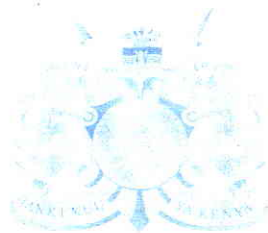


BANKI
KUU YA
KENYA



CENTRAL
BANK OF
KENYA

21st July, 2015

Haile Selassie Avenue
P.O. Box 60000-00200 Nairobi, Kenya
Telephone: 2860000. Fax: 340192

BANKING CIRCULAR NO. 9 OF 2015

TO: CHIEF EXECUTIVES OF COMMERCIAL BANKS, NON-BANK FINANCIAL INSTITUTIONS AND MORTGAGE FINANCE COMPANIES

COMPLIANCE WITH THE PRUDENTIAL GUIDELINE ON FOREIGN EXCHANGE EXPOSURE LIMITS-CBK/PG/06

The Central Bank of Kenya (CBK) Prudential Guideline on Foreign Exchange Exposure Limits sets out the limit on overall foreign exchange exposure as measured using spot mid-rates and the shorthand method as 10 percent of an institutions' core capital. Further, the Guideline indicates that intra-day foreign exchange risk exposures should also be maintained within prudent limits as established by a bank's board of directors in a written policy covering foreign exchange risk exposure.

The purpose of this circular is to:

1. Reiterate that institutions should be compliant at all times with the Prudential Guideline on Foreign Exchange Exposure Limits.
2. Clarify that the intraday foreign exchange limits **should not exceed** the 10 percent overall limit at any time during the day.

Matu

MATU MUGO
ASSISTANT DIRECTOR, BANK SUPERVISION

C.C. **Habil Olaka**
Chief Executive Officer
Kenya Bankers Association
International House
NAIROBI