



KENYA BANKERS
ASSOCIATION

PUBLIC NOTICE

Issue Date: 14 October 2015

In reference to the public statement issued by Central Bank of Kenya on 13th October 2015 regarding the appointment of the Kenya Deposit Insurance Corporation (KDIC) to assume the management and control of Imperial Bank Limited, the banking industry umbrella body Kenya Bankers Association (KBA) wishes to provide the banking public with additional information on this matter.

PROACTIVE MEASURES INITIATED BY BOTH PARTIES

- As was communicated by Central Bank of Kenya (CBK), the board of directors of Imperial Bank Limited brought to the attention of the CBK banking practices that warranted immediate remedial action. CBK responded, also liaising with the Capital Markets Authority and the Bank of Uganda, and containing any adverse impact on the financial sector.
- In a statement by the regulator, this self-disclosure by Imperial Bank's Board was welcomed as it facilitated a prompt response by the CBK. In taking this action, CBK exercised its statutory mandate and discharged its responsibility of protecting the public good in order to safeguard the interest of both depositors and creditors of Imperial Bank Limited.

KENYA'S BANKING SECTOR REMAINS SAFE AND ROBUST

- CBK and KBA have assured members of the public that Kenya's banking sector remains safe and robust.
- KBA is committed to work with CBK to ensure the provision of appropriate support and information to the banking industry so as to avert any speculation that may undermine market confidence. Meanwhile, CBK has committed to use instruments at its disposal to provide adequate liquidity support to the banking system to ensure its stability and robustness at this time.

IMPERIAL BANK ISSUE IS ISOLATED AND NOT SYSTEMIC

- Imperial Bank Limited represents 1.8 percent of the banking sector, and it is in our view as KBA that this incident does not present a systemic concern for the sector.
- The appointment of KDIC to take control of the management of the bank is intended to provide a platform for KDIC to execute its statutory mandate with the support of the board of directors of Imperial Bank Limited towards restoring the safety and soundness of the bank.

BEWARE OF ERRONEOUS INFORMATION AND SPECULATION

- There is erroneous information circulating in the social media purporting to identify a list of banks that have failed to meet "certain thresholds". CBK in a statement issued on 14th October 2015 has assured the financial markets and members of the public that this information and the allegations therein are false.
- As KBA, we advise against the circulation of such defamatory rumours and speculation regarding specific banks. We urge the banking public to raise any concerns they have directly with their bank or CBK's Banking Supervision Department.

KDIC WILL GUIDE DEPOSITORS ON WAY FORWARD

- KDIC has issued communications regarding the management of Imperial Bank and will continue to issue progress reports on a timely basis to Imperial Bank customers.
- For questions and queries regarding Imperial Bank, please contact KDIC during office hours, Monday to Friday - 8.30 am to 4.30 pm, on telephone number 0770887992/2863813 or by e-mail address: customerservice@depositinsurance.go.ke.
- For other bank-specific questions, customers, shareholders and employees should contact the respective bank's corporate affairs office or customer service desk.

BANKS HAVE A RESPONSIBILITY TO EDUCATE CUSTOMERS

- Kenya's banking industry is leading in Africa in terms of financial inclusion and access to formal banking services. We therefore recognise that banks have a role to play to ensure that their customers are educated about both the benefits and risks of the products and services they offer, as well as the standards of good banking practice as defined by the KBA in the "Consumer Guide to Banking in Kenya".
- Banks also have a fiduciary duty to adequately inform depositors and shareholders about the institution's governance structures, policies and general management in accordance with the CBK Prudential Guidelines.
- KBA Secretariat therefore encourages the KBA member banks to continue to educate their stakeholders about this matter, as well as make available information and customer service support to address any concerns that customers may have.

Kenya Bankers Association wishes to assure members of the public that the positive growth and stability that Kenya's banking sector continues to witness is ensured through adequate regulatory supervision in an enabling market environment.

Please visit www.kba.co.ke and www.centralbank.go.ke for more consumer information about banking in Kenya.