



Incorporated in Kenya on 29th September 1959 under the Companies Act (Cap 486 of the Laws of Kenya)  
Registration Number C.11/71)

# CIRCULAR TO NOTEHOLDERS

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IN RELATION TO:

Proposed Reorganisation of NIC Bank Limited - Approval for the transfer of the KES. 8,000,000,000 Subordinated Medium Term Note Programme to NIC Bank Kenya PLC, a wholly owned subsidiary of NIC Bank Limited

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# IMPORTANT NOTICE

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

If you have sold or otherwise transferred all your notes that form part of the KES 8,000,000,000 Medium Term Notes issued by NIC Bank Limited (the **Company**) pursuant to a Trust Deed dated 11 August 2014 (the **Notes**), please forward this document as soon as possible to the purchaser or the transferee of such Notes, or to the Company, Note Agents or stockbroker through whom the sale or transfer was effected, for transmission to such purchaser or the transferee. If you sell or have sold or otherwise transferred only some of your Notes, you should retain this document.

If you are currently a Noteholder but are unable to attend the meeting of Noteholders (the **Noteholders' Meeting**) to be held on 11th October 2016 at Serena Hotel in Nairobi at 3.00 p.m, please complete and return the form of proxy accompanying the notice to attend such meeting in accordance with the instructions printed thereon to the Note Registrar, NIC Bank Limited, NIC House, Masaba Road, P.O. Box 44599-00100, Nairobi, Kenya no later than 9.00am Monday 10th October 2016.

This Circular to Noteholders (this **Circular**) is issued by the Company and has been prepared in compliance with the requirements of the Capital Markets Act (Cap. 485A of the Laws of Kenya), The Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002, The Capital Markets (Licensing Requirements) (General) Regulations, 2002 and the Nairobi Securities Exchange Listing Rules. The Capital Markets Authority (the **CMA**) has approved the issue of this Circular.

As a matter of policy, neither the CMA nor the Nairobi Securities Exchange Limited assumes any responsibility for the correctness of any statements or opinions made or reports contained in this Circular. When considering its implications, it is recommended that you seek independent advice from your stockbroker or other professional advisor.

A Notice of the Noteholders' Meeting which is to be held on 11th October 2016 at Serena Hotel in Nairobi at 3.00 p.m is set out at the end of this Circular. A form of proxy for use by Noteholders is also enclosed.

**16th September 2016**

**NIC BANK LIMITED is regulated by the Central Bank of Kenya.**

We refer to the Kenya Shillings Eight Billion (KES 8,000,000,000) Medium Term Note programme (the **MTN**) of NIC Bank Limited (**NIC Bank**) and to the proposed reorganization of NIC Bank (the **Reorganisation**), particulars whereof are summarized below:-

#### **A. The Proposed Reorganisation**

NIC Bank Group (the **Group**) comprises of three banking institutions in Kenya, Uganda and Tanzania that provide an extensive range of banking and related services as well as five non-banking active subsidiaries being NIC Capital Limited, NIC Securities Limited, NIC Insurance Agents Limited, NIC Leasing LLP and NIC Properties Limited. It also has three dormant companies namely National Industrial Credit Trustees Limited, Mercantile Finance Company Limited and The African Mercantile Banking Company Limited.

1. Subject to receipt of regulatory approvals, the Group intends to reorganise to achieve a corporate structure that results in the transfer of the Kenyan banking business assets and liabilities to a new wholly owned subsidiary, NIC Bank Kenya PLC, and the change of NIC Bank into a non-operating holding company (within the meaning of the Banking Act (Chapter 488 of the laws of Kenya)).
2. In order to implement the Reorganisation, NIC Bank proposes to:
  - a) Create a new wholly owned subsidiary company ("New OpCo") of NIC Bank, to be named "**NIC Bank Kenya PLC**";
  - b) Transfer the Kenyan banking business and Net Assets of NIC Bank Limited to the New OpCo and in consideration, receive cash plus allotment of new shares in the New OpCo, whilst retaining investment in other subsidiaries, tax assets and liabilities as well as liabilities relating to unpaid dividends; and
  - c) Convert into a non-operating holding company (within the meaning of the Banking Act) for the Group and be renamed "**NIC Group PLC**".

