

I&M GROUP PLC

(A public limited liability company incorporated in Kenya under Company Number C. 7/50)

ABRIDGED CIRCULAR TO SHAREHOLDERS

IMPORTANT NOTICE TO SHAREHOLDERS: The Circular is issued for securities for a Company incorporated under the laws of Kenya and is subject to the procedures and disclosure requirements of Kenyan law and in line with the Regulation 89(2) of the Capital Markets (Public Offers, Listing and Disclosures) Regulations, 2023.

If you are in any doubt about the action being taken you are recommended to seek your own independent personal advice from your professional advisor.

The Capital Markets Authority (CMA) has approved the issuance of this abridged Circular in connection with the issuance and allotment of up to 86,500,000 new ordinary shares of KES 1/- each to East Africa Growth Holdings (EAGH) on the terms described herein and in the full Circular to Shareholders available on the Company's website.

DISCLAIMER: This abridged Circular has been issued with the approval of the Capital Markets Authority pursuant to the Capital Markets (Public Offers, Listing and Disclosures) Regulations, 2023. As a matter of policy, the Capital Markets Authority and the Nairobi Securities Exchange assumes no responsibility for the correctness of the statements or opinions contained in this abridged Circular.

1. The Purpose of this Abridged Circular

The purpose of this abridged Circular to Shareholders (this "Circular") is to provide additional information in respect of the Notice of General Meeting ("GM") of the Company, being published on **21st November 2024**, proposing the following resolutions i) Authority to allot shares ii) Increase in share capital iii) Subscription of upto Eighty-Six Million, Five Hundred Thousand (86,500,000) new ordinary shares in the Company by East Africa Growth Holding ("the Proposed Subscription") and to advise Shareholders of the Board's recommendation regarding the Proposed Subscription.

A summary and explanations of the above-mentioned Resolutions have been set out in Section 8 below, but please note that this does not contain the full text of the Resolution, and the Section should be read in conjunction with the Resolutions in the Notice of the GM.

2. Proposed Subscription of New Ordinary Shares

Further to the announcement published on 16th October 2024, I&M Group Plc (the "Company" or the "Group") hereby announces that, pursuant to the Circular to Shareholders Document also published today (Circular to Shareholders Document) on I&M Group's website at <https://www.imbankgroup.com/investor-relations/> and on the data processing agent's portal at <http://imbank.vimeet.live>, it is issuing up to 86,500,000 new ordinary shares in the Company, which represents a maximum of 4.97% of the expanded issued share capital of the Group.

3. Purpose of the Proposed Subscription

The Proposed Subscription follows the Group's decision to raise equity capital to sustain its growth strategy under iMara 3.0 which the Group embarked on at the beginning of 2024. The Group will utilise the proceeds from the Proposed Subscription to invest in its banking and non-banking entities to fulfil the achievements of the strategy. Such investment will include but not limited to:

- a) growth of its distribution channels-physical as well as alternate banking channels to ensure reaching a much wider customer base;
- b) local and regional expansion and deepening its presence across Eastern Africa;
- c) the development of the Group's human capital as well as IT and operational infrastructure.
- d) provide innovative, relevant and impactful financial and wealth management solutions for its clients;
- e) continued compliance with regulatory requirements for capital adequacy requirements across each of the geographies where the Group is present; and
- f) integration of sustainability into the Group's operations.

The envisaged benefits of the investment for the Group and subsequently to its Shareholders are:

- a) support to the Board - strategic support to the Group through its participation at the Board and Board Committee levels;
- b) access to capital – leveraging EAGH's networks and partnerships which are expected to facilitate additional capital, including specialized funding to implement the Group's strategic initiatives;
- c) additional resourcing - strengthen corporate governance by helping the Group to identify and recruit independent directors and key management personnel, as well as to deepen knowledge in the Group's emerging segments (SME & digital);
- d) access to opportunities for growth - deepen the Group's presence across Eastern Africa through acquisition opportunities;
- e) assist in product and segment diversification - deepen financial inclusion in its respective markets & segments through assisting in developing relevant solutions; and
- f) new partnerships - leverage EAGH's network of past and present portfolio companies to help the Group open up new markets.

4. Information on East Africa Growth Holding (EAGH)

EAGH is a Mauritian domiciled SPV that currently holds 10.70% of the existing ordinary shares in the Company. EAGH's current shareholders consists of three funds collectively known as "AfricInvest. Alongside AfricInvest, the following entities have expressed interest in subscribing for new capital in EAGH:

- The Norwegian Investment Fund for Developing Countries (Norfund) and
- Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO).

