

Approved for tabling.



SN A
12/4/2022

REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SIXTH SESSION – 2022
DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

THE NATIONAL ASSEMBLY	
DATE: 12 APR 2022	
DAY: TUE	
TABLED BY:	HON. MRS. MWAHIGA
CLERK-AT THE TABLE:	MWANGI MWALI

REPORT ON-

(PUBLIC PETITION NO. 051 OF 2021)

BY CONCERNED TEACHERS WITHIN THE REPUBLIC OF KENYA REGARDING
FINANCIAL SUPPORT OF THE CENTRAL BANK OF KENYA IN THE MATTER OF SPIRE
BANK LIMITED UNDER SECTIONS 34 AND 36 OF THE CENTRAL BANK OF KENYA ACT

CLERKS CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI

APRIL 2022

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CHAIRPERSON'S FOREWORD

Hon. Samuel Atandi, MP, (Alego Usonga) on 7th October 2021 conveyed to the House Public Petition No. 051 of 2021 on behalf of concerned teachers within the Republic of Kenya who invested in Spire Bank through Mwalimu National SACCO Society Limited seeking financial support of the Central Bank of Kenya under sections 34 and 36 of the Central Bank of Kenya Act.

While considering the Petition, the Committee heard from Spire Bank Limited and Central Bank of Kenya on Thursday, 25th November 2021. The Committee also heard from Mwalimu National SACCO Society Limited on Tuesday 5th April 2022 at Parliament Buildings.

The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support accorded to it during its consideration of the Bill. The Committee further wishes to thank The Petitioners, Hon. Samuel Atandi, MP, Spire Bank Limited, Central Bank of Kenya and Mwalimu National SACCO Society Limited. Finally, I wish to express my appreciation to the Honorable Members of the Committee and the Committee Secretariat who made useful contributions towards the preparation and production of this report.

Pursuant to Standing Order 227, it is my pleasant duty to table the Report of the Departmental Committee on Finance and National Planning on its consideration of Public Petition No. 051 of 2021 by concerned teachers within the Republic of Kenya who invested in Spire Bank through Mwalimu National SACCO Society Limited seeking financial support of the Central Bank of Kenya in line with sections 34 and 36 of the Central Bank of Kenya Act.

Hon. Gladys Wanga, CBS, MP

Chairperson, Departmental Committee on Finance and National Planning

EXECUTIVE SUMMARY

This report responds to the prayers by Petitioners in Public Petition No. 057 of 2021 presented to the House by Hon. Samuel Atandi, MP on behalf of residents of concerned teachers within the Republic of Kenya who invested in Spire Bank through Mwalimu National SACCO Society Limited. The Petitioners prayed that the National Assembly, through the Departmental Committee on Finance and National Planning, intervenes to:

- i. direct the Central Bank of Kenya to furnish it with a comprehensive report outlining efforts, if any, that the Central Bank of Kenya has made or is making in terms of extending financial support to Spire Bank Limited to forestall the Bank's imminent collapse and secure the savings of millions of teachers and other stakeholders across the country;
- ii. recommend that, pursuant to sections 34 and 36 of the Central Bank of Kenya Act, the Central Bank of Kenya urgently extends financial intervention to Spire Bank Limited to forestall its imminent collapse, just like Central Bank of Kenya has previously done for financial institutions which had financial challenges similar to those facing Spire Bank Limited; and
- iii. make any other recommendations that it may deem fit in addressing the concerns of the Petitioners.

Regarding the prayer that the Central Bank of Kenya furnishes the House with a comprehensive report outlining efforts, if any, that the Central Bank of Kenya has made or is making in terms of extending financial support to Spire Bank Limited to forestall the Bank's imminent collapse and secure the savings of millions of teachers and other stakeholders across the country, the Committee observed that established that the Central Bank of Kenya was offering financial support to the Bank through the Reverse Repo to stabilize its operations. Additionally, the Central Bank of Kenya was in consultation with the Spire Bank Limited's management in a bid to help the Bank identify suitable strategic investors.

Regarding the prayer that, pursuant to sections 34 and 36 of the Central Bank of Kenya Act, the Central Bank of Kenya urgently extends financial intervention to Spire Bank Limited to forestall its imminent collapse, just like Central Bank of Kenya has previously done for financial institutions which had financial challenges similar to those facing Spire Bank Limited, the Central Bank of Kenya informed the Committee that Spire Bank Limited was addressing the challenges that it was facing through shareholder's support, customer engagement, sourcing of strategic investors and liquidity management. Central Bank of Kenya was optimistic that Spire Bank would be able to regain its previous performance and meet its obligations to shareholders and investors.

The Committee recommends that the Central Bank of Kenya handles the issue of Spire Bank Limited as stipulated in the law and regulations taking into consideration interests of the teachers who are main shareholders of the Bank. Further, Mwalimu National SACCO Society Limited and the Board of Spire Bank Limited should look for strategic investors to inject capital into the bank. Central Bank of Kenya and the SACCO Societies Regulatory Authority should give the Bank adequate time to find a strategic investor.

Additionally, the Ethics and Anti-Corruption Commission (EACC) and the Directorate of Criminal Investigations (DCI) carries out investigations immediately to establish whether there was any foul play during purchase of the Bank and reasons for the current situation at the Bank.

PART ONE

1 PREFACE

1.1 ESTABLISHMENT OF THE COMMITTEE

1. The Departmental Committee on Finance and National Planning is one of the fifteen Departmental Committees of the National Assembly established under **Standing Order 216** whose mandate pursuant to the **Standing Order 216 (5)** is as follows:

- i. To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
- ii. To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;*
- iii. To study and review all the legislation referred to it;*
- iv. To study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
- v. To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
- vi. To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No. 204 (Committee on appointments);*
- vii. To examine treaties, agreements and conventions;*
- viii. To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
- ix. To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
- x. To examine any questions raised by Members on a matter within its mandate.*

1.2 MANDATE OF THE COMMITTEE

2. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider, public finance, monetary policies, public debt, financial institutions (excluding those in securities exchange), investment and divestiture policies, pricing policies, banking, insurance, population revenue policies including taxation and national planning and development.
3. In executing its mandate, the Committee oversees the following government Ministries and departments:
 - i. National Treasury and Planning
 - ii. State Department for Devolution
 - iii. Commission on Revenue Allocation
 - iv. Office of the Controller of Budget
 - v. Salaries and Remuneration Commission

1.3 COMMITTEE MEMBERSHIP

4. The Departmental Committee on Finance and National Planning was constituted by the House in July 2020 and comprises of the following Members:

