

**DIRECTORS' STATEMENT MADE PURSUANT TO SECTION 348 OF THE COMPANIES  
ACT, 2015**

**WHEREAS:**

- A. The directors have, for reasons explained hereunder elected to make a recommendation (hereinafter "the Recommendation") to the Company to pass the following resolutions:

**Ordinary Resolutions:**

- a. **THAT** the unissued share capital of the company comprising One Hundred and Eight Million Three Hundred and Forty-Eight Thousand Eight Hundred and Thirty Nine (108,348,839) ordinary shares be converted into Class A Ordinary Shares with a par value of Kenya Shillings Five (KShs.5.00) whose rights are enumerated in the revised Articles of Association of the Company ("the Existing Class A Ordinary Shares").
- b. **THAT** the share capital of the company be increased by an amount of Kenya Shillings Thirty Nine Million Two Hundred and Ninety Seven Thousand Five Hundred and Sixty (KShs 39,297,560) made up of Seven Million Eight Hundred and Fifty Nine Thousand Five Hundred and Twelve (7,859,512) Class A Ordinary Shares with a par value of Kenya Shillings Five (KShs.5.00) each ranking pari passu with the Existing Class A Ordinary Shares ("the New Shares").
- c. **THAT** in accordance with section 329 of the Companies Act 2015 ("the Act"), and subject to all necessary regulatory approvals, the directors of the Company be and are hereby authorised to allot the Class A Ordinary Shares (constituting an aggregate of 116,208,351 Class A Ordinary Shares) to a strategic investor identified by the Board of Directors ("the Strategic Investor") (*or such additional number of shares as shall be necessary to enable the Strategic Investor to acquire 51% of the issued capital of the Company*) on such terms as the Board of Directors will find fit provided that this authority shall, unless renewed, varied or revoked by the Company, expire five years from the date of this Resolution save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.
- d. **THAT** any actions of the Directors or Secretary of the Company, as well as any officer of the Company, in carrying out the terms and intentions of these resolutions, whether taken prior to or subsequent to the passing of the aforementioned resolutions, be and are hereby in all respects ratified, confirmed and approved as the authorised actions of the Company.

**Special Resolutions:**

- a. **THAT** pursuant to Section 348 of the Act and the authority conferred by Resolution 3 (c) above, the directors be and are hereby authorised to allot the New Shares and the Existing Class A Ordinary Shares (credited as fully paid) to the Strategic Investor in consideration of the sum of United States Dollars Four Million Six Hundred Forty Six Thousand Nine Hundred and Five (USD\$ 4,646,905.00) in Kenya Shillings equivalent (or such additional amount as shall be necessary to enable the Investor to acquire 51% of the issued capital of the Company), such allotment to be made to the Strategic Investor without first offering the shares aforesaid to the existing shareholders as if section 338 of Act (requiring the exercise of pre-emption rights) did not apply, the justification of which is contained in the Director's Statement published pursuant to Section 348 of the Companies Act.
- b. **THAT** the Company adopts as the Articles of Association of the Company the amended Articles of Association (to be published on the Company's website) in place of the existing Articles of Association of the Company.

**WE** as the directors of the Company, state as follows:

1. **THAT** the reason for making the Recommendation is as follows:

The Board of Directors has been exploring different ways of raising additional capital to ensure that the Bank competes effectively in the banking microfinance sector and to support the Bank's balance sheet and revenue growth. To this end, it has secured the commitment of a strategic investor, to capitalize the business and to give it the much needed capital for the aforesaid purposes.

The Company has previously appealed to the existing shareholders to invest additional capital in the Company with no success. This has largely been due to the prevailing economic situation in the country caused, to a material extent, by the Covid-19 pandemic.

2. **THAT** the Directors recommend:

- a. The conversion of the unissued share capital of the Company comprising One Hundred and Eight Million Three Hundred and Forty Eight Thousand Eight Hundred and Thirty Nine (108,348,839) ordinary shares into Class A Ordinary Shares with a par value of Kenya Shillings Five (KSH.5.00) ("the Existing Class A Ordinary Shares") and allotment therefor to the Strategic Investor; and
- b. The creation of and the allotment of an additional Seven Million Eight Hundred and Fifty Nine Thousand Five Hundred and Twelve (7,859,512) Class A Ordinary Shares with a par value of Kenya Shillings Five (KSH.5.00) each ranking pari passu with the Existing Class A Ordinary shares ("the New Shares") to the Strategic Investor.
- c. The total shares to be issued to the Strategic Investor will be an aggregate of 116,208,351 Class A Ordinary Shares which will constitute 51% of the total issued

shares of the Company. The consideration for the aforesaid shares shall be the sum of United States Dollars Four Million Six Hundred Forty Six Thousand Nine Hundred and Five (USD\$ 4,646,905.00) in Kenya Shillings equivalent (or such additional amount as shall be necessary to enable the Strategic Investor to acquire 51% of the issued capital of the Company)

3. THAT the price of KShs.5 per share is based on the current valuation of the shares of the Company.
4. THAT this statement is made in accordance with and pursuant to Section 348 of the Companies Act, 2015.

SIGNED:

  
CHAIRMAN

17/01/2023  
DATE