About AfricInvest

- AfricInvest is a leading pan-African investment platform active in multiple alternative asset classes, including private equity, venture capital, private credit, blended finance and listed equities. Since inception, the AfricInvest platform has raised over USD 2 billion to finance over 200 companies at various development stages, delivering value and impact for investors, portfolio companies and the communities served.

Norfund

- Norfund is the Norwegian Investment Fund for developing countries, investing to create jobs, improve lives and support the transition to net zero. Norfund is owned and funded by the Norwegian Government and is the Government's most important tool for strengthening businesses that create jobs and reduce poverty in developing countries by providing equity capital and other risk capital.

FMO

- FMO is the Dutch entrepreneurial development bank. FMO was founded in 1970 and is a public-private partnership with 51% of the shares held by the Dutch state and 49% held by commercial banks, trade unions and other members of the private sector.

Part 6 of the full Circular sets out further information on EAGH.

5. Principal Terms of the Investment

EAGH has agreed to subscribe for shares in the Company at a price of KES 48.42, per ordinary share of KES 1.00 per share, making an aggregate investment of between KES 1,694,700,000 and KES 4,188,330,000. This price represents a premium of KES 21.64 per share representing 81% above the volume weighted average daily price at which ordinary shares of the Company traded on the Nairobi Securities Exchange in the period from 18th September 2024 to 31st October 2024 both dates inclusive.

The EAGH Shares will, when issued, have the same rights and be subject to the same obligations as the existing ordinary shares of the Company.

A copy of the Subscription Agreement is available for inspection by shareholders, details of which have been provided in Section 9.4 below.

6. Effect of Investment on Existing Shareholders

If the Proposed Subscription is successfully completed, each existing shareholder of the Company will continue to own the same number of ordinary shares that they hold currently. However, because the aggregate number of ordinary shares in issue will increase from 1,653,621,476 up to 1,740,121,476 (an increase of up to 4.97% of the expanded capital) the shareholding percentage that each shareholder (other than EAGH) owns in the Company will be diluted.

The Board has considered the dilutive impact of the Proposed Subscription on the shareholders of the Company and believes that this will be offset by the incremental consolidated earnings anticipated as a result of deploying the proceeds of the Proposed Subscription in interest-earning assets in the short-term and in the enhanced growth of the Group's businesses in the medium- to long-term.

Current Shareholders*	Number of Shares*	% Shareholding*	Number of Shares	% Shareholding
Minard Holdings Limited	357,035,864	21.6%	357,035,864	20.5%
Tecoma Limited	304,179,232	18.4%	304,179,232	17.5%
Ziyungi Limited	294,662,000	17.8%	294,662,000	16.9%
EAGH	176,915,300	10.7%	263,415,300	15.1%
Bhagwanji Raja Charitable Trust Foundation The Registered Trustees	42,270,120	2.6%	42,270,120	2.4%
Investments & Mortgages Nominees Ltd A/c 0001229	34,024,744	2.1%	34,024,744	2.0%
Investments & Mortgages Nominees Ltd A/c 0004047	33,581,872	2.0%	33,581,872	1.9%
Blanford Investments Limited	18,314,408	1.1%	18,314,408	1.1%
Lombard Holdings Limited	14,745,448	0.9%	14,745,448	0.8%
Sentinel investments Limited	13,847,972	0.8%	13,847,972	0.8%
Others	364,044,516	22.0%	364,044,516	20.9%
Total	1,653,621,476	100.0%	1,740,121,476	100.0%

*As of 30 September 2024

7. Effect of the Investment on Financial Statements

The Company's intends to deploy the subscription proceeds to grow the Group's business activities with the aim of achieving its strategic ambitions set out under the iMara 3.0 strategy including the aspiration to increase its market share on the region and grow shareholder value.

However, until the funds are fully deployed, the Group companies will invest the additional capital in short-term investments to yield interest and other investment income. The table below sets out a pro-forma statement of financial position of the Company assuming that the investment of up to a maximum of 86,500,000 new ordinary shares by EAGH had been completed as of 1st January 2024.

