



PRESS RELEASE

LIQUIDATION OF CHASE BANK LIMITED (IN RECEIVERSHIP)

1. On April 7, 2016, the Central Bank of Kenya (CBK) appointed the Kenya Deposit Insurance Corporation (KDIC) as receiver for Chase Bank Limited pursuant to the provisions of Sections 43(1), 43(2) and 53(1) of the Kenya Deposit Insurance Act, 2012.
2. The appointment of KDIC as a receiver for Chase Bank Limited was done by CBK in the interest of the bank's depositors, creditors and members of the public.
3. On April 20, 2016, KDIC [appointed KCB Bank Kenya Limited](#) (KCB) as Manager of Chase Bank Limited (In-Receivership) (CBLIR), with the concurrence and approval of CBK. This was intended to ensure the continued operations of CBLIR, leveraging on KCB's credentials as a strong bank with a solid brand, adequate human resources, and wide experience in the country. Consequently, CBLIR resumed limited banking operations in accordance with the Banking Act on April 27, 2016, under KCB's management. This enabled CBLIR customers to have immediate access to their deposits to a maximum of Ksh.1 million. On this basis, 162,970 deposit accounts equivalent to 97 percent of the depositors' accessed their funds in full.
4. On August 17, 2018, 75 percent of the value of deposits at CBLIR and 75 percent of the value of assets were [carved out and transferred](#) to SBM Bank Kenya Limited (SBM Bank), a subsidiary of SBM Holdings Limited. This followed a transparent *Expression of Interest* process. The transaction enabled CBLIR depositors to access a significant portion of their frozen deposits. Following the carve out and transfer, KCB's management contract ended and KDIC continued managing the remaining 25 percent of the value of deposits along with other assets and liabilities that remained in CBLIR.
5. In September 2018, following the carve out and transfer to SBM Bank, CBK required KDIC to appoint an independent external auditor to carry out a comprehensive audit of CBLIR based on terms of reference approved by CBK, pursuant to Section 24 of the Banking Act and to provide additional basis for further actions. KDIC contracted the independent external auditor in December 2019.

6. The external auditor submitted the audit report to CBK in September 2020. CBK noted a number of gaps in the report and engaged KCB and KDIC. A significant number of the gaps were subsequently resolved. In February 2021, CBK requested KDIC to resolve all the pending gaps in 60 days.
7. On April 7, 2021, KDIC submitted the Receiver's Report to CBK recommending that CBLIR be liquidated. The report indicates that considering the weak status of CBLIR's financial position, liquidation is the only feasible option.
8. CBK has assessed the recommendation by KDIC, and considered that liquidation would facilitate the orderly resolution of the residual assets and liabilities of CBLIR in accordance with the Laws of Kenya, to protect the interest of CBLIR depositors, its creditors, and the wider public interest. Subsequently, CBK has today, April 16, 2021 appointed the KDIC as liquidator of CBLIR in terms of Sections 53(2) and 54(1)(a) of the Kenya Deposit Insurance Act, 2012.
9. KDIC will release information about the liquidation of CBLIR and payment of depositors in due course.
10. Customers or any persons with claims or questions can call the KDIC on Tel No. **+254 20 667000/ 0709 043000**. Customers can also email on customerservice@kdic.go.ke for more information.
11. For media inquiries, call **+254 20 667000/ 0709 043000**.

CENTRAL BANK OF KENYA

April 16, 2021