 1996	1,396	177.29	177.29
17. Ari Bank Corporation Ltd.	05 Dec 1997	275	20.80	20.80
18. Prudential Bank Ltd.	05 May 2000	584	139.40	139.40
19. Reliance Bank Ltd.	12 Sept 2000	879	90.85	90.85
20. Fortune Finance Ltd.	14 Sept 2000	287	92.84	92.84
21. Trust Bank Ltd.	15 Aug 2001	43	60.40	62.20
22. Euro Bank Ltd.	21 Feb 2003	2,021	0.00	0.00
23. Prudential Bldg Society	18 Jan 2005	2,017	26.58	32.68
24. Daima Bank Ltd.	13 Jun 2005	576	77.00	82.00
<b>TOTAL</b>		<b>22,052</b>	<b>4,113.50</b>	<b>4,131.40</b>

\* Total figure shown includes CBK Balance of Kshs.1, 433m

\*\* Total figure shown includes CBK balance of Kshs.2, 414m and DPFb balance of Kshs.659m

\*\*\* Total figure shown includes investor's funds of Kshs.1, 800m

# V. Financial Statements

## Responsibilities of Directors

The Banking Act (Cap. 488) requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Board as at the end of the financial year and of the results for that year. It also requires the directors to ensure that the Board maintains proper accounting records which disclose with reasonable accuracy the financial position of the Board.

The directors are also responsible for safeguarding the assets of the Board.

The directors accept the responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, consistent with previous years, and in conformity with International Financial Reporting Standards and the requirement of the Banking Act (Cap. 488). The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Board as at 30th June 2007 and of its operating results for the year just ended. The directors further confirm the accuracy and completeness of the accounting records maintained by the Board which have been relied upon in the preparation of the financial statements as well as on the adequacy of the systems of internal financial controls.

Nothing has come to the attention of the directors to indicate that the Board will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the board of directors on 21<sup>ST</sup> SEPTEMBER 2007 and signed on it's behalf by:



**Chairman**



**Member**

# Report of the Independent Auditors

## To the Minister for Finance

We have audited the accompanying financial statements of Deposit Protection Fund Board set out on pages 5 to 15 which comprise the balance sheet as at 30 June 2007 and the income and expenditure statement, statement of changes in fund balance and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## Directors' responsibility for the financial statements

The directors' are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Banking Act (Cap. 488). This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditor's responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of financial affairs of the Deposit Protection Fund Board as at 30 June 2007 and of its surplus and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Banking Act (Cap. 488).



**PKF Kenya**  
**Certified Public Accountants**  
**PIN NO. P051130467R**  
**Nairobi**

*25 September* 2007

# Income and Expenditure Account

## INCOME

	Note	2007 KShs'000	2006 KShs'000
Assessed income	1a	787,783	696,256
Investment income	1b	1,235,139	1,147,581
Other income	2	7,313	72,129
Writeback of provisions for protected deposits	3	856	553
		<b>2,031,091</b>	<b>1,916,519</b>
<b>EXPENDITURE</b>			
Administration and establishment expenses	4	109,622	104,284
Provision for doubtful debts	10	7,784	11,770
		<b>117,406</b>	<b>116,054</b>
<b>SURPLUS FOR THE YEAR</b>		<b>1,913,685</b>	<b>1,800,465</b>

The accounting policies on pages 22 to 24 and the notes on pages 25 to 30 form an integral part of these financial statements.

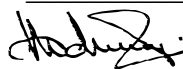
Report of the independent auditors - page 17.

# Balance Sheet

## ASSETS

	Note	2007 KShs'000	2006 KShs'000
Non-current assets			
Property and equipment	6	33,783	28,124
Prepaid operating lease rentals	7	4,010	4,109
Investment held for sale	8	100	100
Government securities maturing after 12 months	9	4,252,935	6,276,117
		<b>4,290,828</b>	<b>6,308,450</b>
<b>Current assets</b>			
Debtors and prepayments	10	6,773	1,724
Government securities maturing within 12 months	9	11,476,416	7,539,883
Cash and cash equivalents	11	7,089	4,958
		<b>11,490,278</b>	<b>7,546,565</b>
Total assets		<b>15,781,106</b>	13,855,015
<b>FUNDS BALANCE AND LIABILITIES</b>			
<b>FUND BALANCE</b>	<b>12</b>	<b>15,722,836</b>	<b>13,809,151</b>
<b>Current liabilities</b>			
Creditors and accruals	13	13,867	8,400
Due to Central Bank of Kenya	14	23,424	13,303
Provision for protected deposit claims	15	20,979	24,161
		<b>58,270</b>	<b>45,864</b>
<b>Total fund balance and liabilities</b>		<b>15,781,106</b>	<b>13,855,015</b>

The financial statements were approved for issue by the Board of Directors on 21ST SEPTEMBER 2007 and were signed on its behalf by:



Chairman



Member

The accounting policies on pages 22 to 24 and the notes on pages 25 to 30 form an integral part of these financial statements.

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# Statement of Changes in Fund Balance

	<b>Fund balance KShs'000</b>
<b>YEAR ENDED 30 JUNE 2006</b>	
At start of year	12,008,686
Surplus for the year	1,800,465
At end of year	<b>13,809,151</b>
<b>YEAR ENDED 30 JUNE 2007</b>	
At start of year	13,809,151
Surplus for the year	1,913,685
At end of year	<b>15,722,836</b>

The accounting policies on pages 22 to 24 and the notes on pages 25 to 30 form an integral part of these financial statements.

