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Discussion paper No. 8

BUILDING SOCIETY INSTABILITY IN KENYA

J. Loxley

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In countries with advanced financial institutions building societies are regarded as being an essential part of the credit system and their stability is rarely questioned. Very little has been written about building society business and this seems to indicate the general complacency with which the existence of these institutions is accepted.

Recent events have shown Kenya building societies to be far from stable and special measures had to be taken to prevent their collapse. It is the aim of this paper to discover what caused this state of affairs and how disaster was averted. Future prospects in the light of past experience will also be examined.

The difficulties which the societies suffered were due to an inherent instability in building society structure - that of borrowing funds for short periods to lend for extremely long periods of time. An analysis of society assets and liabilities will clarify this position.

The working capital of building societies consists of share capital and deposits contributed by the public. Shares are usually of large denominations - often as high as £150 each - the dividend varies little from year to year - and the society pays income tax on dividends on the investors behalf. Long periods of notice are required for withdrawal of shares and if full notice is not given, a penalty is imposed in the form either of a discount on the value of the shares or of a loss of interest.

The limit to the amount of shares which can be issued is determined by the number of subscribers and the amount each is prepared to buy. Each share carries limited liability.

Societies accept savings, fixed term and ordinary deposits. Fixed deposit facilities are the same as those offered by commercial banks - all accrued interest being forfeited for premature withdrawals. Again, minimum acceptable deposits are quite high. The important terms of operation of ordinary deposits are large minimum acceptable amounts

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and long periods of withdrawal. In the case of savings accounts withdrawal notice required varies with the amount involved: small sums being capable of withdrawal at extremely short notice.

Societies are allowed by law to accept deposits up to a maximum of two-thirds of the outstanding mortgage loans. In law a depositor has preference over shareholders for receipt of interest and, should the society be wound up, for capital payments. Hence depositors have greater security for their funds than shareholders and thus deposits usually carry lower interest rates than shares.

Deposit facilities are very similar to those offered by commercial banks except that no current accounts are accepted, and in all cases (Appendix A) the society rates are usually higher than rates on equivalent deposits in banks (minimum deposits are higher and more notice of withdrawal is required). Society rates must inevitably be more attractive than bank rates since societies do not offer the wide range of general banking facilities available to commercial bank customers.

The strict terms of withdrawal are a consequence of the asset structure of the societies. Long term loans on mortgages often up to 15 years, long term government securities, and cash and bank deposit reserves form the assets. Since reserves earn little or no interest it can be assumed that they will be held at the lowest level consistent with the obligation to meet normal expected net capital withdrawals (mainly from savings accounts) in any period.

The other assets are of a long term nature and should ideally be financed by long term capital. Since it is always easier to attract funds for relatively short periods there is a need to enforce fairly rigid withdrawal terms on funds obtained, to give societies time to meet any net capital falls in excess of reserves, from net income, loan repayments and any investment maturities in the period.

Unlike commercial banks, their principle competitors for public deposits, building societies in Kenya do not have the support of

......../ huge head

huge head office reserves for their liabilities. In this sense societies can be likened to small indigenous banks. They cannot, however, create deposits by acquiring assets. They are able merely to hand out existing deposits and share capital and so assets holdings are increased only after a prior increase in liabilities. Thus lending is strictly limited to total capital available and not, as in the case of banks, to multiple of liquid reserves.

Net additions to assets will be consequent upon net increases in deposits and shares and net interest accruals less operating expenses. Management expenses cannot normally be reduced substantially in any period and given the small differential between interest paid on liabilities and interest received from assets, any large net increase in asset holding can only result from large net increases in deposits and share capital.

Small net capital withdrawals can normally be met out of accumulated reserves but withdrawals of any size will involve paying out funds derived from maturing investments, premature sale of investments, monthly loan repayments, and surplus income over expenditure in the period obviously the amount realizable from these sources will be severely limited since the profitability of a society depends largely on the extent of mortgage loans advanced and monthly repayments will yield only small sums e.g. if the bulk of loans are for 10 years then monthly repayments will be only just over 0.8% of total loans outstanding. Large withdrawals would have to be met therefore either by a premature calling in of outstanding loans or by special assistance from outside the society.

