

This work is licensed under a
Creative Commons Attribution-NonCommercial-
NoDerivs 3.0 Licence.

To view a copy of the licence please see:
<http://creativecommons.org/licenses/by-nc-nd/3.0/>

(832)

(a) UNIVERSITY OF NAIROBI
(b) Institute for Development Studies
Working papers

INSTITUTE FOR DEVELOPMENT STUDIES
UNIVERSITY OF NAIROBI

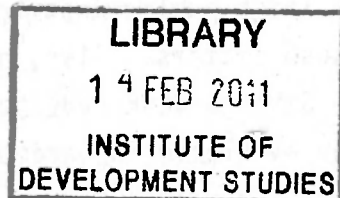
Working Paper No.61

FINANCIAL INSTITUTIONS IN KENYA 1964-1971
A PRELIMINARY ANALYSIS

By

B. Dillon

September 1972



Any views expressed in this paper are those of the author. They should not be interpreted as reflecting the views of the Institute for Development Studies or the University of Nairobi.

RN# 322 305

IDS



095412

FINANCIAL INSTITUTIONS IN KENYA: 1964 - 1971

by

Burke Dillon

This is a working paper intended merely to provide background for the seminar discussion and to make available some of the basic data which I have collected. It consists mainly of twenty pages of balance sheets for the period 1964 - 1971 for various non-bank financial sectors. It also includes a brief history and description of the various private financial institutions. Since most people are aware of the basic functions of the large public institutions, only balance sheets have been provided for these sectors. Also, no figures on the commercial banks and the Post Office Savings Bank have been reproduced here, since this information is already available in various statistical publications.

It is hoped that the seminar discussion, taking this basic information as background, will deal with the broad trends in the Kenyan financial system over the past decade and, in particular, with the events leading up to the recent foreign exchange crisis and the response of the system to that crisis. Since the seminar will be discussing a work in progress, any conclusions drawn will be tentative and impressionistic but, I hope, still useful.

HIRE PURCHASE COMPANIES

Since its incorporation in February 1955, the Credit Finance Corporation Ltd. has been primarily owned and controlled by companies associated with James Finlay & Co. Ltd. in the U.K. and Mr. Harold Travis in Nairobi. CFC expanded rapidly in the first years of operation. By 1959 the company had hire purchase credit outstanding of £760 thousand and was declaring an annual dividend of 10 percent. Success, however, brought competition.

Lombard Banking (East Africa) Ltd. started doing hire purchase lending through Lombank Ltd. National Industrial Credit was set up in 1959 by the Standard Bank and Mercantile Credit Co. Ltd. of London. United Dominions Corporation (East Africa) Ltd., a subsidiary of United Dominions Trust Ltd. of London, began transacting hire purchase business in Kenya at about the same time, although this company had been registered here since 1939. Restricting its East African operations to Kenya, United Dominions did not collect deposits locally until 1962 and financed its hire purchase business through commercial bank borrowing. Lombank, NIC and CFC operated in all three East African colonies, although CFC only accepted deposits through its offices in Kenya.

Competition was intense during this period, and all four companies recorded losses. According to Loxley,⁽¹⁾ Lombank Ltd. expanded business rapidly by making many inadequately secured loans and the other companies followed suit in a battle to maintain their share of the market. Bad debts, primarily due to dealer frauds, accumulated. The hire purchase companies were also hit by the financial panic which followed the Lancaster House Constitutional Conference in February 1960. Within one year deposits with CFC fell by 57 percent and National and Grindlays, which by November 1960 had acquired a 23 percent shareholding in CFC, stepped in to guarantee their deposits. By 1962, Credit Finance, National Industrial Credit, and United Dominions had a combined loss on their books of over £400 thousand. No information is available on the losses of Lombank Ltd., but they are believed to have been substantial, and the company closed all of its East African offices

¹ John Loxley, "The Development of the Monetary and Financial System of the East African Currency Area, 1950 - 1964", Ph.D. Thesis, University of Leeds.

during the early 1960's.

The first part of the 1960's was a period of recovery. The companies adopted a cautious policy. While UDC concentrated its business in the government car loan scheme, CFC and NIC did most of their lending directly to companies and known individuals or through authorised dealers. As a consequence, hire purchase credit outstanding continued to decline through 1963, although total deposits had regained their former level by late 1961. The companies used the increased funds to reduce their substantial borrowings from the commercial banks.

In 1964 National Industrial Credit was the largest hire purchase firm in East Africa but, although dominant in Tanzania, it was the least important of the three remaining firms in terms of lending in Kenya. In Kenya, UDC led the field, followed closely by CFC. Deposits represented 42 percent of total hire purchase lending in 1964, commercial bank borrowing financed a further 37 percent, and the remainder was covered by capital. About 68 percent of all East African business was written in Kenya.

United Dominions recorded little growth in its total lending from 1964 to 1968. In December 1968 UDC was notified that the government car loan scheme had been transferred to the newly formed National Bank of Kenya and, from April 1969, the company ceased to write new businesses in Kenya. As a result of new hire purchase legislation in Tanzania, both CFC and NIC stopped writing new business in that country in 1966 when over £1 million was invested there. After 1966, Credit Finance generally restricted its activity to Kenya, but NIC expanded its operations in Uganda until July 1968 when a separate company was set up to handle all Uganda business. As of that date, National Industrial Credit had £1.15 million invested in Uganda.

From 1964 to 1971, Kenyan lending and deposits each grew by about £4 million. Savings deposits accounted for only 8 percent of this growth, and the relative importance of savings deposits declined from 11 to 9

percent. Only CFC offers savings bank facilities, and savings account balances had been particularly affected by the 1960 capital outflow, only regaining their 1960 level ten years later. The most rapid growth in Kenyan deposits occurred in 1968 (115%) and 1971 (45%). For the other years the average rate of growth was 16 percent. The expansion of lending in Kenya was much less erratic, with the exception of 1969 when the termination of UDC business resulted in a decline of 5 percent. However, since this business was transferred to the National Bank of Kenya, total hire purchase lending by all institutions certainly did not decline during this period. From 1964 to 1971, the average annual rate of credit expansion by these three institutions was 18.5 percent, the largest increase (37%) occurring in 1971.

Commercial bank lending to hire purchase institutions grew from £1 million to £1.7 million from 1964 to 1966, as lending expanded much more rapidly than deposits, but then declined to £176 thousand by 1971. The decline in bank borrowing reflects not only the demise of UDC, but also substantial reductions in borrowings by the other two companies. Liquid assets rose from 3 percent of total assets in 1964 to 8 percent by 1967, jumped to 19 percent in 1969, and then fell back to about 12 percent during 1970 and 1971. As a result, the hire purchase companies which had substantial commercial bank borrowings in the early years probably became net lenders to the financial system after 1968.

Throughout this period the hire purchase companies made substantial profits, allowing them to erase the losses of the early 1960's. By 1968 all three companies had positive retained earnings. CFC went public in 1969, offering 20 percent of its nominal capital on the Nairobi exchange, and NIC followed in February 1971, offering 53 percent of its capital to the public. As part of the CFC issue loan assistance was offered to Kenya citizen investors by National and Grindlays, and similar facilities were offered by Standard Bank during the NIC share issue. It is interesting to note that throughout the period 1964 through 1971, total capital and reserves remained approximate-

ly 20 percent of total assets.

Both CFC and NIC generally maintain the cautious lending policies developed after the experience of the early 1960's. They deal primarily in new cars and prefer to lend only through selected dealers and to companies or professional persons. In recent years, however, both companies have been diversifying their business. They have expanded into machinery and office equipment financing and have been writing a larger share of leasing and contract hire business.

There have been no noticeable trends in either deposit or lending rates over the period we are studying. The CFC savings bank rate has been 5 percent since 1959 and the published CFC rates for term deposits have remained unchanged during the last eight years except for a brief period in 1970 when the rates for deposits of six months or more fell by one half a percentage point. NIC does not publish deposit rates, varying its offer with local money market conditions. Although NIC also reduced its rates during the easy money period before the 1971 foreign exchange crisis and has raised them again during the tighter conditions experienced recently, there also does not appear to be any clear long run trend in NIC deposit rates. Deposit rates generally range from 3 to 4 percent for demand deposits and 14 day money to about 6 percent for one year fixed deposits. Lending rates have remained unchanged throughout these years at 10 percent and 12 percent, flat rate, for used and new vehicles, respectively.

Although CFC and NIC are the only hire purchase companies licensed as financial institutions under the Banking Act, in mid-1972 seventy-five companies were licensed under the Hire Purchase Act to write HP business in Kenya. The Hire Purchase Act of 1968, the first local legislation dealing with this type of business, came into effect on November 2, 1970. The Act delineates the rights of borrowers and lenders and requires the registration of hire purchase contracts with the Office of the Registrar. However, for political reasons, the Act only applies to Hire Purchase contracts under £4,000 and does not apply to contracts in which corporate bodies are the hirers.

From January to June 1971 contracts worth £2.4 million were registered under the Act. It is impossible to determine what share of this business was written by CFC and NIC, since much of their lending does not fall into the categories which require registration. As a matter of fact, one effect of the Hire Purchase Act seems to have been to make these two companies even less inclined to finance small hire purchase business for individuals. However, it has been estimated that approximately half of the registered business comes from CFC and NIC, which would imply that the other companies had HP business outstanding of about £2 to £3 million. A significant share of the business of these companies is in radios, players, sewing machines and other small items, in addition to motor vehicles. If we add to that an estimate of National Bank of Kenya outstandings under the government car loan scheme, we arrive at a figure of approximately £8 to £9 million outstanding in hire purchase credit at the end of June 1971.