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# Cash Flow Statement

Note	2007 KShs'000	2006 KShs'000
Operating activities		
Surplus for the year	1,913,685	1,800,465
Adjustments for:		
Depreciation of property and equipment	6 4,858	4,077
Amortisation of prepaid operating lease rentals	7 99	99
(Profit)/loss on disposal of property and equipment	(763)	575
Interest income	(1,235,139)	(1,159,356)
<b>Operating surplus before working capital changes</b>	<b>682,740</b>	<b>645,860</b>
<b>Changes in working capital:</b>		
Debtors and prepayments	(5,049)	(53)
Creditors and accruals	5,467	(8,498)
Central Bank of Kenya Account	10,121	12,506
<b>Net cash flows from operating activities</b>	<b>693,279</b>	<b>649,815</b>
<b>Cash Flow from Investing activities</b>		
Payment of protected deposit claims	(3,182)	(73,114)
Purchase of investments	(998,861)	(772,329)
Purchase of property and equipment	6 (10,700)	(12,800)
Proceeds on disposal of property and equipment	946	250
Interest received	1,235,139	1,159,356
<b>Net cash generated from investing activities</b>	<b>223,342</b>	<b>301,363</b>
Increase in cash and cash equivalents	916,621	951,178
Cash and cash equivalents at start of the year	11 5,276,021	4,324,843
Cash and cash equivalents at end of year	11 <b>6,192,642</b>	<b>5,276,021</b>

The accounting policies on pages 22 to 24 and the notes on pages 25 to 30 form an integral part of these financial statements.

Report of the independent auditors - page 17.

# Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

**a) Basis of preparation**

The financial statements have been prepared under the historical cost convention and are in compliance with International Financial Reporting Standards (IFRS).

**b) Revenue recognition**

Assessed income comprises contributions levied to the contributory institutions and is recognized in the period when they are receivable. Such contributions are assessed at a rate of 0.15 per cent of the average of the institutions' total deposit liabilities during the period of 12 months prior to the date of levy notice.

Interest income is recognized in the period in which it is earned based on the expired portion of the life of the investments it relates to. Interest is primarily earned on treasury bills and bonds and other interest carrying instruments.

Discounts and premiums on acquisition of government securities are amortized over the life of the security.

**c) Provisions for payments to depositors**

Provisions for payments to protected depositors are recognized in the financial statements in the period the contributory institutions are placed under liquidation. Any payments that exceed the provisions made are taken into account in determining operating profit. Provisions that relate to unclaimed protected deposits are written back to income on expiry of the statutory notice period.

**d) Taxation**

The Board's income is not subject to tax as it has been granted exemption by the Commissioner of Income Tax. Therefore no provision for current tax or deferred tax is made in the financial statements.

**e) Property and equipment**

All property and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Depreciation is calculated at rates estimated to write off the cost of the assets concerned over their expected useful lives on the reducing balance basis except for computers which are depreciated on the straight line basis.

The annual rates in use are:-	<u>Rate %</u>
Furniture and fittings	12.50
Office and kitchen equipment	20.00
Motor vehicles	25.00
Computers	33.33



Leasehold buildings are written off over the estimated useful life of the building, or the remaining lease term, whichever is less.

The assets useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

**f) Investment held for sale**

Investment held for sale relates to investment in a subsidiary which is accounted for under IFRS 5 'Non-current assets held for sale and discontinued operations'. The investment is stated at the lower of its carrying amount and the fair value less costs to sell.

**g) Financial Instruments**

The Board's financial instruments which comprise government securities, receivables and payables fall into the following categories:

- Government securities are classified as held to maturity and are accordingly carried at amortized cost using the effective interest rate method.
- Receivables which comprise debtors and prepayments are classified as originated loans and receivables and are accordingly carried at amortized cost.
- Creditors and accruals, provisions for protected deposit claims and amounts due to Central Bank of Kenya are classified as financial liabilities and are carried at amortized cost.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment losses are taken into account in determining operating profit.

**h) Employee entitlements**

Employee entitlements are recognized when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the balance sheet date.

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognized as an expense accrual.

**Retirement benefit costs**

The Board's employees are eligible for retirement benefits under a defined benefit plan provided through a separate fund. The defined benefit plan is funded by the Board and the Central Bank, the main sponsor. The retirement benefit asset is wholly recognized in the financial statements of the Central Bank while the Board recognizes contributions to the fund as if it were a defined contribution scheme by charging them to the profit and loss account in the year to which they relate.

The actuarial valuations of the scheme are performed using the Projected Unit Credit Method and resulting assets or liabilities recognized in the financial statements of Central Bank of Kenya. The Board staff are seconded from the Central Bank and as such it is not possible to account for their proportionate share of the defined benefit obligation.

The Board also contributes to a statutory defined contribution Pension Scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are currently limited to Kshs. 200 per employee. The contributions are charged to income and expenditure account in the year to which they relate.

