Early Warning System

IFC-36791

Kenya Commercial Bank Limited

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Quick Facts

Countries	Kenya
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2016-09-22
Borrower	KCB Group Limited
Sectors	Finance
Investment Type(s)	Equity, Loan
Investment Amount (USD)	$ 145.00 million
Loan Amount (USD)	$ 75.00 million
Project Cost (USD)	$ 250.00 million

Project Description

According to IFC website, this project with KCB Group Limited is aligned to IFC's strategy for the African financial sector. It is comprised of a $75 million loan facility to KCB to be on lent as Tier II qualifying subordinated debt. This investment is part of a US$250 million capital raising exercise by KCB to strengthen the Bank's capital position in the context of the increased regulatory capital buffer requirements while supporting the bank as it expands into the SME segment and invests in alternative delivery channels to deepen financial inclusion. Further, the project is expected to have a high development impact in the following areas:

i. Increasing access to finance and financial inclusion in existing markets and potentially into new markets in the East Africa region.
ii. Supporting the development of financial markets by working with a regional banking group to develop very important products (housing, gender and MSME finance) that can materially contribute to economic growth.
iii. Fostering sustainable financing through the E&S support that IFC continues to provide to KCB to become a leading champion and catalyst of sustainability in the financial system in the East Africa region.

Investment Description

- International Finance Corporation (IFC)

Loan - US$ 75.0 million

Equity - US$ 70.0

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- KCB Group PLC (Financial Intermediary)

Private Actors Description

KCB was founded as the National Bank of India in 1896 with a branch in Mombasa. In 1970, the GoK acquired 100% of the Bank to take full control of the largest commercial bank in Kenya and renamed it Kenya Commercial Bank. Between 1997 and 2014 the bank opened subsidiaries in Tanzania, South Sudan, Uganda, Rwanda and Burundi and launched KCB Capital and KCB Insurance companies. It launched digital financial services ("DFS"), numerous payment and alternative banking solutions and is the market leader in mobile banking today with over 10 million customers – thus making significant strides in expanding financial inclusion.

In January 2016, KCB created a holding company structure for regulatory and strategic reasons. KCB Group Limited was registered as a non-operating holding company regulated by the Central Bank of Kenya. The holding company oversees KCB Bank Kenya and all KCB's regional banking units in Uganda, Tanzania, Rwanda, Burundi, Ethiopia and South Sudan. It also owns KCB Insurance Agency, KCB Capital, KCB Foundation and all associate companies. KCB is public company listed on the Nairobi Securities Exchange, being its largest shareholders the Government of Kenya which holds 17.53%, followed by the National Social Security Fund with 6.05% (as at October 2016)

Contact Information

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/

Bank Documents

- Business and Human Rights Resource Center: On climate change, we're now living on borrowed time
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- Project Documents

Campaign Documents

- Business and Human Rights Resource Center: Equity Group sponsors 64 students to top US universities
- Business and Human Rights Resource Center: KCB boosts food security in Turkana
- Business and Human Rights Resource Center: Why Kenyan firms must champion SDGs agenda