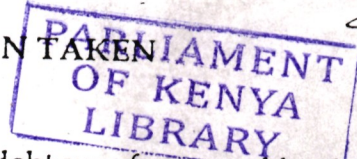


IRREGULAR LIABILITIES OVER KSHS. 10 MILLION AS AT 31.10.98

*Paper laid in
Connection with Q No 2
by private notice - by
an AM for Finance
Mr. Krou*

26/11/98



CUSTOMERS NAME	OUTSTANDING LIABILITY	RECOVERY ACTION TAKEN
1. Bungu Investments Ltd <u>Directors:</u> 1. Richard T. Odiambo 2. Caroline H. Aloo	Kshs. 78 m	The recovery of this debt was frustrated by the guarantor Hon. Ndolo Ayah who filed a suit and obtained an injunction frustrating the Bank from realising the security. The case is still pending in court.
2. Bhisop Tanui Grouping Debts 1. Dacma Express Services Ltd <u>Directors:</u> 1. Hon Bishop Arap Tanui 2. Mrs. Martha Tanui	Kshs. 75 million	The debts were demanded last year but sale of security properties was stopped by court injunction. Hearing of the case is pending in court.
2. Padowa Agencies 3. Bethlehem Trading Co. (E.A) Ltd <u>Directors:</u> 1. Mohamed Munir Chandhi 2. Joram Shivach	Kshs. 23 million Kshs. 57 million	The securities held are beach plots at the coast belonging to various companies associated with Mr. Sammy Boit. Recent Auction of the security properties did not attract any bidders. There is controversy surrounding the plots.

4. Kenya Tred Ltd Kshs. 53 million

Director:

Mbugua Mwangi

5. Blowmocans Limited in Receivership Kshs. 45 million

Directors:

1. Pam E. O. Gondi
2. Ashok Lakhani
3. Dilip Lakhani
4. Vijay M. Lakhani

6. Githinji Nafftary Waigwa Kshs. 41.1 million

7. Berur Enterprises Ltd. Kshs. 32 million

Directors:

1. Michael Henry Kipchirchir Langat
2. Mrs Maua T. Langat

8. Tom Joe Ltd Kshs. 30.5 million

Directors:

1. Joseph Thomas Openda
2. Mrs. J. W. Openda

The debt is demanded. The security property is being readvertised. Last auction fell short of reserve price.

The security was auctioned 3 months ago but the bids were too low. The security is not adequate to cover the debt. There will be a big shortfall. The security will be readvertised.

The security held is a big piece of dry land near Namanga town in Kajiado district. We are unable to sell the land due to lack of interested bidders.

The debt is demanded and statutory notices have been issued. Securities will be sold thereafter.

Various repayment proposals given by the debtor have not materialised. Security to be readvertised for sale

9. Road Safety Network Kshs. 30 million

Directors:

1. Jeremiah Cheruiyot
2. Josiah Mulondo
3. Lars Silvester

10. Thika River Estate Ltd. Kshs. 26 million

Directors:

1. Arthur K. Ngwiri
2. Kellen M. Ngwiri

11. Kenomar International (K) Ltd Kshs. 20 million

Directors:

1. Hosea Kiplagat
2. Helen K. Kiplagat

12. Tradeways Limited Kshs. 20 million

Directors:

1. Abraham Kiptanui
2. Mary S. Kiptanui
3. Rose J. Kiptanui

The security held is land in Kilifi District which is occupied by squatters. Efforts by lawyers to realise.

The sale of the security was frustrated by the directors who refused access to prospective buyers. The lawyers are trying to arrange for sale by private treaty with cooperation of the owner Mr. A. K. Ngwiri.

The debt is demanded. They have requested to be allowed to sub-divide the security property and sell part of it in order to reduce the debt. We have accepted this arrangement.

The debt is demanded and hearing is pending in court. They took possession of 10 London look taxis but refused to service debt.