Given large capital withdrawals which involve realising loans and investments, the net income of the society will fall more than in proportion to the net fall in business, since operating costs will be largely the same over a wide scale of operations, and the fall in income on every unit of loan and investment realised will be greater than the saving in expense on the equivalent unit of capital withdrawn. Net

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effect on income will depend also on the size of reserves drawn down i.e. loss in bank interest. Thus a substantial fall in capital may involve a considerable reduction in income and this creates a further problem. Under Section 30 of the 1956 Kenya Building Society Ordinance interest on capital can only be paid out of gross profit i.e. interest out of returns from assets less operating costs. Should a society be in the position of not making sufficient profit it could not continue its borrowing business (unless special measures were taken) and might even face the extreme problem of being confronted with withdrawal demands from all its depositors and shareholders. Before it would allow this situation to develop, the society would probably increase interest rates on outstanding loans.

In economies with well-established financial institutions, deposits and shares in building societies are considered to be as secure as deposits with commercial banks. The sheer size of building societies in such economies the huge reserves held (and the large number of branches throughout the diversified economy) guarantee stability. Failing the occurrence of a widespread economic depression it is unlikely that these societies would ever face the embarrassing capital withdrawals envisaged above - and the capital withdrawals rather than the income falls would be the main problem although the latter are obviously bye products of the former.

The capital of building societies in the late 1950s however, was far from being secure. The reason for this was that nearly all of it was contributed by expatriate Europeans, and to some extent Asians who, in the absence of any exchange control regulations for inter Sterling Area movements of funds, were quite able to transfer their holdings out of Kenya should they lose confidence in the economy. Thus there was always the possibility that a large run on deposits and share capital would occur - one which could not be met out of liquid reserves. Such a run did occur after 1960.

In 1959 five building societies were in operation. Three large, well established ones, The Savings and Loan Society Ltd., The First

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Permanent Building Society, and the Kenya Building Society - had shown considerable expansion in their activities prior to 1959. The other two had only just been established by that year. (See Appendix B).

The oldest society was the Savings and Loan Society Ltd. which was established in 1949 as a wholly owned subsidiary of Pearl Assurance Ltd., incorporated in Tanganyika and licensed under the 1956 Kenya Banking Ordinance. After initial difficulties the society first paid 5% dividend on preference shares in 1954 and succeeded in wiping out accumulated losses in 1955. A steadily rising profit since that time enabled a 6% dividend on ordinary shares to be paid in 1960. The mortgage advances of the company rose from about £160,000 in 1950 to just over £3 Million in 1959 by which time it was the largest building society in Kenya. Since the society is registered as a bank it has no building society share liabilities but in 1959 its deposits were almost £4 Million. Had the society been registered as a building society this deposit/ mortgage loan structure would therefore have been illegal.

The Savings & Loan Society operates in all three East African territories but publishes only one balance sheet covering the whole of its operations. At the moment the breakdown of its business is:

Kenya	85%
Tanganyika	9%
Uganda	6%

In the past its Kenya business will have been undoubtedly higher since the capital withdrawals mentioned later applied almost entirely to Kenya. Thus if figures quoted below for this society are taken to be those of its Kenya business there will be a little inaccuracy - but this will not interfere with the main trends and arguments.

The second largest society in 1959 was the First Permanent Building Society which was incorporated in Northern Rhodesia and registered under the Building Society Ordinance of Kenya. In 1959 its mortgage loans outstanding stood at £2.7 Million while its deposit and share liabilities were £3.2 Million. After several years of losses the society

......./first experienced

first experienced accumulated profit of £25,000 in 1960.

The Kenya Building Society was founded in 1913 and was registered under the Ordinance in 1956. With mortgage advances at £2 Million in 1959 and deposit and share liabilities of about £2½ Million it was the third largest society in Kenya. By that year it had a small accumulated profit of about £3,000.

The other two societies - East Africa Building Society and Kentanda Mutual Building Society were (and still are) very small in comparison to the above, but deserve as exhaustive treatment as the others because their experiences would be invaluable to any new society wishing to commence operations in Kenya.