Chairperson

Hon. Gladys Wanga, CBS, MP
Homabay County

ODM Party

Vice-Chairperson

Hon. Isaac W. Ndirangu, MP
Roysambu Constituency

Jubilee Party

Hon. Jimmy O. Angwenyi, MGH, MP
Kitutu Chache North Constituency

Jubilee Party

Hon. Christopher Omulele, CBS, MP
Luanda Constituency

ODM Party

Hon. Shakeel Shabbir Ahmed, CBS, MP
Kisumu East Constituency

Independent Member

Hon. Daniel Nanok, MP
Turkana West Constituency

Jubilee Party

Hon. (Dr.) Christine Ombaka, MP
Siaya County

ODM Party

Hon. Andrew Okuome, MP
Karachuonyo Constituency

ODM Party

Hon. David Mboni, MP
Kitui Rural Constituency

CCU Party

Hon. Francis K. Kimani, MP
Molo Constituency

Jubilee Party

Hon. Joseph Oyula, MP
Butula Constituency

ODM Party

Hon. Joshua Kandie, MP
Baringo Central Constituency

MCC Party

Hon. Stanley Muthama, MP
Lamu West Constituency

MCC Party

Hon. Edith Nyenze, MP
Kitui West Constituency

WDM-K

Hon. Catherine Waruguru, MP
Laikipia County

Jubilee Party

Hon. James Gichuhi Mwangi, MP
Tetu Constituency

Jubilee Party

Hon. (Prof.) Mohamud Muhamed, MP
Wajir South Constituency

Jubilee Party

Hon. Peter Lochakapong, MP
Sigor Constituency

Jubilee Party

Hon. Qalicha Gufu Wario, MP
Moyale Constituency

Jubilee Party

1.4 COMMITTEE SECRETARIAT

5. The Committee is facilitated by the following Secretariat:

Ms. Rose M. Wanjohi
Senior Clerk Assistant/Head of Secretariat

Ms. Jennifer Ndeto
Deputy Director, Legal Services

Ms. Laureen O. Wesonga
Clerk Assistant II

Mr. Josephat Motonu
Senior Fiscal Analyst

Mr. Chelang'a Maiyo
Research Officer II

Mr. Gideon Kipkogei
Hansard Reporter III

Mr. Luka Mutua
Serjeant-At-Arms II

Mr. George Ndenjeshe
Fiscal Analyst III

Ms. Terry Ondiko
Fiscal Analyst III

Ms. Christine Maeri
Audio Officer

PART TWO

2 PETITION NO. 051 OF 2021 REGARDING SEEKING FINANCIAL SUPPORT OF THE CENTRAL BANK OF KENYA LIMITED UNDER SECTIONS 34 AND 36 OF THE CENTRAL BANK OF KENYA ACT

2.1 INTRODUCTION

6. Public Petition No. 051 of 2021 by concerned teachers within the Republic of Kenya who invested in Spire Bank through Mwalimu National SACCO Society Limited regarding seeking financial support of the Central Bank of Kenya Limited under sections 34 and 36 of the Central Bank of Kenya Act was conveyed to the House by Hon. Samuel Atandi, MP on 7th October 2021. The Petitioners stated THAT:
7. Spire Bank Limited, formerly known as Equatorial Commercial Bank (ECB) was established as a finance company in 1983 under the Banking Act, Chapter 488 of the Laws of Kenya and regulated by the Central Bank of Kenya as a financial institution;
8. on 10th October 2014, Mwalimu National SACCO Society Limited signed an agreement to buy the banking and investment arm of Equatorial Commercial Bank, which rebranded as Spire Bank;
9. despite public concern against the risk of investing teachers' savings in Equatorial Commercial Bank, which had just posted a pre-tax loss of approximately KSh. 326.4 million in the year ending 31st December 2014, Mwalimu SACCO proceeded with the controversial buy-out of the Bank and went ahead to become the majority shareholder in having acquired a 75% stake at an estimated cost of KSh. 2.6 billion in 2016;
10. for a long time, following completion of the buy-out of Spire Bank by Mwalimu National SACCO Society Limited, the Bank has been dogged with financial challenges;
11. given that the membership of Mwalimu National SACCO Society Limited largely comprises of teachers, Spire Bank is deemed to be owned by teachers who have invested heavily in it through their savings in the SACCO;
12. as key shareholder in Mwalimu National SACCO, teachers are concerned that, should the financial woes facing Spire Bank be left to continue, the Bank may end up being wound up and sink with their hard-earned savings invested in the Bank through the SACCO;
13. the state of affairs at Spire Bank was a matter of general public importance given that teachers form a sizable public sector employees;
14. the Petitioners believed that Central Bank of Kenya had a role to play in assisting Spire Bank Limited to overcome the financial challenges it was facing, thus preventing its imminent collapse;
15. Central Bank of Kenya is mandated under the Central Bank of Kenya Act to ensure, among other things, the liquidity, solvency and the proper functioning of a stable market based financial system;
16. under sections 34 and 36 of the Central Bank of Kenya Act, Chapter 491 of the Laws of Kenya, the Central Bank of Kenya is expected to extend facilities, loans and other financial support services to specified banks under appropriate terms and conditions;

17. the financial challenges facing Spire Bank Limited could partly be alleviated if Central Bank of Kenya exercised its mandate under the aforesaid sections 34 and 36 of the Central Bank of Kenya Act;
18. the Central Bank of Kenya had previously accorded necessary financial support to other financial institutions within its regulatory framework facing financial challenges similar to those of Spire Bank, thus assisting them to regain financial stability;
19. the matter of imminent collapse of Spire Bank Limited was of great public interest requiring intervention of the National Assembly pursuant to Article 95 of the Constitution so as to secure the savings of teachers and other shareholders across the country; and
20. to the best of the Petitioners' knowledge, the issues in respect of which this Petition was made were not pending before any court of law, or a constitutional or legal body.

2.2 PETITIONERS' PRAYERS

The Petitioners prayed that the National Assembly through the Departmental Committee on Finance and National Planning:

21. directs the Central Bank of Kenya to furnish it with a comprehensive report outlining efforts, if any, that the Central Bank of Kenya has made or is making in terms of extending financial support to Spire Bank Limited to forestall the Bank's imminent collapse and secure the savings of millions of teachers and other stakeholders across the country;
22. recommends that, pursuant to sections 34 and 36 of the Central Bank of Kenya Act, the Central Bank of Kenya urgently extends financial intervention to Spire Bank Limited to forestall its imminent collapse, just like Central Bank of Kenya has previously done for financial institutions which had financial challenges similar to those facing Spire Bank Limited; and
23. makes any other recommendations that it may deem fit in addressing the concerns of the Petitioners.

