

NCBA GROUP PLC 64TH AGM – SHAREHOLDER COMMENTS, AND QUESTIONS AND ANSWERS

CATEGORY	QUESTION / COMMENT	ANSWER
Financial Performance and Dividend	<p>Is NCBA growing and how much dividend are shareholders set to receive for the year ending 31st December 2023?</p> <p>When will the dividend be paid to shareholders?</p>	<p>From our audited financial results contained within the Annual Integrated Report from page 143 to 229, you will have noted that the Group continues to perform well, registering a 55.7% growth in after tax profit for year 2023 over the year 2022's performance. In addition, as recently reported on 23rd May 2024, the Group's Q1 2024 performance registered a stable 4.7% growth in after tax profit over the previous year 2023 Q1 performance. This is testament to the robust strategy that the Boards of the Group companies have established to ensure that the NCBA Group remains on a sustainable growth path over the long-term.</p> <p>With regard to the queries on the dividend payable, following our exceptional performance for the financial year 2023, the Board recommended the payment of a final dividend of Shs 3.00 per ordinary share to shareholders on the Company's register as at 30th April 2024. This, together with the interim dividend of Shs 1.75 per ordinary share paid on 28th September 2023, brings the total dividend for year 2023 to Shs 4.75, which is approximately 12% higher year-on-year compared to the total year 2022 dividend of Shs 4.25. The final dividend, if approved, will be paid to shareholders immediately following the conclusion of the AGM.</p>
	How does NCBA plan to double the dividend payable?	As highlighted by the Group Managing Director during his presentation on the Group's business overview, NCBA's

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		<p>Board and management has established a robust strategic plan and roadmap to ensure that the Group emerges as a major financial player in Africa. These efforts have seen NCBA increase its market share within a very short period of time since the merger, and we are proudly ranked in the third position in the Kenya banking industry with our sights firmly set on sustained growth and resultant return in shareholder value over the long-term. Looking forward, the Board and management will continue to steer NCBA along this sustained growth path, and further pass the rewards of this growth to shareholders through enhanced dividends.</p>
Business Strategy	<p>How will the acquisition of the AIG Insurance Company impact the overall business and could it adversely affect the existing Bancassurance business in the long run? The acquisition is nevertheless a good move for income diversification.</p>	<p>Thank you for your support regarding the proposed acquisition of AIG Kenya Insurance Company Limited (AIG). The proposed acquisition, which is currently at an advanced stage, is set to complement the suite of financial services that the NCBA Group offers across the region. Insurance is increasingly becoming a basic financial need for our customers, and as AIG similarly serves customers across the East Africa region, this positions NCBA favourably in deepening its offering and customer base regionally. The Bancassurance intermediary services model provides for intermediation between NCBA and insurance underwriters. With this acquisition, NCBA will be in a position to provide insurance underwriting services through its insurance subsidiary, thus accelerating NCBA towards its ambition to becoming a universal financial services provider that addresses a full set of our customers' financial needs. The Bancassurance intermediary model and the insurance</p>

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		<p>underwriting arm will therefore work in tandem and the complementary services will serve to grow the Group's business in line with the Group's strategic plans.</p>
	<p>With regards to the Finance Bill 2024, what has the management identified as the two major pain points that the Company will face?</p> <p>How is management engaging the National Treasury on the pain points identified above?</p>	<p>Kenya's Finance Bill of 2024 provides for a vast array of tax and other policy measures aimed at enhancing government revenue collection to support both recurrent and development expenditure. The Group is assessing the finer details of the bill in order to provide feedback for consideration by Parliament during the public participation stage. While acknowledging that there are several positive proposals through the Finance Bill, the Group has most recently highlighted concern over the imposition of value added tax on a raft of financial services offered by banks, and the increase of excise duty on money transfer services. The measures are bound to increase the cost of financial services to bank customers, leading to increased risks of financial exclusion especially for lower income customers. The Group will engage with the relevant stakeholders during this public participation period through the banking industry's umbrella body, the Kenya Bankers Association as these measures affect all banking services providers.</p>
	<p>Does the Group have any plans to expand to the region, including to DRC, Angola and Congo Brazzaville?</p>	<p>In addition to the presentation made by the Group Managing Director, which outlined some of the measures in place to ensure our sustained growth, I can advise that your Board and management frequently scan the Kenyan and regional markets to identify opportunities for growth. In looking at new markets, a whole series of factors must be</p>

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		<p>considered including; alignment with the Group's growth strategy, an assessment of market, economic and political risks, the financial viability of making an investment in a particular market, and the market dynamics for a prospective investment location.</p> <p>NCBA being listed on the Nairobi Securities Exchange, we are constrained in the extent of disclosures we can make about the detailed strategies that we have in this regard. However, I assure you that as and when a viable investment opportunity is identified, the Group will not hesitate to make the required investment to support the growth and sustainability of shareholder value. Such investments will also be announced to shareholders and the Group's stakeholders, subject to securing the relevant shareholder and regulatory approvals.</p> <p>Whilst on this matter I should add that we continued to expand our physical presence in our existing markets and now have a total of one hundred and nine (109) branches across the region with several more slated for opening this year.</p>

