

Explanatory Note:

On 15th April 2016, the Company issued a cautionary announcement in regard to a Sale and Purchase Agreement having been entered into on 14th April 2016 between CDC Group plc and two existing shareholders of the Company, DEG and Proparco, for the sale and purchase of shares comprising approximately 10.68% of the Company's issued share capital (the Proposed Transaction) as a private transfer in accordance with the Capital Markets Act (Chapter 485A, Laws of Kenya).

Completion of the Proposed Transaction is subject to several conditions, including

- (i) all regulatory approvals from the Central Bank of Kenya, Bank of Tanzania, the Capital Markets Authority, the Competition Authority of Kenya, Fair Competition Commission of Tanzania and the COMESA Competition Commission; and
- (ii) adoption by the Company of amended Articles of Association granting similar rights to the incoming DFI shareholder, CDC Group plc, as were available to the outgoing DFI shareholders – DEG and Proparco. These rights already exist under the Articles and the amendment is merely intended to ensure that they are transferred to CDC simultaneously with the transfer of the shares held by DEG and Proparco to CDC.

By way of background information, CDC Group plc, the UK's development finance institution, is wholly owned by the UK Government and is committed to support the building of businesses throughout Africa and South Asia to create jobs in sectors such as manufacturing, agribusiness, infrastructure, financial institutions, construction, health and education.

It is proposed, subject to and with effect from the completion of the Proposed Transaction, to amend and update the Company's Articles of Association to transfer the DFI Rights contained under the current Articles 178-189 to CDC.

The changes proposed are outlined below.

1. At Article 178, by replacing the number "190" appearing before the word "inclusive" with the number "192";
2. At Article 179 by:
 - i. replacing the number "190" appearing after the word "to" in the main Article with the number "192";
 - ii. adding a new clause (b) immediately after the current clause (a) to read as follows:

(b) "CDC" means CDC Group plc, a company incorporated in England and Wales with registered number 03877777 or any subsidiary or subsidiary undertaking of CDC Group plc;
 - iii. adding a new clause (c) immediately after the new clause (b) to read as follows:

(c) "DFI" means a development finance institution;
 - iv. adding a new clause (d) immediately after the new clause (c) to read as follows:

(d) "DFI Representative" means a DFI Director or, if there is no such DFI Director or that DFI Director is absent or unable to act, a DFI

Observer or, if there is no such DFI Observer or that DFI Observer is absent or unable to act, CDC itself;

- v. deleting the current clause (c);
- vi. deleting the current clause (d);
- vii. deleting the words “*DEG and/or PROPARCO*” appearing after the word “*by*” in the current clause (e);
- viii. deleting the words “*DEG and/or PROPARCO*” appearing after the word “*by*” in the current clause (f);
- ix. deleting the current clause (h);
- x. deleting the current clause (k);
- xi. deleting the current clause (l); and
- xii. adding a new clause (k) immediately after the current clause (j) to read as follows:

“I&M Bank” means I&M Bank Limited a wholly owned subsidiary of the Company incorporated under the laws of Kenya and licensed to carry on banking business”.

3. At Article 180 by deleting the words, “*DEG or PROPARCO*” appearing immediately before the word “*is*” and replacing these with “*CDC*”.
4. At Article 181 by:
 - i. in the main Article, deleting the words “*DEG or Proparco*” appearing immediately before the word “*shall*” and replacing these with “*CDC*”;
 - ii. in the main Article, deleting the words “*Directors (each*” appearing immediately after the word “*appoint*” and replacing these with “*one Director*”;
 - iii. in the main Article, deleting the word “*observers*” appearing immediately before the words “*to the Board*” and replacing this with “*one observer*”;
 - iv. in the main Article, deleting the word “*each*” appearing immediately before the words “*a 'DFI Observer*”;
 - v. at (b), deleting the words “*the shareholding of DEG is*” appearing immediately after the word “*if*” and replacing these with “*CDC holds*”;
 - vi. at (b), deleting the word “*DEG*” appearing immediately before the word “*shall*” and replacing this with “*CDC*”;
 - vii. at (b), deleting the words “*provided that for as long as DEG is a Member, it may appoint a DFI Observer but not both a DFI Director*” appearing immediately after the word “*Director*”;
 - viii. at (b), deleting the word “*a*” appearing immediately before the words “*DFI Observer*” and replacing this with “*one*”;
 - ix. at (b), deleting the words “*the shareholding of PROPARCO is*” appearing immediately after the word “*if*” and replacing these with “*CDC holds less than*”;
 - x. at (b), deleting the word “*(4%) or more*” appearing immediately after the word “*cent.*”
 - xi. at (b), deleting the word “*, PROPARCO*” appearing immediately after the word “*Company*” and replacing this with “*it*”;
 - xii. at (b), inserting the word “*only*” immediately after the word “*shall*”;
 - xiii. at (b), deleting the words “*nominate and*” appearing immediately before the word “*appoint*”;
 - xiv. at (b), deleting the word “*one*” appearing immediately after the word “*appoint*” and replacing this with “*a DFI Observer*”;
 - xv. at (c), inserting the word “*A*” immediately before the words “*DFI Director*”;
 - xvi. at (c), deleting the words “*provided that for as long as PROPARCO is a Member, it may appoint a*” appearing immediately after the words “*DFI Director*” and replacing these with “*or*”;