- | | | |
|---|-------------------------------------|--|
| 13. Compunews Publishers Ltd
Computer Software Ltd | Kshs. 13 million
Kshs. 9 million | The debts are demanded and statutory notices have been issued. Security will be sold. |
| <u>Directors:</u> | | |
| 1. Jotham Nyukuri
2. Dr. Crowther Pepela
3. Wychliffe Khagula
4. John M. Wafukho | | |
| 14. Mr. & Mrs. Ian Karanja | Kshs. 12.5 | The debt is demanded. The guarantors offered to pay kshs. 3.250.000= in discharge of the liabilities but the offer was unacceptable. Legal action is in progress. |
| 15. Nakshi Limited | Kshs. 12 million | The debt is demanded. An attempt to sell the security property by auction on 24/6/97 did not succeed because of presence of squatters who were hostile to the auctioneers. The land is located in Ngong in Kajiado District. |
| <u>Directors:</u> | | |
| 1. Henry W. Mwangi
2. Phylic Amugodzo Ndemo | | |
| 16. Olympic Fruit Processors Ltd | Kshs. 11 million | The debt is demanded. Auction of security property was attempted on 30/9/98 when the bid received was kshs. 800.000=00 against a reserve price of Kshs. 1.8 million. Property will be sold and directors will be followed for any shortfall. |
| <u>Directors:</u> | | |
| 1. Peter N. Nganga
2. K. W. Nganga | | |

17.	Kenya Meat Commission	Kshs.717 Million	This is one of the debts guaranteed by the Govt. The company has been placed under receivership.
18.	Foursome Developers Ltd. A/c. J. K. Gitonga <u>Directors:</u> Mr. L. N. Kariuki Mr. S. K. Muigai S. K. Muigai S. Kamwere	Kshs.218 million	The Bank lawyers have sued the Directors of this company.
19.	H. H. Abdi Group	Kshs.269 million	Recovery has been frustrated by the Directors who obtained an injunction to restrain the Bank from realising securities advertised for sale.
20.	Kemri A/c. Cyperr Enterprises Ltd	Kshs.148 million	Property advertised for sale but Kemri has asked for time to consult with treasury.
21.	Sigma Surface Coating Ltd. (In Receivership) <u>Directors:</u> Mr. T. S. Bindra Mr. J. S. Bindra Mr. S. Bindra	Kshs.128 million	Receivers have offered Plant and Machinery for sale. The Guarantors have filed case against the Bank to restrain it from selling the properties.
22.	Pipeplastic Samkolit (K) Ltd. <u>Directors:</u> Prof. S. K. Onger (MP) Charles Onyancha Jesus H. Delarus	Kshs.182 million	The sale of securities have been frustrated by debtors obtaining injunction to restrain the Bank from realising securities.

23.	Kenya Threads Industry Ltd. (In Receivership) KShs. 95 million	Subdivision and sale of the guarantor's land is about to be completed. Bank following up the matter.
	<u>Directors:</u> Eliud Ndirangu Mr. W. Hihmeuyr (deceased) Mr. C. K. Muriuki	
24.	Dr. James Kariuki O/D. Shs. 77 million	Statutory Notices have been issued to the debtor. The securities will be auctioned.
25.	Kaprotuk Estates Ltd. Kshs.38 million <u>Directors:</u> Jean Marie Seroney (Deceased) Mr. J. Seroney	Sale of security has been frustrated by squatters who have occupied the land. Assistnace of Provincial Administration would be required to deal with the squatter issue.
26.	Coffee Machinery Services (In Receivership) Kshs.61 million <u>Directors:</u> Mr. I. K. Kimeyo S. K. Chelagui Edward Kiptanui	Assets have already been sold. Directors are beign pursued under their personal guarantees.
27.	Paul Koinange Kshs.34 million	Securities due to be sold next month.
28.	Hon. Job O. Omino Kshs.41 million	The repayment proposal given by the Debtors have not been honoured. Securities to be sold by public auction.