On July 26, 1971, the Central Bank of Kenya issued a set of regulations designed to curb the growth of hire purchase lending. Specified banks and financial institutions were required to limit their hire purchase credit to the amount outstanding on that date, approximately £5 million for CFC and NIC, and to similarly restrict their lending to companies licensed under the Hire Purchase Act. As of July 26 the commercial banks had £1 million outstanding in credit to companies licensed under the Hire Purchase Act.

Although it is not possible at this time to fully appraise the impact of these restrictions, it seems clear that in addition to encouraging diversification by CFC and NIC the regulations have kept total credit of all types outstanding by these institutions below what it would have otherwise been. However, information available from the Registrar of Hire Purchase Agreements and the Central Bank would imply that, although there was a drastic decline in commercial bank lending to companies licensed under the Act, the restrictions had a minimal impact on total hire purchase lending by companies other than CFC and NIC. The total value of agreements registered

from June to December 1971 was only six percent below the corresponding figure for the first six months of the year. Hire purchase credit did decline sharply in the first part of 1972, but this seems to reflect the impact of import licensing as well as credit policy.

HOUSING FINANCE COMPANIES

The Kenya Building Society was formed in the early part of this century and by 1949 had total assets of approximately £250,000. In that year the Savings and Loan Society Ltd., a subsidiary of Pearl Insurance, was established. Although incorporated in Tanzania, Savings and Loan had its head office in Nairobi and did 90 percent of its business in Kenya. The two societies expanded rapidly and during the 1950's the First Permanent Building Society, which was incorporated in Northern Rhodesia, also entered the local housing finance market. By 1959 these three institutions had mortgages outstanding in Kenya of approximately £8.5 million and deposits and building society shares of about £9.5 million. By 1961 their Kenyan deposits and shares had fallen to £4.5 million, a drop of over 50 percent in two years. Their mortgage commitments, however, remained at the 1959 level. The £1 million in liquid assets available in 1959 were, of course, insufficient to cover these massive withdrawals and all three companies had to seek outside aid.

The most important source of assistance was the Commonwealth Development Corporation, which by 1962 had almost £2.5 million outstanding to these three societies. Savings and Loan also received substantial assistance from its parent company, Pearl Assurance, and Kenya Building Society borrowed from the commercial banks and Norwich Union. The First Permanent received commercial bank funds in addition to large loans from the governments of Kenya, Tanganyika, and Northern Rhodesia.⁽¹⁾

1

For further information on this period see: John Loxley, "Building Society Instability in Kenya," Discussion Paper No. 2, Centre of Economic Research, University College, Nairobi, February 1965.

First Permanent (East Africa) Ltd. was registered in December 1961 and took over the East African business of the old First Permanent Building Society in June 1962. The new company was owned 60 percent by the Commonwealth Development Corporation and 20 percent each by the governments of Kenya and Tanganyika. In April 1963, the Kenya Building Society became a subsidiary of CDC. After the takeovers, both FP and KBS ceased to be building societies and were registered as limited companies under the Banking Ordinance. In September 1965, Savings and Loan Society Ltd. was also reorganised and became Savings and Loan Kenya Ltd., a wholly owned subsidiary of Pearl Assurance. The Tanzanian interests of S & L were vested in an associated company there.

Both of the CDC affiliated companies and Savings and Loan followed policies of running down their East African business during the first part of the 1960's. They stopped doing new lending except for occasional loans, mostly to finance the transfer of property already mortgaged through them. Savings and Loan closed its branch in Mombasa and its agency in Nanyuki. First Permanent closed its branch office in Nakuru and its agency in Kisumu. The Kenya Building Society effectively lowered its deposit rates and increased its mortgage rates. Although neither First Permanent nor Savings and Loan were actively seeking deposits during this time, the deposits of both institutions expanded steadily during the mid-1960's. KBS continued to raise most of its funds from loans and from large institutional term deposits. According to the 1963 Director's Report for KBS:

Without overtly discouraging the small investor, the Company has refrained from courting this uneconomic business.....

This attitude is somewhat surprising, for the administrative costs of savings accounts would have to be an unlikely 2½ percent per year for this means of finance to cost more than the 7.5 percent they were paying on average for their substantial borrowings from CDC, Norwich Union, and the commercial banks. Furthermore, the East African Building Society, discussed below, was experiencing excess demand for mortgages at a lending rate of 10 percent. It is clear that the slow growth of the housing finance sector

during this period was a result of CDC and/or Government policy, rather than market forces. As a result of these policies, Kenyan deposits with the three big companies increased by only 15 percent from 1963 to 1967, and mortgages outstanding in Kenya actually declined by 40 percent.

In sharp contrast to this is the record of the East African Building Society. Registered in 1959, the EABS had little opportunity to get off the ground before the 1960 panic and the recession which followed. The EABS lost 40 percent of its deposits and shares during 1961 but refused expensive CDC assistance and arranged private financial backing. In contrast to the large companies, EABS worked to attract new African depositors, advertising widely and using mobile vans to collect deposits. Their total deposits and lending increased from 30 to 50 percent annually during the first half of the 1960's, and they maintained and sometimes exceeded this rate of growth during the remainder of the decade. (However, as they became more established, they too abandoned their mobile vans and came to depend on larger depositors for their growth.) In 1964 EABS accounted for only three percent of Kenyan deposits with housing finance companies, but by 1971 this had risen to 33 percent. From 1964 to 1971 EABS increased their mortgages outstanding by £2.8 million, which represented approximately 60 percent of the total increase in mortgages during those years. Although the success of EABS was partially due to the dormancy of the other companies, which themselves certainly could not have duplicated these rates of growth, that success was also an indication that there was room for further expansion in this sector.

One other institution which we have not yet mentioned is the Kentanda Mutual Building Society. Registered in July 1958, this small company received most of its funds from and did most of its lending to Africans. It experienced no decline in building society share investment during 1960 and 1961, but its shares fell by 45 percent during 1962 and 1963. This was probably due to the recession experienced at that time and to the increased competition from EABS. Total assets never exceeded £17 thousand,

and in 1965 the society declared bankruptcy and the Kenya Building Society took over their outstanding mortgages.

The Housing Finance Company of Kenya Ltd. is now the largest housing finance institution in the country, with £4.2 million in deposits and £3.7 million outstanding in mortgages as of December 1971. The HFCK was incorporated in November 1965, with CDC and the Kenya Government owning 60 percent and 40 percent, respectively, of the issued capital. It began lending in 1966 with funds advanced by First Permanent. In 1968 the remaining Kenyan deposits of First Permanent were transferred to HFCK, and Tanzanian and Ugandan deposits and mortgages were transferred to the Permanent Housing Finance Company of Tanzania and the Housing Finance Company of Uganda. At the time of the transfer, deposits from those countries exceeded mortgages outstanding by about £1 million and the difference was entered as a loan to HFCK which was paid off over the following three years. In December 1969, KBS became a subsidiary of First Permanent and, in January 1970, First Permanent, in turn, became a subsidiary of HFCK. (The deposits of KBS had already been transferred to First Permanent in 1965.) Therefore, by the beginning of 1970 HFCK had taken over the Kenyan assets and liabilities of both CDC assisted housing companies. During 1968 and 1969, HFCK deposits expanded little beyond the £2.2 million transferred from First Permanent, but grew by 15 percent in 1970 and by 57 percent in 1971. In 1970 the Kenya Government acquired a further 10 percent of the issued capital of HFCK to become an equal partner with CDC. Both CDC and the Government have extended substantial loan finance to HFCK.

In mid-1972, the Kenya Commercial Finance Company acquired Savings and Loan Kenya Ltd. This company, which had been running down its deposits and its mortgages during the past five years in preparation for a planned termination of its business in 1975, has now been reactivated.

Looking at the aggregate balance sheet for the housing finance companies, the most striking fact is the limited growth experienced by this sector for

the period as a whole. Mortgages outstanding in Kenya grew at an average annual rate of 2 percent and deposits at an average rate of 12 percent. From 1964 to 1971, Kenyan deposits rose by £4.8 million while mortgage assets in Kenya increased by less than £1 million. The excess of deposits over new lending was used to repay substantial borrowings by the companies, and loans to this sector fell from 20 percent of liabilities in 1964 to 10 percent by 1971. However, the last two years taken by themselves show considerable growth. Deposits increased by 20 percent in 1970 and 27 percent in 1971, while mortgages outstanding grew by 9 percent and 25 percent in these two years.

Savings accounts have grown little throughout the period under consideration. Deposit accounts⁽¹⁾ provided most of the growth through 1970, but in 1971 time deposits account for 71 percent of deposit expansion. Time deposits had fallen substantially in 1966 and 1967 due to the termination of time deposit facilities by both KBS and Savings and Loan, but by 1971 they accounted for 30 percent of Kenyan deposits. Since the reactivated Savings and Loan has doubled the minimum savings deposit balance and started accepting time deposits once again, and since both EABS and HFCK see this as the major source of future deposit growth, it is likely that the relative importance of deposit accounts and, especially, savings accounts is likely to decline further in the future. In April 1972, the East African Building Society established a subsidiary, AKIBA Loans & Finance Ltd., which only accepts notice deposits above a minimum of £1,000. The subsidiary will engage in estate development, which the Building Societies Act prevents EABS from doing directly.

The housing finance companies are currently offering from 4½ percent to 5 percent for savings deposits, 5½ to 6 percent for deposit accounts, and 6 to 6½ percent for deposits of up to one year. EABS tends to offer somewhat higher rates than the other two companies. The rates on savings

1

See definitions at beginning of Appendix.

accounts and deposit accounts have not been changed during whole period we are discussing, but EABS moved its one year fixed deposit rate up from 6 to 6½ percent in 1965 and HFCK moved its one year rate up to 6 from 5½ percent at the beginning of 1971. AKIBA offers 7 percent for oneyear notice deposits. The standard lending rate for Savings and Loan and HFCK is 8½ percent. EABS charges this same lending rate to citizens on owner-occupied homes, but charges 10 percent for non-citizens and for rental properties. EABS has maintained the basic 10 percent rate since it was formed, but before the collapse of 1960 - 61, the other companies were charging 5½ to 7½ percent. The margin between deposit and lending rates has, as a result, widened over the past decade.

