

## NCBA GROUP PLC 62ND AGM - QUESTIONS AND ANSWERS

CATEGORY	QUESTION / COMMENT	ANSWER
General Meetings	Now that the pandemic is coming to an end, can we have a physical meeting next year, God willing?	This year marks our third consecutive year hosting a virtual AGM via electronic communication. While significant progress has been made in the management of the pandemic with subsequent removal of most of the containment measures, the Board noted that there is still a residual risk in transmission of the disease in large indoor gatherings.
	I wish to know when you expect to resume physical AGMs.	
	When is NCBA planning to resume face-to-face AGM meetings? If carried out, it will enhance transparency in management of the company.	The fall in the number of new COVID-19 cases globally is a welcome development that is being monitored closely in order to ensure that prudent mitigation measures are applied to avoid resurgence and the resultant application of containment measures as experienced over the past 2 years. We have recently noted such resurgence in some cities within the Asian continent that are a cause for concern globally.  The Board, having taken into consideration the guidance provided by Kenya's Ministry of Health and the World Health Organisation (WHO), resolved to hold this year's AGM virtually in support of the measures to sustain the reduction of COVID-19 cases and will continue to monitor the situation over the coming year. If circumstances permit, the Board may then opt to resume physical AGMs.
	Can the Board cover the cost of internet access for shareholders to access the AGM live streaming considering the high cost of the service to most people?	We appreciate that even with advances made over the years leading to reduction in cost of internet services, the cost is still prohibitive for a number of users. The Board and Management of the Company have taken note of your request and will work with the Company's service providers to seek ways of easing access during future virtual General Meetings.

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Dividend	<p>How will the dividends be paid?</p> <hr/> <p>Can I receive dividends through M-PESA?</p>	<p>Following the Group's commendable business performance during the year 2021, the Board resolved to recommend to the shareholders of the Company the payment of a final cash dividend of Shs 2.25 per ordinary share in addition to the interim dividend of Shs. 0.75 per ordinary share paid on 12th October 2021. This will bring the total cash dividend for the year 2021 to Shs 3.00 per share, which will be double that paid in the previous year.</p> <p>Once shareholder approval for the payment of a cash dividend is granted, the Shares Registrar is then authorised to process the dividend payment to shareholders on the Company's register as at the closing date for determination of eligibility for dividend, which this year was 28<sup>th</sup> April 2022. Payment is then made to shareholders in accordance with their instructions to their securities brokers on the mode of payment, which mainly consists of either cheque payments, M-PESA payments or transfers to Bank accounts. Payment of the final dividend for the year 2021 will be made on or immediately after 10<sup>th</sup> May 2022.</p> <p>Where a shareholder wishes to change their mode of receipt of dividend payment, they may contact their securities broker or the Company's shares registrar for guidance on the process of opting for a different mode of payment.</p> <p>Shareholders may contact our shares registrar through <b>info@candrgroup.co.ke</b> or call <b>0726971599</b> or <b>0737095124</b> for further information on the process of opting for various modes of dividend payment.</p> <p>To change payment mandate for future dividends to M-PESA, dial USSD short code <b>*483*038#</b> and follow the various</p>

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		<p>prompts regarding registration of your account and opting in for M-PESA payment mode.</p>
Products	<p>How does one join the digital money markets trading?</p>	<p>NCBA Bank Kenya PLC and NCBA Investment Bank Limited are the principal subsidiaries within the Group that offer various products that enable our customers to participate in money markets investments in a secure and transparent manner and at competitive pricing. This includes the provision of digital channels to ease our customers' ability to opt-in for money market instruments on offer.</p> <p>You may contact us through the below contact details for further assistance in taking up money market products:</p> <p><b>Call:</b> +254 20 2884444 / +254 711 056444 / +254 732 156444.  <b>Web:</b> Communicate directly by clicking on this link <a href="https://ke.ncbagroup.com/contact-us/">https://ke.ncbagroup.com/contact-us/</a> and/or view our investment products through <a href="https://ke.ncbagroup.com/">https://ke.ncbagroup.com/</a>.  <b>Email:</b> Reach us by writing through <a href="mailto:contact@ncbagroup.com">contact@ncbagroup.com</a>.  <b>Branches:</b> Visit us at any location near you, which you can find by clicking on <a href="https://ke.ncbagroup.com/locations/">https://ke.ncbagroup.com/locations/</a>.</p>
Reports	<p>When is the full annual report going to be uploaded?</p>	<p>The Company's Financial Statements and reports for the year ended 31st December 2021 were published and available on the Company's website from 24th March 2022, succeeded by the year 2021 Annual Integrated Report on 30th April 2022. You may access it directly from the Company's website by clicking on: <a href="https://ncbagroup.com/wp-content/uploads/2022/05/Final-IR-2021-compressed.pdf">https://ncbagroup.com/wp-content/uploads/2022/05/Final-IR-2021-compressed.pdf</a>.</p>