29.	Pretty Gems Ltd. <u>Directors:</u> Cathlyn Mudavadi S. T. Mohammed	Kshs.21 million	The Bank has filed suit against the company which has denied liability.
30.	James S. Kinyanjui	Kshs.17 million	Debtor has been given indulgence upto 30th November 1998 to clear debt. Legal action will be taken thereafter.
31.	Kipasi Investments Ltd. <u>Proprietor:</u> D. S. Dergun	Kshs. 13 million	The Bank has demanded the debt. Legal prices already in motion to recover debt
32.	Sausett Farms & Mbeji Academy <u>Director:</u> Prof. Thomas R. Odhiambo	Kshs.10 million Kshs. 7 million	Debtors were given indulgence upto 20.11.98. Securities are to be realised thereafter.
33.	Lake Victoria Fish Ltd. (In Receivership) <u>Directors:</u> G. W. Omondi Frans	Kshs. 66 million	Receiver is due to advertise securities. The Ministry of Industrial Development has intervened on the matter without indicating how the loan will be repaid. The Bank intends to proceed with sale of assets.
34.	Nzoia Sugar	Kshs.110 million	This is one of the debts guaranteed by the Government. The bulk of debt has already been paid by Government

35. A. K. Magugu Group of Companies MDC Ltd. Kamiti Tanners Ltd. (In receivership) Westlands Developers (In Receivership) A. K. Magugu	Kshs.103 million Kshs.135 million Kshs.146 million Kshs.688 million <u>1,072 Billion</u>	Recovery efforts have been frustrated by Mr. & Mrs. A.K. Magugu who filed a suit and obtained an injunction to restrain the Bank from realising the securities. The Bank has filed a defence and counterclaim. Matter still pending in court. A sum of Kshs. 125 m has already been realised from sale of securities for Kamiti Tanners & Westlands Developers.
36. Kaparuso Farm <u>Directors:</u> Hon. K. Kones Mr. Joseph K. A. Kones	Kshs.78 million	The recovery of this debt has been difficult. Hon. Kones has been given upto 15.12.98 to sell the security and reduce the debt. Civil suit will be filed against him to recover any shortfall.
Hon. Kipkalya Kones (MP)	Kshs. 8 million	
37. Charasons Limited <u>Directors:</u> Tarlock Singh Viridi Paramjit Viridi Singh	Kshs. 28 million	We have allowed the debtors to sell their properties in Eldoret. These will only fetch about Shs.1.3 million. The Bank will file suit against debtors and guarantors.
38. Thabiti Finance Co. Ltd.(Liquidation) <u>Directors:</u> Paul A. Aludo D. O. Nagemi	Kshs. 25 million	Sale of securities held have failed to materialise due to low bids. We are re-advertising the properties.

C. W Obura

39. Jabini Beer Distributors Ltd. Kshs.18 million
Directors: Mr. Josia Kimemia
Mrs. Elizabeth W. Kimemia
40. Kensoma Limited Kshs. 23 million
Directors:
Mohammed .M. Jobane (deceased)
Abdul Razak Jabane
41. Transtrading (Nairobi) Ltd. Kshs. 29 million
Directors: Mohammed Ali Jama
Bahadur Ali Hussein
42. Busia Cottage Toursit Hotel Kshs. 48 million
Directors:
1. Duncan O. Shakhali
2. Samuel Osogo Osogo

Directors will be followed to recover shortfall.

One of the properties was auctioned on 15.9.98 for Shs.4.1 million . Bank lawyers are handling the sale. Recovery of the balance will be through litigation.

The security properties were auctioned last month for Shs.9.5 m. Sale not finalised.

The lawyers have been instructed to demand the debt and advertise securities.

This is one of the most difficult debts to recover. He sued the Bank and obtained Judgment in his favour which was later reversed by court of appeal. The lawyers have demanded the debt, he has denied the valuers access to property, the security will be unrealisable because of the guarantors hostility.

43. Juma Muchemi T/A West Kenya Wholesalers Ltd Kshs. 182.6 million

The debt is demanded. The lawyers are currently involved in the realisation of the security properties. Some of the securities held are located in Bungoma District and may be difficult sale.