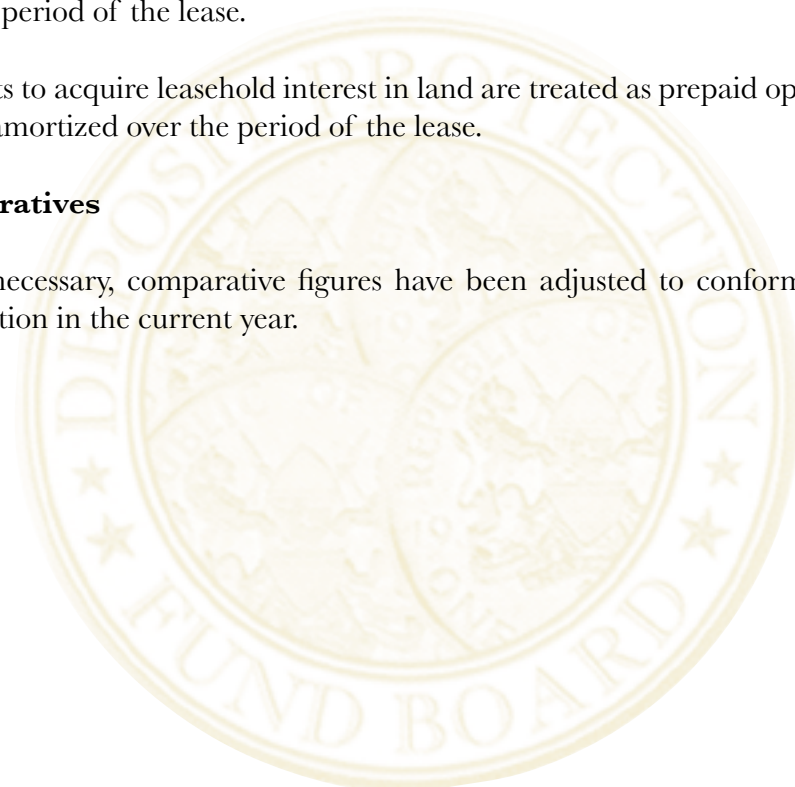
**i) Leases**

Leases of assets under which a significant proportion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Payments to acquire leasehold interest in land are treated as prepaid operating lease rentals and amortized over the period of the lease.

**j) Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.



# Notes to the financial statements

	2007 KShs'000	2006 KShs'000
<b>1. Income</b>		
<b>1a. Assessed income</b>		
Total average deposits of institutions assessed as contributors	524,989,020	463,970,943
0.15% of total average deposits	787,483	695,956
Minimum contributions from 1 bank	300	300
Total assessed income	787,783	696,256
<b>1b. Investment income</b>		
(a) Interest earned on Treasury bills received on		
Matured bills	438,528	347,765
Discount on purchase	113,689	131,888
	552,217	479,653
(b) Interest earned on Treasury bonds received on		
Matured bonds	670,154	583,003
Discount on purchase	27,070	96,700
Amortization of premium	(14,302)	(11,775)
	682,922	667,928
<b>Total investment income</b>	<b>1,235,139</b>	<b>1,147,581</b>
<b>2. Other income</b>		
Recoveries from subrogated claims	3,240	71,221
Penalty charges on late contributions	531	764
Profit on disposal of property and equipment	763	-
Bad debts recovered	2,777	-
Miscellaneous income	2	144
	<b>7,313</b>	<b>72,129</b>
<b>3 Provision for protected deposits written back</b>		
Stale cheques written back	856	553

The Board has been making provisions equivalent to the amount of its exposure to protected depositors whenever a bank/financial institution is put under liquidation. The period for claims to be made by protected depositors under the statute is two years after the date of notice. The Board has also written back cheques that were issued to protected depositors that have not been presented until the balance sheet date and are stale by virtue of being over 7 years old. The directors are of the opinion that no claim will be payable in respect of these cheques

	2007 KShs'000	2006 KShs'000
<b>4. Administration and establishment expenses</b>		
Staff costs (Note 5)	80,887	79,197
Depreciation (Notes 6)	4,858	4,077
Lease amortization (Note 7)	99	99
Auditors' remuneration	450	450
Directors' emoluments - Fees	2,784	2,239
Legal and professional fees	278	390
Other	20,266	17,832
	<b>109,622</b>	<b>104,284</b>

<b>5. Staff costs</b>		
Salaries, wages and other staff costs	72,007	72,738
Other staff expenses	8,880	6,459
	<b>80,887</b>	<b>79,197</b>

**6. Property and equipment**  
Year ended 30 June 2007

	Buildings KShs'000	Furniture fittings KShs'000	Office and kitchen equipment KShs'000	Motor vehicles KShs'000	Computers KShs'000	Total KShs'000
<b>Cost</b>						
At start of year	16,559	4,956	5,234	11,981	5,695	44,425
Additions	-	8,996	1,177	-	527	10,700
Disposals	-	-	(192)	(3,268)	(2,657)	(6,117)
At end of year	<b>16,559</b>	<b>13,952</b>	<b>6,219</b>	<b>8,713</b>	<b>3,565</b>	<b>49,008</b>
<b>Depreciation</b>						
At start of year	1,491	620	3,634	5,838	4,718	16,301
On disposal	-	-	(142)	(3,136)	(2,656)	(5,934)
Charge for the year	364	1,667	546	1,501	780	4,858
At end of year	<b>1,855</b>	<b>2,287</b>	<b>4,038</b>	<b>4,203</b>	<b>2,842</b>	<b>15,225</b>
<b>Net book value</b>	<b>14,704</b>	<b>11,665</b>	<b>2,181</b>	<b>4,510</b>	<b>723</b>	<b>33,783</b>