Please note that by virtue of Section 9 of the Banking Act, the transition of rights and obligations from NIC Bank to NIC Bank Kenya PLC will be by operation of the law and no further act or action is required by or in connection with third parties in order to give effect to the same.

3. As part of the proposed Reorganisation, NIC Bank intends to transfer the MTN including all rights, powers and obligations thereunder from NIC Bank to NIC Bank Kenya PLC. Upon completion of the Reorganisation, NIC Bank Kenya PLC will have the necessary financial and administrative resources and will fulfill the obligations under the MTN. Once all approvals are granted pursuant to Section 9 of the Banking Act, the obligations of NIC Bank under and pursuant to the MTN shall become the obligations of NIC Bank Kenya PLC.
4. We confirm that the change will not have any effect on the principal and interest payments and warrant that upon completion of the Reorganisation, NIC Bank Kenya PLC will be in a position to fully service its obligations under the MTN as and when they fall due.

Further particulars of the Reorganisation are set out in NIC Bank's Circular to its shareholders. A copy of the Shareholders' Circular is enclosed herewith for information purposes only.

## **B. The Enabling Provisions of the Trust Deed**

1. Pursuant to Regulation 4 of the Regulations for the Meetings of Noteholders set out in the Trust Deed dated 11th August 2014 (the **Regulations**), the issuer of the MTN or the Note Trustee may convene a Noteholders' meeting to pass certain extraordinary resolutions.
2. Pursuant to paragraph 17 of the Regulations, the proposed substitution of NIC Bank Kenya PLC for NIC Bank as the principal obligor of the Notes (the **Substitution**) is a matter that requires the approval of the Noteholders by way of an extraordinary resolution.
3. The Quorum will be constituted by at least two Noteholders holding more than three quarters of the aggregate principal amount of the total outstanding Notes.
4. The Substitution requires the approval of not less than three-quarters of the votes cast.

## **C. Noteholders Approval of Substitution**

In accordance with the provisions of the Trust Deed, NIC Bank intends to request for the Noteholders' approval of the Substitution and has, by a Notice to Noteholders bearing the same date as this Circular, convened a meeting of the Noteholders to be held on 11th October at Serena Hotel in Nairobi at 3.00 p.m.

In the event that you have any queries, please do not hesitate to contact the following:-

### **In the case of NIC Bank:-**

David Abwoga  
NIC Bank Limited  
NIC House, Masaba Road  
Upper Hill  
P.O. Box 44599-00100  
Nairobi, Kenya  
Tel: +254 (20) 2888850  
Email:David.Abwoga@nic-bank.com

### **In the case of the Note Trustee:-**

Winnie Jumba  
Deloitte Limited  
Deloitte Place  
Waiyaki Way, Muthangari  
P.O. Box 30029-00100  
Nairobi, Kenya  
Tel: +254 (20) 4230000  
Email: wjumba@deloitte.com

### **In the case of the Note Registrar:-**

Sandie Moturi  
NIC Bank Limited  
NIC House, Masaba Road  
Upper Hill  
P.O. Box 44599-00100  
Nairobi, Kenya  
Tel: +254 (20) 2888000 / 4948000  
Email:sandie.moturi@nic-bank.com

**By order of the Board**

**Livingstone Murage**

**Group Company Secretary**

**16th September 2016**

**NIC BANK LIMITED**

Incorporated in Kenya under the Companies Act (Registration Number C. 11/71)

**NOTICE OF NOTEHOLDERS' MEETING**

**NOTICE IS HEREBY GIVEN** that a **MEETING OF THE HOLDERS OF NOTES** (the **Noteholders**) comprising the KES 8,000,000,000 subordinated medium term note programme issued by NIC Bank Limited (the **Company**) pursuant to a Trust Deed dated 11th August 2014 (the **Notes**) will be held on 11th October 2016 at Serena Hotel in Nairobi at 3.00 p.m to conduct the following business:

1. To table the proxies and note the presence of a quorum.
2. To read the notice convening the meeting.
3. To consider and, if thought fit, to pass the following Resolution as an Extraordinary Resolution:

“THAT subject to receipt of all the necessary approvals and authorisations required by law in connection with the transfer of the Kenyan banking business, assets and liabilities of the Company (excluding investment in other subsidiaries, tax assets and liabilities as well as liabilities relating to unpaid dividends) to a new wholly owned subsidiary of the Company to be created by the Company and named “NIC Bank Kenya PLC” (the **New OpCo**), the substitution of the Company with the New OpCo as the issuer and principal obligor in relation to the Notes, be and is hereby approved.”