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Customary AGM Gifts	Please let me know how I will access my merchandise.	Prior to the advent of Virtual AGM's, we had a tradition of providing a token of appreciation to shareholders who attended the AGMs.
	Please give shareholders umbrellas or any other gift.	<p>The current structure of Virtual AGMs make it impracticable to implement the provision of tokens to shareholders, as the Company has no way of logistically and/or economically managing distribution to our over 28,000 shareholders.</p> <p>The Board is however focused on ensuring that shareholders receive value for their investment in the Company, through distribution of cash dividends and enhancing the value per share held.</p>
Business Strategy	In January, I read news that MTN Uganda and NCBA had partnered to launch a product known as MOMO Advance. How is the reception so far?	Through our digital business segment, our long-standing partnership with MTN Uganda has, from inception to date, enabled us to onboard 10.9 million customers to whom 25.2 million loans for total value KES 37.7 Billion has been disbursed. Our products continue to be well received and we plan to extensively market them to further drive their adoption and growth across the country.
	What measures has the group put in place to mitigate political risks?	<p>It is noteworthy that Kenya will be holding its General Elections in the month of August 2022, a cycle that is repeated every 5 years. The Group has operated in Kenya for over 62 years and has developed a robust enterprise-wide risk management framework, which includes measures to mitigate operational challenges that may arise from adverse political risks such as those encountered during the disputed elections of the year 2007.</p> <p>The Management team keeps track of such risks that could affect the Group's people, operational processes and systems and has developed a mechanism to anticipate</p>

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		<p>and swiftly react to potential and/or real risks in this regard. The Group further works closely with its stakeholders, including regulatory and government authorities on measures to mitigate and manage political and other risks that the business may face in its daily operations. The Board wishes to assure shareholders that the Company is well placed to manage risks that it may face from its operating environment in all the countries in which it operates.</p>
	<p>What is the policy on / the focus areas for the bank on ESG, (Environmental, Social, and Governance), which is an emerging trend in current corporate world?</p>	<p>The Group views ESG matters not only from a risk perspective but also as a source of opportunities to strengthen its sustainability framework through the adoption of a holistic approach in incorporating ESG considerations in the Group's core business activities.</p> <p>We believe that the strength and sustainability of our business is directly related to our social license to operate, with a clear understanding that our values are geared at driving our vision and the promise we make to our Customers, Shareholders, Employees and Community at large. We also appreciate that our values are the pillars for our high performance culture.</p> <p>We achieve this through several initiatives including our Citizenship strategy, which is aligned to the Sustainable Development Goals (SDG), National Growth Strategies and our Credit Strategy that incorporates environmental and social considerations to support our customers in adopting similar sustainable business practices.</p> <p>The Group actively participates in environmental and social improvement initiatives and sustainable investment in community growth by mitigating against harmful business practices, and further seeks to drive real and meaningful</p>

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		<p>change by addressing key social and environmental issues primarily through the establishment of long-term sustainable practices that are supportive of our communities.</p> <p>Through our Annual Integrated Report, which has been published on the Group's website (<a href="https://ncbagroup.com/wp-content/uploads/2022/05/Final-IR-2021-compressed.pdf">https://ncbagroup.com/wp-content/uploads/2022/05/Final-IR-2021-compressed.pdf</a>), we have provided detailed information on the Group's ESG practices for stakeholder review. Reference may be made to the Group Chairman's and Group Managing Director's Statements, Corporate Governance Statement, which includes highlights of the ESG Policy, our practices and Stakeholder Engagement, and the Citizenship Statement.</p>
	<p>Major banks have expanded regionally, What is the banks strategy on expansion?</p>	<p>The Bank continues to evaluate opportunities for growth across the continent on a case by case basis. Our strategy calls for primarily utilizing our digital business to test the scalability of our products and offerings in the markets of interest. We remain open and indeed are continually assessing various opportunities across the region. However, at this time, our key focus is making sure the current regional businesses contribute significantly to the Group.</p>
	<p>Risk based lending taking shape and is the bank also pursuing that to increase Loan book?</p>	<p>While we have historically applied risk based lending considerations for our credit lines, the Bank has since enhanced its approach through the development of a risk-based pricing model, which is currently under consideration in partnership with our regulator, the Central Bank of Kenya. We expect that its implementation, which is expected within the short term, and the anticipated application of risk based pricing models across the industry will enable increased lending to a wider segment of customers as a</p>

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		<p>result of improved ability to determine and price credit risk using a broad range of parameters that will also minimize provisions for bad and doubtful debt.</p>
	<p>In the CEO's statement for 2021, he wrote of having ambitions to establish a payments platform business in 2022. Kindly shed some light on what this entails &amp; what we should expect.</p>	<p>The Group's 5 year strategy highlighted plans to diversify our business by establishing a substantive payments business. Significant progress has been made in this area and we anticipate launching this business segment in the short term, which will primarily enable us to open up payment and lending streams to boost our revenues as we match and intermediate transactions between consumers and merchants. We are very excited about the potential of this business to create new incentives for customers to enter the NCBA ecosystem.</p>
	<p>What plans are there to improve company performance in Tanzania in the short and long term?</p>	<p>Our Tanzania business recorded declining financial performance in the year 2021, mainly attributed to the impact of COVID-19 on the business and operating environment, with key sectors such as tourism and logistics being impacted severely. Our business in turn experienced deteriorating credit facilities that necessitated increased credit charges to cover the risk, this coupled with low momentum on underwriting new credit facilities led to declined profitability.</p> <p>The economy has commenced a pick up and specifically in order to address the performance gaps, the business has defined a turnaround strategy which calls for a new business model anchored on the corporate customer and rationalization of co-located branches to actualize cost synergies from the amalgamated businesses. The execution of this strategy in 2022 will markedly improve efficiency and create a foundation for a more streamlined and focused business that can boldly pursue opportunities in the market.</p>

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		<p>In 2021, NCBA Bank Tanzania Limited achieved an important milestone on its digital transformation agenda. We implemented a digital platform designed to offer better customer experience while at the same time creating scale for growth as we forge into the future. Our digital business has shown resilience through the COVID period with revenues growing 37% over previous year. This business will be an area of growth as we forge into the future.</p> <p>We are optimistic that the new strategy and organization model coupled by economic confidence in Tanzania will enable NCBA Bank Tanzania Limited to deliver improved outcomes in the near future.</p>