**6. Property and equipment**  
Year ended 30 June 2006

	<b>Buildings</b> KShs'000	<b>Furniture and fittings</b> KShs'000	<b>Office and kitchen equipment</b> KShs'000	<b>Motor vehicles</b> KShs'000	<b>Computers</b> KShs'000	<b>Total</b> KShs'000
At start of year	16,278	1,445	4,707	6,652	4,577	33,659
Additions	281	4,955	527	5,919	1,118	12,800
Disposals	-	(1,444)	-	(590)	-	(2,034)
At end of year	<b>16,559</b>	<b>4,956</b>	<b>5,234</b>	<b>11,981</b>	<b>5,695</b>	<b>44,425</b>
<b>Depreciation</b>						
At start of year	1,127	724	3,234	4,276	4,072	13,433
On disposals	-	(724)	-	(485)	-	(1,209)
Charge for the year	364	620	400	2,047	646	4,077
At end of year	<b>1,491</b>	<b>620</b>	<b>3,634</b>	<b>5,838</b>	<b>4,718</b>	<b>16,301</b>
<b>Net book value</b>	<b>15,068</b>	<b>4,336</b>	<b>1,600</b>	<b>6,143</b>	<b>977</b>	<b>28,124</b>

<b>7. Prepaid operating lease rentals</b>	<b>2007</b> KShs'000	<b>2006</b> KShs'000
<b>Cost</b>		
At start and end of year	4,522	4,522
Amortization		
At start of year	413	314
Charge for the year	99	99
At end of year	512	413
<b>Net book value</b>	<b>4,010</b>	<b>4,109</b>

<b>8. Investment held for sale</b>	<b>Country of incorporation</b>	<b>Holding</b>	<b>2007</b> KShs'000	<b>2006</b> KShs'000
Consolidated Bank of Kenya Limited	Kenya	50.2%	200,000	200,000
Provision for diminution in value			(199,900)	(199,900)
			100	100

The investment in Consolidated Bank of Kenya Limited was valued in December 2004 by external consultants and the value of the shares was considered to be effectively nil. In the opinion of the directors, the additional diminution in value of Kshs.100,000 based on this valuation is not material for recognition in the financial statements.

The Board owns 50.2% of the ordinary share capital of the Consolidated Bank of Kenya Limited. At the time of acquisition of the investment, the Banking Act allowed the Board to acquire, hold or dispose shares of an institution that would result in a loss to the Board. The Banking Act was later amended and now prevents the Board from holding investments other than in government securities. The Board has signed the agreement transferring the shareholding in Consolidated Bank Limited to Treasury for onward sale to third parties. The Treasury is in the process of finalizing the transfer. Due to the above, the requirement for consolidation on IAS 27 does not apply.

	<b>2007</b>	<b>2006</b>
<b>9. Government Securities - Held-to-maturity</b>	<b>KShs'000</b>	<b>KShs'000</b>
Non-current		
Treasury Bonds	4,252,935	6,276,117
Current		
Treasury Bills	8,887,271	6,250,624
Treasury Bonds	2,589,145	1,289,259
	<b>11,476,416</b>	<b>7,539,883</b>
<b>Total investment in government securities</b>	<b>15,729,351</b>	<b>13,816,000</b>
<b>Comprising:</b>		
Maturing within 91 days of the balance sheet date (Note 11)	6,185,553	5,271,063
Maturing after 91 days of the balance sheet date but within		
1 year	5,290,863	2,268,820
Maturing after 1 year but before 5 years	4,252,935	6,276,117
	<b>15,729,351</b>	<b>13,816,000</b>
<b>10. Debtors and prepayments</b>		
Debtors and prepayments	174,549	164,493
Less:		
Provision for bad debts at start of year	(162,769)	(150,999)
Bad debts recovered	2,777	-
Additional provision (Schedule A)	(7,784)	(11,770)
Provision for bad debts at end of year	(167,776)	(162,769)
	<b>6,773</b>	<b>1,724</b>

The additional provision for bad debts relates to debts owed by failed institutions that are considered irrecoverable.

<b>11</b>	<b>Cash and cash equivalents</b>		
	<b>Cash and bank balances</b>	<b>7,089</b>	<b>4,958</b>
	Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
	Government securities maturing within 91 days of the balance sheet date (Note 9)	6,185,553	5,271,063
	Cash and bank balances	7,089	4,958
		<b>6,192,642</b>	<b>5,276,021</b>
<b>12</b>	<b>Fund balance</b>		
	At start of year	13,809,151	12,008,686
	Surplus for the year	1,913,685	1,800,465
	At end of year	15,722,836	13,809,151
<b>13</b>	<b>Creditors and accruals</b>		
	Sundry creditors and accruals	7,132	1,555
	Unclaimed stale cheques	6,735	6,845
		<b>13,867</b>	<b>8,400</b>
<b>14</b>	<b>Due to Central Bank of Kenya</b>		
	Central Bank of Kenya pays administrative expenses such as salaries on behalf of the Board. These are reimbursable by the Board under the terms of Section 37(4) of the Banking Act, 1989		
	Amount due to Central Bank of Kenya	<b>23,424</b>	<b>13,303</b>
<b>15</b>	<b>Provision for protected deposits</b>		
	Balance brought forward	24,161	97,275
	Payments during the year	(3,182)	(73,114)
	Balance carried forward	<b>20,979</b>	<b>24,161</b>

## **16. Risk management**

### Currency risk

The Board operates wholly within Kenya and its assets and liabilities are reported in the local currency. It does not transact in foreign currencies.