PART THREE

3 STAKEHOLDERS' SUBMISSIONS ON THE PETITION

3.1 THE SPIRE BANK LIMITED

Mr. Brian Kilonzo, acting Managing Director of Spire Bank Limited, accompanied by other Bank officials appeared before the Committee on Thursday, 25th November 2021 and submitted as follows:

24. Spire Bank Limited started having liquidity challenges in 2016 after the collapse of Imperial and Chase Banks which resulted in flight of deposits to Tier 1 banks.
25. the Bank has mainly survived on the support of its main shareholder, Mwalimu National SACCO Society Limited. The support has been in form of several conversion of deposits into equity and daily liquidity support as and when necessary.
26. in order to mitigate against liquidity constraints, the Bank borrowed from Central Bank of Kenya through the Reverse Repo so as to stabilize its operations. The Repo balance was KSh. 1.3 billion and the bank's liquidity position was 4.33% against statutory limit of 20% as at 30th June 2021.
27. the Bank was in consultation with Central Bank of Kenya and their main shareholder in order to pursue several strategic initiatives aimed at turning around the business. The strategic initiatives include:
 - i. pursuing strategic financing initiatives;
 - ii. pursuing strategic investors;
 - iii. enhanced customer engagements;
 - iv. cost management initiatives;
 - v. enhanced debt recovery;
 - vi. enhanced media relations;
 - vii. enhanced stakeholder management; and
 - viii. agile Board of Directors and executive management.

3.2 THE CENTRAL BANK OF KENYA (CBK)

Dr. Patrick Njoroge, Governor Central Bank of Kenya accompanied by other Bank Officials appeared before the Committee on Thursday, 25th November 2021 and submitted as follows:

28. Mwalimu National Holding Limited acquired the Equatorial Commercial Bank (ECB) in 2014. Central Bank of Kenya reviewed the application as per the requirements anchored on global supervisory best practices i.e. the strategic fit and ability to drive business growth and fitness and propriety of shareholders. Central Bank of Kenya assessed the acquisition as having a high probability of success and granted approval. Additionally, Central Bank of Kenya got relevant assurances from other regulators and looked at the bank's business approach and established that it was good.
29. the envisaged turn around was slow in coming as the operating environment changed significantly due to banking sector shocks in 2015 and 2016 and changing business environment for banks and other players.

30. the following internal constraints in implementing Equatorial Commercial Bank's business model also affected the bank's turn around: lack of agility in responding to changed dynamics in banking sector; high level of non-performing loans (NPLs); insufficient capital and liquidity buffers for resilience; and high turnover of senior management.
31. the Bank's balance sheet has been reducing rapidly over the last five years: assets reduced from KSh. 13.8 billion in 2016 to KSh. 4.5 billion as at 30th June 2021; deposits reduced from KSh. 8.1 billion to KSh. 5.2 billion over the same period; the bank has been reporting losses over the period; and the Bank's core capital has been eroded from a high of KSh. 1.57 billion to negative KSh. 3.1 billion.
32. Spire Bank Limited is trying to respond to the challenges through: shareholder's support; customer engagement; sourcing of strategic investors; and liquidity management. Central Bank of Kenya believes that it is still possible for the Bank to turnaround.

3.3 MWALIMU NATIONAL SACCO SOCIETY LIMITED

The Chief Executive Officer, Mwalimu National SACCO Society Limited appeared before the Committee on Tuesday, 5th April 2022 and submitted as follows:

33. Mwalimu National SACCO is the majority shareholder at Spire Bank Limited with a shareholding of 99.2% through their subsidiary, Equatorial Commercial Holdings as at 31st December 2021.
34. Spire Bank Limited begun experiencing liquidity challenges in 2016 following the collapse of Imperial Bank and Chase Bank due to flight of deposits to Tier 1 Banks across the banking sector.
35. Mwalimu SACCO has supported operations of Spire Bank over the years in form of conversion of deposits into equity/share capital and daily liquidity support as and when necessary.
36. Spire Bank has recorded dwindling performance since its acquisition in 2015 and it has been difficult to convince membership of the SACCO to continue supporting the Bank. The SACCO's membership is also unable to borrow from the Bank due to the Bank's low liquidity.
37. In order to mitigate its liquidity constraints, the Bank has been borrowing from the Central Bank of Kenya through the Reverse Repo to stabilize its operations. Reverse Repos are short term and cannot therefore support medium to long-term strategic initiatives like long term lending. The Bank therefore requested for long-term support from CBK in 2021. CBK however requested the Bank to continue using the Reverse Repo and obtain additional funding from Mwalimu SACCO, which is challenging because of the SACCO members loan requirements and the SACCO's liquidity position.
38. The Bank's Repo balance was KSh. 1.3 billion, its liquidity position was 8.91% against a statutory limit of 20% and a core capital deficit of KSh. 1.3 billion as at 31st December 2021.
39. Due to the poor performance and inability to pay dividends and to manage liquidity hemorrhage from the SACCO to the Bank, the SACCO has mandated the Board to find a long-term solution that is sustainable in order to prevent further loss of members' funds. Mwalimu SACCO is willing and open to:

- i. On boarding of a strategic investor of which there were various prospects that were being reviewed, both on assets and liabilities purchase and on a going concern equity/shares purchase basis;
- ii. Debt funding from local and international partners which has however been hampered by the adverse capital ratios the Bank had; and
- iii. Long-term liquidity of KSh. 2 billion support as had been requested for by the Bank in 2021 through CBK. The loan should be interest free in line with what had been offered to other financial institutions in similar or worse situations.

PART FOUR

4 ISSUES FOR DETERMINATION AS PER THE PRAYERS IN THE PETITION

Upon hearing from the Petitioners and other witnesses, the Committee makes determination on prayers sought in the Petition as follows:

Prayer No. 1

40. Regarding the prayer to direct the Central Bank of Kenya to furnish the Committee with a comprehensive report outlining efforts, if any, that the Central Bank of Kenya has made or is making in terms of extending financial support to Spire Bank Limited to forestall the Bank's imminent collapse and secure the savings of millions of teachers and other stakeholders across the country, the Committee held a meeting with the Governor, Central Bank of Kenya on Thursday, 25th November 2021 and established that the Central Bank of Kenya was offering financial support to the Bank through the Reverse Repo to stabilize its operations. Additionally, the Central Bank of Kenya was in consultation with the Spire Bank Limited's management in a bid to help the Bank identify suitable strategic investors.

Central Bank of Kenya was therefore making effort to forestall the imminent collapse of Spire Bank Limited.

Prayer No. 2

41. Regarding the prayer that the Committee recommends that, pursuant to sections 34 and 36 of the Central Bank of Kenya Act, the Central Bank of Kenya urgently extends financial intervention to Spire Bank Limited to forestall its imminent collapse, just like Central Bank of Kenya has previously done for financial institutions which had financial challenges similar to those facing Spire Bank Limited the Committee observed that Spire Bank Limited was addressing the challenges that it was facing through shareholder's support, customer engagement, sourcing of strategic investors and liquidity management. Central Bank of Kenya was working with the management of Spire Bank Limited and Mwalimu National SACCO Society Limited in order to find a solution to the woes faced by the Bank and was optimistic that Spire Bank would be able to regain its previous performance and meet its obligations to shareholders and investors.

