



## Frequently Asked Questions – Proposed Capital Raise of up to 86,500,000 Shares

### 1. What is the purpose of the Proposed Capital Raise?

The proposed capital raise is to support the strategic direction of the Group as envisioned under its renewed 3-year strategy – iMara 3.0. As part of the capital raise, the funds will be applied towards

- 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.

### 2. Who will be allocated the new shares issued?

This is not a Rights Issue. In this proposed capital raising exercise, only one shareholder – East African Growth Holding (EAGH) will be allotted the new shares issued. EAGH currently holds 10.70% of existing shares in the Company. On conclusion of the proposed capital raise exercise, EAGH will hold 15.14% of the shares in I&M Group Plc.

### 3. Who is EAGH?

EAGH is a Mauritian-domiciled SPV that currently holds 10.70% of the existing ordinary shares in the Company. EAGH’s current shareholders consist of three funds collectively known as “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 its 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.

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**)

#### **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.

4. Will the subscription of the ordinary shares dilute my current shareholding?

Yes, the subscription will dilute the current shareholding of all shareholders except EAGH, who will be allotted the new shares. Once the maximum amount has been subscribed for, the existing shareholders will be diluted to the extent of 4.97% of the expanded share capital.

Details of the pre and post-subscription shareholding have been set out under Section 7 of the Circular. The Circular can be downloaded from the I&M Website - <https://www.imbankgroup.com/investor-relations/shareholder-meetings/> or the EGM Portal.

5. What does this mean for the minority shareholders? What protections are in place for minority shareholders' interests, particularly regarding future capital-raising exercises?

All existing shareholders will be diluted as a result of this proposed capital raise exercise. Once the maximum amount has been subscribed for, the existing shareholders will be diluted to the extent of 4.97% of the expanded share capital.

Any future capital raise beyond this point will follow similar considerations and due governance processes.

6. Why did the Group not consider a Rights Issue instead of issuing shares to one shareholder?

At the start of 2024, the Group embarked on its updated strategy set to run until 2025 which includes increasing the Group's distribution network and physical presence in order to be closer to its customers while maintaining seamless service via digital solutions.

Keeping in mind the options available to the Company to fund and support the envisioned projected growth, the Board believes that an equity investment by a well reputed and professionally managed Africa-focused private equity investor is in the best interests of the Group, its shareholders and other stakeholders. The Board is confident that the Proposed Subscription offers an efficient, valueadditive and advantageous way of raising additional capital and meeting the Group's requirements.

In particular, Africinvest, FMO and Norfund who will become ultimate shareholders of the Company are strategic partners supporting the Group in terms of expertise, network and know-how to help the Group achieve its ambition. The benefits of the partnership with EAGH should, in future, translate for improved value for all shareholders.

7. What informed the price of KES 48.42 per share?

The price per share was based on the due diligence undertaken by EAGH, their view on the projected growth and performance of the business and negotiations between the Group and EAGH. The new shares are proposed to be issued at a price of KES 48.42 per share, which represents a significant premium of 101% over the 180-day volume-weighted average trading price.

8. What is the future of I&M Group?



Under our renewed strategy, iMara 3.0, the Group's strategic objective remains to be the Eastern Africa's Leading Financial Partner for Growth.

This is expected to be achieved through 3 key pillars: (i) Strengthening Corporate and commercial segments, (ii) Leveraging emerging segments – Retail and SMEs and (iii) Partnerships through the Ecosystems.

I&M's new transformative retail strategy is focused on scaling phygital experiences through face-to-face distribution infrastructure and leveraging digital and strategic partnership initiatives to deepen financial inclusion in Kenya. This is coupled with its branch expansion initiative, where the Bank aims to reach 100 branches by the end of 2026. In line with its innovative philosophy, the bank is also opening branches constructed from end-of-life containers which are fully solar-powered and thus self-sustaining.

The Bank is working to get to one million customers by 2026, and digitisation is critical to achieving this objective. To support this, the Bank has made significant investments in technology, which enabled it to launch innovative digital solutions such as free bank-to-mobile wallet (M-PESA and Airtel Money) transfers for individuals and small business owners, as well as more traditional banking products, including the largest unsecured personal loan in the market.

The future is bright and full of exciting plans for I&M Bank. Alongside the strategic aspiration, our three-year objectives include impacting 10 million lives by 2026 and incorporating responsible and sustainable practices at all levels of operation and business.

9. Does EAGH have a board seat and what is the impact of this on the Group's strategic direction?

Yes, EAGH has a board seat as a result of the continuation of the rights that were passed on from BII to EAGH following the sale by BII of all its shares in I&M Group Plc to EAGH

EAGH is supportive of the Group's iMara 3.0 strategy, and all strategic decisions will be made unanimously.

10. Will there be a change to the dividend policy?

The Group intends to maintain its dividend policy.