

**IMPORTANT ANNOUNCEMENT ANNUAL GENERAL MEETING APPROVALS****NATIONAL BANK OF KENYA LIMITED**

(Incorporated in Kenya on 19/06/1968 under the repealed Companies Act (CAP.486)  
Registration Number C.7763

**SHAREHOLDERS APPROVAL OF THE SPECIAL BUSINESS FORMING THE AGENDA FOR THE AGM**  
(This announcement is for information purposes only)

The Directors of the National Bank of Kenya Limited ('NBK' or "Company") are pleased to inform the Company's shareholders and the investing public and customers that the 50<sup>th</sup> Annual General Meeting (AGM) of the shareholders held on 14th June 2019 resolved to adopt the Special Business forming the AGENDA for the AGM as follows:

**1. Approval of Re-designation of Non-Cumulative Preference Shares as Ordinary Shares:**

- a) "THAT subject to receipt of requisite regulatory approvals and completion of the proposed take-over of the Company by KCB Group Plc or competing take-over offer (if any) and with effect from the completion date, each of the one billion two hundred million (1,200,000,000) Non-Cumulative Preference Shares of Kenya shillings five (Kshs 5.00) only each being part of the Company's share capital, be and are hereby re-designated as one (1) ordinary share of Kenya shillings five (Kshs 5.00) only each to rank pari passu in all respects with the existing ordinary shares in the share capital of the Company. Consequently upon this resolution becoming effective, the rights attaching to the Non-Cumulative Preference Shares shall automatically be extinguished."
- b) "THAT it be noted that the Cabinet Secretary to the National Treasury and the National Social Security Fund currently hold nine hundred million (900,000,000) and two hundred and thirty five million (235,000,000) Non-Cumulative Preference Shares respectively, and that upon completion of the proposed take-over of the Company by KCB Group Plc or competing take-over offer (if any) as envisaged in resolution 1(a) above the said Non-Cumulative Preference Shares shall be re-designated as ordinary shares to rank pari passu in all respects with the existing ordinary shares in the share capital of the Company."
- c) "THAT the Directors of the Company are authorized to sign all documents and to do all such things as may be necessary to give effect to the above resolutions."

**2. Alteration of the Memorandum and Articles of Association of the Company:**

- a) "That subject to completion of the proposed take-over of the Company by KCB Group Plc occurring and with effect from the completion date, the Memorandum of Association of the Company be amended by deleting in its entirety Section 36 of the Memorandum of Association and substituting therefor with the following narration:  
"The Share capital of the Company is Kenya Shillings thirteen billion (Kshs13,000,000,000.00) divided into two billion, six hundred million (2,600,000,000) ordinary shares of Kenya Shillings five (Kshs5.00) only each."
- b) "That subject to completion of the proposed take-over of the Company by KCB Group Plc occurring and with effect from the completion date, the Articles of Association of the Company be amended by deleting in its entirety Article 2 of the Articles of Association and substituting therefor with the following narration:  
"The Share capital of the Company is Kenya Shillings thirteen billion (Kshs13,000,000,000.00) divided into two billion, six hundred million (2,600,000,000) ordinary shares of Kenya five Shillings (Kshs5.00) only each."
- c) "THAT the Directors of the Company are authorized to sign all documents and to do all such things as may be necessary to give effect to the above resolutions, subject to receipt of all the regulatory and shareholder approvals as set out in resolutions 1 and 2 above".

Commending shareholders for the approvals, NBK Chairman Mohamed Hassan said that NBK is a good bank, with very strong and supportive shareholders and customers. The bank also receives significant support from regulators. According to the Chairman, KCB's rationale for making an Offer to the NBK shareholder is predicated on several factors, the more important ones being:

1. KCB employs a business model that similar to NBK and as such there might be several synergies from a business combination, which if unlocked may create immense value for the shareholders of both banks.
2. Both NBK and KCB Bank Kenya Limited are strong banks in the Kenyan market having the GOK and NSSF as shareholders.
3. Both banks have a long history in the Kenyan market with a strong track record of serving customers which has contributed greatly to the development of the country.
4. The successful completion of this transaction will augment the government policy of sector consolidation whose aim is to create strong banks that will support the realization of the medium-long term development goals of the Vision 2030.
5. NBK will continue to operate as a separate subsidiary of KCB (for a while) and therefore service delivery to its customers will remain un-interrupted.
6. The combined balance sheets of the two banks will increase the capital capacity of both banks.

He added: "The management and staff of NBK have our full support as they continue delivering solutions to customers. The preservation of value remains the most important tenet for all the stakeholders and the board is working with management to ensure that ongoing business initiatives continue unabated."

In terms of the next steps, NBK expects to receive a Take-Over Bid by KCB in due course, which will be analysed to permit the Board to give appropriate recommendations to the shareholders. Competing Bids may also be received, which would also be analysed to permit the Board to make recommendations to the shareholders. It should be noted that shares are personal to the individual shareholders and therefore the respective shareholders will make their own decisions.

Finally, the completion of the proposed transaction as a result of KCB's Take-Over Bid or a Competing Bid is subject to NBK's shareholders acceptance as well as regulatory approvals from, amongst others, the Capital Markets Authority, the Central Bank of Kenya, and the Competition Authority of Kenya.

**By Order of Board of Directors**  
**National Bank**  
Date: 14 June 2019