44. Muhoroni Sugar Co. Ltd. Kshs. ¹³⁵~~1,183~~ million

This is one of debts that were guaranteed by the Government which has paid a substantial sum amounting to Kshs. 1.048 billion.

45. Kisumu Paper Mills
Directors: Shs. 776 million

1. Mr. Panachand J. Shah
2. Mr. Hansraj F. Gudka
3. Mr. Dipak P. Shah

The Company has been placed under receivership by the Bank. The assets of the company have been advertised for sale. A sale brochure has been prepared by the Receiver and it is being given to enquirers.

Major shortfall is expected. The Bank will file Civil suit against the Directors and guarantors. The Company Directors are same ones for Reliance Bank Ltd. currently under Statutory Management.

46. Sanyu International Ltd. Kshs. 319 million

Directors:

1. Hansraj Fulchand Gudka
2. Dipak P. Shah
3. Panachand J. Shah

The Bank has issued a three months statutory notice to the company. The securities held under the account of Kisumu Paper Mills are also inter-available for the liabilities of Sanyu International Ltd.

47. Everwell Industrial Co. Ltd. Khs. 218 million

Directors:

1. Mr. Panachand J. Shah
2. Dipak P. Shah
3. Atul B. Shah

Three months statutory notice has been issued. If the debt is not repaid within the said period, the Bank will proceed to realise securities held against the account.

48. Lake Basin Development Authority Kshs. 151 million

Three months statutory notice was issued last year but the Bank did not sell securities as the Authority appealed to the Bank to give them more time so that they can negotiate with the government over the repayment of the debt.

49. Kisumu Municipal Council Kshs. 86 million

The debts are demanded, the statutory notice served on the obligant expired on 31st October, 1997. The Municipal Council has requested the Bank to stay action as officials of the Council are holding

50. Owuor George A. (Deceased)

Kshs. 67 million

negotiations with the Government over the repayment of the debt.

The debt is demanded and statutory notice has been issued. Our lawyers are in the process of selling the securities. The deceased was the husband of a prominent Judge in Kenya.

51. Abdul Ramzam Kassam Dhanji

Kshs. 44,691,026=80

The debt is demanded. The debt is unsecured.

The debtor who is a prominent businessman in Kisumu has not honoured any proposal. Legal action is in process.

52. Elena Medicare home Ltd.

Kshs. 23,409,666=00

Account is demanded. Security property was recently valued and will be auctioned.

Directors:

1. Dr. Joseph Ogada
2. Ole Semolo Ltd.

53. Barngetuny Ezekiel

Kshs. 30,388,238=60

Recovery of this debt has become difficult. Legal action has been revived after the debtor failed to honour his repayment proposal. Our lawyers have been instructed to proceed with the sale of the charged properties. They have also been instructed to impound a tractor loader which forms part of our securities.

54. Owiny, Getrude A.

Kshs. 22,412,513=10

Demanded account. Injunction filed against the Bank by the debtor was lifted. The Bank will now auction the securities.

The debtor is a prominent personality in Kisumu.

55. MAHESH PATEL GROUP OF DEBTS

(i) Coastec Services & Supplies

Directors:

1. Mr. Mahesh Kumar M. Patel

Kshs. 243 million

Recovery measures for these three accounts is being made jointly. The principal directors have failed to honour their obligations despite several indulgences granted to them in the past.

(ii) Malar Limited Kshs. 47 million

Directors:

1. Mr. Mahesh M. Patel -
2. Mr. Harish M. Patel

(iii) Hama Warehousing Kshs. 39 million

Directors:

1. Mr. Mahesh Kumar M. Patel
2. Mr. Harish Kumar M. Patel

56. CLEMENT OKUMU GROUP OF DEBTS

(i). Clement Otieno Okumu Kshs. 16 million

(ii) Old Port Hardware Ltd Kshs. 99 million

Directors:

1. Mr. Clement O. Okumu
2. Mrs. Beatrice Obiero

(iii) Nyali Const. & Elect. Services Kshs. 72 million

Directors:

1. Mr. John Arap Sambu
2. Mr. Benjamin Olayo
3. Mr. Clement O. Okumu

The security properties have subsequently been advertised for sale by public auction sceduled for 1.12.98.