Pro-forma impact on I&M Group Financial Position

All Figures in KES '000	BEFORE TRANSACTION Published Financials as at 30 September 2024 (unaudited)	Allotment of new shares and receipt of cash proceeds	AFTER TRANSACTION I&M Group statement of financial position post transaction
ASSETS			
Cash and Bank Balances	31,779,498		31,779,498
Kenya Government and other securities held for dealing purposes	-		-
Financial Assets at fair value through profit or loss (FVTPL)	548,458		548,458
Investment Securities:	-		-
a) Held at amortised cost:	-		-
a. Kenyan Government Securities	40,766,131	4,188,330	44,954,461
b. Other securities	50,436,414		50,436,414
b) Fair value through other comprehensive income (FVOCI)	0		-
a. Kenyan Government Securities	55,422,143		55,422,143
b. Other securities	10,067,219		10,067,219
Deposits and Balances due from banking institutions (local and foreign)	50,984,097		50,984,097
Loans and advances to customers (net)	281,342,126		281,342,126
Investment in joint ventures	6,496,974		6,496,974
Other assets	39,876,226		39,876,226
Total Assets	567,719,286	4,188,330	571,907,616
LIABILITIES			
Balances due to central banks	16,023,735		16,023,735
Customer deposits	413,806,089		413,806,089
Deposits and balances due to local & foreign banking institutions	17,124,329		17,124,329
Borrowed funds	13,919,016		13,919,016
Other liabilities	12,735,470		12,735,470
Total Liabilities	473,608,639		473,608,639
SHAREHOLDERS' EQUITY			
Paid up/Assigned share capital	1,653,621	86,500	1,740,121
Share premium (discount)	17,561,629	4,101,830	21,663,459
Revaluation reserves - (Buildings)	1,240,170		1,240,170
Retained earnings/(Accumulated loss)	59,976,763		59,976,763
Statutory loan loss reserves	11,979,608		11,979,608
Other reserves	-4,952,419		-4,952,419
Proposed dividends	2,149,708		2,149,708
Translation reserve	-1,992,920		-1,992,920
TOTAL SHAREHOLDERS' EQUITY	87,616,160	4,188,330	91,804,490
Non controlling interest	6,494,487		6,494,487
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	567,719,286	4,188,330	571,907,616

The dilutive impact of the increase in issued share capital on earnings per ordinary share will not be material. In particular, the Board believes that the dilutive effect will be fully offset by the incremental earnings arising from the returns resulting from the projected expanded scale of business and the entry into high growth markets. Consequently, it is projected that the Proposed Subscription's impact on earnings will be favourable in the medium-term to long-term.

All Figures in KES '000	BEFORE TRANSACTION I&M Group published income statement as at 30 September 2024	Illustrative incremental income assuming proceeds had been in Government Securities	AFTER TRANSACTION I&M Group income statement post transaction
Summarized Income Statement			
Net Interest Income	26,280,050	428,305	26,708,355
Non-Interest Income	9,484,800	-	9,484,800
Total Operating Income	35,764,850	428,305	36,193,155
Provisions	5,499,721	-	5,499,721
Net Operating Income	30,265,129	428,305	30,693,434
Total Expenses	16,862,303	-	16,862,303
Profit before tax and Exceptional Items	13,402,826	428,305	13,831,131
Share of profit of joint Venture	711,980	-	711,980
PROFIT/(LOSS) AFTER EXCEPTIONAL ITEMS	14,114,806	428,305	14,543,111
Tax	(4,168,421)	(126,488)	(4,294,909)
PROFIT/(LOSS) AFTER TAX AND EXCEPTIONAL ITEMS	9,946,385	301,817	10,248,202
Non-controlling interest	(778,093)	-	(778,093)
PROFIT/ (LOSS) AFTER TAX, EXCEPTIONAL ITEMS AND NON CONTROLLING INTEREST	9,168,292	301,817	9,470,109
OTHER COMPREHENSIVE INCOME			
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,734,570	301,817	3,036,387
Earnings per share - BASIC (KSHS)	5.54		5.54
Weighted Average Shares	1,653,621,476		1,740,121,476

8. The General Meeting and Resolutions

Notice of the General Meeting to be held virtually on **Tuesday 10th December 2024 from 10.00 a.m.** A summary is set out below, but please note that this does not contain the full text of the Resolutions, and the Section should be read in conjunction with the Resolutions in the Notice of the General Meeting.

Ordinary Resolutions

- Agenda item No. 1 - Authority to allot shares
- Agenda item No. 2 – Increase in share capital
- Agenda item No. 3 – Subscription of up to Eighty-Six Million Five Hundred Thousand (86,500,000) new ordinary shares in the Company by East Africa Growth Holding

Special Resolutions

- Agenda item No.4 – Disapplication of pre-emption Rights
- Agenda item No. 5 – Amendments to Company's Articles of Association

9. Actions to be taken with respect to the General Meeting

In accordance with Article 56 of its Articles of Association, the General Meeting will be held virtually on **Tuesday 10th December 2024, 10.00 a.m.**

