



**CO-OPERATIVE BANK**

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**CIRCULAR TO SHAREHOLDERS**

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## **1. HIGHLIGHT ON CMA REQUIREMENTS**

### **THE CO-OPERATIVE BANK OF KENYA LIMITED**

*(Incorporated in the Republic of Kenya on 3 July 2008 under Companies Act (Cap. 486))  
Registration Number C. 23/2008*

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### **CIRCULAR TO SHAREHOLDERS**

**In respect of the proposed corporate reorganization of The Co-operative Bank of Kenya Limited and its subsidiaries**

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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

This Circular (the “Circular”) has been issued by The Co-operative Bank of Kenya Limited (the “Company”) and has been prepared in accordance with the requirements of the Capital Markets Act (Cap. 485A of the Laws of Kenya), the Capital Markets (Public Offers, Listing and Disclosures) Regulations, 2023 and the Listing Rules of the Nairobi Securities Exchange.

Approval has been obtained from the Capital Markets Authority (“CMA”) in respect of the compliance of this Circular with the applicable disclosure requirements. As a matter of policy, the CMA assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Circular. Approval of this Circular by the CMA is not to be taken as an indication of the merits of the transaction contemplated herein or as a recommendation to shareholders of the Company.

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm that, having made all reasonable enquiries, to the best of their knowledge and belief, there are no material facts the omission of which would make any statement contained herein misleading.

This Circular relates to resolutions to be considered at the Eighteenth Annual General Meeting (“AGM”) of the Company to be held via electronic communication on Friday, 15<sup>th</sup> May 2026 at 11.00 a.m.

If you are a shareholder and are unable to attend the AGM, you are entitled to appoint a proxy to attend and vote on your behalf. A proxy need not be a member of the Company. To be valid, a duly completed form of proxy must be submitted in accordance with the instructions set out in the Notice of AGM and must be received not later than 11.00 a.m. on 13<sup>th</sup> May 2026, being 48 hours before the time appointed for the holding of the AGM or any adjournment thereof.

If you have sold or otherwise transferred all your shares in the Company, please ignore this Circular.

The proposals described in this Circular are subject to the approval of the relevant regulatory authorities including the Central Bank of Kenya, the Capital Markets Authority and such other regulators as may be required under applicable law.

*If you are in any doubt about the action you should take in relation to the matters described in this Circular, you are advised to seek independent professional advice from your stockbroker, investment adviser, accountant, banker, lawyer or other professional adviser.*

## 2. LETTER FROM THE CHAIRMAN

April 30, 2026

Dear Shareholder,

### **PROPOSED REORGANIZATION OF THE COMPANY INTO A NON-OPERATING HOLDING COMPANY STRUCTURE**

#### **2.1 Introduction**

The Co-operative Bank of Kenya Limited is a public listed company incorporated in Kenya and licensed by the Central Bank of Kenya to conduct commercial banking business.

The Bank was listed on the Nairobi Securities Exchange in year 2008, wherein with the unique shareholding by the over 15 million Co-operative movement through Co-opholdings Co-operative Society Limited (64.5%), the Bank was given an exemption by the Central Bank of Kenya on the legal requirement that **NO** single shareholder can hold more than 25% shareholding in the Bank.

This exemption is ending **in August 2026**, and the Bank has hence started the legal process of aligning the structure in line with Section 13 (1) (e) of the Banking Act that has since provided a clear guideline in the industry for banks forming Non Operating Holding Companies (NOHC).

Co-op Bank Group has a Universal banking model providing commercial banking, investment services, consultancy, bancassurance and other financial services within Kenya and the Region

The Board of Directors in accordance with Section 13(1)(e) of the Banking Act (Cap. 488, Laws of Kenya) and the applicable Prudential Guidelines issued by the Central Bank of Kenya **APPROVED** the implementation of a Non-Operating Holding Company (NOHC) model that is expected to synergize the group operations for further growth and expansion.

On behalf of the Board of Directors, I am pleased to invite you to consider and approve the proposed reorganization of the Company and its subsidiaries into a Group structure comprising a non-operating holding company at the apex (the “**Reorganization**”).

