



## **PRESS RELEASE**

### **LIQUIDATION OF CHARTERHOUSE BANK LIMITED (UNDER STATUTORY MANAGEMENT)**

1. The Central Bank of Kenya (CBK) announces that it has today, May 7, 2021, appointed the Kenya Deposit Insurance Corporation (KDIC) as liquidator of Charterhouse Bank Limited (CHB) in terms of Section 54(1)(b)(v) of the Kenya Deposit Insurance Act, 2012.
2. This follows the submission of the Statutory Management Report by the Statutory Manager on May 6, 2021, recommending that CHB be liquidated. The report indicates that in view of the severe violations of the Banking Act by CHB and its inability to address them, liquidation is the only feasible option.
3. CBK has assessed the recommendation and considered that liquidation would facilitate the orderly resolution of the assets and liabilities of CHB in accordance with the Laws of Kenya, to protect the interest of CHB depositors, its creditors, other stakeholders and the wider public interest.
4. CHB was established in 1996 after taking over the operations of Middle East Kenya Finance Limited. Subsequently, the institution converted to a fully-fledged bank in 1998. The bank had 10 branches in Nairobi, Kisumu and Mombasa. Eight of these branches were located at branches of the erstwhile Nakumatt Supermarket Stores, an associate of the bank through common shareholding.
5. By 2006, CHB was classified as a small bank, ranked 30 out of 41 banks with an asset base of Ksh.4bn and a market share of 0.55 percent. It had 428 loan accounts valued at Ksh.2.9bn and 4,699 deposit accounts valued at Ksh.2.9bn. Its equivalent ranking at end 2020 with the 2006 asset base would be the smallest of all banks.
6. On June 23, 2006, CBK placed CHB under statutory management pursuant to Section 34(1) (d) of the Banking Act. This followed severe violations of the Banking Act by CHB relating to lending, accuracy of returns submitted to CBK, and failure to obtain account opening documentation for a number of customers.
7. The placement of CHB under statutory management and take over by CBK was done in the interest of the bank's depositors, creditors and members of the public.
8. KDIC will release information about the liquidation of CHB and payment of depositors in due course.
9. Customers or any persons with claims or questions can call the KDIC on Tel No. **+25420667000/0709043000**. Customers can also email on [customerservice@kdic.go.ke](mailto:customerservice@kdic.go.ke) for more information.
10. For media inquiries, call **+25420667000/0709043000**.