The Bank lawyers have filed civil suits against the debtors.

Any shortfall will be recovered through court action against Directors.

57 Freight Contractors Services

Kshs. 17 million

Directors:

1. Mohamed Omar Masumbuko
2. Zainab Aziz Salim

Security property was to be sold by public auction in December, 1997, but auctioneers were served with an injunction by African Inland Church who disputed ownership of the property.

The property was said to have been allocated to the Church and Mr. M. O. Masumbuko is currently facing trial in connection with the clashes that took place in Likoni.

58. Kenya Farmers Association Ltd.

Shs. 224 million

Directors:

We do not have names of current directors.

The Bank has demanded the debt. The statutory notice issued on 4th August, 1998 expired on 4th November, 1998. The Government has requested the Bank to suspend the sale of the properties. Creditors have filed winding petition or obtained judgement against the organisation.

59. Kwanza Motors Ltd. Kshs. 113 million

Directors:

1. Geoffrey M. Asanyo
2. Mrs. Tabitha Makana

Attempts to recover the debt have been frustrated by the Directors who have filed suits at Nakuru High Court. Judgements delivered have been in his favour. Recently, the Principal Director of the Company proposed to the Bank to pay Shs. 30 million as final settlement. This proposal has been rejected.

60. STAGS HEAD HOTEL LTD. Kshs. 90 million

Directors:

1. Abraham Kiptanui
2. Fred K. Waiganjo (Deceased)
3. Joshua Kulei

Recovery of this debt has proved difficult because no security was taken at the time the debt was created. Although the directors have promised to settle the debt nothing has happened. The Directors have not been co-operative. The Bank lawyers are filing case against the company.

61. ONYONKA, THEODORE ZAKARY Kshs. 79 million
(DECEASED)

Narok Branch
Nakuru Branch

The Bank is in the process of realising security. We will sell the available securities.

62.	<u>BELGUT ENTERPRISES LTD.</u> <u>Directors:-</u> 1. Hon. Samuel Kipngeny Arap Ngeny (MP)	Kshs. 48 million	Recovery of this debt has been frustrated by various court injunctions filed by the debtor. The latest auction was to take place on 30/10/98 and it was also stopped by court order. The Banks lawyers are endeavouring to halt the order.
63.	<u>Ongeri John Mariaria</u>	Kshs. 46 million	The debtor was a Director of the Bank. Securities that were held have already been sold. Legal cases are still pending in Court.
64.	Wanjiru Rahab Volcano Esso Service Station <u>Directors:</u> 1. Rahab Wanjiru Evans (Mama Steel) 2. Peter Gachege Njogu	Kshs. 32 million Kshs. 10 million	The securities have been advertised for sale by public auction.
65.	Maywood Limited Mrs. Nyaanga Caren K. <u>Directors:</u> 1. Mr. Leonard Onyancha	Kshs. 32 million Kshs. 10 million	Securities which were used to cover the accounts were sold and proceeds used to reduce the debts. Action against the directors.

	2. Mrs. Caren K. Nyaanga	
66.	Deya Commercial Agencies	Kshs. 28 million
	Barrack Deya Okal	Kshs. 9 million
	Deco Enterprises	Kshs. 9 million
67.	Build Tech Ltd.	Kshs. 27.4 million
	<u>Directors:</u>	
	1. Naresh Valji	
	2. Nanji Valjii	
68.	Mid. Africa Mercantile Co. Ltd.	Kshs. 27 million
	James R.O. Onyango	Kshs. <u>15</u> million
	TOTAL	Kshs. 42 million
69.	<u>RAPHAEL KORIR GROUP OF DEBTS:</u>	
	1. Raphael K. Korir	
	2. Cranes Lodge Ltd.	Kshs. 22 million
	3. Gilgil Wholesalers	Kshs. 27 million
	4. Tamason Distributors	Kshs. 7 million
	TOTAL	Kshs. 3 million
		Kshs. 59 million

There is a civil suit pending in court at Nakuru.