Central Bank of Kenya was making efforts to support the Spire Bank Limited in order to bring it back to profitability using other options at their disposal hence this prayer fails.

PART FIVE

5 COMMITTEE RECOMMENDATIONS

Pursuant to the provisions of Standing Order 227, the Committee recommends that:

1. The Central Bank of Kenya handles the issue of Spire Bank Limited as stipulated in the law and regulations taking into consideration interests of the teachers who are the Banks main shareholders.
2. Mwalimu National SACCO Society Limited and the Board of Spire Bank Limited should look for strategic investors to inject capital into the bank. Central Bank of Kenya and the SACCO Societies Regulatory Authority should give the Bank adequate time to find a strategic investor.
3. The Ethics and Anti-Corruption Commission (EACC) and the Directorate of Criminal Investigations (DCI) carries out investigations to establish whether there was any foul play during purchase of the Bank and reasons for the current situation at the Bank.

SIGNED.....

DATE.....

11/4/2022

HON. GLADYS WANGA, CBS, MP
CHAIRPERSON,

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING



REPUBLIC OF KENYA

NATIONAL ASSEMBLY
DEPARTMENTAL COMMITTEE ON FINANCE & NATIONAL PLANNING

ADOPTION SCHEDULE

ADOPTION SCHEDULE FOR THE REPORT ON THE PUBLIC PETITION NO. 051 OF 2021 REGARDING FINANCIAL SUPPORT OF THE CENTRAL BANK OF KENYA IN THE MATTER OF SPIRE BANK LIMITED UNDER SECTIONS 34 AND 36 OF THE CENTRAL BANK OF KENYA ACT

DATE: 8TH APRIL 2022

NAME	SIGNATURE
1. HON. GLADYS WANGA, CBS, MP – CHAIRPERSON	virtual
2. HON. ISAAC W. NDIRANGU, MP – VICE-CHAIRPERSON	
3. HON. JIMMY O. ANGWENYI, MGH, MP	
4. HON. CHRISTOPHER OMULELE, CBS, MP	
5. HON. SHAKEEL SHABBIR AHMED, CBS, MP	
6. HON. DANIEL E. NANOK, MP	
7. HON. (DR.) CHRISTINE OMBAKA, MP	
8. HON. ANDREW A. OKUOME, MP	
9. HON. DAVID M. MBONI, MP	virtual
10. HON. FRANCIS KURIA KIMANI, MP	
11. HON. JOSEPH M. OYULA, MP	virtual
12. HON. JOSHUA KANDIE, MP	virtual
13. HON. STANLEY M. MUTHAMA, MP	
14. HON. EDITH NYENZE, MP	
15. HON. CATHERINE WARUGURU, MP	
16. HON. JAMES GICHUHI MWANGI, MP	
17. HON. (PROF.) MOHAMUD SHEIKH MOHAMED, MP	
18. HON. PETER LOCHAKAPONG, MP	
19. HON. QALICHA GUFU WARIO, MP	

**MINUTES OF THE 22ND SITTING OF THE DEPARTMENTAL COMMITTEE ON
FINANCE AND NATIONAL PLANNING HELD IN FORODHANI CONFERENCE
ROOM AT SAROVA WHITESANDS HOTEL AND VIRTUALLY ON FRIDAY, 8TH
APRIL 2022 AT 2:00 P.M.**

PRESENT

- | | | |
|--|---|-------------------------|
| 1. Hon. Gladys Wanga, CBS, MP | - | Chairperson |
| 2. Hon. Isaac W. Ndirangu, MP | - | Vice-Chairperson |
| 3. Hon. Jimmy O. Angwenyi, MGH, MP | | |
| 4. Hon. Christopher Omulele, CBS, MP | | |
| 5. Hon. Shakeel Shabbir Ahmed, CBS, MP | | |
| 6. Hon. Daniel E. Nanok, MP | | |
| 7. Hon. Andrew A. Okuome, MP | | |
| 8. Hon. David M. Mboni, MP | | |
| 9. Hon. Joseph M. Oyula, MP | | |
| 10. Hon. Joshua C. Kandie, MP | | |
| 11. Hon. Edith Nyenze, MP | | |
| 12. Hon. Peter Lochakapong, MP | | |

ABSENT WITH APOLOGY

1. Hon. (Dr.) Christine Ombaka, MP
2. Hon. Francis K. Kimani, MP
3. Hon. Stanley M. Muthama, MP
4. Hon. Catherine Waruguru, MP
5. Hon. James Gichuhi Mwangi, MP
6. Hon. (Prof.) Mohamud Sheikh Mohamed, MP
7. Hon. Qalicha Gufu Wario, MP

IN ATTENDANCE

SECRETARIAT

- | | | |
|------------------------|---|---------------------------------|
| 1. Ms. Laureen Wesonga | - | Clerk Assistant II |
| 2. Ms. Jennifer Ndeto | - | Deputy Director, Legal Services |
| 3. Mr. Josephat Motonu | - | Senior Fiscal Analyst |
| 4. Mr. Chelang'a Maiyo | - | Research Officer II |
| 5. Mr. Luka Mutua | - | Serjeant-At-Arms II |
| 6. Mr. Gideon Kipkoech | - | Hansard Officer III |
| 7. Ms. Christine Maeri | - | Audio Officer |

AGENDA

1. Prayers
2. Confirmation of Minutes from the previous sitting(s) and Matters Arising
3. **Consideration of the Petition No. 051 of 2021 regarding financial support of the Central Bank of Kenya in the matter of Spire Bank Limited under sections 34 and 36 of the Central Bank of Kenya Act**
4. **Adoption of the report on the consideration of the Petition No. 051 of 2021 regarding financial support of the Central Bank of Kenya in the matter of Spire Bank Limited under sections 34 and 36 of the Central Bank of Kenya**
5. Any Other Business
6. Adjournment/Date of Next Meeting

**MIN.NO.NA/F&NP/2022/113: COMMUNICATION FROM THE
CHAIRPERSON**

The meeting was called to order at eleven minutes past two o'clock and the Chairperson said the Prayer before calling for self-introduction of those present. The Chairperson then invited the Committee to deliberate on the day's agenda.

MIN.NO.NA/F&NP/2022/114: CONFIRMATION OF MINUTES
The agenda was deferred.

