



## **PRESS RELEASE**

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

Over the last five-and-a-half months since October 13, 2015, the Central Bank of Kenya (CBK) and the Kenya Deposit Insurance Corporation (KDIC) have been working to deal with matters relating to Imperial Bank Limited (In Receivership) (IBL) according to the provisions of the Banking Act and of the Kenya Deposit Insurance Act, with the intention of safeguarding the interest of IBL's depositors and creditors, and the wider public interest.

Following the failure by Imperial Bank Limited shareholders to provide adequate assurances to implement a proposal that would enable the prompt re-opening of the bank and resumption of normal activities, on December 2, 2015, CBK and KDIC announced a plan that would allow depositors access to some of their deposits in a structured manner.

Significant progress has been made so far, including the following areas:

- IBL depositors were paid by KDIC up to a maximum of Ksh.1 million each, subject to account and identity verifications, with the assistance of Kenya Commercial Bank (KCB) and Diamond Trust Bank (DTB). On this basis, payments totaling Ksh.6.8 billion have been made, with 39,860 depositors (equivalent to 80 percent of depositors) paid in full or have not claimed their balance of less than Ksh.10,000.
- A due diligence review has been conducted on deposits and loans. While this exercise has provided greater assurance on the quality of the balance sheet, it has also revealed some intricate and close connections that compel a thorough scrutiny by forensic auditors.
- A forensic audit and other investigations are ongoing, to provide further evidence on the culpability of the fraudulent activities in Imperial Bank Limited and the unsound business practices. However, while this work is progressing at a good pace, the magnitude of what still needs to be done is substantial. For instance, over 700 accounts-of-interest have now been isolated for scrutiny, with some of them connected to a few dozen related accounts, while initial expectations were that there would be a few dozen accounts-of-interest; some 22,520 high-priority transactions need to be investigated; and about 1.2 Terabytes (TB) of electronic data needs to be interrogated (if printed on regular paper it would stack 7,200 kilometers tall). It is expected that the current team will make significant progress on this work in the next three months.

- Steps have been taken and additional measures are in train to facilitate the recovery of funds—locally and from foreign countries—that were obtained irregularly from IBL.
- On March 7, 2016, IBL’s shares in Imperial Bank (Uganda) Limited were sold to Exim Bank (Uganda) Limited for the sum of US\$6.788 million—net of interbank deposits and other transaction costs, the amount due to KDIC is US\$3.685 million. CBK is very supportive of Bank of Uganda’s facilitation of this sale—exercising its statutory powers as the regulator in that jurisdiction and seeking an outcome that does not jeopardize financial sector stability—while also seeking the recovery of funds for the benefit of IBL depositors and creditors.
- KDIC has maintained management and control of all other assets and liabilities, as provided in the Kenya Deposit Insurance Act. In particular, KDIC has been in touch with IBL borrowers for them to continue making payments on their loans.
- Several cases have been filed in the High Court by Imperial Bank Limited shareholders against CBK and KDIC, which have interfered with the work of the Receiver. Additionally, a significant criminal case has been instituted by the Office of the Director of Public Prosecutions against certain individuals and companies and former officers of Imperial Bank Limited.

In order to secure the highest potential return to IBL’s depositors and creditors, and for the wider public interest, it is essential that the ongoing forensic audit and the related investigations proceed unimpeded. In light of this development, the announcement of a way forward needs to be postponed until significant progress on the forensic audit has been made, expected in the next three months.

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.

To allow greater discussion on these developments, a meeting with depositors is being arranged to be held tomorrow, Friday, April 1, at 2:30 p.m., at *Fairmont The Norfolk Hotel*.

**CENTRAL BANK OF KENYA**

March 31, 2016