The Directors left the country and no further recovery is expected after sale of available properties.

Recovery of these debts have been frustrated by cancellation of auctions by court orders.

70.	Wangombe Jerome Ndungu	Kshs. 21 million
71	Mariko Constr. Works Ltd. <u>Directors</u> Mr. Mark Mwithaga	Kshs. 16 million
72.	Malugei Agencies Ltd. <u>Directors:</u> 1. M. J. Chengen 2. L. M. Masese	Kshs. 19 million
73.	Chebkebit Taita Co. Ltd.	Kshs. 23 million
74	Pads Limited Technopress Ltd. Joseph Ondingo Agola	Kshs. 23 million Kshs. 7 million Kshs. 13 million

The title document was referred to the lawyers to enable them carve out 10 acres of land from it and recharge the remaining 140 acres. It was later learned that the remaining 140 acres were fraudulently discharged. The lawyers are pursuing the matter.

The debt is demanded. The security properties have been advertised for sale. The company is not operational and the principal director is currently out of the country.

The Bank has instructed the lawyers to sue the guarantors.

This debt is demanded but sale of security properties has been frustrated by court injunctions granted to the debtors at Nakuru.

In the case of Technopress Ltd., the lawyers have filed a civil suit

Siprosa Akumu Agola

Kshs. 4 million

TOTAL

Kshs. 47 million

Directors:

1. Chandu Tharker Odingo Ogola
2. Thomas O. Agola
3. Siprosa A. Agola
4. Joseph O. Agola
5. Mrs. Siprosa Akumu

75. Ocholla Jaw Lewis

Kshs. 21 million

The securities held have proved unsellable. The debtor left the country and his whereabouts remain unknown. Efforts are being made to track him.

76. Magara Betweri Nyamao

Kshs. 26 million

The debtor is a 61 years old man who is no longer engaged in income generating projects. He has no attachable assets. Debt is unrecoverable.

77. Nyakundi Joseph Omariba

Kshs. 24 million

The debtor is said to be a businessman. He has been hiding from creditors. There are warrants of arrest issued by Courts.

78.	Mutati Transporters Proprietor: Silas Mburu Gichua (Decased)	Kshs. 22 million	The debt is demanded and lawyers have instructions to realise securities. The principal director is deceased.
79.	Mburu Kinyanjui Gichua	Kshs. 10 million	He is the sone of the late Mburu Gichua of Matatu transporters agains whom action is being taken.
80.	Obungah Odhiambo jared	Kshs. 19 million	The debtor filed a defence to the civil suit filed. Our lawyers are pursuing to strike out the defence and have the security sold by public auction.
81.	Cera Investments. Proprietor: Mohamed Akram Khan	Kshs. 15 million	The debtor has declared himself bankrupt. All legal proceedings have been stopped. The Bank will have to wait for the Receiver to declare a dividend.
82.	Straight Jacket Co. Ltd. Directors: 1. Charles Moses Okal 2. Mary Achieng Okal	Kshs. 14 million	The company is not operational and the debt is unsecured. Legal action has been terminated to avoid incurring further legal cost.

83. TransKenya Green Growers (Rongai)

Directors:

1. Mr. E. K. Bomett
2. Mrs. W. Bomett
3. Mr. A. K. Bonde
4. Mrs. L. B. Fraser

Kshs. 74 million

Mr. E. K. Bomet has refused to cooperate with the lawyers in executing the charge on the security property that had been discharged when he was selling part of the land to Major Koitaba. The matter is being pursued through the courts.

84 Ole Semolo Ltd.

Kshs. 84.4 million

Directors:

1. Mr. Amon Onyango Akuro
2. Mrs. Rose Oluga

Several attempts to sell the security properties have failed because of low bids as compared to valuations.

Auction of the Mombasa property was suspended to enable completion of renovations being made to increase its value. We intend to stage a second auction in Kisumu and Mombasa within December, 1998. Securities are being realised.