**MIN.NO.NA/F&NP/2022/115: CONSIDERATION OF THE PETITION NO.
051 OF 2021 REGARDING FINANCIAL
SUPPORT OF THE CENTRAL BANK OF
KENYA IN THE MATTER OF SPIRE BANK
LIMITED UNDER SECTIONS 34 AND 36 OF
THE CENTRAL BANK OF KENYA ACT**

The Committee went through the draft report on the consideration of Petition No. 051 of 2021 regarding financial support of the Central Bank of Kenya in the matter of Spire Bank Limited under sections 34 and 36 of the Central Bank of Kenya Act and made the following recommendations, THAT:

1. The Central Bank of Kenya handles the issue of Spire Bank Limited as stipulated in the law and regulations taking into consideration the interests of the teachers who are the main shareholders of the Bank.
2. Mwalimu National SACCO Society Limited and the Board of Spire Bank Limited should look for strategic investors to inject capital into the bank. Central Bank of Kenya and the SACCO Societies Regulatory Authority should give the Bank adequate time to find a strategic investor.
3. The Ethics and Anti-Corruption Commission (EACC) and the Directorate of Criminal Investigations (DCI) carries out investigations immediately to establish whether there was any foul play during purchase of the Bank and reasons for the current situation at the Bank.

**MIN.NO.NA/F&NP/2022/116: ADOPTION OF THE REPORT ON THE
CONSIDERATION OF THE PETITION NO.
051 OF 2021 REGARDING FINANCIAL
SUPPORT OF THE CENTRAL BANK OF
KENYA IN THE MATTER OF SPIRE BANK
LIMITED UNDER SECTIONS 34 AND 36 OF
THE CENTRAL BANK OF KENYA ACT**

The report on the consideration of Petition No. 051 of 2021 regarding financial support of the Central Bank of Kenya in the matter of Spire Bank Limited under sections 34 and 36 of the Central Bank of Kenya Act was adopted having been proposed by Hon. Peter Lochakapong, MP and seconded by Hon. Jimmy Angwenyi, MGH, MP.

MIN.NO.NA/F&NP/2022/117:

ADJOURNMENT/DATE
MEETING

OF NEXT

There being no other business to deliberate on, the meeting was adjourned at twenty-six minutes past four o'clock. The next meeting will be held on Saturday, 9th April 2022 at 9.00 a.m.

SIGNED.....

DATE.....

11/4/2022

HON. GLADYS WANGA, CBS, MP
(CHAIRPERSON)

MINUTES OF THE 19TH SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING HELD IN MINI CHAMBER, FIRST FLOOR, COUNTY HALL, PARLIAMENT BUILDINGS AND VIRTUALLY ON TUESDAY, 5TH APRIL 2022 AT 12:00 NOON.

PRESENT

- | | | |
|--|---|------------------------|
| 1. Hon. David M. Mboni, MP | - | Sessional Chair |
| 2. Hon. Jimmy O. Angwenyi, MGH, MP | | |
| 3. Hon. Christopher Omulele, CBS, MP | | |
| 4. Hon. Shakeel Shabbir Ahmed, CBS, MP | | |
| 5. Hon. Francis K. Kimani, MP | | |
| 6. Hon. Joshua C. Kandie, MP | | |
| 7. Hon. Edith Nyenze, MP | | |
| 8. Hon. Catherine Waruguru, MP | | |
| 9. Hon. (Prof.) Mohamud Sheikh Mohamed, MP | | |
| 10. Hon. Qalicha Gufu Wario, MP | | |

ABSENT WITH APOLOGY

- | | | |
|------------------------------------|---|-------------------------|
| 1. Hon. Gladys Wanga, CBS, MP | - | Chairperson |
| 2. Hon. Isaac W. Ndirangu, MP | - | Vice-Chairperson |
| 3. Hon. Daniel E. Nanok, MP | | |
| 4. Hon. (Dr.) Christine Ombaka, MP | | |
| 5. Hon. Andrew A. Okuome, MP | | |
| 6. Hon. Joseph M. Oyula, MP | | |
| 7. Hon. Stanley M. Muthama, MP | | |
| 8. Hon. James Gichuhi Mwangi, MP | | |
| 9. Hon. Peter Lochakapong, MP | | |

IN ATTENDANCE

SECRETARIAT

- | | | |
|-------------------------|---|---------------------------------|
| 1. Ms. Laureen Wesonga | - | Clerk Assistant II |
| 2. Ms. Jennifer Ndeto | - | Deputy Director, Legal Services |
| 3. Mr. Chelang'a Maiyo | - | Research Officer II |
| 4. Mr. Luka Mutua | - | Serjeant-At-Arms II |
| 5. Mr. Gideon Kipkoge | - | Hansard Officer III |
| 6. Ms. Carol Waweru | - | Hansard Officer III |
| 7. Ms. Carolyne Musyoka | - | Hansard Officer III |
| 8. Ms. Christine Maeri | - | Audio Officer |

MWALIMU NATIONAL SACCO SOCIETY LIMITED

- | | | |
|-------------------------|---|-------------------------|
| 1. Mr. Kenneth Odhiambo | - | Chief Executive Officer |
| 2. Mr. Felix Saina | - | Head of Finance |
| 3. Ms. Brenda Kiberenge | - | Manager, Legal |

AGENDA

1. Prayers
2. Confirmation of Minutes from the previous sitting(s) and Matters Arising
3. **Meeting with Mwalimu National SACCO Society Limited to consider the Petition regarding Financial Support of the Central Bank of Kenya in the Matter of Spire Bank Limited under Sections 34 and 36 of the Central Bank of Kenya Act**
4. Any Other Business

5. Adjournment/Date of Next Meeting

MIN.NO.NA/F&NP/2022/100: COMMUNICATION FROM THE CHAIRPERSON

The meeting was called to order at sixteen minutes past noon and the Session Chairperson, Hon. David Mboni, MP said the Prayer before calling for self-introduction of those present. He then invited the Committee to deliberate on the day's agenda.

MIN.NO.NA/F&NP/2022/101: CONFIRMATION OF MINUTES

Minutes of the following Sittings were confirmed:

1. 12th Sitting having been proposed by Hon. Edith Nyenze, MP and seconded by Hon. Christopher Omulele, CBS, MP;
2. 13th Sitting having been proposed by Hon. Shakeel Shabbir, CBS, MP and seconded by Hon. Catherine Waruguru, MP;
3. 14th Sitting having been proposed by Hon. Christopher Omulele, CBS, MP and seconded by Hon. Joshua Kandie, MP;
4. 15th Sitting having been proposed by Hon. Francis Kimani, MP and seconded by Hon. Jimmy Angwenyi, MGH, MP;
5. 16th Sitting having been proposed by Hon. (Prof.) Mohamud Mohamed, MP and seconded by Hon. Edith Nyenze, MP;
6. 17th Sitting having been proposed by Hon. Joshua Kandie, MP and seconded by Hon. Catherine Waruguru, MP; and
7. 18th Sitting having been proposed by Hon. Jimmy Angwenyi, MGH, MP and seconded by Hon. Francis Kimani, MP.

