

**ADDENDUM TO THE 10<sup>TH</sup> ANNUAL GENERAL MEETING NOTICE**

**SPECIAL BUSINESS TO SMEP MFB SHAREHOLDERS FOR CONSIDERATION DURING THE 10<sup>TH</sup> ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF SMEP MICROFINANCE BANK ("COMPANY") WILL BE HELD VIA ELECTRONIC COMMUNICATION, ON FRIDAY, 7<sup>TH</sup> MAY 2021 AT 10.00 A.M.**

**Rationale for the Special Business**

Over the last ten years, the Micro Finance Banking Sector has had quite a challenging journey. SMEP as a Market player has not been spared too, the Bank has faced capital and liquidity challenges. The Capital and Liquidity challenges have put pressure on our prudential ratios and impacted on our ability to transform the Bank, to meet the changing customer preferences through investment in agile business models. Consequently, the Board has made a strategic decision to go to the market for additional long-term funds to support your Bank's growth plans over the coming years and strengthen its capital base. Increased capital will also enable us to successfully transform the Bank.

SMEP is propelled by its Mission to empower members through provision of market driven financial solutions and create a sustainable value to all stakeholders. The strategy being deployed by the Bank is focused on returning SMEP to profitability and restoring the capital base. Restoration of the Capital base is focused on the delivery of strategic objectives key among them: Profitability, digital transformation, maximizing productivity and creating social impact. The number of issued shares is 108,595,344 of par value Kes 5.00 each. The number of shares being offered under the transformation strategy program once approved is 110 Million.

The purpose of seeking the strategic investor/s is to facilitate the Bank's strategy that focuses on consolidating the business and meet growth needs; fostering an efficient market-driven organisation attuned to the needs of its customers; growing profitability and market share; support financial needs of churches; and building on the existing risk culture and cost management to enhance shareholder value.

For this reason, the Board is proposing the below special resolutions for your consideration and approval.

**SPECIAL BUSINESS:**

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

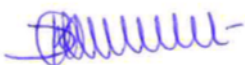
1. "THAT the Directors are generally authorised subject to the receipt of any required regulatory approvals to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, in a manner it finds expedient notwithstanding shareholders pre-emptive rights which are hereby waived: but the maximum aggregate nominal amount of ordinary shares which may be allotted in accordance with this authority shall be, 110 million ordinary shares of Shs 5.00 each ranking pari passu in all respects being the total number of existing unissued ordinary shares in the capital of the Company within three years from the date of approval."

2. "THAT subject to the limit as to the number of shares and period set out in the preceding resolution (i) above and subject also to any regulatory approvals the Directors be and are hereby authorised to do the following:

**Directors' powers to deal with untaken shares**

3. To dispose off the shares not taken up through the mechanism set up by the Board or the shares not issued by reason of fractions of shares being disregarded, at such price and on such terms as they may consider expedient."
4. "THAT the Directors of the Company be and are hereby authorized to sign all documents and to do all such things as may be necessary to give effect to the above resolutions."
5. "THAT the Company Secretary be and is hereby instructed to file all such returns and make all such entries as required by law in order to give effect to the matters resolved or otherwise determined at this meeting."

**By Order of the Board**



**CS. LAWRENCE KIBET**

**COMPANY SECRETARY**

**IMAGE REGISTRARS LIMITED**