The Reorganization proposed structure is as hereunder;-

- a. The Co-operative Bank of Kenya Ltd will be renamed as **CO-OPBANK GROUP PLC** as a Non-Operating Holding Company that will own all the group operations and will remain as the listed entity at the Nairobi Securities Exchange.
- b. A new banking business subsidiary will be incorporated; **CO-OP BANK KENYA LTD (the “NewBank”)** to carry over the Kenyan Banking Operations currently carried on by the Bank.
- c. The transfer of the Company’s banking business, including certain assets, liabilities, rights and obligations, to the NewBank as a going concern;
- d. The amendment of the Company’s constitutional documents to reflect its status as a non-operating holding company.
- e. This corporate re-organization is subject to shareholders approval at the next AGM in May 2026, and necessary statutory approvals from the Central Bank of Kenya, Capital Markets Authority and other regulatory agencies.

This group model alignment is intended to ensure regulatory compliance with Central Bank of Kenya guidelines, enhance operational efficiency, strengthen governance and oversight at the group level, and provide a robust platform for sustainable growth and regional expansion, while ring-fencing risks across different business lines and jurisdictions within the Group; notably it’s a scalable platform for expansion into diversified financial services and other regional markets.

The purpose of this Circular is to provide you with information on:

- i) The details of the proposed Reorganization;
- ii) The approvals being sought from shareholders in respect of the Reorganization; and
- iii) The recommendation of the Board.

This Circular has been issued in accordance with Regulation 79,80 & 81 of the Capital Markets (Public Offers, Listing and Disclosures) Regulations, 2023. Paragraph 14.6 of the Thirteenth Schedule (Continuing Obligations) thereof requires the Company to obtain approval of shareholders for any such reorganization as follows;

*An issuer shall obtain approval of shareholders for any:*

*14.6.1. acquisition of shares of another company or any transaction resulting in such other company becoming a subsidiary or related company of the issuer in which the investment of the issuer is of a value exceeding ten percent of the net asset value of the issuer;*

*14.6.2. sale of shares in another company resulting in that company ceasing to be a subsidiary of the issuer where the value of such sale is more than ten percent of the net asset value of the issuer; or*

*14.6.3. otherwise, than in the ordinary course of business, disposal of the assets involving twenty-five per cent or more of the value of the total assets of the issuer; and shall make a public announcement of the fact. For purposes of the shareholders' approval, an issuer shall issue a circular to obtain approval of shareholders subject to regulation 71.*

As highlighted the Reorganization is subject to the receipt of all requisite regulatory, statutory and third-party approvals, including approvals from the Central Bank of Kenya, the Capital Markets Authority and the Cabinet Secretary to the National Treasury and Economic Planning. The Company will continue to be listed.

Pursuant to the applicable provisions of the Companies Act, 2015 and the Articles of Association of the Company, the approval of shareholders is required for the implementation of the Reorganization. Accordingly, the Directors are seeking your approval of the resolutions set out in this Circular.

## 2.2 Rationale and Justification for the Reorganization

The proposed Reorganization is being undertaken in order for the Company to ensure regulatory compliance requirements under Section 13 (1) (e) of the Banking Act (Cap. 488) and the Prudential Guidelines issued by the Central Bank of Kenya relating to non-operating holding company structures and evolving best practice in the banking sector.

The Board appreciates that the Reorganization will, inter alia:

- a. Ensure regulatory compliance with Section 13 (1) (e) of the Banking Act (Cap. 488) and the Prudential Guidelines issued by the Central Bank of Kenya by aligning the Group's structure with the requirements for banking groups operating under a non-operating holding company model;
- b. Provide a strong foundation for sustainable growth, improved governance and enhanced stakeholder value; notably it's a scalable platform for expansion into diversified financial services and other regional markets
- c. Facilitate improved oversight and governance by clearly separating the banking business from non-banking activities within the Group;
- d. Strengthen risk management through the ring-fencing of the banking business within a dedicated, licensed banking subsidiary;
- e. Provide a scalable and flexible structure to support the Group's long-term growth, diversification and strategic initiatives; and
- f. Position the Group to respond more effectively to changes in the regulatory and operating environment.

The Reorganization **will not** affect the shareholding of the Company, and shareholders will continue to hold their shares in the entity that will serve as the non-operating holding company of the Group.

### 2.3 Recommendation

The Board of Directors, having considered the terms and implications of the proposed Reorganization, is of the opinion that the Reorganization is in the best interests of the Company and its shareholders.

Accordingly, the Board recommends that shareholders vote in favour of the resolutions required to implement the Reorganization at the forthcoming Annual General Meeting.

Yours faithfully,

Mr. John Murugu - OGW  
Chairman  
For and on behalf of the Board of Directors  
The Co-operative Bank of Kenya Limited

### 3. SUMMARY

The purpose of this Circular is to provide Shareholders with all relevant background information regarding the Special Resolutions in advance of the Annual General Meeting (“AGM”) where they will be required to consider, and if thought fit, pass the Special Resolutions relating to the proposed reorganization of the Company into a non-operating holding company structure (the “Reorganization”).