### Interest rate risk

Excess funds held by the Board are invested in Government of Kenya Treasury bills and Treasury bonds. No interest rate risk exposure is envisaged.

### Liquidity risk

The Board holds a significant portion of investments in Government securities that are readily convertible. No significant liquidity risk is envisaged.

## **17. Related party transactions**

The Board and Central Bank of Kenya are related parties, performing connected duties of bank supervision and deposit protection respectively. No trading is carried with Central Bank. The following transactions however take place between the two organizations:

- (a) The Central Bank pays some operating expenses on behalf of the Board. These are fully reimbursed.
- (b) The staff of the Board are contractually employees of Central Bank but seconded to the Board. Salaries of these staff are met by Central Bank and fully reimbursed by the Board.
- (c) Central Bank is also the sponsor of the Staff Pension Fund to which the Board contributes on behalf of employees seconded to it from Central Bank.
- (d) Central Bank provides the Board with office space and charges it rent. In the year, rent charged amounted to Shs. 7.537 million (2006: Shs. 5.761 million).

The balance at year-end on transactions with Central Bank is shown in note 14.

## **18. Contingent liabilities**

### Litigation

Mr. Ajay Shah filed a case claiming general damages and special damages amounting to Shs. 144 million against Trust Bank Limited (In Liquidation) and the Board on allegations of defamation and publication of malicious false statements. The suit is pending for hearing.

No provision has been made in the financial statements because, in the opinion of the directors, the claim is unlikely to succeed.

## **19. Establishment**

Deposit Protection Fund Board is established in Kenya under the Banking Act, 1985 and is domiciled in Kenya.

## **20. Currency**

The financial statements are presented in thousands of Kenya Shillings (KShs'000).



## Member banking institutions, directors and approved external auditors

	<b>Bank</b>	<b>Branch Network</b>	<b>Directors</b>	<b>Status</b>	<b>Approved Auditors</b>
1	African Banking Corp. P.O Box 46452-00100 Nairobi Tel 223922 www.abcthebank.com	8	N.P. Sheth Shamaz Savani Ashraf Savani Richard Omwela Jonathan Campaigne Salim Masoud	Chairman Chief Executive Non-Executive Non-Executive Non-Executive Non-Executive	Delloite & Touche Ring Road, Westlands P.O.Box 40092-00100, Nairobi.
2	EABS Bank Ltd. P.O Box 47499-00100 Nairobi Tel 2883000/815 www.eabsbank.com	8	N.P.Gibson Warren Digvijay B.Mehta  Rajpal Arora Rajesh L.Pandit Hon Moody Awori H.A.Damji D.L.Pandit Isaac O.Okero S.M.Ndegwa Surinder Kapila	Chairman Chief Executive Officer Chief operating Officer Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive	PriceWaterhouse Coopers
3	Bank of Africa Kenya Ltd P.O. Box 69562-00400 Nairobi Tel 3275000	4	P.Leon-Dufour P.Derreumaux Francis Sueur Georges Aballo A.Randrianasolo Davinder S. Sikand Alt. Shakir M.Merali	Executive Non- Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive	PriceWaterhouse Coopers
4	Bank of Baroda (K) Ltd. P.O. Box 30033-00100 Nairobi Tel.2227869 www.bankofbaroda.com	7	Dr.A.K Khandelwal K.N.Manvi R.Ravi Prof. F.F Ojany Milan R. Shah K.K.K. Shukla	Chairman Managing Director Executive Non-Executive Non-Executive Non-Executive	M/S Grant Thornton P.O.Box 410-00600 Sarit Centre
5	Bank of India Ltd. P.O. Box 30246-00100 Nairobi Tel.2221414 www.boikenya.com	4	A.K.Jalota D.V.Jachak K.R.Sahasranaman D.P.Mishra N.K.Samanta	Chief Executive Chief Manager Chief Manager Chief Manager Chief Manager	Ernst & Young (Kenya)
6	Barclays Bank of Kenya Limited. P.O. Box 30120-00100 Nairobi Tel.210577 / 313405 www.barclays.com	128	Francis O.Okello Adan Mohamed C.O. Ongwae P.A. Chemngorem R.N. Ogega J.W. Karuku Brown M. Ondego Ahmed Khiza Khan	Chairman Managing Director Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive	PriceWaterhouse Coopers

