



Spire Bank Limited

Company Number C.14/2000
Mwalimu Towers, Off Ragati Road Upper Hill,
P.O. Box 52467-00200 City Square, Nairobi

ANNOUNCEMENT

PROPOSED ACQUISITION BY EQUITY BANK (KENYA) LIMITED OF CERTAIN ASSETS AND LIABILITIES OF SPIRE BANK LIMITED

Spire Bank Limited hereby announces to the public that Equity Bank (Kenya) Limited (**EBKL**) has entered into an Assets and Liabilities Purchase Agreement (the **Agreement**) with Spire Bank Limited (**Spire Bank**) for the purchase of certain assets and liabilities of Spire Bank (the **Proposed Transaction**).

EBKL is a subsidiary of Equity Group Holding Plc, a non-operating holding company licensed by the Central Bank of Kenya (**CBK**) that holds interests in banking subsidiaries in Kenya, Rwanda, Tanzania, Uganda, South Sudan and Democratic Republic of Congo and a Commercial Representative Office in Ethiopia. EGH has other subsidiaries in investment banking, insurance, telecom, fintech and social impact investments. EGH is listed on the Nairobi Securities Exchange and cross-listed on the Uganda Securities Exchange and the Rwanda Stock Exchange.

EBKL is licensed to undertake the business of a bank by the CBK under the provisions of the Banking Act (Chapter 488, Laws of Kenya) (the **Banking Act**). In the Bank Supervision Annual Report for 2021 published by CBK, EBKL was ranked 2 out of 39 banks in terms of composite market share as at 31 December 2021 with market share of 13.57%. EBKL serves approximately 11.97 million customers through a wide array of digital channels supported by 190 branches. In its unaudited half year financial statements as at 30 June 2022, EBKL reported total customer deposits of KES 522,753 million and net loans and advances to customers of KES 417,482 million.

Spire Bank is also licensed by the CBK to undertake the business of a bank under the provisions of the Banking Act. Spire Bank serves approximately 20,000 deposit customers and approximately 3,700 loan customers from 10 branches. In its un-audited half year financial report as at 30 June 2022, Spire Bank reported total deposit liabilities of KES 1,938 million and net loans and advances of KES 1,745 million together with additional statutory loan loss reserves of KES 800 million that reduce the net loan and advances after applying statutory loan loss provisions to KES 945 million.

On completion of the Proposed Transaction, all existing depositors in Spire Bank (other than remaining deposits from Spire Bank's controlling shareholder) will become customers of EBKL that will take on the

obligation of meeting these liabilities that amount to approximately KES 1,322 million as at 31 July 2022. Similarly, EBKL will take on all of Spire Bank's loan customers on completion of the Proposed Transaction. The Agreement is however subject to conditions that are customary to transactions of this nature including all regulatory approvals from, amongst others the CBK and the Sacco Societies Regulatory Authority, approvals from competition regulators, board and shareholder approvals of EBKL and Spire Bank, and approvals from members of Mwalimu National Savings & Credit Co-operative Society Limited.

Spire Bank is pleased to have reached this agreement that, on completion, will ensure that its esteemed deposit and loan customers continue to enjoy uninterrupted access to banking services. In view of Spire Bank's current market position as the smallest of the 39 banks operating in Kenya with minimal market share and its reported financial losses from its operations in each of the financial years from 2016 to 2021, Spire Bank's board of directors is of the view that this development is in the best interest of Spire Bank's customers and other stakeholders.

Until completion of the Proposed Transaction, Spire Bank will continue to operate normally and continue to meet our customers' banking needs. Following completion of the Proposed Transaction, Spire Bank will cease to provide banking services. Your Board is engaged in discussions with its controlling shareholders to put in place arrangements to help ensure that Spire Bank is able to meet its financial obligations to its remaining creditors, employees and other stakeholders in full. Spire Bank will make further announcements as to these arrangements in due course.



Mr. Brian Kilonzo
Ag. Managing Director
Spire Bank Limited
13th September 2022



Transaction Advisor for Spire Bank Limited:
NCBA Investment Bank Limited



Legal Advisor for Spire Bank Limited:
Mose Mose & Mose Advocates