#### 3.1 Resolutions

At the Eighteenth Annual General Meeting of The Co-operative Bank of Kenya Limited to be held on Friday, 15<sup>th</sup> May 2026 via electronic means, Shareholders will be required to consider and, if thought fit, pass the following Special Resolutions:

##### **Reorganization into a Non-Operating Holding Company Structure**

- i) ***THAT***, subject to obtaining all necessary regulatory, statutory, and third-party approvals (including but not limited to the approval of the Cabinet Secretary to the National Treasury of Kenya, the Central Bank of Kenya and the Capital Markets Authority), the proposed reorganization of The Co-operative Bank of Kenya Limited (“**The Company**”) and its subsidiaries and relevant associates into a Group structure comprising a Non-Operating Holding Company (NOHC) at the apex in accordance with Section 13(1)(e) of the Banking Act (Cap. 488, Laws of Kenya) and the applicable Prudential Guidelines issued by the Central Bank of Kenya (“**CBK**”) (“**the Reorganization**”) be and is hereby **APPROVED**.
- ii) ***THAT***, subject to the grant of an NOHC licence by the CBK, the Company be converted from an operating commercial bank into a Non-Operating Holding Company in accordance with Section 13(1)(e) of the Banking Act (Cap. 488, Laws of Kenya) and the applicable Prudential Guidelines issued by the Central Bank of Kenya under the name Co-opbank Group PLC.

iii) **THAT**, upon the successful transfer of the banking business of the Bank by the Company to the NewBank, the Company (as NOHC) shall change its name to **“Co-opbank Group PLC”**, subject to the approval of the Registrar of Companies.

#### **Incorporation of Subsidiary (NewBank)**

iv) **THAT** the incorporation of a wholly owned subsidiary of the Company for the purpose of taking over, undertaking and carrying on the banking business currently conducted by the Company, to be named **“Co-op Bank Kenya Limited”** (the “NewBank”), subject to the approval of the Registrar of Companies, be and is hereby **RATIFIED** and **APPROVED**.

v) **THAT** the initial core capital of the NewBank shall be **Kshs 20 Billion** divided into **200 Million** ordinary shares of **Kshs 100** each, all of which shall be issued to and held by the Company.

vi) **THAT** any two Directors of the Company, or any one Director and the Company Secretary, be and are hereby authorized to execute all incorporation documents and the constitution/articles of association of NewBank on behalf of the Company.

#### **Regulatory Applications and Engagement**

vii) **THAT** the Board of Directors and the senior management of the Company be and are hereby authorized to:

a) Apply for and pursue the grant of an NOHC License for the Company pursuant to the Banking Act and CBK Prudential Guidelines.

b) Seek all necessary licences, approvals, consents or no-objection letters from the CBK, Capital Markets Authority, Insurance Regulatory Authority, Competition Authority of Kenya, and any other applicable domestic or regional regulator; and

c) Undertake all regulatory engagements necessary to give effect to the Reorganization.

## Amendment of Memorandum and Articles of Association

viii) **THAT**, upon the Company being converted into a NOHC, the existing Memorandum and Articles of Association of the Company be amended by the adoption of the draft new Articles of Association presented to the meeting in place of the existing Memorandum and Articles of Association in order to, *inter alia*: -

- reflect the Company's status as an NOHC;
- align the Company's objects and governance framework with the NOHC Structure and modernize the Articles of Association in light of the Companies Act, No. 17 of 2015 and best practices; as more particularly set out in the draft Amended Articles of Association presented before the Meeting.

## Transfer of Business

ix) **THAT**, subject to the approval of the Cabinet Secretary to the National Treasury and Economic Planning of Kenya pursuant to Section 9 of the Banking Act, and the CBK, the Company be and is hereby **AUTHORIZED** to transfer its banking and related business, including such assets, employees, liabilities, rights and obligations to the NewBank as a going concern pursuant to a Business Transfer Agreement to be entered into between the Company and the NewBank (Co-op Bank Kenya Limited), on such terms and for such consideration and at such time as the Board may approve and as shall be set out in the said Business Transfer Agreement. Without prejudice to the foregoing, the consideration for the transfer of the said banking business shall include the allotment to the Company of the entire issued share capital of NewBank.

x) **THAT** upon transfer of the business from the Company to the NewBank pursuant to the Business Transfer Agreement, the Company shall cease to conduct banking business and shall operate solely as a non-operating holding company in accordance with Section 13(1)(e) of the Banking Act (Cap. 488, Laws of Kenya) and the applicable Prudential Guidelines issued by the Central Bank of Kenya.