	<b>Bank</b>	<b>Branch Network</b>	<b>Directors</b>	<b>Status</b>	<b>Approved Auditors</b>
7	CFC Bank Ltd. P.O. Box 72833-00200 Nairobi Tel 3638000 www.cfcbank.co.ke	8	M.Soundararjan M.Blasseti A.A Munda S.W Lewis U.P.Njani A.D Gregory T.T.Naikuni F.N.Ojiambo C Njonjo J.G. Kiereini	Executive Executive Executive Non Executvie Non Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive	Deloitte & Touche Kirungii House Ring Road, Westlands P.O.Box 30100-00100 Nairobi
8	Charterhouse Bank Ltd. P.O. Box 43252-00100 Nairobi. Tel.224246	10	Mehraz Eshani Sanjay R. Shah M.W. Prabhu Hamed Eshani Atul R. Shah Manoj R. Shah <b>Under CBK Statutory Management</b>	Chairman Managing Director Executive Non-Executive Non-Executive Non-Executive	KPMG
9	Chase Bank (K) Ltd. P.O. Box 28987-00200 Nairobi Citibank N.A.	3	Zafrullah Khan Duncan Kabui Osman Murgian James Gachui Rafiq Shariff	Managing Director Executive Non-Executive Non-Executive Non-Executive	Deloitte & Touche
10	Citibank N.A. P.O. Box 30711-00100 Nairobi Tel. 2754000 www.citibank.com	2 Branches 1 Agency	Ademola Ayeyemi Nathan Njoroge Rose Agutu Joyce-Ann Wainaina Esther Ngaine Zulquarnain Butt Hilda Mucuha Eric Odhiambo Wycliffe Osso Nicholas Kamere	General Manager Local Mgt. Comm. Local Mgt. Comm. Local Mgt. Comm. Local Mgt. Comm. Local Mgt. Comm. Local Mgt. Comm. Local Mgt. Comm. Local Mgt. Comm. Local Mgt. Comm.	KPMG Kenya
11	City Finance Bank Limited P.O. Box 22741-00400 Nairobi Tel 214976 www.cityfinancebank.co.ke	1	R.G.Njoba A.Shah J.D.Kabeberi Vena Jawa Dhirajlal Shah	Chairman Director Director Director Director	Deloitte & Touche
12	Commercial Bank of Africa Kenya Ltd P.O. Box 30437-00100 Nairobi Tel 2884000 www.cba.co.ke	13	M.H. da Gama Rose I.O. Awuondo M. O. Bristow J.A.M. Docherty J.S. Armitage Muhoho Kenyatta	Chairman Managing Director Executive Director Non-Executive Non-Executive Non-Executive	PriceWaterhouse Coopers
13	Consolidated Bank of Kenya Ltd. P.O. Box 51133-00200 Nairobi Tel.340551 www.consolidated-bank.com	10 Branches 1 Agency	Ms Eunice Kagane Mr D.Ndegwa Wachira PS Treasury NSSF Managing Trustee Dr. C.K. Mailu Dr. A.B. Ayako Mrs S.L. Bobotti	Chairman Chief Executive Non-Executive  Non-Executive Non-Executive Non-Executive Non Executive	Deloitte & Touche

	<b>Bank</b>	<b>Branch Network</b>	<b>Directors</b>	<b>Status</b>	<b>Approved Auditors</b>
14	Co-operative Bank of Kenya Ltd. P.O. Box 48231-00100 Nairobi Tel 3276100 www.co-opbank.co.ke	38	S.C. Muchiri G. Muriuki J. Riungu Dr.J.Kahunyo C.Kabira W.Ongoro P.K. Githendu G. J. S. Wakasyaka R.L. Kimanthi F.Odhiambo M.Malonza E.K. Mbogo J. Sitienei G. Mburia S.Odhiambo G.Omino R.Githaiga	Chairman Managing Director Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Company Secretary	Ernst & Young Kenya – Re Towers, Upper Hill, P.O.Box 44286- 00100 Nairobi.
15	Credit Bank Ltd. P.O. Box 61064-00200 Nairobi Tel 2223000,222317	4	Hon. Simeon Nyachae N.K. Agarwal G.W. Nyachae(Mrs) M.C. Patel H.K. Shah R.V.Karia M.M. Mwendwa	Chairman Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive	PriceWaterhouse Coopers
16	Development Bank of Kenya Ltd. P.O. Box 30483-00100 Nairobi Tel 340401/2/3	1	Prof. H.K. Mengech Prof J.H.Kimura K. Gatabaki Z.G.Mbugua I.C.D.C. PS Treasury	Chairman Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive	KPMG Kenya
17	Diamond Trust Bank of Kenya Ltd. P.O. Box 61711-00200 Nairobi Tel 2849000 www.diamondtrust.co.ke	7	M.P.Manji N. Devji (Mrs) N. Juma J. Kisa A. Merali Abdul A. Samji M. Thobani Karim Kanji	Chairman Managing Director Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive	PriceWaterhouse Coopers
18	Dubai Bank (K) Ltd. P.O. Box 11129-00400 Nairobi Tel 311114/09/23/24/82	3	Viju Cherian Mayank Sharma Prof.El-Bussaidy Harakhend D.Shah H.A. Zubeidi Ali B.Sheikh	Managing Director Executive Director Non-Executive Non-Executive Non-Executive Non-Executive	Ernst & Young
19	Equatorial Comm. Bank Ltd. P.O. Box 52467-00200 Nairobi Tel 2710455	3	Ahmed S. Ndope K.S.Krishnakumar Dr. S.S. Hasan Rizvi M.H. Da Gama-Rose Akif H. Butt Martin Ernest	Chairman Managing Director Executive Director Non-Executive Non-Executive Non-Executive	KPMG Kenya