Savings and Loan and HFCK primarily finance owner-occupied homes, but EABS also finances a significant amount of rental property and about 10 percent of its mortgages are on non-residential property. All three companies lend for a maximum of 15 years and will provide from 60 to 90 percent of the house value, depending on the company and the citizenship of the borrower. HFCK will not finance houses worth less than £1,200 and has a maximum loan of £6,000. Savings and Loan and EABS have maximums of £7,500 and £10,000 respectively.

ISMAILIA INSTITUTIONS

The Diamond Trust of Kenya Ltd., formerly the Diamond Jubilee Investment Trust (Kenya) Ltd., is the largest Ismailia financial institution in Kenya with total assets of £2 million as of September 1971. The original Diamond Jubilee Investment Trust, incorporated in 1946 to mark the Diamond Jubilee of his Late Highness the Aga Khan, had its head office in Dar es Salaam and branches in Nairobi and Kampala. The company had almost 2,000 Ismaili shareholders throughout East Africa and, during the first two decades of operation, served the Ismaili community almost exclusively. Although we do not have data on this institution prior to 1961, it appears that, primarily because of their position as an Ismaili community institu-

tion, they did not suffer severe setbacks in the early 1960's. In 1965 the Trust was split into three companies, one for each of the East African nations. Every original shareholder received a proportional share in each of the three new companies. This policy of spreading risks over the three countries has also been applied by the Diamond Jubilee group in its investments. A fourth company, Diamond Jubilee Services, is incorporated in Kenya and acts as managing secretaries for the three national companies. From 1967 to 1970 liquid assets of the three companies were deposited with DJS, which reinvested them primarily in short and medium term deposits. In March 1968, Diamond Trust Properties (Kenya) Ltd. was formed, as were two similar companies in Uganda and Tanzania. Each of the three national DJIT companies owns an equal share in the Kenyan property company. The three companies also own the Uganda company jointly, but neither the Kenyan nor Ugandan Trust companies has invested in the corresponding property company in Tanzania. In September 1970, real estate comprised 97 percent of the assets of Diamond Trust Properties (Kenya) Ltd.⁽¹⁾

Although it originally served the Ismaili community almost exclusively, The Diamond Jubilee Investment Trust has been trying to diversify its

1

In preparing the balance sheet for this sector, I have netted out identifiable intercompany balances among Ismailia institutions and have apportioned the assets of Diamond Jubilee Services to Kenya according to the share of deposits from DJIT (Kenya) Ltd. in total DJS deposits. I have also classified equity and loan investment in Diamond Trust Properties (Kenya) Ltd. and I.P.S. Building Ltd. as Real Estate. Although data on deposits is available by country since 1964, the share of Kenya in the other assets and liabilities of DJIT had to be estimated for 1964 and 1965.

business to include all sectors of the Kenyan community. As part of this new image, the Kenya company changed its name to Diamond Trust of Kenya Ltd. in January 1972 and plans to place its first public share offer on the Nairobi exchange in the near future. It also plans to launch an extensive "Save with the Trust" campaign to attract new depositors.

The Ismailia Corporation Ltd., located in Mombasa, was first incorporated in 1940 with an issued capital of £5 thousand owned by a large number of Ismaili shareholders. Like the Diamond Jubilee Investment Trust, it provided financial services for the Ismaili community. In October 1968, Diamond Jubilee Services acquired the issued capital of the Ismailia Corporation Ltd. and in August 1969 the capital was increased to £25 thousand, all held by DJS as nominees for the three national companies.

In 1942 Ismailia Corporations were also formed in Kisumu and Nairobi. The Kisumu Corporation was licensed under the Banking Act in Kenya during the early 1960's but did not register under the Banking Act of 1968, presumably because of the increased capital requirement. The Nairobi Corporation was wound up around 1960 and another small Ismaili Corporation in Machakos, now defunct, is not included in the aggregate balance sheet for this sector. The Kisumu Corporation invested over half of its assets in real estate, and the Ismailia Corporation Ltd. specialised in low interest loans to members of the Ismaili community, usually secured by mortgages. Although deposits with the Ismailia Corporation Ltd. increased by 65 percent from 1964 to 1971, mortgages fell by 60 percent as the company accumulated large balances with the Diamond Jubilee Investment Trust (Kenya) Ltd. As of December 1971, balances with DJIT represented 55 percent of total assets, quoted East African shares absorbed another 16 percent of funds, and mortgages outstanding only accounted for 18 percent of assets.

It is interesting to note that, while for all other sectors time deposits have been increasing much more rapidly than savings deposits, the exact

opposite is true for the Ismaili institutions. Although they accounted for only 3 percent of the growth in total deposits of private non-bank financial institutions included in our tables, the Ismaili institutions provided 46 percent of the total growth in savings deposits over this period. Their time deposits fell by 62 percent, while their savings account balances increased ten times over. From the incorporation of DJIT (Kenya) Ltd. in 1965 until September 1971, the deposit rates offered were significantly below those quoted by competing firms in Nairobi. The savings deposit rate was 4 percent and the one year fixed deposit rate was 4½ percent. The differential between DJIT and others was much greater for time than for savings deposits but, although this might explain a larger relative drop in time deposits, it certainly cannot account for the marked rise in savings deposits. It seems likely that the major reason for the growth in savings accounts is that DJIT allows withdrawals of up to £100 once a week on demand, while other companies offering savings facilities only allow weekly withdrawals of £25 unless advance notice is given. Also, the minimum savings balance at DJIT is only £5. In September 1971 DJIT raised their savings account rate to 4½ percent and opened a new type of deposit account at 5½ percent. Their one year fixed deposit rate moved up to 5½ percent which, although only slightly below the rate being offered by other institutions, seems to indicate that the Diamond Trust does not plan to enter the current competition for large longer term deposits.

The composition of the Diamond Trust's assets had changed markedly during the period under review. Mortgages fell from half to 17 percent of total assets from 1964 to 1971. The company switched instead to direct real estate investment through Diamond Trust Properties and the IPS Building Ltd. and investment in these companies represented 20 percent of assets in 1971. Equity holdings also rose substantially. In the last financial year, DJIT also began dealing in the leasing of office equipment and this type of business probably represented half of the increase in their total lending during the last financial year.

The final Ismailia institution included in our aggregate balance sheet is Industrial Promotion Services (Kenya) Ltd. which was incorporated in 1963. It is the policy of the Ismaili community in East Africa to encourage its members to move from commercial to industrial undertakings. The major function of I.P.S. is to provide the managerial and financial assistance necessary for such a transition. The company obtains about 80 percent of its funds from capital invested by the Aga Khan and IPS (Switzerland) Ltd. As of the most recent annual report, the largest investment was in IPS Tanzania Textiles, which absorbed 38 percent of the company's funds. Twelve other small companies in Kenya and Tanzania together accounted for only 20 percent of IPS funds while real estate investment and quoted East African shares each represented about 17 percent of the company's assets. Currently, IPS and the Diamond Trust have joined with other institutions and the Kenya Government to set up Tourist Promotion Services Ltd. which is building two coast hotels and lodges in Serengeti and Mara.

OTHER FINANCIAL INSTITUTIONS

This sector was relatively insignificant during the early years covered by our balance sheets, but today these institutions account for almost half of the assets of non-bank financial institutions included here. From 1964 through 1966, only Overseas Finance Ltd. is included in the figures on this sector. This company did not apply for a license under the Banking Act of 1968 and little is known about its activities. Registered in April 1960, Overseas Finance was a locally incorporated Asian concern. Capital and reserves were the major sources of funds and, although it did some discounting of bills, advances represented 75 percent of its assets as of the last available balance sheet.

East African Acceptances Limited was formed in April 1968, taking over the business of Smith Arbuthnot (Kenya) Ltd. The new company was owned on an equal basis by the Standard Bank and Arbuthnot Latham & Co., a London

merchant banking firm. Later Brooke Bond Liebig took up 20 percent of the capital and the Arbuthnot Latham holding was reduced to 30 percent. They accept demand and time deposits above a minimum of £5 thousand and adjust their rates regularly in response to their need for funds and conditions in the local money market. Although some deposits come from individuals and non-financial firms, the most important depositors are insurance companies, other financial institutions, the Nairobi City Council and other large institutional investors. East African Acceptances does little acceptance business. They primarily engage in medium term lending (three to five years) to industry and agriculture. All of their loans are relatively large. They also underwrite security issues, do some bill discounting, and act as managing secretaries to a number of large agricultural companies for which they also provide short term finance.

Grindlays International Finance (Kenya) Ltd., a wholly owned subsidiary of Grindlays Bank International (Kenya) Ltd., was incorporated on November 13, 1970, the day after the incorporation of the parent company. The two companies share the same directors, management and staff. Grindlays International Finance have the same minimum deposit as E.A. Acceptances and seem to draw their funds from, essentially, the same market. However, while demand deposits and short term money have at times accounted for a significant share of E.A. Acceptances deposits, Grindlays International Finance only accepts deposits of one month or longer, although they accept short deposits on the inter-bank market.

Grindlays International Finance was particularly hit by the Central Bank July 1971 restrictions on factoring and by withdrawals of funds during the last half of 1971. Therefore, the December 1971 balance sheet which we have included here might not be representative of the activities of this institution at other times. As of December 1971, almost half of the funds of G.I.F. were on deposit with the parent bank and, although some large scale advances were outstanding, the unidentifiable category "Other Assets" absorbed the remainder of G.I.F. funds.