- xi) **THAT** the Board of the Company be and is hereby authorized to execute all agreements, deeds, instruments and documents, and to take all actions necessary or incidental to implement the Reorganization, including the transfer or novation of contracts, migration of systems, and transfer of assets and liabilities.
- xii) **THAT** any actions of 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 the same are hereby in all respects ratified, confirmed and approved as the authorized actions of the Company.

### General Authority

- xiii) **THAT** any actions taken by any Director or officer of the Company prior to or subsequent to the passing of these resolutions in connection with the Reorganization be and are hereby ratified, confirmed and approved.

The Notice of the Eighteenth Annual General Meeting has already been published alongside this Circular and is available on the Company's website.

### 3.2 Key Events

Date	Activity
21 <sup>st</sup> April 2026	Board approval of the Reorganization
23 <sup>rd</sup> and 24 <sup>th</sup> April 2026	Publication of the Notice of AGM
[insert date]	Publication of this Circular
15 <sup>th</sup> May 2026	Annual General Meeting
[T.B.A]	Regulatory approvals (CBK, CMA and other regulators)
[T.B.A]	Incorporation and licensing of NewBank
[T.B.A]	Transfer of banking business to NewBank
[T.B.A]	Conversion of the Company into a Non-Operating Holding Company
[T.B.A]	Effective date of the Reorganization

**Notes:**

- i) The above timetable is indicative and subject to receipt of all regulatory approvals.
- ii) Any changes to the timetable will be communicated to shareholders through appropriate public announcements.
- iii) All references to time in this Circular are to East Africa Time (EAT).

**3.3 Action Required with Respect to the Form of Proxy**

Shareholders who are unable to attend the AGM to be held virtually on Friday, 15<sup>th</sup> May 2026 and who wish to be represented thereat should complete and submit a form of proxy in accordance with the instructions contained in the Notice of AGM.

To be valid, duly completed forms of proxy must be submitted in accordance with the instructions set out in the Notice of AGM and must be received not later than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof.

**3.4 Opinion & Recommendation**

The Board of Directors of The Co-operative Bank of Kenya Limited has considered the terms of the proposed Reorganization and is of the opinion that the Reorganization is in the best interests of the Company and its shareholders.

Accordingly, the Board unanimously recommends that Shareholders vote in favor of the Special Resolutions to be considered at the AGM.

#### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, have been made available for inspection by shareholders of The Co-operative Bank of Kenya Limited during normal business hours at the registered office of the Company. The documents are also available on the Company's website:

- i) A signed copy of this Circular;
- ii) The audited consolidated financial statements of the Company for the year ended 31<sup>st</sup> December 2025 together with the Directors' and Auditors' reports thereon;
- iii) The Notice of the Eighteenth Annual General Meeting and the Form of Proxy;
- iv) The draft amended Articles of Association of the Company;
- v) The draft Articles of Association of the NewBank; and
- vi) Such other documents and information as may be relevant to the Reorganization and as required under applicable law and regulations.

##### **4.1 AUTHORSHIP**

This Circular has been compiled by the Board of Directors of The Co-operative Bank of Kenya Limited.

##### **4.2 DIRECTORS' RESPONSIBILITY**

The Directors of The Co-operative Bank of Kenya Limited, whose names appear below, collectively and individually accept full responsibility for the accuracy of the information contained in this Circular relating to the Company and the proposed Reorganization, and certify that, to the best of their knowledge and belief, there are no facts the omission of which would make any statement herein misleading, and that they have made all reasonable enquiries to ascertain such facts.

The Directors of the Company are:

- a. John Murugu - OGW (Chairman)
- b. Macloud Malonza - MBS, HSC (Vice Chairman)
- c. Dr. Gideon Muriuki - CBS, MBS (GMD & CEO)
- d. Julius Sitienei
- e. Musa Kathanje - OGW
- f. Weda Welton (Mrs)
- g. Wanyambura Mwambia - OGW
- h. Margaret Karangatha (Mrs)
- i. Benedict W. Simiyu
- j. Richard Kimanthi
- k. Wilfred Ongoro, HSC
- l. Godfrey K. Mburia
- m. David Muthigani

By order of the Board



Samuel M. Kibugi  
Company Secretary  
Nairobi  
April 30, 2026.