	<b>Bank</b>	<b>Branch Network</b>	<b>Directors</b>	<b>Status</b>	<b>Approved Auditors</b>
20	Equity Bank Ltd. P.O. Box 75104-00200 Nairobi Tel 2736617/20 www.equitybank.co.ke	57	P. Munga J. Mwangi B. Wairegi F. Muchoki J. Kipnetich Mary Wamae Wagane Diouf L. Gitahi Ernest Nzovu Peter Gachuba	Chairman Managing Director Non Executive Non-Executive Non-Executive Company Secretary Non-Executive Non-Executive Non-Executive Non-Executive(AD)	Ernst & Young
21	Family Bank Ltd. P.O. Box 74145-00200 Nairobi Tel 318173 www.familybank.co.ke	30	Mark Keriri Muya T.K. Muya C.N. Muchai Prof. K. Kinyanjui Dr. James M. Njau Prof. David K Some	Executive Non Executive Non-Executive Non-Executive Non-Executive Non-Executive	Wachira Irungu & Associate Dominion House, Muthithi Road P.O.Box 46671-00100 Nairobi
22	Fidelity Commercial Bank Ltd. P.O. Box 34886-00100 Nairobi Tel 242348/244187	3	R.B.Singh Sultan Khimji James Birnie Kabir Khimji Amir Khimji	Executive Executive Non-Executive Non-Executive Non-Executive	Delotte & Touche
23	Fina Bank Ltd. P.O. Box 20613-00200 Nairobi Tel 246943/222580 www.finabank.com	6	F.Griffiths Robert Warlow D.H. Chandaria R.M. Patel N.N. Shah H.Chandaria Macharia Njeru Robert Binyon	Executive Executive Non-Executive Non-Executive Company Secretary Non-Executive Non-Executive Non- Executive	Deloitte and Touche P.O.Box 40092-00100 Nairobi
24	Giro Commercial Bank Ltd P.O. Box 46739-00100 Nairobi Tel 340537/216005	6	C.J. Gidoomal T.K.Krishnan P.J. Gidoomal D.K. Ngini Carey M. Ngini ( <i>alternate Director</i> )	Chairman Managing Director Non-Executive Non-Executive Non-Executive	Deloitte & Touche
25	Guardian Bank. P.O. Box 67681-00200 Nairobi Tel.8560548 -00200 www.viewpark@guardian-bank.com	5	Maganbhai M. Chandaria Gopinath H. Bhatt M.M. Chandaria Harban R. Sahi Shantilal R. Shah	Chairman  Executive Director Non-Executive Non-Executive Non-Executive	KPMG Kenya
26	Habib A.G. Zurich P.O. Box 30584-00100 Nairobi Tel 341176/6	4	I.A. Allawala N.A. Mohammed M.A. Hussain Zarir Somjee Mohammed Arif Iqbal H.Somani Syed Asad (Alternate Somjee Mustafa Syed Murtaza Nadeem (alternate to M.A. Hussain)	Local Committee Local Committee Local Committee Local Committee Local committee Local Committee Local Committee Local Committee Local Committee Local Committee	KPMG Kenya

	<b>Bank</b>	<b>Branch Network</b>	<b>Directors</b>	<b>Status</b>	<b>Approved Auditors</b>
27	Habib Bank Ltd. P.O. Box 43157-00100 Nairobi Tel 246613/41	3	Rizwan Haider Bilal A Qureshi M.Haseed Ali Patrick M.Mwangi Wajid Ali Shah Said O. Mohammed Salim Al Amin	Executive Executive Executive Executive Executive Executive	KPMG Kenya
28	Imperial Bank Ltd. P.O. Box 44905-00100 Nairobi Tel 2719617/8/9 www.imperialbank.co.ke	7	Alnashir Popat Abdulmalek J.M Anwar Hajee Vishnu Dhutia Jinit Shah Mukesh Kumar Patel Hanif Mohamed Somji	Executive Director Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive	KLSA Pannell Kerr Forster
29	Investments & Mort. Bank Ltd. P.O. Box 30238-00100 Nairobi Tel 2711994-8 www.imbank.com	10	S.B.R. Shah Sarit Shah M. Karanja Brian Rogers Sachit Shah Eric Kimani	Chairman Executive Non-Executive Non-Executive Non-Executive Non-Executive	KPMG Kenya 16th Floor, Lonrho Hse Standard st P.O.Box 40612-00100 Nairobi
30	Kenya Commercial Bank Ltd. P.O. Box 48400-00100 Nairobi Tel 3270000 www.kcb.co.ke	119	Susan O. Mudhune M.Oduor-Otieno J. Kinyua James Nairuti Koome Catherine N. Kimura J.Isaac Adongo P. W. Muthoka S. N. Shah Mrs. S. N. Omanga Pro.P.K. Kimuyu	Chairman Executive Non- Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive	Ernst & Young
31	K-Rep Bank Ltd P.O. Box 25363-00603 Nairobi Tel 3871511/3873148 www.k-repbank.com	24	Bethuel Kiplagat Kimanthi Mutua Mary Houghton Leon Smith J.P.Prosper Mwenda Thiribi Tony K. Wainaina Kevin W.Njiraini F. Streppel M.V. Golstein, Brou- wers Philippe Leclercq George W. Okado	Chairman Managing Director Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive	Deloitte & Touche
32	Middle East Bank Ltd. P.O. Box 47387-00100 Nairobi Tel 2723120 www.mebkenya.com	2	A.A.K. Esmail Peter Harris B.S.Pai A.D. Raja Nancy Kaminchia	Chairman Managing Director Executive Director Non-Executive Non-Executive	PriceWaterhouse Coopers