The Kenya Commercial Finance Company Ltd. was incorporated on August 25, 1971, as a wholly owned subsidiary of the Kenya Commercial Bank, but it did not begin operations until December 23, 1971, after the Central Bank had imposed a 5 percent cash-reserve requirement on the Commercial Banks in addition to the 12½ percent liquid asset requirement. They accept demand and time deposits above a minimum of £25,000 and, once again, seem to draw their funds primarily from the same market as EAA and GIF. Kenya Commercial Finance has not yet issued an annual balance sheet. However, to demonstrate the recent growth of these three institutions, we have included trial balance information from August 1972 in the 1971 data for this sector. Since this is a relatively new company, the balance sheet data included here might not, as in the case of Grindlays International Finance, provide a good indication of long-run uses of funds.

Kenya Commercial Finance has recently acquired and reactivated Savings and Loan Kenya Ltd., which will take over the Kenya Commercial Bank's housing loan scheme. KCF does large scale lending up to eight years and they have become involved on both an equity and a loan basis in a large project in which the Government has an interest. In addition to their mortgage lending through Savings and Loan, they are involved in a housing development project and have been considering going into hotel development. They are also engaged in export financing and machinery leasing, and in the near future they plan to add refinancing of international trade bills to their wide range of activities. Given this long list of current or intended projects, it is quite likely that the August data which shows almost all of their funds being redeposited with Kenya Commercial Bank and other financial institutions does not provide a representative picture of the future development of this company's asset structure.

It seems likely that these three institutions, and possibly others like them, will account for an important share of the growth of non-bank financial institutions in the near future as they draw the time deposits of larger investors away from the commercial banks. There seem to be several major advantages to the banks as a result of operating through

these subsidiaries. First, a subsidiary can operate outside the restrictions of law and convention which apply to commercial banking activities. This seems to be particularly true in the case of the planned activities of Kenya Commercial Finance, some of which verge on development banking. Second, these institutions can quote deposit rates above those established by the Banking arrangements, a cartel agreement among non-Government banks in Kenya, allowing the banks to compete indirectly for the interest sensitive funds of large investors without raising rates offered to the general public. This, of course, places the banks who do not have subsidiaries at a disadvantage in competing for these funds, but one of the smaller banks has recently succeeded in getting the cartel agreement limited to deposits of one year or less. Finally, these subsidiaries are not subjected to commercial bank liquidity requirements which means that they can make more profitable use of these longer term deposits and that they will not be affected directly by Central Bank variations in liquidity requirements.

NOTES ON THE BALANCE SHEETS

The following sectoral balance sheets are aggregated, not consolidated, except that inter-company balances of the Ismailia institutions and the HFCK-KBS-FP complex have been netted out. The classification of the companies as "public" or "private" is based on function rather than ownership of capital. For example, the Housing Finance Company of Kenya is analyzed with the private sector because its major source of funds is deposits and its major use of funds is private mortgage lending. On the other hand, the Development Finance Company of Kenya is listed as a public institution although it is legally a private company.

We have attempted to standardize the balance sheet format of the various institutions as much as possible. For example, negative retained earnings are always subtracted from the liabilities side rather than added to the assets side, and loans are taken net of provision for loss and unearned interest. We have centered our aggregations on December so that, for example, the 1970 figures will include June, September and December 1970 balance sheet figures as well as March 1971 data.

Although we have attempted to get all of the necessary breakdowns from the accounts of the individual companies, estimations were sometimes necessary. This is particularly true of the breakdown of deposits and lending by Kenya and the other East African countries during the early years covered. Although the estimations necessary in calculating the national breakdown of total deposits and lending could not involve an error of more than about 5 percent, it is possible that the secondary breakdown of Kenyan deposits by type of deposits could involve a more significant margin of error during the 1964 - 1967 period for the housing sector. However, even in this case the possible error could not be greater than 10 percent of the value of savings deposits and would not alter any of the longer run trends.

Balances due to and from associated companies have generally been classified as loans, although such entries have sometimes been classified as deposits where this definition was clearly more appropriate.

Unfortunately, it has been necessary to classify some foreign funds received by the agricultural finance sector as loans and grants from the Kenya Government, but this will be rectified in the final report.

DEFINITIONS

KENYAN DEPOSITS: This is a geographical distinction meaning deposits received in Kenya. It implies nothing about the residence or citizenship of the depositor.

KENYA GOVERNMENT: Funds received from not only the Treasury, but also various ministries and departments of the Government have been classified under this heading.

SAVINGS ACCOUNTS: This category includes all passbook accounts where some amount may be withdrawn on demand at regular intervals.

DEPOSIT ACCOUNTS: These are accounts with relatively small minimum deposits which allow the depositor to withdraw varying maximum amounts depending upon the period of notice given, but do not allow the depositor to withdraw anything on demand. This category does not include any of the call deposits with institutions having a minimum deposit of £1 thousand or more.

DEMAND DEPOSITS: These include deposits, not transferable by cheque, placed with institutions with high minimum deposits and available on demand.

TIME DEPOSITS: These include fixed term deposits with all institutions and call deposits placed with institutions having minimum deposits substantially above the £50 or less normally applied to savings and deposit accounts.

RESERVES:

Reserves have been defined to include retained earnings, capital reserves, share premium accounts, and general reserves.

LIQUID ASSETS:

The distinction between "cash and bank balances" and "deposits" merely reflects the distinctions made on the original balance sheets. Deposits with commercial banks, other than current accounts, are sometimes reported in one category and sometimes in the other.

REAL ESTATE:

This includes staff housing and business premises as well as other types of direct real estate investment. In the case of the Ismailia institutions, it also includes investment in subsidiaries formed for the purpose of holding real assets.

MORTGAGES:

This primarily includes mortgage lending by companies that do housing finance and does not include various other types of loans which happen to be secured by a mortgage over property.

HIRE PURCHASE:

This includes leasing and contract hire done by the hire purchase companies as well as hire purchase. This is particularly important in the later years.

HIRE PURCHASE COMPANIES - LIABILITIES

(National Industrial Credit, Credit Finance Corp., and United Dominions Corp.)

K£ '000

| | <u>1964</u> | <u>1965</u> | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> | <u>1971</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| ISSUED CAPITAL: | | | | | | | | |
| Commercial Banks | 157 | 157 | 157 | 157 | 157 | 213 | 100 | 117 |
| Financial Inst. | - | - | - | - | - | - | 113 | 123 |
| Other Kenyan | 74 | 30 | 30 | 30 | 30 | 127 | 127 | 383 |
| R.O.W. | 620 | 662 | 662 | 662 | 662 | 760 | 482 | 377 |
| Total | 850 | 850 | 850 | 850 | 850 | 1,100 | 822 | 1,000 |
| RESERVES | -197 | -97 | 82 | 201 | 309 | 293 | 368 | 376 |
| TOTAL CAPITAL AND RESERVES | 653 | 753 | 932 | 1,051 | 1,159 | 1,393 | 1,190 | 1,376 |
| DEPOSITS IN KENYA: | | | | | | | | |
| Savings | 82 | 90 | 123 | 168 | 246 | 299 | 344 | 407 |
| Demand & Time | 646 | 798 | 1,033 | 1,101 | 2,485 | 2,742 | 2,992 | 4,439 |
| Total: | 726 | 885 | 1,152 | 1,269 | 2,731 | 3,041 | 3,336 | 4,846 |
| DEPOSITS IN UGANDA AND TANZANIA | | | | | | | | |
| | 473 | 522 | 778 | 1,004 | 1,093 | 1,279 | 231 | - |
| TOTAL DEPOSITS | 1,202 | 1,411 | 1,934 | 2,273 | 3,824 | 4,320 | 3,567 | 4,846 |
| LOANS: | | | | | | | | |
| Commercial Banks | 1,040 | 1,154 | 1,715 | 1,368 | 474 | 434 | 304 | 176 |
| R.O.W. | - | - | - | - | 66 | 149 | - | - |
| Total | 1,040 | 1,154 | 1,715 | 1,368 | 540 | 583 | 304 | 176 |
| OTHER LIABILITIES | 141 | 203 | 197 | 375 | 394 | 542 | 436 | 563 |
| TOTAL LIABILITIES | 3,036 | 3,522 | 4,778 | 5,067 | 5,911 | 6,838 | 5,496 | 6,961 |

HIRE PURCHASE COMPANIES - ASSETS

(National Industrial Credit Finance Corp., and related companies) (KSh '000)

| | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| REAL ESTATE | 21 | 20 | 9 | 9 | 5 | - | 9 | 8 |
| HIRE PURCHASE: | | | | | | | | |
| Kenya | 1,933 | 2,225 | 2,952 | 3,538 | 4,383 | 4,174 | 4,426 | 6,053 |
| Uganda and Tanzania | 900 | 990 | 1,333 | 953 | 908 | 1,081 | 107 | - |
| Total: | 2,833 | 3,215 | 4,285 | 4,491 | 5,291 | 5,256 | 4,533 | 6,053 |
| OTHER LOANS: | | | | | | | | |
| Kenya | 27 | 10 | 5 | 5 | 17 | 21 | 12 | 8 |
| R.O.W. | - | 1 | 4 | 2 | - | 151 | 161 | - |
| Total: | 27 | 11 | 9 | 7 | 17 | 172 | 174 | 8 |
| BILLS | - | 39 | 32 | 26 | 26 | 5 | - | - |
| LIQUID ASSETS: | | | | | | | | |
| Short Term Deposits | - | - | - | - | - | 400 | 550 | 700 |
| Cash & Bank Balances | 89 | 157 | 367 | 465 | 498 | 932 | 96 | 69 |
| Tax Reserve Certificates | - | - | - | - | - | - | 63 | 50 |
| Total Liquid Assets | 89 | 157 | 367 | 465 | 498 | 1,332 | 709 | 819 |
| OTHER ASSETS | 67 | 80 | 81 | 68 | 71 | 73 | 72 | 73 |
| TOTAL ASSETS | 3,036 | 3,522 | 4,778 | 5,067 | 5,911 | 6,838 | 5,496 | 6,961 |