85. Bonanza Millers Ltd.

Kshs. 11.4 million

Director:

Zablon Abuga

Kshs. 3.7 million

The security property has been put up for auction. Threats by the Directors are being handled. A warrant to commit the debtor to Civil Jail was issued on 2/10/98 and is with the OCPD Kisii. Communication is awaited after the debtor is arrested. Recovery is not achievable.

86. DUKES KENYA LTD.

Kshs. 317 million

Directors:

This company was a supplier of spare parts to Nyayo Bus Corporation against bills of

1. Mohammed Akram Khan
2. Mohammed Kaka khan

87 KENYA TAXIS CAB
ASSOCIATION & VODA
TAXIS ASSOCIATION

Kshs. 456 million

exchange which were discounted by the Bank. The bills were unpaid and the Bank sued the company, Nyayo Bus corporation and the Attorney General. The case has not been heard.

In 1988, the Government instructed the Bank to open letter of credit to facilitate importation of 500 London Look Taxis also known as Nyayo Taxis.

CBK provided foreign currency. The vehicles were sold to the members of these two organisations based in Nairobi & Mombasa. The Bank was instructed to give loans to the members for the purchase. The members have refused to pay insisting that the vehicles were a gift from the Government. Attempts to attach the vehicles failed when High Court ordered that the vehicles be released to them. The case by members is still pending in Court.

REPUBLIC OF KENYA
NATIONAL ASSEMBLY

ORAL ANSWER TO PARLIAMENTARY QUESTION BY PRIVATE
NOTICE

QUESTION:

The Member for Webuye (Mr. Musikari Kombo) to ask the Minister for Finance:-

- (a) Under what terms and conditions was the Kshs.2 billion advanced to National Bank of Kenya by the Government on Friday the 20th November, 1998?
- (b) Could the Minister table the list of Parastatals and companies with non-performing loans to the National Bank of Kenya and the amounts outstanding on each?
- (c) What measures is the Minister taking to have these loans repaid in order to improve the liquidity of the Bank?.