**By order of the Board**

**Livingstone Murage**

**Group Company Secretary**

**Notes:**

1. Your attention is drawn to the Noteholders' Circular attached to this Notice and the Shareholder's Circular enclosed. Which is also available on the Company's website; [www.nic-bank.com](http://www.nic-bank.com), which describe the Company's reorganisation in greater detail.
2. A Noteholder entitled to attend and vote at the meeting and who is unable to attend is entitled to appoint a proxy to attend and vote on its, his or her behalf by delivering the completed form of proxy to the Note Registrar, NIC Bank Limited, NIC House, Masaba Road, P.O. Box 44599-00100, Nairobi, Kenya, before 9.00am on Monday 10th October 2016. A proxy need not be a Noteholder.

A proxy form may be obtained from the Company's website at [www.nic-bank.com](http://www.nic-bank.com), registered office of the Company, NIC House, Masaba Road, Plot 209/8182, Nairobi, Kenya between 9.00 a.m. and 4.00 p.m. Monday to Friday (except public holidays) from the date hereof until 9.00am on Monday 10th October 2016.

In case of a Noteholder being a body corporate, the proxy form must be completed under its common seal or signed on its behalf by a duly authorised officer(s) or attorney(s).

**cc. Deloitte Limited**

Deloitte Place Waiyaki Way, Muthangari  
P.O. Box 30029-00100  
Tel: +254 (20) 4230000  
Fax: +254 (20) 4448966  
Nairobi, Kenya  
For the kind attention of Winnie Jumba

**cc. NIC Bank Limited**

NIC House, Masaba Road  
P.O. Box 44599-00100  
Tel: +254 (20) 2888000 / 4948000  
Fax: +254 (20) 2888505  
Nairobi, Kenya  
For the kind attention of Sandie Moturi

**NIC BANK LIMITED**  
**KES 8,000,000,000 SUBORDINATED MEDIUM TERM NOTE PROGRAMME**  
**MEETING OF NOTEHOLDERS**  
**Date of Meeting: 11th October 2016**

**FORM OF PROXY**

I/We \_\_\_\_\_  
CDS A/C No \_\_\_\_\_ of (address) \_\_\_\_\_  
being the holder(s) of Note(s) with an aggregate outstanding principal value of KES \_\_\_\_\_  
\_\_\_\_\_ (amount outstanding under the Note(s)) appoint \_\_\_\_\_  
\_\_\_\_\_ of (address) \_\_\_\_\_  
\_\_\_\_\_ or, failing him/her the duly appointed Chairman  
of the meeting, to be my/our proxy, to vote on my/our name(s) and on my/our behalf at the Meeting of  
Noteholders to be held on 11th October 2016 at Serena Hotel in Nairobi at 3.00 p.m, or at any adjournment  
thereof, in such manner as my/our proxy shall think proper, and if expedient to demand a poll.

As witness to my/our hands this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Signature(s) \_\_\_\_\_

**Notes:**

1. This proxy form is to be delivered to the Note Registrar, NIC Bank Limited, NIC House, Masaba Road, P.O. Box 44599-00100, Nairobi, Kenya, no later than 9.00am on Monday 10th October 2016 failing which it will be invalid. Alternatively, this proxy form can be scanned to the Note Registrar, sandie.moturi@nic-bank.com, no later than 9.00am on Monday 10th October failing which it will be invalid.
2. A proxy form must be in writing and in the case of an individual shall be signed by the individual or by his attorney, and in the case of a corporation the proxy must be either under its common seal or signed on its behalf by a duly authorised officer(s) or attorney(s).

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## NOTES

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### Head Office

NIC House, Masaba Rd. Upperhill. P.O.Box 44599-00100, Nairobi Kenya  
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Email: [customercare@nic-bank.com](mailto:customercare@nic-bank.com)

  [nicbankkenya](https://www.nicbankkenya.com)