HOUSING FINANCE COMPANIES - LIABILITIES

Kentanda Mutual, First Permanent, Kenya Building Society, Savings & Loan Kenya Ltd., East African Building Society and Housing Finance Company of Kenya

KE '000

| | <u>1964</u> | <u>1965</u> | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> | <u>1971</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| ISSUED CAPITAL: | | | | | | | | |
| Kenya Government Housing Finance Companies | 50 | 52 | 52 | 52 | 10 | 10 | 13 | 13 |
| Insurance Companies | - | - | - | - | - | 201 | 201 | 201 |
| R.O.V. | 560 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Total | 201 | 204 | 204 | 154 | 210 | 15 | 13 | 13 |
| | 811 | 356 | 356 | 306 | 326 | 326 | 326 | 326 |
| RESERVES | 263 | 98 | 143 | 139 | 350 | 387 | 442 | 477 |
| TOTAL CAPITAL AND RESERVES | 1,072 | 454 | 499 | 445 | 676 | 713 | 768 | 803 |
| DEPOSITS IN KENYA: | | | | | | | | |
| Savings Accounts | 2,691 | 2,781 | 3,372 | 3,799 | 3,315 | 3,218 | 3,302 | 3,320 |
| 'Deposit' Accounts | 650 | 814 | 978 | 1,271 | 1,364 | 1,617 | 2,264 | 2,794 |
| Time Deposits | 737 | 985 | 457 | 364 | 897 | 985 | 1,391 | 2,746 |
| Total | 4,078 | 4,579 | 4,807 | 5,433 | 5,576 | 5,820 | 6,957 | 8,860 |
| DEPOSITS IN UGANDA AND TANZANIA | | | | | | | | |
| | 2,268 | 2,251 | 2,335 | 2,417 | - | - | - | - |
| TOTAL DEPOSITS | 6,346 | 6,830 | 7,322 | 7,850 | 5,576 | 5,820 | 6,957 | 8,860 |
| LOANS: | | | | | | | | |
| Kenya Government | 250 | 200 | 100 | - | - | 325 | 325 | 514 |
| Commercial Banks | 337 | 100 | 118 | 44 | 6 | - | - | - |
| Financial Institutions | 207 | 682 | 210 | 149 | 123 | 123 | 123 | - |
| R.O.V. | 2,313 | 1,965 | 1,712 | 679 | 1,012 | 615 | 791 | 558 |
| Total | 3,107 | 3,046 | 2,140 | 872 | 1,141 | 1,063 | 1,239 | 1,072 |
| OTHER LIABILITIES | 145 | 111 | 110 | 128 | 79 | 114 | 88 | 106 |
| TOTAL LIABILITIES | 10,680 | 10,441 | 10,977 | 9,295 | 7,472 | 7,710 | 9,052 | 10,843 |

HOUSING FINANCE COMPANIES - ASSETS

| | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 |
|-----------------------------------|--------|--------|--------|-------|-------|-------|-------|--------|
| REAL ESTATE | 590 | 581 | 578 | 501 | 335 | 180 | 208 | 322 |
| MORTGAGES: | | | | | | | | |
| Kenya | 6,624 | 6,048 | 5,381 | 4,820 | 4,841 | 5,427 | 5,899 | 7,376 |
| R.O.M. | 2,273 | 1,809 | 1,428 | 1,405 | 17 | 14 | - | - |
| Total | 8,897 | 7,857 | 6,809 | 6,225 | 4,858 | 5,441 | 5,899 | 7,376 |
| LOANS: | | | | | | | | |
| National Housing Corporation | - | - | - | - | 34 | 100 | 150 | - |
| Local Government | 100 | 100 | 100 | 100 | 100 | 50 | 50 | 50 |
| R.O.M. | - | 633 | 595 | 316 | 591 | 513 | 42 | 1 |
| Total | 100 | 733 | 695 | 416 | 715 | 663 | 242 | 51 |
| INVESTMENTS IN PUBLIC SECURITIES: | | | | | | | | |
| East African | 282 | 427 | 546 | 454 | 322 | 136 | 132 | 83 |
| Other P.O.M. | 48 | 48 | 48 | 48 | 25 | 25 | 12 | 3 |
| Total | 330 | 475 | 594 | 502 | 347 | 221 | 144 | 86 |
| EQUITY INVESTMENTS: | | | | | | | | |
| Financial Institutions | - | - | - | - | - | 50 | 499 | 499 |
| Other | - | 36 | 133 | 177 | 194 | 248 | 355 | 327 |
| Total | - | 36 | 133 | 177 | 194 | 298 | 854 | 826 |
| TOTAL INVESTMENTS | 330 | 511 | 727 | 679 | 541 | 519 | 998 | 912 |
| LIQUID ASSETS: | | | | | | | | |
| Deposits | 100 | 291 | 225 | 1,079 | 252 | 627 | 1,481 | 1,736 |
| Cash & Bank Balances | 481 | 379 | 303 | 219 | 152 | 181 | 148 | 294 |
| Tax Reserve Certificates | 36 | 25 | 19 | 26 | 3 | - | 3 | 3 |
| Total | 617 | 695 | 1,147 | 1,324 | 1,007 | 808 | 1,632 | 2,033 |
| UNCLASSIFIED | 46 | - | - | - | - | - | - | - |
| OTHER ASSETS | 92 | 64 | 121 | 90 | 20 | 98 | 78 | 155 |
| TOTAL ASSETS | 10,680 | 10,441 | 10,077 | 9,295 | 7,476 | 7,702 | 9,057 | 10,843 |

ISMAILIA INSTITUTIONS - LIABILITIES

Ismailia Corporation Ltd., Ismailia Corporation of Kisumu, Diamond Jubilee Investment Trust (Kenya) Ltd., and Industrial Promotion Services (Kenya) Ltd.

| | K£ '000 | | | | | | | |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>1964</u> | <u>1965</u> | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> | <u>1971</u> |
| ISSUED CAPITAL: | | | | | | | | |
| Other Ismailia Institutions | 25 | 7 | 7 | 9 | 12 | 18 | 18 | 18 |
| Other Kenyan | 102 | 102 | 132 | 133 | 135 | 141 | 151 | 157 |
| R.O.W. | 230 | 286 | 433 | 497 | 499 | 513 | 622 | 704 |
| Total | 357 | 395 | 572 | 639 | 646 | 672 | 791 | 879 |
| RESERVES | | | | | | | | |
| | 11 | 10 | 23 | 36 | 55 | 54 | 52 | 48 |
| TOTAL CAPITAL AND RESERVES | | | | | | | | |
| | 368 | 414 | 595 | 675 | 701 | 726 | 843 | 927 |
| DEPOSITS: | | | | | | | | |
| Savings Accounts | 129 | 146 | 247 | 445 | 671 | 822 | 1,007 | 1,121 |
| 'Deposit' Accounts | 179 | 151 | 297 | 234 | 187 | 108 | 123 | 152 |
| Time Deposits | 514 | 361 | 105 | 126 | 135 | 134 | 204 | 159 |
| Unclassified | | | | | | | | |
| Small Deposits | 45 | 46 | 50 | 50 | 41 | 7 | 29 | 63 |
| Total Deposits | 867 | 704 | 699 | 855 | 1,034 | 1,071 | 1,363 | 1,495 |
| LOANS: | | | | | | | | |
| Commercial Banks | 7 | 3 | - | 10 | 11 | 20 | 87 | 21 |
| R.O.W. | 61 | 97 | 34 | 29 | 35 | 56 | 48 | 29 |
| Other | - | 21 | - | 1 | - | 57 | 59 | 72 |
| Total | 68 | 121 | 34 | 39 | 46 | 133 | 194 | 113 |
| OTHER LIABILITIES | | | | | | | | |
| | 117 | 229 | 141 | 72 | 107 | 128 | 111 | 158 |
| TOTAL LIABILITIES | | | | | | | | |
| | 1,422 | 1,467 | 1,467 | 1,642 | 1,680 | 2,057 | 2,509 | 2,694 |

ISMAILIA INSTITUTIONS - ASSETS

| | <u>1964</u> | <u>1965</u> | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> | <u>1971</u> |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| REAL ESTATE: | | | | | | | | |
| Direct Equity | 45 | 45 | 45 | 55 | 57 | 34 | 126 | 137 |
| Loans | - | 26 | 67 | 105 | 104 | 240 | 236 | 236 |
| Total | 45 | 71 | 112 | 180 | 222 | 287 | 452 | 512 |
| MORTGAGES (NET) | 831 | 709 | 585 | 460 | 426 | 216 | 338 | 322 |
| LOADS: | | | | | | | | |
| P.O.W. | - | - | - | - | 2 | 128 | 214 | 233 |
| Other | 70 | 58 | 31 | 37 | 65 | 156 | 132 | 303 |
| Total | 70 | 58 | 31 | 37 | 67 | 284 | 346 | 536 |
| <u>E.A. STOCKS</u> | 77 | 90 | 115 | 108 | 122 | 64 | 52 | 47 |
| EQUITY: | | | | | | | | |
| Ismailia Inst. | 25 | 25 | - | - | - | 9 | 9 | 9 |
| P.O.W. | - | - | 25 | 27 | 27 | 210 | 210 | 210 |
| Other | 37 | 241 | 309 | 391 | 447 | 445 | 457 | 461 |
| Total | 62 | 266 | 334 | 418 | 474 | 664 | 676 | 680 |
| LIQUID ASSETS: | | | | | | | | |
| Cash & Bank Balances | 14 | 26 | 58 | 52 | 34 | 63 | 58 | 67 |
| Deposits | 298 | 205 | 194 | 349 | 486 | 379 | 431 | 357 |
| Total | 312 | 231 | 252 | 401 | 518 | 442 | 489 | 424 |
| OTHER ASSETS | 24 | 46 | 37 | 42 | 63 | 97 | 97 | 116 |
| TOTAL ASSETS | 1,422 | 1,467 | 1,467 | 1,642 | 1,889 | 2,057 | 2,509 | 2,694 |