The East Africa was established in 1958 and by the end of the following year had extended mortgage advances of £23,000 - with a share capital (no deposits) of £29,000.

Commencing operations in 1956 the Kentanda Mutual Building Society did not lend until 1960 in which year it loaned £4,000 with shareholdings at £17,000. Neither of these small companies has made a net profit to date, but the policies adopted by their management during and since the early 1960's, now mean liquidation for the Kentanda Mutual and remarkable expansion for the East Africa Building Society. These policies will be discussed later but first the events which had great repercussions on the Kenya building societies at the beginning of this decade and the extent of these repercussions need to be examined.

In February 1960 the first Lancaster House Constitutional Conference paved the way for a predominantly African Government in Kenya and ultimately for independence. The resulting loss of confidence in the economy by European and Asians was expressed in the balance sheets of almost all companies accepting funds on deposit from members of these communities. The Building Societies were not alone therefore in suffering capital withdrawals - but their losses were more spectacular than those of most other institutions.

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In 1959 total deposit and share holdings of all the building societies stood at £10.4 Million. Two years later aggregate deposits and shares stood at less than half this figure, and only one society (The East Africa Building Society) has since succeeded in improving its capital position over and above the 1959 level.

The level of deposits with the Savings and Loan Society at 31st March, 1964 was only 51.3% of the 1959 level while the capital of the First Permanent fell almost 60% over the same period. The deposits of K.B.S. Ltd. which took over the assets and liabilities of the Kenya Building Society in May 1963 now stand at only 34.8% of the December 1959 level. Between 1960 and 1964 the deposit and share capital of the Kentanda Mutual fell by almost a half.

The problems confronting individual societies during this period were quite varied from one to the other and so were the remedial measures adopted.

The Kentanda Mutual Building Society derived the bulk of its deposits from Africans and the cause of its capital decline would seem to be the 1961-63 depression rather than a lack of confidence on the depositor's part. This company had never made a profit, presumably because its scale of business has always been very low - and hence over-head expenses high in relation to total expenditures. Since 1961 the steady decline in deposits has been met by a running down of reserves from £10,000 to zero, and by sales of investments - at a loss. Recently the position has been so bad that the Trust Company Ltd. which controls the society, has been giving aid by paying part of overheads and with the Registrar's permission, by paying interest to shareholders and depositors. The Society has not undertaken any new lending since 1962, although like the other societies which have ceased fresh lending - it does to a small extent transfer existing mortgages.

The problem facing the E.A.B.S. during the period was one of profit and loss rather than of substantial capital withdrawals. This society did not suffer from capital falls possibly because being so

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small and being Asian controlled, its depositors and share subscribers were at that time carefully selected. High administrative costs relative to total income, together with a small net interest income seem to have been the cause of this society's difficulties. A low level of capital liabilities and loan assets, with a small interest differential inevitably means a small net interest income. Given the high administrative costs relative to total income the company never made a net profit, and in 1963 gross profit (interest income less management expenses) did not even cover interest payments. Thus the society obtained the Registrar's permission to pay interest liabilities out of a private loan of £8,595 which was repaid by the end of the year. All new lending ceased from 1961 to 1963 - the rise in loans outstanding from 1961-2 being due to the time lag between granting a loan and the loan being drawn upon.

Problems facing the three large societies were, with minor differences, essentially of the same nature. Each one lost over 50% of its capital, and reserves were reduced to a minimum, the fall in reserves being more than proportionate to the withdrawal of capital. The Kenya Building Society also realised about one third of its investments over the period, although these have now been restored to their old level.

Since reserves were little more than 10% of liabilities for most of the prosperous years, quite clearly these would not cover such huge capital withdrawals. Investments were even smaller and premature realization involved risks of capital losses. Though the societies had the power to call in outstanding loans this action would not have met with much success and would have implied hardship or even ruin for most borrowers. Consequently outside sources of aid had to be found to prevent the total collapse of the building society movement. (See Appendix C).

Up to December 1961 the First Permanent obtained help from the Colonial Development Corporation (now Commonwealth DC) the Kenya Government, Cereals and Sugar Finance Corporation, and from the commercial banks - in all amounting to £1,788,700. Since bank and Cereals and Sugar Finance Corporation loans were short-term, and since capital withdrawals continued, more extensive aid was required.

