

## **PRESS RELEASE**

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

On February 9, 2016 the shareholders of Imperial Bank Limited (In Receivership) (IBLR) filed a case in the High Court in which certain declarations were sought, and in the course of the proceedings, orders were issued restraining Kenya Deposit Insurance Corporation (KDIC) and the Central Bank of Kenya (CBK) from any process that would lead to the exclusion and transfer of assets and liabilities of IBLR. In the judgment delivered on November 4, 2016, the Court lifted the suspension, which has paved the way for KDIC and CBK to continue with the process they had announced and initiated.

On June 21, 2016, KDIC, with the endorsement of CBK effected an agreement appointing NIC Bank Limited (NIC) as the *Asset and Liabilities Consultant* for IBLR (see [Press Release](#)). The KDIC and NIC agreement, mandates NIC to disburse on behalf of KDIC a maximum of an additional Ksh.1.5 million each to the remaining IBLR depositors, subject to account and identity verifications. In addition, the Agreement provided that NIC would undertake an assessment of the quality of IBLR's assets and liabilities, support the recovery of IBLR's loans, and following negotiations, assume certain assets and liabilities as well as the majority of IBLR staff. It was expected that through this process depositors will be granted structured access to about 40 percent of the remaining amount of verified deposits above Ksh.2.5 million, which would bring the cumulative payout ratio for all verified deposits to about 59 percent.

In the judgment on November 4, 2016, the Court found that KDIC and CBK had at all times acted within, and have been guided by the strict requirements of the law. Further, the Court made the following findings:

- KDIC and CBK had at all times considered the proposals put forward by the shareholders, and the Court was satisfied that the shareholders were given reasons why their proposals were unacceptable, and
- The shareholders were neither discriminated against, nor were their rights violated.

IBLR shareholders have to-date failed to provide adequate assurances to implement a proposal that will enable the lifting of the receivership, reopening of IBLR, and resumption of normal activities for its customers. The final proposal by the shareholders on June 15, 2016, was rejected, in which the shareholders withdrew their offer to inject Ksh.10 billion and replaced it with a proposal to raise Ksh.5 billion by way of a rights issue. KDIC and CBK remained open for the shareholders to present a credible and tangible recovery plan based on the revised fraud/loss of Ksh.44.9 billion, without prejudice to the forensic investigation.

KDIC and CBK have since filed a suit on September 30, 2016, for the recovery of Ksh.44.9 billion against the directors and shareholders of IBLR for fraud, breach of fiduciary duty and negligence. Depositors have also applied to enjoin in this suit in support of the recovery process. All sums recovered will be applied in the settlement of depositors and other stakeholders' claims, in accordance with the law.

KDIC and CBK will continue the processes that were suspended by the Court, and in particular, NIC's due diligence and contract review, which is expected to lead to structured access to the remaining deposits.

Going forward, KDIC and CBK will continue to engage all stakeholders concerning the next steps in the resolution for IBLR, as permitted by the law.

KDIC and CBK again reiterates their commitment to protecting the interest of IBLR depositors, its creditors, and the wider public interest, by resolving IBLR's receivership in a professional and legal manner.

**KENYA DEPOSIT INSURANCE CORPORATION**

November 8, 2016