OTHER 'PRIVATE' FINANCIAL INSTITUTIONS - LIABILITIES

Overseas Finance Ltd., East African Acceptances, Grindlays International Finance and Kenya Commercial Finance

| | <u>1964</u> | <u>1965</u> | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> | <u>1971</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| ISSUED CAPITAL | | | | | | | | |
| Commercial Banks | - | - | - | - | 50 | 50 | 75 | 725 |
| Other Kenyan | 100 | 100 | 100 | 100 | 2 | 20 | 30 | 30 |
| R.O.M. | - | - | - | 30 | 50 | 30 | 45 | 45 |
| Total | 100 | 100 | 100 | 130 | 102 | 100 | 150 | 800 |
| RESERVES | 7 | 7 | 11 | 12 | 14 | 7 | 16 | 65 |
| TOTAL CAPITAL AND RESERVES | 107 | 107 | 111 | 142 | 116 | 107 | 166 | 865 |
| DEPOSITS: | | | | | | | | |
| Demand & Time Deposits | - | - | - | 240 | 982 | 1,607 | 2,411 | 9,335 |
| Due to Banks and Financial Institutions | - | - | - | - | n.a. | n.a. | 605 | 5,310 |
| Total | - | - | - | 240 | 982 | 1,607 | 3,016 | 14,645 |
| LOANS: | | | | | | | | |
| Commercial Banks | 31 | 25 | 24 | 190 | - | - | - | - |
| Other | - | - | - | 4 | 5 | - | - | - |
| Total | 31 | 25 | 24 | 194 | 5 | - | - | - |
| OTHER LIABILITIES | 3 | 3 | 3 | 16 | 353 | 74 | 94 | 255 |
| TOTAL LIABILITIES | 141 | 135 | 138 | 592 | 1,450 | 1,788 | 3,276 | 15,765 |

OTHER 'PRIVATE' FINANCIAL INSTITUTIONS - ASSETS

Note: Mid-1972 data on Kenya Commercial Finance has been included in the 1971 figures.

| | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 |
|---|------|------|------|------|-------|-------|-------|--------|
| REAL ESTATE | - | - | - | 11 | 13 | 12 | 6 | 16 |
| LOANS AND ADVANCES | 70 | 69 | 89 | 471 | 533 | 1,397 | 2,294 | 12,227 |
| BILLS | 70 | 66 | 49 | 20 | 250 | - | - | 190 |
| EQUITY: | | | | | | | | |
| Financial Institutions | - | - | - | 5 | 5 | 5 | 5 | 308 |
| Other | - | - | - | - | - | - | 11 | 537 |
| Total | - | - | - | 5 | 5 | 5 | 16 | 925 |
| DUE FROM BANKS AND FINANCIAL INSTITUTIONS | - | - | - | 5 | 302 | 371 | 457 | 2,126 |
| OTHER ASSETS | 1 | - | - | 81 | 253 | 4 | 593 | 4,378 |
| TOTAL ASSETS | 141 | 135 | 138 | 592 | 1,456 | 1,788 | 3,276 | 15,765 |

'PRIVATE' FINANCIAL INSTITUTIONS - LIABILITIES

Aggregate of Sectors A through D

£K'000

| | <u>1964</u> | <u>1965</u> | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> | <u>1971</u> |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| ISSUED CAPITAL | | | | | | | | |
| Kenya Government | 50 | 52 | 52 | 52 | 10 | 10 | 13 | 13 |
| Commercial Banks | 157 | 157 | 157 | 157 | 207 | 262 | 175 | 842 |
| Financial Institutions | 525 | 107 | 107 | 109 | 112 | 319 | 432 | 442 |
| R.O.M. | 1,051 | 1,152 | 1,299 | 1,343 | 1,427 | 1,318 | 1,162 | 1,139 |
| Other | 276 | 232 | 262 | 263 | 157 | 262 | 308 | 570 |
| Total | 2,118 | 1,701 | 1,878 | 1,925 | 1,924 | 2,198 | 2,089 | 3,005 |
| RESERVES | | | | | | | | |
| | 80 | 27 | 253 | 388 | 728 | 741 | 878 | 966 |
| DEPOSITS RECEIVED IN KENYA: | | | | | | | | |
| Savings Accounts | 2,902 | 3,017 | 3,922 | 4,412 | 4,232 | 4,339 | 4,653 | 4,848 |
| 'Deposit' Accounts | 329 | 965 | 1,275 | 1,595 | 1,551 | 1,725 | 2,387 | 2,946 |
| Unclassified | | | | | | | | |
| Small Deposits | 45 | 46 | 50 | 50 | 41 | 7 | 29 | 63 |
| Sub-Total | 3,776 | 4,028 | 5,247 | 5,967 | 5,824 | 6,071 | 7,069 | 7,857 |
| Demand and Time Deposits | 1,897 | 2,146 | 1,595 | 1,831 | 4,499 | 5,468 | 7,003 | 21,389 |
| Total | 5,671 | 6,168 | 6,842 | 7,797 | 10,323 | 11,539 | 14,072 | 29,846 |
| DEPOSITS IN UGANDA AND TANZANIA | | | | | | | | |
| | 2,741 | 2,773 | 3,113 | 3,421 | 1,093 | 1,279 | 231 | - |
| TOTAL DEPOSITS | 8,412 | 8,941 | 9,955 | 11,218 | 11,416 | 12,818 | 14,903 | 29,846 |
| LOANS: | | | | | | | | |
| Kenya Government | 250 | 200 | 100 | - | - | 325 | 325 | 514 |
| Commercial Banks | 1,415 | 1,318 | 1,257 | 1,612 | 491 | 454 | 391 | 197 |
| Financial Institutions | 207 | 682 | 219 | 149 | 123 | 123 | 123 | - |
| R.O.M. | 2,374 | 2,062 | 1,746 | 707 | 1,113 | 820 | 839 | 578 |
| Other | - | 21 | - | 5 | 5 | 57 | 59 | 72 |
| Total | 4,246 | 4,346 | 3,913 | 2,473 | 1,732 | 1,779 | 1,737 | 1,361 |
| OTHER LIABILITIES | | | | | | | | |
| | 406 | 546 | 457 | 591 | 933 | 859 | 729 | 1,082 |
| TOTAL LIABILITIES | 15,279 | 15,565 | 16,460 | 16,590 | 16,728 | 18,393 | 20,333 | 36,263 |

'PRIVATE' FINANCIAL INSTITUTIONS - ASSETS

Aggregates of Sectors A through D

| | <u>1964</u> | <u>1965</u> | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> | <u>1971</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| REAL ESTATE | 656 | 672 | 699 | 701 | 575 | 479 | 631 | 848 |
| LOANS & ADVANCES IN KENYA: | | | | | | | | |
| Mortgages | 7,455 | 6,756 | 5,966 | 5,340 | 5,275 | 5,643 | 6,287 | 7,756 |
| Hire Purchase | 1,933 | 2,225 | 2,952 | 3,538 | 4,323 | 3,176 | 4,426 | 6,053 |
| Other | 257 | 237 | 225 | 613 | 809 | 1,724 | 2,549 | 2,580 |
| Total | 9,645 | 9,218 | 9,143 | 9,491 | 10,508 | 11,541 | 13,261 | 16,397 |
| LOANS & ADVANCES TO REST OF WORLD | 3,173 | 3,433 | 3,360 | 2,670 | 1,508 | 1,887 | 524 | 234 |
| BILLS | 70 | 105 | 81 | 66 | 270 | 5 | - | 100 |
| PUBLIC STOCKS: | | | | | | | | |
| East African | 350 | 517 | 661 | 562 | 744 | 260 | 184 | 130 |
| Other P.O.W. | 48 | 48 | 48 | 49 | 25 | 25 | 12 | 3 |
| Total | 407 | 565 | 709 | 610 | 769 | 285 | 196 | 133 |
| EQUITY: | | | | | | | | |
| Financial Insti- tutions | 25 | 25 | - | 5 | 5 | 60 | 513 | 890 |
| R.O.W. | - | - | 25 | 27 | 27 | 210 | 210 | 210 |
| Other | 27 | 277 | 462 | 568 | 641 | 693 | 823 | 1,325 |
| Total | 62 | 302 | 467 | 600 | 673 | 967 | 1,546 | 2,431 |
| LIQUID ASSETS: | | | | | | | | |
| Due from Banks and Financial Insti- tutions | 982 | 1,058 | 1,747 | 2,169 | 2,322 | 2,953 | 3,221 | 11,351 |
| Tax Reserve Certificates | 36 | 25 | 19 | 26 | 3 | - | 66 | 53 |
| Total | 1,018 | 1,083 | 1,766 | 2,195 | 2,325 | 2,953 | 3,287 | 11,404 |
| OTHER ASSETS | 230 | 190 | 239 | 281 | 407 | 272 | 840 | 6,722 |
| TOTAL ASSETS | 15,279 | 15,565 | 16,460 | 16,536 | 16,728 | 18,393 | 20,333 | 36,253 |

DEVELOPMENT INSTITUTIONS - LIABILITIESIndustrial and Commercial Development Corp., Development Finance Company
of Kenya and the ICDC Investment Company