MIN.NO.NA/F&NP/2022/102: CONFIRMATION OF MINUTES

No matters arose from the confirmed minutes.

MIN.NO.NA/F&NP/2022/103: CONSIDERATION OF THE PETITION REGARDING FINANCIAL SUPPORT OF THE CENTRAL BANK OF KENYA IN THE MATTER OF SPIRE BANK LIMITED UNDER SECTIONS 34 AND 36 OF THE CENTRAL BANK OF KENYA ACT WITH MWALIMU NATIONAL SACCO SOCIETY LIMITED

The Chief Executive Officer, Mr. Kenneth Odhiambo submitted THAT:

1. Mwalimu National SACCO is the majority shareholder at Spire Bank Limited with a shareholding of 99.2% through their subsidiary, Equatorial Commercial Holdings as at 31st December 2021.
2. Spire Bank Limited begun experiencing liquidity challenges in 2016 following the collapse of Imperial Bank and Chase Bank due to flight of deposits to Tier 1 Banks across the banking sector.
3. Mwalimu SACCO has supported operations of Spire Bank over the years in form of conversion of deposits into equity/share capital and daily liquidity support as and when necessary.
4. Spire Bank has recorded dwindling performance since its acquisition in 2015 and it has been difficult to convince membership of the SACCO to continue supporting the Bank. The SACCO's membership is also unable to borrow from the Bank due to the Bank's low liquidity.

5. In order to mitigate its liquidity constraints, the Bank has been borrowing from the Central Bank of Kenya through the Reverse Repo to stabilize its operations. Reverse Repos are short term and cannot therefore support medium to long-term strategic initiatives like long term lending. The Bank therefore requested for long-term support from CBK in 2021. CBK however requested the Bank to continue using the Reverse Repo and obtain additional funding from Mwalimu SACCO, which is challenging because of the SACCO members loan requirements and the SACCO's liquidity position.
6. The Bank's Repo balance was KSh. 1.3 billion, its liquidity position was 8.91% against a statutory limit of 20% and a core capital deficit of KSh. 1.3 billion as at 31st December 2021.
7. Due to the poor performance and inability to pay dividends and to manage liquidity hemorrhage from the SACCO to the Bank, the SACCO has mandated the Board to find a long-term solution that is sustainable in order to prevent further loss of members' funds. Mwalimu SACCO is willing and open to:
 - i. On boarding of a strategic investor of which there were various prospects that were being reviewed, both on assets and liabilities purchase and on a going concern equity/shares purchase basis;
 - ii. Debt funding from local and international partners which has however been hampered by the adverse capital ratios the Bank had; and
 - iii. Long-term liquidity of KSh. 2 billion support as had been requested for by the Bank in 2021 through CBK. The loan should be interest free in line with what had been offered to other financial institutions in similar or worse situations.

COMMITTEE OBSERVATIONS

1. Being a big SACCO, Mwalimu National SACCO could give the Bank KSh. 2 billion that it requires to sort out the challenges that it is facing. The CEO informed the meeting that this was not possible because the SACCO was under administrative sanction (cease and desist sanction) by Sacco Societies Regulatory Authority (SASRA) in terms of offering support to the Bank. Additionally, members of the SACCO were not willing to fund the Bank.
2. The financial support of KSh. 2 billion being sought by the Bank was equivalent to 80% shareholding of the Bank. The SACCO would therefore remain with a 20% shareholding in the Bank.
3. Regulators i.e. CBK and SASRA had given the Bank up to June 2022 to find a solution to the problems that it was facing.

MIN.NO.NA/F&NP/2022/104: ADJOURNMENT/DATE OF NEXT
MEETING

There being no other business to deliberate on, the meeting was adjourned at fifty-two minutes past one o'clock. The next meeting will be held on Thursday, 7th April 2022 at 10.00 a.m.

SIGNED.....DATE.....
HON. GLADYS WANGA, CBS, MP
(CHAIRPERSON)

MINUTES OF THE 86TH SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING HELD IN MINI CHAMBER, COUNTY HALL, PARLIAMENT BUILDINGS ON THURSDAY, 25TH NOVEMBER 2021 AT 10:00 A.M.

PRESENT

- | | | |
|--|---|--------------------|
| 1. Hon. Gladys Wanga, CBS, MP | - | Chairperson |
| 2. Hon. Jimmy O. Angwenyi, MGH, MP | | |
| 3. Hon. Christopher Omulele, CBS, MP | | |
| 4. Hon. Shakeel Shabbir Ahmed, CBS, MP | | |
| 5. Hon. David M. Mboni, MP | | |
| 6. Hon. Joseph M. Oyula, MP | | |
| 7. Hon. Catherine Waruguru, MP | | |
| 8. Hon. Qalicha Gufu Wario, MP | | |

ABSENT WITH APOLOGY

- | | | |
|---|---|-------------------------|
| 1. Hon. Isaac W. Ndirangu, MP | - | Vice-Chairperson |
| 2. Hon. Daniel E. Nanok, MP | | |
| 3. Hon. (Dr.) Christine Ombaka, MP | | |
| 4. Hon. Andrew A. Okuome, MP | | |
| 5. Hon. Francis K. Kimani, MP | | |
| 6. Hon. Joshua C. Kandie, MP | | |
| 7. Hon. Stanley M. Muthama, MP | | |
| 8. Hon. Edith Nyenze, MP | | |
| 9. Hon. James Gichuhi Mwangi, MP | | |
| 10. Hon. (Prof.) Mohamud Sheikh Mohamed, MP | | |
| 11. Hon. Peter Lochakapong, MP | | |

IN ATTENDANCE

SECRETARIAT

- | | | |
|-------------------------|---|--|
| 1. Ms. Leah Mwaura | - | Senior Clerk Assistant/Head of Secretariat |
| 2. Ms. Laureen Wesonga | - | Clerk Assistant II |
| 3. Mr. Luka Mutua | - | Serjeant-At-Arms |
| 4. Ms. Caroline Musyoka | - | Hansard Reporter |
| 5. Ms. Christine Maeri | - | Audio Officer |
| 6. Ms. Hannah Mwangi | - | Intern |

PETITIONER

Hon. Samuel Atandi, MP

SPIRE BANK LIMITED

- | | | |
|-------------------------|---|------------------------------------|
| 1. Mr. Brial Kilonzo | - | Ag. Managing Director |
| 2. Mr. Fredrick Nyasara | - | Head of Finance and Administration |
| 3. Mr. James wambua | - | Communications |
| 4. Mr. Oscar Magu | - | Corporate Affairs |
| 5. Mr. Kenneth Likoko | - | Manager, Legal Department |