- xvii. at (c), deleting the words "*but not both a DFI Director and a DFI Observer. Any DFI Director or DFI Observer appointed by DEG or PROPARCO*" appearing immediately after the words "*DFI Observer*";
 - xviii. at (c), deleting the words "*his or her appointer*" appearing immediately after the words "*time by*" and replacing these with "*CDC*";
 - xix. at (c), deleting the words "*and the appointment of a DFI Observer shall terminate*" appearing immediately before the word "*automatically*";
 - xx. at (c), deleting the word "*the*" appearing immediately after the words "*automatically if*" and replacing this with "*CDC's*";
 - xxi. at (c), deleting the words "*of his or her appointer*" appearing immediately after the word "*shareholding*" and replacing these with "*in the Company*";
 - xxii. at (c), deleting the word "*applicable*" appearing immediately before the word "*threshold*";
 - xxiii. at (c), deleting the words "*under this*" appearing immediately after the word "*threshold*" and replacing these with "*set out in*";
 - xxiv. at (c), inserting the words "*(a) and, the appointment of a DFI Observer shall automatically lapse when CDC ceases to be a Member.*" immediately after the word "*181*"; and
 - xxv. at (d), deleting the words "*DEG and/or PROPARCO (as the case may be)*" appearing immediately after the words "*on behalf of*" and inserting the word "*CDC*".
5. At Article 184 by deleting the words "*DEG and/or PROPARCO (as the case may be)*" and replacing them with the word "*CDC*".
 6. Inserting a new Article 185 to read as follows:

185. For as long as CDC holds the share qualification set out in Article 181 (b) CDC shall be entitled to appoint and remove one director to the board of I&M Bank (the "CDC Director") provided that I&M Bank is a member of the Group. The provisions of Articles 181 to 183 shall apply to the CDC Director mutatis mutandis.
 7. At Article 185 by:
 - i. Amending the current Article 185 to read as follows:

*186. The matters set out in paragraphs (a) to (s) of this Article 185 ("**Reserved Matters**") will require the approval of a CDC Representative so long as CDC holds not less than four per cent (4%) of the issued ordinary share capital of the Company, such approval not to be unreasonably withheld or delayed. For the avoidance of doubt, a CDC Representative will not be deemed to be acting unreasonably if approval for any Reserved Matter is withheld on the grounds that if CDC Representative approves the Reserved Matter he may be acting contrary to any law applicable to CDC or in contravention of any of the constitutive documents of CDC. The Reserved Matters comprise:*
 - ii. Deleting the words "*Euro five hundred thousand (€500,000)*" at clause (i) and replacing thereof with the words "*United States Dollars 1 million*".
 - iii. Deleting the symbols "*[*" and "*]*" in clause (k).
 8. At Article 186 by amending it to read as follows:

187. Without prejudice to Article 185 the Reserved Matters set out in paragraphs (f), (g) and (s) of Article 186 will require the approval of a

CDC Representative so long as CDC is a Member, (such approval not to be unreasonably withheld or delayed).

9. At Article 188 by amending it to read as follows:
189. For so long as CDC is entitled to appoint a DFI Director but has not done so, CDC may call a meeting of the Board.
10. At Article 189 by deleting the words “*DEG or PROPARCO*” appearing before the word “*is*” and replacing these with “*CDC*”.
11. At Article 190 by replacing the number “*191*” with the number “*192*”.
12. At Article 191 by inserting the word “*and*” before the word “*Mnana*” and deleting the words “*Limited and Biashara Securities*” appearing immediately after the word “*Mnana*”, and also by replacing the number “*191*” with the number “*192*”.
13. The Articles will be renumbered consecutively.

Date: April 15th, 2016