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At the request of the Kenya Government and Rhodesia Head Office, the CDC agreed, with British Government approval, to undertake responsibility for the East African affairs of the First Permanent consequently new limited liability company (East Africa) Ltd. was registered in Kenya on 28th December 1961 under the 1956 Banking Ordinance as a subsidiary of CDC Share capital of the old society was either repaid or converted into deposits, and ownership of existing capital is as follows.

CDC:	£1,000 ordinary shares. £150,000 preference shares.
Kenya Government:	£50,000 preference shares.
Tanganyika Govt.	£50,000 preference shares.

All new lending ceased and further special loans were negotiated from the three shareholders and the Northern Rhodesia Government. At 31st December 1962 these loans were a little under £2.65 million - and just over £2 million in 1963.

CDC loans carry a high rate of interest - 8% - because the corporation itself pays high rates for its funds. No details are available of repayment arrangements, but obviously these will depend on deposit increases and loan maturities.

The Kenya Government loan also carried an 8% interest rate until 30th June 1962. Then the Government agreed to accept 50,000 paid up 20/- 7½% redeemable comulative preference shares in the new company in place of £50,000 of the loan. The interest, on the balance of the loan of £250,000, was reduced to 6%. Repayment will be as follows -

1965	£50,000
1966	£100,000
1967	£100,000

Source: 1963 Appropriation A/cs.

Nothing is known of the terms of the other Special Loans but the interest rate can be expected to be not less than 6%.

While the above aid was not given to Kenya branches specially,

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but to the society in general, it was needed purely to meet capital withdrawals experienced by Kenya branches.

The measures taken to assist the Kenya Building Society followed similar lines to those adopted for the First Permanent. After receiving considerable aid from CDC Norwich Union Insurance Societies and Barclays Bank DCO throughout 1961 and 1962, the company was reformed as a limited liability subsidiary company of CDC, registered under the Banking Ordinance on 1st May 1963. With an ordinary share capital of £100, the KBS Ltd. continues to receive aid from CDC, Norwich Union and Barclays Bank DCO on the same terms as the old society - although apart from these on CDC loans these terms are not known. CDC secured total loans carry 8% interest - unsecured (100,000 31.12.63) carry 6 1/8% interest. Total aid rendered at 31.12.63 stood just over £1.4 million. As in the case of the first Permanent - all new lending ceased in March 1960.

The Savings and loan Society Ltd. has, since 1961, likewise refused to undertake new lending and has also received large amounts of aid from CDC and the holding company - Pearl Assurance Ltd. Repayment of these loans has been extremely prompt and another £50,000 is shortly to be paid back to CDC, leaving total special loans of £400,000 outstanding. CDC rate is 8% while that on Holding Company loans is a very favourable 5½%.

Again, like the first Permanent although the savings and Loan Society operates in all 3 territories aid was given to meet Kenya capital withdrawals - any drains on resources of Uganda and Tanganyika branches being very small.

Thus at the present time only one society is entirely free from outside assistance - and only this society - EABS is undertaking new lending. It is significant that this particular company declined the offer of help from CDC because it thought its terms unacceptable. It has been in a position to dispense with long term outside aid because of its success in attracting new deposits. Indeed deposits and share capital have more than doubled since 1961. Thus it has had the necessary funds

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with which to undertake new lending. Furthermore its loan interest of 10% p.a. is much higher than any rate ever charged by a society in Kenya. Despite this the Society still finds the demand for loans far in excess of funds available.

By increasing its total business and by widening the differential between interest paid on deposits and that received on loans the EABS seems to have solved its profit and loss problems.

The significance of the experience of the EABS is that it succeeded in increasing its total capital, without resort to special aid or any scale, by taking pains to attract African depositors. Its advertisements are printed in several local languages and its deposit rates are as attractive as those offered elsewhere. While individual African deposits are characterised by a rapid turnover, the society has found that the aggregate does not over time fluctuate noticeably.

