



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 NIC Bank Limited (NIC) that will provide depositors of Imperial Bank Limited (IBL) access to a portion of their deposits in a structured manner.

This step was taken to safeguard the interest of IBL's depositors and creditors, and 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:

- NIC has been appointed to act as the Asset and Liabilities Consultant for Imperial Bank Limited (In Receivership). In this capacity, NIC will undertake on behalf of KDIC an assessment of the quality of IBL's assets and liabilities, support the recovery of IBL's loans, and provide guidance on other assets and on staffing.
- NIC will disburse on behalf of KDIC a maximum of Ksh.1.5 million each to the remaining IBL depositors, as soon as the High Court's suspension of payments to IBL depositors is lifted, and subject to account and identity verifications that were conducted previously. Once completed on this basis, 45,700 depositors (equivalent to 92 percent of depositors) will have been paid in full or not claimed their balances of less than Ksh.2.5 million. A High Court ruling on the suspension of payments is expected on July 4, 2016.
- Subject to a due diligence and contract review, and following negotiations, KDIC will dispose of, and NIC will assume, a portion of the remaining verified deposits along with certain other assets and liabilities. It is expected that depositors will be granted access in a structured manner to about 40 percent of the remaining amount of verified deposits above Ksh.2.5 million, which would bring the cumulative pay-out ratio for all verified deposits to an estimated 59 percent. Additional information on this process, including how these deposits will be accessed, will be provided by KDIC and NIC as soon as is practical. NIC will also assume the majority of IBL staff and branches, and announcements on the way forward will be made in the near future.

- The recovery of IBL loans will continue, which will allow access to additional resources by depositors and other stakeholders. All IBL borrowers should continue making payments on their loans as is currently required.
- KDIC will retain management and control of all IBL assets and liabilities that it will not have been disposed of.

Since the last update in the [Press Release](#) of May 20, 2016, progress has been made towards a resolution of IBL's receivership, with the objective of safeguarding the interest of depositors, creditors, and the wider public interest. In particular:

- The forensic auditors and relevant investigative agencies continue to investigate the fraudulent activities in Imperial Bank Limited and the unsound business practices. It is expected to be largely concluded in the near future, and it will inform the forthcoming court proceedings.
- Judicial proceedings are ongoing in the three suits filed against CBK, KDIC and IBL, separately or jointly, and the three suits filed against the directors of Imperial Bank Limited, and W.E. Tilley and others.

CBK and KDIC are grateful to depositors and other stakeholders for their patience since IBL was put under receivership, and request their continued support.

We have confidence in the strength of our banking sector, and the further boosting of confidence that these developments will provide. Additionally, CBK and KDIC are very grateful for the invaluable support provided by NIC.

CENTRAL BANK OF KENYA

June 21, 2016