	<b>Bank</b>	<b>Branch Network</b>	<b>Directors</b>	<b>Status</b>	<b>Approved Auditors</b>
33	National Bank of Kenya Ltd. P.O. Box 72866-00200 Nairobi Tel 311444/ 226471 www.nationalbank.co.ke	23	R.M. Marambii Anthony K.Mwangi  Isaiah M.Mworia M. Muhindi A.C. Juma PS Treasury NSSF Dr Jeniffer N. Riria F.L. Atwoli Peter W.D.Ngumi	Executive Executive(Dir Risk Mgt.) Executive (Fin Dir) Non-Executive Non Executive Non Executive Non Executive Non Executive Non-Executive	Deloitte & Touche
34	NIC Bank Ltd P.O. Box 44599-00100 Nairobi Tel 2888000 www.nic-bank.com	6 branches 8 service centres	James P. M. Ndegwa J. W. Macharia A. Dodd Andrew S.M.Ndegwa Mike L.Somen George A.Maina F.M. Mbiru E.N. Mwanzia I Ochola Wilson Livingstone Murage	Chairman Managing Director Executive Director Non-Executive Non-Director Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Company Secretary	Deloitte & Touche
35	Oriental Commercial Bank ltd. P.O. Box 44080-00100 Nairobi Tel 228461/2 www.orientalbank.co.ke	4	G.V. Shah Nalinkumar M.Shah Girish K.Patel Prabhulal J.Shah Vipul T.Patel	Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive	Ernst & Young
36	Paramount Universal Bank Limited P.O. Box 14001-00800 Nairobi Tel 4449266 www.paramountbank.co.ke	4	Bahadur Alibhai A.A. Merali Anwarali N. Padany Noorez Padamshi Mercy Kamau	Chairman Chief Executive Non-Executive Non-Executive Non-Executive	Deloitte & Touche
37	Prime Bank Ltd. P.O. Box 43825-00100 Nairobi Tel.4451247 www.primebankkenya.co.ke	9	R.C. Kantaria VK Shetty R.N. Kantaria David Hutchinson J.N. Mungai VN. Ponda A. Abdalla S.K. Shah	Chairman Chief Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive	Ernst & Young
38	Southern Credit Banking Corp. Ltd. P.O. Box 11666-00400 Nairobi Tel. 2220948 / 2220039	9	J.C Bamford M Kuria A.R.Yousuf A.K.Kurji P.C.Chandarana S.H.Shah R.K.Blasky R.Kemoli	Chairman Managing Director Executive Director Executive Director Non-Executive Non-Executive Non-Executive Non-Executive	KLSA Pannell Kerr Forster

	<b>Bank</b>	<b>Branch Network</b>	<b>Directors</b>	<b>Status</b>	<b>Approved Auditors</b>
39	Stanbic Bank Kenya Ltd. P.O Box 30550-00100 Nairobi Tel. 342771 www.stanbic.co.ke	4	J.B. Wanjui M. Du Toit Wanjiru Mwangi J.P.Babsa J.Y. Kerrets E.A.W. Njoroge Rose W.Kimotho N.G.Naidoo PS Treasury	Chairman Executive Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive	Pricewaterhouse Coopers
40	Standard Chartered Bank (K) Ltd. P.O Box 30003-00100 Nairobi Tel. 32093000 www.standardchartered. com	28 Branches  2 agencies	David G.Njoroge R. Etemesi Ms Chemutai Murgor Jeremy Ngunze Mark Myers Michael C. Hart Wilfred Kiboro Mrs Jackline Mugo David Godwin Harris Mule Kaushik Shah	Chairman Managing Director Executive Executive Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive	KPMG Kenya
41	Trans-National Bank Ltd. P.O. Box 34353-00100 Nairobi Tel. 224234/6	9	Mwakai K. Sio D. K. Rana Andre Desimone Charles F. Marsham J. K. Kenduiwo Peter Kemei Ben Chepkait Michael Cherwon	Chairman Chief Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive	Deloitte & Touche
42	Victoria Commercial Bank Ltd. P.O. Box 41114 -00100 Nairobi Tel. 2719499/ 2719815	1	K.D. Pattni Y.K. Pattni Silvano O. Kola K.P.Jani Ketaki D. Sheth (Mrs)	Chairman Managing Director Non-Executive Non-Executive Non-Executive	PriceWaterhouse Coopers

# Member non-banking financial institutions, directors and approved external auditors

	<b>Bank</b>	<b>Branch Network</b>	<b>Directors</b>	<b>Status</b>	<b>Approved Auditors</b>
1	Housing Finance Company of (K) Ltd. P.O. Box 30088-00100 Nairobi Tel 317474 www.housing.co.ke	10	Frank M.Ireri Kungu Gatabaki David Ansell Anne Ammissabour (Mrs) Naftali Mogere Mary Mukindia Anne Mugo Beatrice Sabana Ken Wathome	Executive Non- Executive Non-Executive  Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive	KPMG Kenya
2	Prime Capital & Credit Ltd. P.O. Box 46559-00100 Nairobi Tel 223644/223139	1	J.Z. Onduko R.C. Kantaria A.C. Kantaria R.N. Kantaria B.S. Rihal	Chairman Managing Director Non Executive Non-Executive Non-Executive	Ernst & Young
3	Savings & Loan Kenya Ltd. P.O. Box 45129-00100 Nairobi Tel 344203/251328	8	S. Mudhune M.Oduor Otieno Wangui Ngatia Eng Musa Ndeto Joshua S.Muiru	Chairman Chief Executive MD-Executive Non-Executive Non-Executive	Ernst & Young