The Kentanda has not succeeded in attracting new deposits and consequently its business has continued to deteriorate. The management do not believe that small African deposits provide stable capital and hence have not deliberately tried to attract these. Its view is based to some extent on past experience, since some time ago it had an agreement with the Government whereby the wages of some African employees in the service of the Government were paid straight into the society. The idea was that some at least of these deposits would remain for a reasonable length of time with the society. Since this was not the case to any acceptable extent, the scheme was abandoned. But this instability should not be taken to apply to African depositors in general, since those who normally deposit do so willingly and presumably because they can afford it, and not because they have no choise.

The office of the KMBS is badly positioned, situated on the second floor of an office block and since it does not advertise on any scale its deposits could not be expected to increase.

At the moment negotiations are well advanced for the CDC or one of its subsidiary building societies to take over the existing mortgages

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of the Kentanda Mutual. The society will be paid for these assets and it, in turn, will wind up its business by paying off share and deposit holders.

The present position with regard to the three large societies is as follows:- They are each heavily indebted to outsiders and are not undertaking new lending since all surplus income and mortgage repayments must go towards building up reserves and repaying special loans. Loan repayment are in general geared to net mortgage redemptions and hence will take some time to pay. These societies therefore are winding down their assets and decreasing in size annually.

Since bank loans will carry interest of at least 7% and CDC loans $6\frac{1}{2}$- 7%, the sooner are these special loans repaid the better it will be for the companies from an income point of view. New lending can only be undertaken given a huge increase in deposits. It would seem that the societies must necessarily turn their attention to that class of people whose income has been undergoing considerable increases since Independence, i.e. the newly emerging African middle-class. This class derives its income from essentially non-agricultural forms of employment (Civil Service and General Government Service) and consequently deposits would be unlikely to fall by much should the country suffer a depression. Moreover, since these depositors would be Kenya citizens the societies would never have to fear outflows of funds from the country. The East Africa Building Society seems to have reasonably successful in attracting these depositors.

One Society at least - The Savings and Loan Society Ltd., still finds the bulk of its deposits contributed by Europeans and makes no special efforts to attract African deposits. Undoubtedly this society has made a very strong recovery on the basis of its present deposit policy, but should there be another loss of confidence by Europeans, given present exchange control arrangements, the Society would again find itself in an embarassing position.

......../ The distribution

The distribution of deposits by community for the First Permanent (E.A.) Ltd. and KBS Ltd. is not known.

Given the future demise of the Kentanda mutual and the fact that the KBS Ltd. and the First Permanent have failed completely in their efforts to attract new deposits (The KBS has only one branch) and seem to be declining - only the EABS has an immediate bright future. This is undoubtedly because of its small size. In terms of aggregate capital and loans of societies it is of small importance.

Thus the present building society structure in Kenya is still without firm foundations and is likely to remain so until the economy becomes sufficiently diversified to safeguard a multi branch society from a depression in any one sector. Only then would a large Kenya-wide society structure be capable of secure development. General exchange control regulations would add to the security of deposits - especially those of the Savings and Loan Society. Should an indigenous banking movement ever arise in Kenya, in the absence of lender of last resort facilities, it too would benefit from exchanging control regulations and a well diversified economy.

At the moment there is a large unsatisfied demand for building society loans and building land and house prices are regarded as being less artificially inflated than they were before lending ceased. The East African Building Society is enjoying the benefit of these market conditions. The others cannot until their loans are repaid which should be in about two years for the Savings and Loan Society and not less than 3 years for the First Permanent.

When new lending is recommenced Savings and Loan will still have Pearl Assurance as a lender of last resort, while CDC will perform this role for the First Permanent and KBS. Since CDC is primarily interested in loans for new development - rather than for the purchase of existing assets - and since its resources are obtained at very high rates of interest, it is doubtful whether it is the right type of institution to control the societies.

.........../ In 1961

In 1961 the British Government had a moral obligation to protect society borrowers - who were mainly British since, had no assistance been forthcoming to the societies, the only alternative would have been to press borrowers for immediate loan repayments. In the not too distant future most borrowers are likely to be from the African middle class and perhaps when all CDC loans have been repaid, the Kenya Government or a Government sponsored body (such as the Industrial Development Corporation) might be better suited to take over control of the two societies in question.

