Public Announcement

Implementation of the Central Bank of Kenya Risk Based Credit Pricing Model

In alignment with the Revised Risk-Based Credit Pricing Model framework issued by the Central Bank of Kenya, We would like to notify our valued customers that we will be transitioning to a new credit pricing approach for Kenya Shilling–denominated variable rate facilities.

The revised framework, all variable rate loans and advances will be priced using a standardized reference rate as directed by the Central Bank of Kenya. This reference rate will be either:

- **The Kenya Shilling Overnight Interbank Average (KESONIA)** or
- **The Central Bank Rate (CBR)**.

In addition to the reference rate, a Risk Premium **"K"** will be applied. This premium reflects the borrower's individual credit risk profile along with other relevant considerations, to arrive at the Total cost of credit in line with the Central Bank's Risk-Based Credit Pricing Model.

Implementation Timeline :

- All new Kenya Shilling variable rate loans will be priced under the revised model from **1st December 2025**.

- All existing Kenya Shilling variable rate facilities will migrate to the revised pricing model **up to 28th February 2026**.

The above timelines are subject to any guidelines or directives as may be issued by Central Bank of Kenya.

We will notify you of the applicable reference rate and revised pricing structure for your specific facility prior to the transition date.

IMPORTANT

For any inquiries, please contact your nearest **Bank of India** Branch.