9.1 Registration

To participate in the General Meeting, Shareholders are requested to register using either of the following:

a. Through the web portal

By logging onto <http://imbank.vimeet.live> filling in the registration form. In order to complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC or Share Account Number at hand. For assistance shareholders should dial the following helpline number: +254 709 170 000/+254 735 565 666 between 9:00 a.m. to 4:00 p.m. from Monday to Friday.

b. Unstructured Supplementary Service Data (USSD)

By dialing *483*816# and following the prompts. In order to complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC or Share Account Number at hand. For assistance shareholders should dial the following helpline number +254 709 170 000/+254 735 565 666 between 9:00 a.m. to 4:00 p.m. from Monday to Friday. The USSD service cost will be borne by the Company.

Registration for the General Meeting opens from **21st November 2024 at 8.00 a.m.** and shall remain open to any Shareholder wishing to participate in the meeting.

9.2 Proxies

In accordance with Section 298(1) of the Companies Act, shareholders entitled to attend and vote at the General Meeting are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company but if not the Chairman of the General Meeting, the appointed proxy will need access to a mobile telephone.

A proxy form is available on the Company's website via this link: <https://www.imbank.com/about-us/i-and-m-holdings/investor-relations>. Physical copies of the proxy form are also available at the following address: Image Registrars Ltd,5th Floor, Absa Towers, Loita Street P. O. Box 9287-00100 Nairobi.

A proxy must be signed by the appoint or or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under the hand of an officer or duly authorized attorney of such body corporate. A completed form of proxy should be emailed to IMBankAgm@image.co.ke or delivered to Image Registrars Ltd, 5th Floor, Absa Towers, Loita Street P. O. Box 9287-00100 Nairobi, so as to be received not later than **06th December 2024 by 5.00 p.m.** Any shareholder appointing a proxy must provide the phone number, Identity Card Number and e-mail address of the proxy on the proxy form. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than **08th December 2024** to allow time to address any issues.

All proxies should register using either the web portal or USSD. When registering, the proxy will be required to use their identity card/Passport Number. For further assistance, Proxies may call Image Registrars Ltd +254 709 170 000/ +254 709 170 060.

9.3 Attendance and Voting

The General Meeting will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the general meeting. Duly registered shareholders and proxies shall be able to join the meeting either by logging into the system using their registration credentials or following proceedings on the link to be shared.

Duly registered shareholders and proxies may follow the proceedings of the General Meeting using the live stream platform. Duly registered shareholders and proxies may vote (when prompted by the Chairman) for resolutions on a panel provided next to the live stream screen or via the USSD prompts.

9.4 Documents for Inspection

In accordance with Section 283 (2) (c) of the Companies Act, the following documents may be viewed on the Company's website at <https://www.imbank.com/about-us/i-and-m-holdings/investor-relations>

- a copy of this Notice and the proxy form;
- a Circular to Shareholders;
- the Company's audited financial statements for the five financial years ended 31st December 2023;
- the proposed amended articles of association of the Company

Copies of the following documents will be made available for inspection by shareholders, free of charge, at the Company's offices at 1 Park Avenue, 1st Parklands Avenue, Nairobi between 9:00a.m and 5:00pm, Monday to Friday (except public holidays) from the date hereof until the date of the general meeting:

- a copy of this Notice and the proxy form;
- a Circular to Shareholders;
- the Company's audited financial statements for the five financial years ended 31st December 2023;
- the proposed amended articles of association of the Company
- the Share Subscription Agreement
- the resolution of the Board of 15th October 2024, authorizing the entry into and signature of the Share Subscription Agreement by the Company; and

10. Directors' Recommendation

The Board is satisfied that the Proposed Subscription will support the Group's efforts in achieving its strategic objectives of sustainable growth and geographic expansion. This will be accomplished by leveraging on its existing strengths, rolling out of innovative products and financial solutions to support the growing customer base and continued investments in its people, processes and systems thereby enhancing the value for its shareholders and other stakeholders.

On this basis, the Directors unanimously recommend that the shareholders vote in favour of the resolutions, details of which are contained in the Notice of the GM.

11. Timetable

EVENT	KEY DATES
Latest time to return proxy forms for the General Meeting	06th December 2024 by 5.00 p.m.
General Meeting	10th December 2024
Press Announcement of outcome of the GM	11th December 2024
Completion of the Subscription	31st March 2025

 Advisor to the Board	 Auditor
 Legal Advisor to the Company	 Registrars

Signed on behalf of the Company



Bilha Wanjiru Mwangi
Company Secretary,
P.O. Box 51922-00100,
Nairobi.

Dated
20th November 2024