



PRESS RELEASE

REGULATORY ACTION AGAINST ECOBANK KENYA LIMITED

The Central Bank of Kenya (CBK) has taken regulatory action against Ecobank Kenya Limited (Ecobank) for unsafe trading practices and breaches to the *Prudential Guidelines on Foreign Exchange Exposure Limits* in March 2022. In investigating Ecobank's trading practices and a specific transaction that it had concluded, it is evident that Ecobank did not have sufficiently robust risk controls to prevent breaches on its foreign exchange exposure limits, or the inaccurate reporting of its position.

Against this backdrop, Ecobank is required to undertake the following:

- By Thursday, March 31, 2022, put in place a remedial plan to ensure the operational lapses that led to the non-compliance are addressed. The remedial plan should also point to specific measures to address the unsafe trading practices that led to the non-compliance and to enforce adherence to orderly conduct as stipulated in CBK's *Guidelines on Foreign Exchange*.
- Reverse the amount of additional exposure that was created as a result of the regulatory breach.
- Cease to transact as an authorised foreign exchange dealer in the Kenyan market from Tuesday, March 29, 2022, to Monday, April 4, 2022. During this time Ecobank cannot transact, *inter alia*, in the interbank foreign exchange market. However, all committed transactions as at March 28, 2022, can be settled.

Ecobank's acknowledgement of its obligations as an authorised foreign exchange dealer and its commitment to address the underlying issues is noted. CBK reiterates the objective of building sound, fair and transparent financial markets, anchored in the law and according to global best practices.

CENTRAL BANK OF KENYA

March 28, 2022