CENTRAL BANK OF KENYA

- | | | |
|------------------------|---|---------------------------------------|
| 1. Dr. Patrick Njoroge | - | Governor |
| 2. Mr. Kennedy Abuga | - | Director, Governor's Office |
| 3. Mr. Gerald Nyaoma | - | Director, Bank Supervision Department |
| 4. Mr. Matu Mugu | - | Assistant Director, Bank Supervision |

AGENDA

1. Prayers
2. Communication from the Chairperson
3. Confirmation of Minutes from the previous sitting(s) and Matters Arising
4. **Meeting with the following stakeholders to consider the Petition by Hon. Samuel Atandi, MP seeking financial support of the Central Bank of Kenya**
 - i. **Spire Bank Limited; and**
 - ii. **Central Bank of Kenya**
5. Any Other Business
6. Adjournment/Date of Next Meeting

MIN.NO.NA/F&NP/2021/406: COMMUNICATION FROM THE CHAIRPERSON

The meeting was called to order at 10:25 a.m. and a prayer was said. The chairperson called for introduction of those present before welcoming Mr. Brian Kilonzo, acting Managing Director, Spire Bank Limited to present the Bank's submission.

MIN.NO.NA/F&NP/2021/407: CONFIRMATION OF MINUTES

Agenda deferred

MIN.NO.NA/F&NP/2021/408: MEETING WITH SPIRE BANK LIMITED TO CONSIDER THE PETITION BY HON. SAMUEL ATANDI, MP SEEKING FINANCIAL SUPPORT OF THE CENTRAL BANK OF KENYA

The Chairperson invited the MD for Spire Bank Mr. Brian Kilonzo to make his submission regarding the Petition seeking financial support for Spire Bank. He informed the meeting **THAT—**

- i. Spire Bank Limited started experiencing liquidity challenges in 2016 following the collapse of Imperial and Chase Banks which resulted in flight of deposits to Tier 1 banks:
- ii. The Bank has mainly survived on the support of its main shareholder, Mwalimu National SACCO. The support has been in form of several conversion of deposits into equity and daily liquidity support as and when necessary.
- iii. In order to mitigate against liquidity constraints, the Bank borrowed from CBK through the Reverse Repo so as to stabilize its operations. The Repo balance was KSh. 1.3 billion and the bank's liquidity position was 4.33% against statutory limit of 20% as at 30th June 2021.
- iv. The Bank was in consultation with CBK and their main shareholder in order to pursue several strategic initiatives aimed at turning around the business. The strategic initiatives include:
 - a. Pursuing strategic financing initiatives
 - b. Pursuing strategic investors
 - c. Enhanced customer engagements
 - d. Cost management initiatives
 - e. Enhanced debt recovery
 - f. Enhanced media relations
 - g. Enhanced stakeholder management
 - h. Agile Board of Directors and executive management.

Members' Deliberations

1. The Committee raised concerned with how the bank funds its operations. The MD informed the meeting that the bank relied on its shareholders for funding as the bank's ability to participate in interbank lending is impaired due to its current challenges.
2. The Committee inquired whether the bank was reaching out to strategic investors. The meeting was informed that the bank was engaging potential strategic investors and would require three (3) to six (6) months to conclude the negotiations. The investors will commence conducting due diligence on the bank in December 2021.
3. The Committee further inquired on the total sum required to resolve the bank's liquidity challenge. The MD informed the meeting required approximately KSh. 4.5 billion to manage liquidity and satisfy regulations such as reserve requirements.

MIN.NO.NA/F&NP/2021/409:

**MEETING WITH CENTRAL BANK OF
KENYA TO CONSIDER THE PETITION BY
HON. SAMUEL ATANDI, MP SEEKING
FINANCIAL SUPPORT OF THE CENTRAL
BANK OF KENYA**

The Chairperson invited the Governor of Central Bank Dr. Patrick Njoroge to make his submission regarding the matter of Spire Bank. He informed the Committee THAT—

- i. Mwalimu National Holding Limited acquired the Equatorial Commercial Bank (ECB) in 2014. CBK reviewed the application as per requirements which are anchored on global supervisory best practices i.e. the strategic fit and ability to drive business growth and fitness and propriety of shareholders. CBK assessed the acquisition as having a high probability of success and granted approval;
- ii. The envisaged turn around was slow in coming as the operating environment changed significantly due to banking sector shocks in 2015 and 2016 and changing business environment for banks and other players;
- iii. The following internal constraints in implementing ECB's business model also affected the bank's turn around: lack of agility in responding to changed dynamics in banking sector; high level of NPLs; insufficient capital and liquidity buffers for resilience; and high turnover of senior management;
- iv. The Bank's balance sheet has been reducing rapidly over the last five years: assets reduced from KSh. 13.8 billion in 2016 to KSh. 4.5 billion as at 30th June 2021; deposits reduced from KSh. 8.1 billion to KSh. 5.2 billion over the same period; the bank has been reporting losses over the period; and the Bank's core capital has been eroded from a high of KSh. 1.57 billion to negative KSh. 3.1 billion;
- v. Spire Bank was addressing the challenges through shareholder's support; customer engagement; sourcing of strategic investors; and liquidity management; and
- vi. CBK was optimistic that Spire Bank would be able to regain its previous performance; and meet its obligations to shareholders and investors.

MEMBERS' DELIBERATIONS

1. The Committee was concerned on whether the CBK carried due diligence as required by the law before granting approval for acquisition. The meeting was informed that CBK got relevant assurances from other regulators namely Capital Markets Authority and Competition Authority and reviewed the bank's business approach which at that time was sound. The bank's decline was however due to their inability to change their business model to navigate and to adapt to the shocks the in financial markets.

2. The Committee inquired whether there were any efforts being put in place by CBK as a regulator to support Spire Bank acquire a strategic investor. The Governor informed the meeting that CBK was carefully engaging potential investors and at the same time trying to balance the engagement to avert any issues that can be deemed as a conflict of interest. The bank had presented at least seven strategic investors to CBK in order to ascertain their credibility.
3. The Committee was further concerned the bank's deposits had declined significantly. The meeting was informed that the cause for the sharp decline in level of deposits was attributable to change in their depositors and customer flight to Tier 1 banks.
4. The Committee further inquired whether CBK was considering putting the Bank under receivership owing to its inability meet its minimum prudential requirements. The Governor assured the Committee that CBK was not planning to put Spire Bank under receivership as he was still hopeful that the Bank would be able to recover from its current financial woes. He further stated that putting under receivership is normally done as the last resort as doing the same would depict the shareholders as unviable in the financial sector including locking them out in the future for any participation in the financial sector.

MIN.NO.NA/F&NP/2021/410: ADJOURNMENT/DATE OF NEXT
MEETING

There being no other business to deliberate on, the meeting was adjourned at 1.39 p.m. The next meeting will be held on notice.