K£ '000

| | <u>1964</u> | <u>1965</u> | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> | <u>1971</u> |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| ISSUED CAPITAL | | | | | | | | |
| Other Development Institutions | 75 | 275 | 500 | 500 | 558 | 551 | 548 | 529 |
| Other Kenyan | - | - | - | - | 72 | 49 | 52 | 71 |
| R.O.W. | 150 | 550 | 1,000 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Total | 225 | 825 | 1,500 | 2,000 | 2,130 | 2,100 | 2,100 | 2,100 |
| GRANTS | | | | | | | | |
| Kenya Government | 202 | 212 | 212 | 450 | 508 | 1,085 | 1,533 | 2,432 |
| R.O.W. | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Total | 252 | 262 | 262 | 500 | 638 | 1,135 | 1,739 | 2,482 |
| RESERVES | 114 | 156 | 207 | 298 | 217 | 354 | 535 | 739 |
| LOANS | | | | | | | | |
| Kenya Government | 264 | 264 | 264 | 264 | 357 | 526 | 689 | 1,189 |
| Other Development Institutions | - | - | - | 25 | 51 | 130 | 161 | 277 |
| Commercial Banks | - | - | 400 | 429 | 473 | 411 | 770 | 1,031 |
| R.O.W. | - | - | - | 75 | 297 | 618 | 915 | 1,561 |
| Other | - | - | - | - | 50 | 48 | 45 | 73 |
| Total | 264 | 264 | 664 | 793 | 1,228 | 1,733 | 2,580 | 4,701 |
| OTHER LIABILITIES | 4 | 8 | 1 | 52 | 14 | 56 | 139 | 219 |
| TOTAL LIABILITIES | 859 | 1,515 | 2,634 | 3,543 | 4,197 | 5,378 | 7,093 | 10,241 |

DEVELOPMENT INSTITUTIONS - ASSETS

| | <u>1964</u> | <u>1965</u> | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> | <u>1971</u> |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| RE/LESTATE | 6 | 0 | 0 | 15 | 6 | 20 | 61 | 306 |
| LOANS | | | | | | | | |
| Large/Medium | 379 | 632 | 1,092 | 1,489 | 2,026 | 2,300 | 2,597 | 2,705 |
| Small Scale | 23 | 51 | 141 | 215 | 363 | 280 | 2,040 | 3,595 |
| Minus Loss Provision | 7 | 11 | 32 | 35 | 200 | 231 | 146 | 174 |
| Total | 386 | 672 | 1,201 | 1,739 | 2,209 | 3,089 | 4,401 | 6,120 |
| EQUITY | | | | | | | | |
| Other Development Institutions | 50 | 100 | 500 | 525 | 550 | 551 | 508 | 520 |
| Other Financial Institutions | - | 6 | 9 | 9 | 9 | 13 | 11 | 10 |
| Other | 169 | 366 | 665 | 1,023 | 1,147 | 1,465 | 1,614 | 2,397 |
| Total | 219 | 472 | 1,174 | 1,557 | 1,716 | 2,209 | 2,173 | 2,927 |
| LIQUID ASSETS | | | | | | | | |
| Cash & Bank Balance | 56 | 23 | 41 | 105 | 21 | 4 | 153 | 139 |
| Deposits | 179 | 314 | 175 | 198 | 179 | 109 | 205 | 593 |
| Total | 235 | 337 | 216 | 303 | 200 | 113 | 358 | 723 |
| OTHER ASSETS | 13 | 28 | 37 | 30 | 68 | 119 | 100 | 150 |
| TOTAL ASSETS | 659 | 1,515 | 2,630 | 3,643 | 4,197 | 5,378 | 7,093 | 10,241 |

AGRICULTURAL FINANCE INSTITUTIONS - LIABILITIES

Land and Agricultural Bank, Agricultural Finance Corporation, Agricultural Development Corporation and Cereals and Sugar Finance Corporation

| | KSh '000 | | | | | | |
|---------------------------|----------|--------|--------|--------|--------|--------|--------|
| | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 |
| GRANTS: | 6,158 | 6,534 | 6,543 | 6,643 | 6,856 | 6,861 | 6,888 |
| RESERVES | 809 | 829 | 728 | 308 | 173 | -88 | -180 |
| LOANS: | | | | | | | |
| Kenya Government | 28 | 1,122 | 4,240 | 5,865 | 9,567 | 11,643 | 10,547 |
| Other Agri. Finance Inst. | - | - | 97 | 334 | 50 | 76 | 74 |
| Commercial Banks | - | 52 | 104 | 69 | 400 | 114 | 209 |
| Total | 28 | 1,174 | 4,441 | 6,268 | 10,021 | 11,833 | 10,830 |
| TIME DEPOSITS | 6,744 | 6,572 | 6,319 | 7,740 | 7,375 | 8,084 | 12,748 |
| OTHER LIABILITIES | 80 | 143 | 125 | 256 | 647 | 602 | 349 |
| TOTAL LIABILITIES | 13,818 | 15,252 | 18,156 | 21,214 | 25,071 | 27,291 | 30,636 |

AGRICULTURAL FINANCE INSTITUTIONS - ASSETS

| | <u>1964</u> | <u>1965</u> | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| REAL ESTATE | 115 | 84 | 183 | 511 | 1,000 | 500 | 834 |
| LOANS: | | | | | | | |
| Loans to Farmers | 8,722 | 9,752 | 10,125 | 12,307 | 14,164 | 15,327 | 17,138 |
| Other Agricultural Organizations | 942 | 1,249 | 2,022 | 2,120 | 3,063 | 3,537 | 2,831 |
| Cereal and Sugar Purchases | 1,565 | 1,150 | 2,544 | 1,981 | 1,975 | 1,500 | - |
| Chemolil | - | 60 | 568 | 875 | 1,261 | 1,375 | 1,598 |
| Other | 7 | 15 | 27 | 25 | 33 | | 39 |
| Total | 11,229 | 12,226 | 15,287 | 17,312 | 20,496 | 21,779 | 21,606 |
| EQUITY | - | 385 | 506 | 571 | 752 | 761 | 786 |
| LIQUID ASSETS: | | | | | | | |
| Cash & Bank Balances | 101 | 246 | 390 | 129 | 340 | 455 | 522 |
| Deposits | 2,282 | 2,191 | 1,183 | 1,565 | 300 | 763 | 375 |
| Total | 2,383 | 2,437 | 1,577 | 1,694 | 640 | 1,218 | 974 |
| DEPOSITS WITH TREASURY | - | - | - | - | - | 677 | 4,441 |
| OTHER ASSETS | 84 | 119 | 591 | 1,120 | 2,125 | 2,336 | 2,025 |
| TOTAL ASSETS | 13,818 | 15,252 | 18,156 | 21,214 | 25,071 | 27,291 | 30,636 |

NATIONAL HOUSING CORPORATION - ASSETS AND LIABILITIES

| | K£ '000 | | | | | | | |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>1964</u> | <u>1965</u> | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> | <u>1971</u> |
| <u>LIABILITIES</u> | | | | | | | | |
| GRANTS: | | | | | | | | |
| Kenya Government | 654 | 654 | 654 | 654 | 654 | 663 | 663 | 663 |
| R.O.W. | 25 | 125 | 125 | 125 | 125 | 125 | 125 | 125 |
| Total | 679 | 779 | 779 | 779 | 779 | 788 | 788 | 788 |
| RESERVES | 267 | 288 | 289 | 269 | 252 | 263 | 306 | 309 |
| LOANS: | | | | | | | | |
| Kenya Government | 1,693 | 2,066 | 2,445 | 3,705 | 5,075 | 6,775 | 8,720 | 11,252 |
| Commercial Banks | 7 | - | - | - | - | - | 17 | - |
| HFCK | - | - | - | - | 34 | 100 | 150 | - |
| R.O.W. | 1,600 | 1,520 | 1,460 | 1,350 | 1,280 | 1,200 | 1,120 | 1,040 |
| Total | 3,293 | 3,586 | 3,905 | 5,065 | 6,389 | 8,075 | 10,007 | 12,292 |
| OTHER LIABILITIES | 25 | 25 | 24 | 33 | 96 | 106 | 102 | 275 |
| TOTAL ASSETS/ LIABILITIES | 4,266 | 4,678 | 4,977 | 6,146 | 7,517 | 9,232 | 11,263 | 13,724 |
| <u>ASSETS</u> | | | | | | | | |
| REAL ESTATE | - | 2 | 29 | 229 | 675 | 1,460 | 1,732 | 2,660 |
| LOANS: | | | | | | | | |
| Local Authorities | 3,962 | 4,124 | 4,197 | 4,909 | 6,450 | 7,424 | 9,157 | 10,459 |
| Other | 73 | 60 | 65 | 63 | 57 | 58 | 125 | 152 |
| Total | 4,035 | 4,193 | 4,262 | 5,052 | 6,507 | 7,482 | 9,282 | 10,611 |
| DEPOSITS WITH TREASURY | - | 172 | 220 | - | - | - | - | - |
| LIQUID ASSETS: | | | | | | | | |
| CSFC Deposits | 120 | 80 | 200 | 440 | - | - | - | - |
| Commercial Bank Deposits | - | - | - | 100 | - | - | - | - |
| Cash & Bank Balances | 70 | 157 | 135 | 57 | 174 | 86 | - | 95 |
| Total Liquid Assets | 190 | 237 | 335 | 597 | 174 | 86 | - | 95 |
| OTHER ASSETS | 39 | 76 | 151 | 277 | 160 | 204 | 249 | 358 |