ANSWER: Reply by the Minister for Finance, Hon. Simeon Nyachae:-

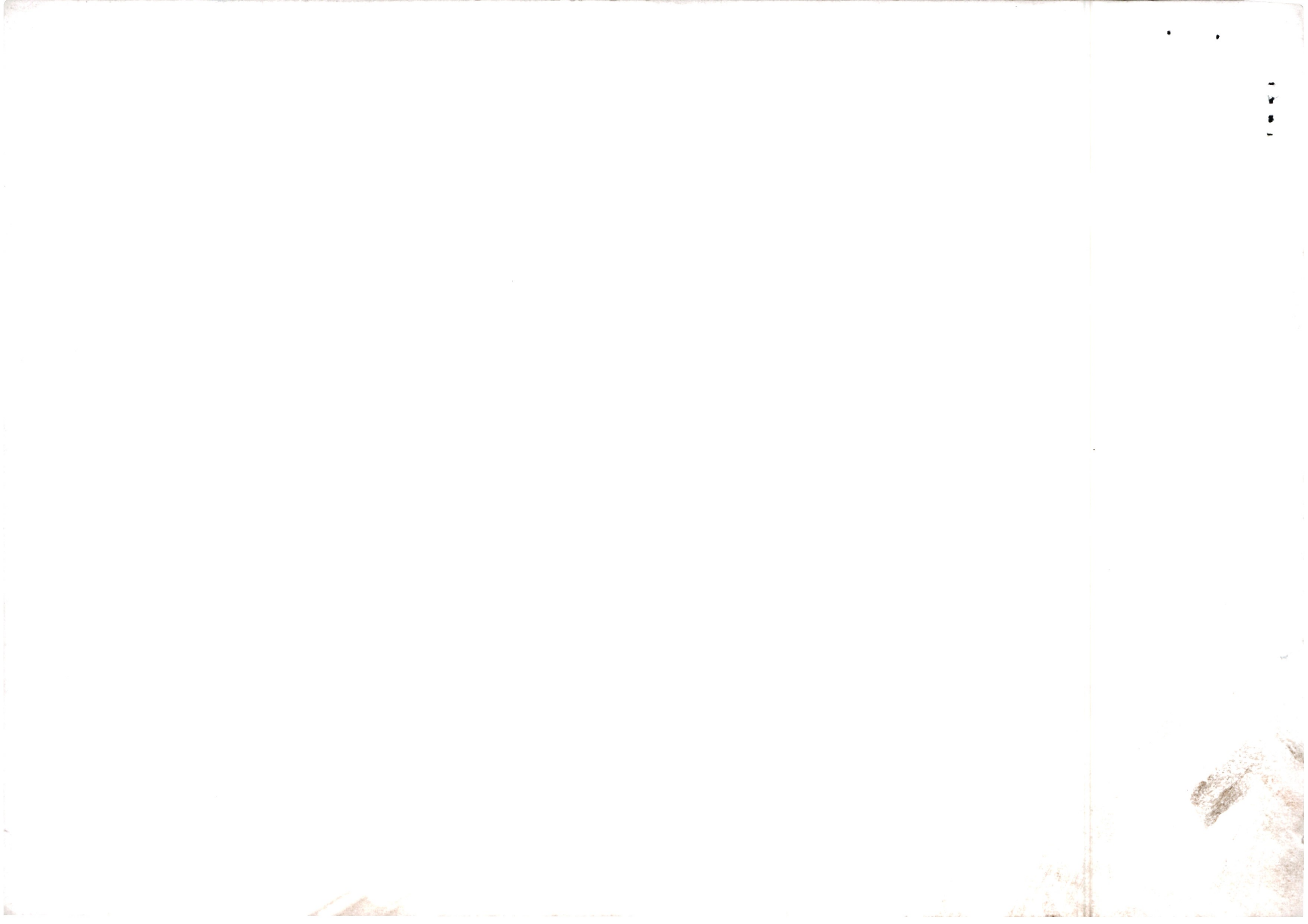
Mr. Speaker Sir, I beg to reply:-

- (a) It is not true that the Government advanced Kshs.2 billion to National Bank of Kenya on 21st November, 1998. The correct position is that the Government paid Kshs. 2 billion to National Bank of Kenya in honour of its guarantee to the Bank on debts of Nzoia Sugar Company Limited and Muhoroni Sugar Company Limited. The Government decided to honour its guarantee in order to help the Bank stabilise its liquidity position, which had been adversely affected by unwarranted panic withdrawal of deposits.
- (b) (i) Here below is a list of parastatals which had non-performing loans and guaranteed by the Government as at 31st October, 1998:-

Name	Amount (Kshs.M)
1. Nzoia Sugar Company Limited	1,410
2. Kenya Meat Commission (Under Receivership)	804
3. Muhoroni Sugar Company Limited	1,183
4. Kenya Medical Research Institute	148
5. Lake Basin Development Authority	151

- No list - why

- Where has the 2 billion
come from?



under (d) above, the debts owed to the Bank by Nzoia and
Muhoroni Sugar Companies were reduced by Kshs.2 billion.

- (ii) With regard to private companies, I wish to table a list of those companies that are with the National Bank lawyers and those that have been sued by the Bank for the purpose of debt recovery.
- (c) One of the measures which the Government has taken towards the repayment of the non-performing loans by parastatals, is to honour its obligation with regard to guarantees. As you may be aware, a number of banks and non-bank financial institutions are facing liquidity problems largely due to their failure to realize securities held against non-performing loans. To address this problem, the Government has requested the Attorney General and Chief Justice to strengthen the newly created commercial courts. In particular, ways must be found of speeding up the realization of securities for money loaned by commercial banks and non-bank financial institutions. This should include sorting out of numerous injunctions put in court by borrowers, which have led to delay in the realization of securities, in some cases for several years. Borrowers in general, must also realize that they are duty bound to service the loans which they have borrowed.

TREASURY

November 25, 1998

