



PRESS RELEASE

DUBAI BANK KENYA LIMITED

1. The Central Bank of Kenya (CBK) has today, Friday 14th August 2015, appointed the Kenya Deposit Insurance Corporation (KDIC) as a receiver for Dubai Bank Kenya Limited for a period of twelve months, pursuant to the provisions of Sections 43(1), 43(2) and 53(1) of the Kenya Deposit Insurance Act, 2012. Dubai Bank Kenya Limited was issued with a banking licence in April 2000.
2. The appointment of KDIC as a receiver for Dubai Bank Kenya Limited has been carried out in the interest of its depositors, creditors and members of the public.
3. Section 43(2) of the Kenya Deposit Insurance Act, 2012 requires CBK to appoint the KDIC as a receiver of a bank, if, among others, an unsafe or unsound condition to transact exists; a bank is likely to fail to meet its financial obligations, a bank has substantially insufficient capital or if there is a violation of any law or regulation.
4. Dubai Bank has been experiencing serious liquidity and capital deficiencies which have raised the CBK's concerns that it will most likely not be able to meet its financial obligations as and when they fall due.
5. One of the CBK's primary role as a regulator is to foster the liquidity, solvency and proper functioning of a stable market-based financial system. CBK has closely monitored Dubai Bank's daily cash reserve ratio from 14th July 2015 when the bank began breaching its daily cash reserve ratio requirements.
6. CBK has also been in contact with Dubai Bank to attempt to redress the situation but there has been no compliance by the bank and its cash reserve ratios have continued to deteriorate. The non-compliance with the cash reserve ratios has to date attracted a total penalty of Ksh.5,395,721.03.
7. Owing to the consistently deteriorating cash reserve ratio position of Dubai Bank and its failure to honour financial obligations, including Ksh.48.18 million due to Bank of Africa Kenya Limited, the CBK is of the considered opinion that the bank will most likely fail to meet its financial obligations in the normal course of business.

8. CBK as a prudential regulator has considered and determined that Dubai Bank's violations of banking laws and regulations, including failure to maintain adequate capital and liquidity ratios as well as provisions for non-performing loans and weak corporate governance structures is detrimental to the interests of its depositors, creditors and the public.
9. In light of the above, CBK has been compelled to act and appoint the Kenya Deposit Insurance Corporation (KDIC) as receiver for the bank in terms of Sections 43(1), 43(2) and 53(1) of the Kenya Deposit Insurance Act effective Friday, 14th August 2015 for a period of twelve months.
10. The KDIC will release information about the resolution of Dubai Bank Kenya Limited in due course.
11. Customers with questions can call the KDIC on Tel. No. **0770 887992**. Customers can also contact KDIC on email: kdiccommunications@depositinsurance.go.ke for more information.
12. For media inquiries, call **0770 887992**.
13. The Central Bank of Kenya remains committed to fostering banking system stability and will exercise its supervisory mandate in a fair and even handed manner.

CENTRAL BANK OF KENYA

14th August 2015