



## **PRESS RELEASE**

### **ADDITIONAL EMERGENCY MEASURES TO MITIGATE THE ADVERSE EFFECTS ON THE BANKING SECTOR FROM THE CORONAVIRUS PANDEMIC**

Following the emergency measures [announced](#) on March 18, 2020, the Central Bank of Kenya (CBK) announces a set of additional measures that will facilitate lending by banks to borrowers adversely impacted by the Coronavirus pandemic (COVID-19). The measures will also enhance liquidity management by banks and strengthen the resilience of the financial sector. In addition, they will operationalize the measures [announced](#) by the Monetary Policy Committee on March 24, 2020.

1. The lowering of the Central Bank Rate (CBR) to 7.25 percent, signals commercial banks to lower their lending and deposit rates. Accordingly, depositors are urged to be accommodative of lower rates for their deposits which will lead to more affordable credit.
2. The lowering of the Cash Reserve Ratio (CRR) to 4.25 percent will provide additional liquidity of Ksh.35.2 billion to commercial banks. CBK will avail this liquidity to banks based on their demonstrated requirement to directly support borrowers that are distressed as a result of COVID-19.
3. To provide flexibility on liquidity management facilities provided to banks by CBK, the maximum tenor of Repurchase Agreements (REPOs) is extended from 28 to 91 days. This will enable banks access longer term liquidity secured on their holdings of government securities without having to discount them.
4. CBK shall provide flexibility to banks with regard to requirements for loan classification and provisioning for loans that were performing on March 2, 2020 and whose repayment period was extended or were restructured due to the pandemic.

CBK will closely monitor the implementation of these measures, while ensuring that the interbank market and liquidity management across the sector continues to function smoothly. CBK stands ready to ensure the orderly functioning of financial markets and the stability of the banking sector.

**CENTRAL BANK OF KENYA**

March 24, 2020