

EXCHANGE BANK LIMITED

View Park Towers P.O. Box 28442, Nairobi
Tel: 338413/340976/227228 Telex: 23112, Fax 219239

13
(F)

Ex. Bank

10 August 1993

The Governor
Central Bank of Kenya
P.O. Box 60000
NAIROBI

Dear Sir,

I, KAMLESH M. PATTNI of Post Office Box Number 28442, Nairobi, in the Republic of Kenya confirm the following Agreement with the Central Bank of Kenya :-

1. THAT I am the Executive Chairman of Exchange Bank Limited.
2. THAT Exchange Bank Limited is indebted to the Central Bank of Kenya for an amount of Kshs. 9,931,115,400/- as at 30th June 1993 and a further total sum of Kshs. 45,320,557.30 arising out of audit and report by Price Waterhouse dated 16th July 1993.
3. THAT I hereby undertake to fully repay and discharge the said amounts in the paragraph 2 above as follows :
 - (a) I have surrendered to the Central Bank of Kenya Treasury Bills equivalent to Kshs. 4,653,031,134/- the receipt of which the Central Bank of Kenya hereby acknowledge by signing the copy of this letter.
 - (b) I have assigned to the Central Bank of Kenya the right and the title to the debt for the sum of Kshs. 1,255,904,931/- due by National Bank of Kenya Limited which had been advanced by Exchange Bank Limited and I have procured the authority of the said Exchange Bank Limited to effect the said assignment.
 - (c) I have assigned to the Central Bank of Kenya the right and the title to the debt in the sum of Kshs. 244,556,164/- due to Exchange Bank Limited from Trans National Bank Limited and I have procured the authority of the said Exchange Bank Limited to effect the said assignment.

K.M.P.
10/8/93

[Handwritten signature]

- (d) That the said Exchange Bank Limited has assigned to the Central Bank of Kenya some Forex 'C' certificates equivalent to U.S. \$120 Million now being discounted by Central Bank of Kenya at the rate of Kshs.15/- per U.S. Dollar amounting to a total sum of Kshs.1.8 billion. The Exchange Bank Limited shall benefit in case if any discount rate higher than the agreed rate of Kshs.15/- per U.S. Dollar is offered to Forex 'C' bearers by Central Bank of Kenya on discount of the said certificates.
- (e) I undertake to pay the balance of the debt presently amounting to Kshs.1,977,623,171/- through the sale to Central Bank of Kenya of the sum of up to U.S. \$20,000,000/- (U.S. Dollars twenty million only) at the interbank rate prevailing at the time of sale and any balance then outstanding in the lawful currency of Kenya.

The amount referred to in paragraph (e) above shall be secured by a first charge over L.R. No. 209/9514 otherwise known as Meridian Hotel at an interest rate of 25% per annum for the time being that the whole amount of principal and accrued interest to be paid to the Central Bank of Kenya on or before 31st December 1993.

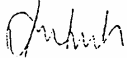
On settlement of all the above sums payable to Central Bank of Kenya, the Central Bank of Kenya shall release their charge on the said L.R. No.209/9514.


EXECUTIVE CHAIRMAN

I accept the above terms and conditions and further acknowledge the receipt of the original copy of this agreement.

For the Central Bank of Kenya

SIGNED _____


19/3/93

Governor

BANKI
KUU YA
KENYA



CENTRAL
BANK OF
KENYA

17.

Huile Selassie Avenue
P.O. Box 60000 Nairobi Kenya
Telephone 226431 Telex 22324 Fax 728662

29 September 1994

Mr. K.M. Pattni,
Exchange Bank Limited
P.O. Box 28442
NAIROBI

Dear Sir,

RE: DEBTS OWING TO THE CENTRAL BANK AND THE TREASURY

We refer to shs 13.5 billion owing to the Central Bank arising from the undelivered \$210 million and shs 5.8 billion due to the Treasury.

We have both agreed that the total amount of shs 19.3 billion will be settled as follows:-

	<u>shs Million</u>	<u>shs Million</u>
1. Central Bank debt	<u>13,525</u>	
2. Treasury debt	<u>5,783</u>	19,308

Repayments

1. Credit for Surrender of assets acquired from Aslam Family	8,523	
2. Treasury bills surrendered	4,653	
3. Inter-bank borrowing assigned to CBK	1,501	
4. Premiums on Forex-cs	1,990	
5. Cash	<u>119</u>	
Total Credits		<u>16,786</u>
Balance owing to CBK/Treasury		<u>2,522</u>

The above agreement is subject to the following terms and conditions:

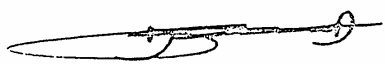
1. That you accept to assign and transfer the following companies and their assets and liabilities to the Central Bank towards the settlement of the above debt:-
 - i) Pan African Bank in Nairobi and Karachi.
 - ii) Pan African Finance
 - iii) Uhuru Highway Development Limited which owns Meridien Hotel (The Grand Regency Hotel)
 - iv) Safariland Club Hotel Ltd together with 150 acres it owns.
 - v) Plaza investments together with 20 acres in Embakasi which it owns.

A credit of shs 8,523 million has been given, as you note above, towards the settlement of the debt on full surrender of the above companies and assets.

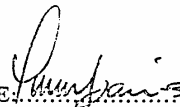
2. You undertake to provide the Central Bank of Kenya with all the necessary documents, transfers, assignments and board resolutions to facilitate the proper legal and valid transfers to the Central Bank of Kenya.

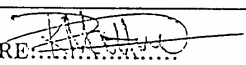
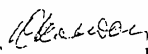
Kindly sign a copy of this letter as acceptance of the above conditions.

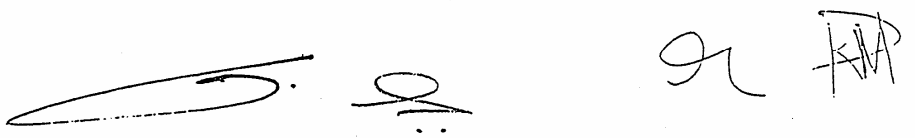
Yours sincerely,



MICAH CHESEREM
GOVERNOR

SIGNATURE:  DATE: 29/9/94
 WITNESS: R.M. MARAMBII
 CHIEF BANKING MANAGER

SIGNATURE:  DATE: 29/9/94
 KAMLESH M. PATTNI
 WITNESS: SIGNATURE:  DATE: 29/9/94
 NAME: U.K. C. CASON
 ADDRESS: P.O. Box 60000
 Nairobi



19.

Governor

**BANKI
KUU YA
KENYA**



**CENTRAL
BANK OF
KENYA**

Haile Selassie Avenue
P.O. Box 60000 Nairobi Kenya
Telephone 226431 Telex 22324 Fax 728662

29 September 1994

Mr. K.M. Pattni
Exchange Bank Limited
P.O. Box 28442
NAIROBI

Dear Sir,

As regards the Grand Regency Hotel, we confirm that we will give you the first option to redeem the hotel as per the legal charge.

It is further noted that you are pursuing export compensation claim amounting to around shs 2.1 billion with accrued interest with Customs Department.

Finally, the balance of shs 2.5 billion will be off-set in full against the provision already made.

Yours faithfully,

MICAH CHESEREM
GOVERNOR