NATIONAL SOCIAL SECURITY FUND - ASSETS AND LIABILITIES

K£ '000

| | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> | <u>1971</u> |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| LIABILITIES | | | | | | |
| Contributors' Accumulated Fund | 1,150 | 5,603 | 10,840 | 16,756 | 22,741 | 29,378 |
| Interest Provision | - | 34 | 145 | 277 | 426 | 426 |
| Total | 1,150 | 5,637 | 11,085 | 17,033 | 23,167 | 29,804 |
| RESERVES | - | 48 | 172 | 700 | 1,454 | 2,769 |
| TREASURY LOAN | 100 | 215 | 91 | 132 | 128 | 229 |
| OTHER LIABILITIES | 7 | 8 | 25 | 18 | 124 | 63 |
| TOTAL ASSETS/ LIABILITIES | 1,208 | 5,908 | 11,373 | 17,983 | 24,873 | 32,865 |
| ASSETS | | | | | | |
| REAL ESTATE | - | - | - | 2 | 319 | 303 |
| PUBLIC STOCKS: | | | | | | |
| Kenya Government | 1,092 | 3,945 | 10,393 | 15,803 | 19,299 | 25,932 |
| Nairobi | - | 478 | 478 | 723 | 1,620 | 1,628 |
| E.A. Railways | - | - | - | - | 285 | 285 |
| Total | 1,092 | 4,423 | 10,871 | 16,526 | 21,212 | 27,851 |
| EQUITY | - | 82 | 432 | 956 | 1,572 | 3,130 |
| LOANS TO TREASURY | - | 17 | - | - | 8 | - |
| LIQUID ASSETS: | | | | | | |
| Cash in Hand | 4 | 12 | 17 | 12 | 299 | 140 |
| CSFC Deposit | - | 1,040 | - | - | - | - |
| Bank Balances | 68 | 210 | 9 | 231 | 1,420 | 588 |
| Short Term Deposits | - | - | - | - | - | 750 |
| Total | 72 | 1,262 | 26 | 243 | 1,719 | 1,468 |
| OTHER ASSETS | 44 | 123 | 44 | 172 | 134 | 35 |

'PUBLIC' FINANCIAL INSTITUTIONS - LIABILITIES

K£ '000

| | <u>1964</u> | <u>1965</u> | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| GRANTS: | | | | | | | |
| Kenya Government | 7,014 | 7,400 | 7,400 | 7,747 | 8,098 | 8,609 | 9,240 |
| R.O.W. | 75 | 175 | 175 | 175 | 175 | 175 | 175 |
| Total | 7,089 | 7,575 | 7,575 | 7,922 | 8,273 | 8,784 | 9,415 |
| ISSUED CAPITAL: | | | | | | | |
| Other 'Public' Financial Institutions | 75 | 275 | 500 | 500 | 558 | 551 | 548 |
| Other Kenyan | - | - | - | - | 42 | 49 | 52 |
| R.O.W. | 150 | 550 | 1,000 | 1,500 | 1,500 | 1,500 | 1,500 |
| Total | 225 | 825 | 1,500 | 2,000 | 2,100 | 2,100 | 2,100 |
| RESERVES | 1,190 | 1,273 | 1,175 | 923 | 814 | 1,235 | 2,115 |
| LOANS: | | | | | | | |
| Kenya Government | 1,985 | 3,452 | 7,049 | 10,049 | 15,090 | 19,076 | 20,084 |
| 'Private' Financial Institutions | - | - | - | - | 34 | 100 | 150 |
| Other 'Public' Financial Institutions | - | - | 97 | 350 | 105 | 206 | 235 |
| Commercial Banks | - | 52 | 504 | 498 | 873 | 525 | 996 |
| R.O.W. | 1,600 | 1,520 | 1,440 | 1,435 | 1,577 | 1,818 | 2,035 |
| Other | - | - | - | - | 50 | 48 | 45 |
| Total | 3,585 | 5,024 | 9,090 | 12,341 | 17,729 | 21,773 | 23,545 |
| NSSF FUNDS | - | - | 1,150 | 5,637 | 11,085 | 17,033 | 23,157 |
| TIME DEPOSITS | 6,744 | 6,572 | 6,312 | 7,740 | 7,375 | 8,084 | 12,748 |
| OTHER LIABILITIES | 109 | 170 | 150 | 341 | 767 | 775 | 674 |
| TOTAL LIABILITIES | 18,941 | 21,445 | 26,975 | 36,809 | 48,158 | 59,800 | 73,865 |

'PUBLIC' FINANCIAL INSTITUTIONS - ASSETS

Aggregate of Sectors F, G and H

| | <u>1964</u> | <u>1965</u> | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| REAL ESTATE | 121 | 92 | 218 | 737 | 1,685 | 1,590 | 2,606 |
| PUBLIC STOCKS | - | - | 1,092 | 4,423 | 10,871 | 16,526 | 21,212 |
| EQUITY: | | | | | | | |
| Other 'Public' Financial Insti- tutions | 50 | 100 | 500 | 525 | 552 | 551 | 548 |
| Private Financial Institutions | - | - | - | 9 | 9 | 13 | 11 |
| Other | 169 | 751 | 1,171 | 1,876 | 2,338 | 3,222 | 3,972 |
| Total | 219 | 357 | 1,690 | 2,210 | 2,905 | 3,766 | 4,531 |
| LOANS: | | | | | | | |
| Other 'Public' Financial Insti- tutions | - | - | 97 | 359 | 105 | 205 | 235 |
| Other | 15,650 | 17,091 | 20,953 | 23,744 | 29,107 | 32,144 | 35,956 |
| Total | 15,650 | 17,091 | 20,750 | 24,103 | 29,212 | 32,350 | 35,289 |
| LIQUID ASSETS: | | | | | | | |
| Cash & Bank Bal- ances | 227 | 426 | 662 | 513 | 561 | 788 | 2,381 |
| Other Deposits | 2,581 | 2,585 | 1,558 | 3,343 | 479 | 872 | 520 |
| Total | 2,808 | 3,011 | 2,200 | 3,856 | 1,040 | 1,660 | 2,901 |
| DEPOSITS WITH TREASURY | - | 172 | 220 | 17 | - | 677 | 4,409 |
| OTHER ASSETS | 136 | 223 | 623 | 1,564 | 2,457 | 2,831 | 2,808 |
| TOTAL ASSETS | 10,941 | 21,445 | 26,975 | 35,909 | 46,158 | 59,300 | 73,865 |

INSURANCE COMPANIES INCORPORATED IN KENYA - LIABILITIES

Jubilee, Pan Africa, Pioneer General, Insurance Company of East Africa,
Kenya National Assurance and Phoenix of East Africa

KE '000

| | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 |
|----------------------------|-------|-------|-------|-------|-------|--------|--------|
| ISSUED CAPITAL | 258 | 502 | 624 | 726 | 826 | 1,023 | 1,207 |
| RESERVES | 226 | 192 | 107 | 262 | 410 | 444 | 1,014 |
| TOTAL CAPITAL AND RESERVES | 484 | 700 | 731 | 988 | 1,236 | 1,467 | 2,221 |
| INSURANCE FUNDS: | | | | | | | |
| Life | 3,857 | 4,187 | 4,620 | 5,317 | 6,181 | 7,067 | 8,152 |
| Annuity | 115 | 161 | 213 | 251 | 267 | 309 | 362 |
| Other | 151 | 252 | 295 | 272 | 299 | 348 | 500 |
| Total | 4,123 | 4,600 | 5,128 | 5,840 | 6,747 | 7,724 | 9,145 |
| LOANS: | | | | | | | |
| R.O.W. | - | - | 2 | 3 | 15 | 10 | 140 |
| Other | - | - | - | 58 | 47 | 35 | 23 |
| Total | - | - | 3 | 61 | 62 | 45 | 163 |
| OTHER LIABILITIES | 577 | 714 | 1,013 | 864 | 1,210 | 1,177 | 1,823 |
| TOTAL LIABILITIES | 5,183 | 6,013 | 6,275 | 7,752 | 8,257 | 10,419 | 13,228 |

INSURANCE COMPANIES INCORPORATED IN KENYA - ASSETS

| | <u>1964</u> | <u>1965</u> | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| REAL ESTATE | 1,152 | 1,182 | 1,304 | 1,757 | 2,395 | 2,972 | 4,729 |
| MORTGAGES | 1,839 | 1,693 | 1,780 | 1,978 | 2,158 | 2,284 | 2,260 |
| LOANS: | | | | | | | |
| Policyholder Loans | 640 | 753 | 811 | 885 | 962 | 998 | 1,050 |
| Other | - | 13 | 39 | 12 | 11 | 13 | 10 |
| Total | 640 | 766 | 850 | 897 | 973 | 1,011 | 1,060 |
| PUBLIC STOCKS: | | | | | | | |
| East Africa | 402 | 428 | 457 | 468 | 531 | 629 | 650 |
| Other P.O.W. | 32 | 113 | 80 | 87 | 87 | 87 | 80 |
| Unclassified | 6 | 17 | 150 | 110 | 136 | 137 | 144 |
| Total | 440 | 558 | 687 | 665 | 754 | 853 | 874 |
| STOCKS, SHARES AND DEBENTURES | 389 | 480 | 576 | 616 | 809 | 1,111 | 1,590 |
| LIQUID ASSETS: | | | | | | | |
| Cash & Bank Bal- ances | 120 | 419 | 333 | 1,113 | 1,371 | 1,362 | 1,359 |
| Deposits | 164 | 445 | 647 | - | - | - | 166 |
| Tax Reserve Certificates | - | - | - | 25 | 25 | 65 | 57 |
| Total | 350 | 863 | 980 | 1,138 | 1,396 | 1,427 | 1,582 |
| OTHER ASSETS | 372 | 473 | 610 | 697 | 734 | 701 | 1,124 |
| TOTAL ASSETS | 5,183 | 6,913 | 6,875 | 7,752 | 9,257 | 10,419 | 13,220 |