Even ignoring the ownership problem, it would seem desirable for Government to be in a position to direct all the societies generally as part of the monetary institutional framework, as well as to assist them in emergencies - just as it would be called upon to direct and guarantee emergency help to indigenous banks.

In Britain building societies are not influenced directly by monetary policy. Their interest rates are not immediately sensitive to Bank Rate charges and respond, if at all, only after a time lag. Their operations are, however, affected by the impact of monetary control on other institutions - especially on commercial banks. Societies must offer more attractive deposit terms than banks and so are likely to raise rates after banks have done so. Also society funds are often withdrawn to meet repayment demands from banks and other organisations undergoing credit restriction or contraction.

When Kenya has a Central Bank in the near future it could profit from Britain's experience in monetary management by ensuring from the outset that credit policies have general application over the whole range of financial institutions including building societies. Control over societies while they are in an embrioric state will lay the foundations for successful direction of a fully developed movement whose contribution to credit flows should be substantial.

The Central Bank could control societies as well as provide lender of last resort facilities to meet emergencies. This latter would be an unusual task for a Central Bank based on traditional models - for

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though the emergency assistance would be temporary when compared with the life of mortgage loans - it would be long term in comparison with lender of last resort assistance to commercial banks: But the idea should not be condemned on these grounds. Central Banks in developing countries need to adopt flexible and immaginative policies and monetary tools, and successful departures from traditional Central Banking activities are to be encouraged. Moreover there are precedents in France and the U.S.A. for Government establishing last resort facilities for building societies - though not directly through a Central Bank.

Under French law societies must cover 60% of their liabilities with other financial institutions and in practice commercial banks undertake to discount mortgages when necessary. The banks in turn receive guarantees of financial assistance from the Bank of Issue.

In the U.S.A. assistance can be had by societies along the same lines as the commercial banks receive assistance under the Federal Reserve System. In return for an investment, equivalent to 2% of outstanding mortgage loans, in the Federal Home Loan Bank System, societies can receive aid to the amount of 50% of loan assets. These special loans are granted either to enable an increase in mortgage lending to meet capital withdrawals. For additional security societies can issue shares and deposits with the Federal Savings and Loan Insurance Corporation, while a Federal National Mortgage Administration is prepared to take over certain types of mortgages in difficult times.

Commercial banks in Kenya can be expected to be fully loaned up in the forseeable future and hence emulation of the French system would be difficult. On the other hand the American system would be too clumsy given the small number of societies. All that is needed is one body prepared to provide funds in emergency, against the security of first mortgages. This in itself dispenses with the need to guarantee deposits separately - since this provision would automatically guarantee capital. In any case a deposit guarantee system of the American type would inevitably fail if all societies experienced difficulties, whereas Central

......./Bank assistance

Bank assistance could be obtained by any number of the societies. It would not be advisable for the Bank to provide capital for increased lending, as the F.H.L.B's do in the U.S.A. since in normal circumstances societies should be self sufficient - lending to the public funds borrowed from the public and in any case except for contingency funds, Central Bank resouces would be fully employed in other directions.

To bring societies within the sphere of monetary control the Bank would need to be capable of influencing volume and terms of business at all times and not just when societies are receiving special assistance. Close consultation between Bank and societies on such matters as size of reserves, rates on borrowing and lending, and also perhaps on maximum proportion of property value to be loaned and conditions of loan repayment, would be necessary.

These arrangements would assist the future growth of a stable building society structure in Kenya and would strengthen both general and selective credit control by the Central Bank over the monetary system.

COMPARISON OF INTEREST RATES OFFERED BY BUILDING SOCIETIES AND COMMERCIAL BANKS

Appendix A

September 1964

	BANKS	SOCIETIES
FIXED DEPOSIT ACCOUNTS		
Up to 3 months	$3\frac{1}{2}$	
Over 3 up to 6	$3\frac{3}{4}$	
Over 6 up to 9	4	
Over 9 up to 12	4	$5\frac{1}{2}$ for 12
For 24	-	6
SAVINGS ACCOUNTS	3	5 EABS, KMBS, S & L $4\frac{1}{2}$ FP, KBS.
Deposit and Withdrawal Terms		
Minimum Deposits	5 to 40/-	5(S & L) to 100(FP & KBS)
Minimum Additional Deposits in multiples of:-	1 to 5	5(S & L) to 20(FP KBS)
Minimum Deposits	100,000/- to 200,000/-	100,000 (FP) 200,000 (KBS) Any amount (S & L)
Withdrawals	Any amount with 7 days notice to any amount on demand.	Up to 200/- on demand (S & L) 500/- on demand (FP,KBS) Up to 2,000 with 7 days notice.

