



## **PRESS RELEASE**

### **IMPERIAL BANK LIMITED (IN RECEIVERSHIP)**

With the endorsement of the Central Bank of Kenya (CBK), the Kenya Deposit Insurance Corporation (KDIC) has today effected a joint agreement with Kenya Commercial Bank (KCB) and Diamond Trust Bank (DTB) that will provide depositors of Imperial Bank Limited (IBL) access to their deposits in a structured manner.

This step was taken to safeguard the interest of IBL's depositors and creditors, and also in the wider public interest. This follows the failure of IBL's shareholders to provide adequate assurances to implement a proposal that would enable the prompt reopening of IBL and resumption of normal activities for its customers. Under the joint agreement:

- KCB and DTB will in the immediate future pay each IBL depositor up to a maximum of Ksh.1 million, subject to account and identity verifications. On this basis, 44,300 depositors will get full access to their deposits, while the remaining 5,700 depositors would in this instance be paid a portion (Ksh.1 million) of their deposits. Thus, 89 percent of depositors will be paid in full.
- The remaining deposits and loans would be subject to a due diligence review by KCB and DTB, which would inform what portions could be transferred to KCB and DTB and under what terms. An announcement on the way forward will be made upon completion of this exercise, expected by end-March 2016, and it would include the treatment of current bond investors.

- KDIC will retain management and control of all other assets and liabilities, as provided for in the Kenya Deposit Insurance Act. All IBL borrowers should continue to make payments on their loans as required currently.

Over the next few days KCB and DTB will put in place mechanisms through which IBL depositors can file their claims at any KCB or DTB branch in the country. Once filed, a response will be provided within three business days and a payment made if the claim is approved. It is expected that all valid claims will be paid in the next few weeks. Additional information on this process will be provided in the media.

CBK appointed KDIC as receiver for IBL on October 13, 2015, according to the provisions of the Banking Act and of the Kenya Deposit Insurance Act, when CBK became aware of IBL's unsafe and unsound business practices. KDIC subsequently confirmed fraudulent activities of substantial magnitude resulting in a significant shortfall in IBL's capital position, and the misrepresentation of IBL's financial statements.

CBK and KDIC are grateful to depositors and creditors for their patience since IBL was put under receivership, and request their continued support in this process.

CBK and KDIC acknowledge the invaluable assistance by KCB and DTB in making this proposition a reality. The support of the Aga Khan Fund for Economic Development (AKFED) has also been instrumental in reaching this agreement.

**CENTRAL BANK OF KENYA**

December 2, 2015