HON. GLADYS WANGA, CBS, MP
(CHAIRPERSON)

SIGNED..........DATE..........



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY (FIFTH SESSION)

Approved.

SNA
6/7/10/2021

Hon. Speaker
The may approve
19/10/21
7/10/21.

PUBLIC PETITION

(No. 051 of 2021)

SEEKING FINANCIAL SUPPORT OF THE CENTRAL BANK OF KENYA IN THE MATTER OF SPIRE BANK LIMITED UNDER SECTIONS 34 AND 36 OF THE CENTRAL BANK OF KENYA ACT

I, the **UNDERSIGNED**, on behalf of concerned teachers within the Republic of Kenya who invested in Spire Bank through Mwalimu National Sacco Society Limited;

DRAW the attention of the House to the following: -

1. **THAT**, *Spire Bank Limited*, formerly known as Equatorial Commercial Bank (ECB) was established as a Finance Company in 1983 under the Banking Act, Chapter 488 of the Laws of Kenya and regulated by the Central Bank of Kenya as a financial institution;
2. **THAT**, on 10th October 2014, Mwalimu National SACCO Society Limited signed an agreement to buy the banking and investment arm of ECB, which rebranded as *Spire Bank*;;
3. **THAT**, despite public concern against the risk of investing teachers' savings in ECB, which had just posted a pre-tax loss of approximately **Ksh.326.4 million** in the year ending December 31st 2014, Mwalimu SACCO proceeded with the controversial buy-out of the Bank and went ahead to become the majority shareholder in, having acquired a 75% stake at an estimated cost of **Ksh. 2.6 billion** in 2016;
4. **THAT**, for a long time following completion of the buy-out of *Spire Bank* by Mwalimu National Sacco Limited, the Bank has been dogged with financial challenges to date;

PUBLIC PETITION

SEEKING FINANCIAL SUPPORT OF THE CENTRAL BANK OF KENYA IN THE MATTER OF SPIRE BANK LIMITED UNDER SECTIONS 34 AND 36 OF THE CENTRAL BANK OF KENYA ACT

5. **THAT**, given that the membership of Mwalimu National Sacco Limited largely comprises of teachers, *Spire Bank* is deemed to be owned by teachers who have invested heavily in it through their savings in the SACCO;
6. **THAT**, as key stakeholder in Mwalimu National SACCO, teachers are concerned that, should the financial woes facing *Spire Bank* ^{be} ~~are~~ left to continue, the Bank may end up being wound up and sink with their hard-earned savings invested in the Bank through the SACCO;
7. **THAT**, the state of affairs at *Spire Bank* is a matter of general public importance given that teachers form a sizable public sector employees;
8. **THAT**, the Petitioners verily believe that Central Bank of Kenya has a role to play in assisting *Spire Bank* Limited to overcome the financial challenges it is currently facing, thus preventing its imminent collapse;
9. **THAT**, Central Bank of Kenya is mandated under the Central Bank of Kenya Act to ensure, among other things, the liquidity, solvency and the proper functioning of a stable market based financial system;
10. **THAT**, under sections 34 and under the Central Bank of Kenya Act, Chapter 491 of the Laws of Kenya, the Central bank of Kenya is expected to extend facilities, loans and other financial support services to specified banks under appropriate terms and conditions;
11. **THAT**, the financial challenges facing *Spire Bank* Limited can partly be alleviated if Central Bank of Kenya exercises its mandate under the aforesaid sections 34 and 36 of the Central Bank of Kenya Act;
12. **THAT**, the Central Bank of Kenya has previously accorded necessary financial support to other financial institutions within its regulatory framework facing financial challenges similar to those of *Spire Bank*, thus assisting them to regain financial stability;

PUBLIC PETITION

**SEEKING FINANCIAL SUPPORT OF THE CENTRAL BANK OF KENYA
IN THE MATTER OF SPIRE BANK LIMITED UNDER SECTIONS 34
AND 36 OF THE CENTRAL BANK OF KENYA ACT**

13. THAT, the matter of imminent collapse of *Spire Bank* Limited is of great public interest requiring intervention of the National Assembly pursuant to Article 95 of the Constitution so as to secure the savings of teachers and other stakeholders across the country;

14. THAT, to the best of the Petitioner's knowledge, the issues in respect of which this Petition is made are not pending before any court of Law, or a constitutional or legal body.

THEREFORE, your humble Petitioners pray for intervention of this House, through the Departmental Committee on Finance and National Planning, to urgently look into the issues raised in this Petition and -

- (1) direct the Central Bank of Kenya to furnish it with a comprehensive report outlining efforts, if any, that the CBK has made or is making in terms of extending financial support to *Spire Bank* Limited to forestall the Bank's imminent collapse and secure the savings of millions of teachers and other stakeholders across the country;
- (2) recommend that, pursuant to sections 34 and 36 of the Central Bank of Kenya Act, the Central Bank of Kenya urgently extends financial intervention to *Spire Bank* Limited to forestall its imminent collapse, just like CBK has previously done for financial institutions which had financial challenges similar to those facing *Spire Bank* Limited; and,
- (3) make any other recommendations that it may deem fit in addressing the concerns of the Petitioners.

And your **PETITIONER** will ever pray.

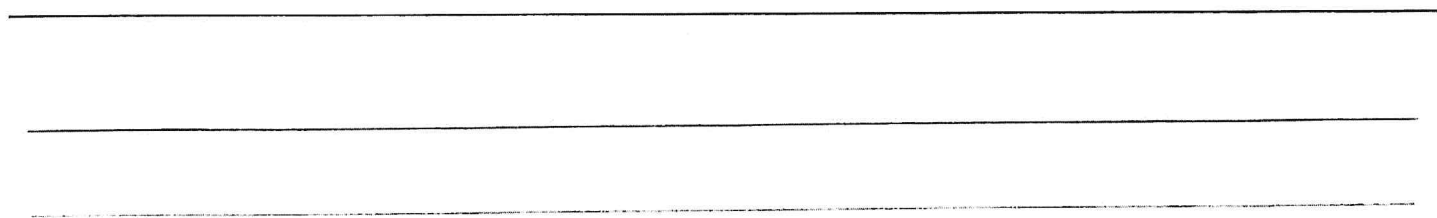
PRESENTED BY



**HON. SAMUEL ATANDI ONUNGA, MP
MEMBER FOR ALEGO-USONGA CONSTITUENCY**

DATE: 

6-10-2021



PUBLIC PETITION
ON INTERVENTION OF THE CENTRAL BANK OF KENYA IN
SALVAGING SPIRE BANK FROM COLLAPSE

We attach our signatures in support of this Petition:-

[illegible]