BUILDING SOCIETY ASSETS AND LIABILITIES

Appendix B

YEAR	SOCIETY	DEPOSIT & SHARES	% OVER PREVIOUS YEAR (+ or -)	LIQUID RESERVES	AS % DEPOSITS SHARES	MORTGAGES	INVEST-MENTS
1958	FP	2,144,000		280,000	13	2,021,000	-
	KBS	2,253,000		39,000	1.7	2,164,000	199,000
	S&LS	3,918,375		758,000	19.3	3,186,433	71,916
	TOTAL	8,315,375		1,077,000	12.95	7,371,433	270,916
1959	FP	3,249,000	+51.5	148,000	4.6	2,739,000	100,000
	KBS	2,470,000	+ 9.6	313,000	12.67	2,094,000	248,000
	S&LS	4,682,456	+19.5	576,000	12.3	4,177,741	91,916
	KMBS	3,000	-	-	-	-	-
	EABS	29,000	-	2,000	6.89	23,000	-
	TOTAL	10,434,456	+25.5	1,039,000	10.0	9,033,741	439,916
1960	FP	2,937,000	- 9.6	37,000	1.26	3,147,000	100,000
	KBS	2,012,000	-18.6	96,000	4.77	2,145,000	288,000
	S&LS	2,992,161	-36.1	26,000	0.87	4,241,201	91,916
	KMBS	17,000	+446.6	10,000	58.8	4,000	2,000
	EABS	29,000	0	1,000	3.4	24,000	1,000
	TOTAL	7,987,161	-23.5	170,000	2.2	9,561,201	482,916
1961	FP	1,681,000	-42.8	40,000	2.38	3,085,372	100,000
	KBS	1,184,000	-41.2	19,000	1.6	1,984,000	213,000
	S&LS	2,168,000	-27.5	53,000	2.4	3,935,787	101,916
	KMBS	16,000	- 5.9	5,000	31.2	7,000	4,000
	EABS	29,000	0	-	0	19,000	-
	TOTAL	5,078,000	-36.4	117,000	2.3	9,031,159	418,916

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YEAR	SOCIETY	DEPOSIT & SHARES	% OVER PREVIOUS YEAR (+ or -)	LIQUID RESERVES	AS % DEPOSITS SHARES	MORTGAGES	INVEST-MENTS
1962	FP	1,381,940	-17.84	19,354	1.40	2,960,839	0
	KBS	881,000	-25.6	-	0	1,806,000	190,000
	S&LS	2,167,079	- 0.5	301,000	13.9	3,635,960	86,916
	KMBS	11,000	-31.25	1,000	9.0	7,000	2,000
	EABS	45,000	-35.6	-	0	30,813	-
	TOTAL	4,486,019	-11.66	321,354	7.1	8,440,602	278,916
1963	FP	1,335,439	- 3.3.	30,055	2.2	2,772,247	0
	KBS	860,355	- 2.4	249,000	29.0	1,566,945	291,139
	S&LS	2,354,033	+ 8.6	165,077	7.0	3,279,581	86,916
	KMBS	8,700	-18.0	-	0	7,000	1,000
	EABS	98,500	+11.9	12,800	13.0	60,500	4,200
	TOTAL	4,657,027	+ 3.8	456,932	9.8	7,686,323	305,055

Notes

Figures are for 31st December for First Permanent, KBS., & EABS. For Savings and Loan Society 31st March: consequently figures for 31st March 1959 are consolidated with 31st December 1958 figures of other societies and so on backdating for each year. Kentanda figures are for 30th June - this fact does not alter aggregates much, due to small size of the society.