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	<p>What is the future of Kenya and how is the Group positioning itself to create and protect value?</p>	<p>Kenya has a promising future, with significant progress in economic development having been realised over the past several years. Among the key achievements include the passage of the new Constitution of Kenya in 2010, which established strong governance structures and principles to anchor future development of the Nation; rebasing of the economy in line with more recent economic development benchmarks, leading to Kenya achieving the status of Lower Middle-Income Country that enabled the country to unlock additional investment and financing opportunities; and impressive progress on the achievement of Kenya's Vision 2030 initiatives, among other achievements. This, together with the resilience of the people of Kenya and its business sectors, have enabled Kenya to weather some of the global shocks experienced such as the COVID-19 pandemic and the more recent geopolitical conflicts that have disrupted supply chains and the cost of doing business.</p>
	<p>What is the business strategy that NCBA is implementing to ensure that it remains relevant 30 years from now?</p>	<p>To leverage on the potential that Kenya and the continent presents, the NCBA Group has adopted a cyclical 5-year strategy to support the growth and development of the Group's businesses in all locations where it is present. The Group's overarching vision transcends this 5-year strategy cycle, and each strategic cycle focuses on the medium-term objectives to drive the Group towards achieving its Vision of being the financial services Partner that Inspires Your Growth. In addition, within each strategic cycle, the Group sets annual targets that help to focus its efforts</p>

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		<p>towards achieving the cyclical strategic plans. The Board and management of the Group remain committed to ensuring that the strategic plans set the Group on a sustainable growth path over the long-term, and in the process ensures that we not only create, but also protect, shareholder value.</p>
<p>Business Operations</p>	<p>What are the Measures that NCBA has put in place to curb cybercrime?</p>	<p>Being an organisation that relies on ICT to undertake the bulk of its business activities, NCBA has established robust governance structures, operating systems, and policies to assist it in maximising on the potential that technology offers in scaling and sustaining business operations, but also to manage the risks associated with technology, including the risk of cybercrime. At the Board level, NCBA has established a Board ICT Committee, which working together with the Board Audit and Risk Committee and management supports the organisation in keeping abreast of the opportunities and threats associated with adoption and use of technology. NCBA is further guided by the requirements of Kenya's Data Protection Act, the Central Bank of Kenya Prudential Guidelines, and other laws and practices aimed at ensuring that the Group has a secure technology framework. Finally, NCBA undertakes customer and staff sensitisation on key cybercrime trends and the measures available to customer information and organisational assets against threats that may arise.</p>

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General Meetings	Is it possible for the company to hold hybrid meetings; and does the company plan to hold physical meetings in future?	<p>In our experience the introduction of virtual Annual General Meetings, which were absolutely necessary during the period of the COVID-19 pandemic, brought several benefits including improved participation by a far greater number of shareholders including those in the diaspora, greater convenience and time management efficiency, and cost effectiveness thus further enhancing profitability for shareholders.</p> <p>A move towards hybrid meetings would require careful consideration and planning in order to ensure that the technology used and capacity for hosting mixed meetings allow for a uniform experience in terms of shareholder participation and value adding engagements in a seamless manner through consistent and stable high-quality facilities.</p> <p>The Board will continue to consider available models for conducting our AGMs while ensuring that they achieve the desired outcome vis-à-vis value to shareholders.</p>
Board Composition	What is the procedure for the election of a Director and is there a term limit for service on the Board prior to changes being made to its composition?	<p>Directors can be nominated by shareholders at any time, through presenting their names to the Board through the Group Company Secretary, who can be reached through P. O. Box 44599 - 00100, Nairobi or via telephone numbers 020 2884000 or 020 2884444, or email governance@ncbagroup.com. Once the names are received, additional information including the proposed nominees' curriculum vitae will be requested for vetting by</p>

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		<p>the Board. Successful candidates will then be entered into a register containing a pool of potential Director candidates for consideration when a vacancy arises, which will then be concluded once final vetting is undertaken by the Group's regulators.</p> <p>Directors currently serve on a rotational term of three (3) years, except for those who have attained the age of seventy (70) years who are required to be reappointed at each AGM. Upon expiry of their term, those Directors who retire by rotation are then subjected to re-appointment by shareholders during the AGM. Only those Directors who are considered capable of continuing to serve in that role are proposed by the Board for reappointment by shareholders.</p>
Shareholding	How can I obtain additional shares in NCBA Group PLC, what is the minimum number of shares one must have in order to get a dividend?	<p>NCBA's shares are publicly traded through the Nairobi Securities Exchange. Shareholders can obtain additional shares through a licensed stock broker, such as NCBA Investment Bank Limited, who can be contacted through telephone numbers 020 2884000 or 0711 056000 or 0732 156000 or 020 2884444 or 0711 056444 or 0732 156444. The team may also be reached via P. O. Box 44599-00100, Nairobi.</p> <p>The minimum number of shares one can have to receive a dividend is one (1) share. Each ordinary share of the company is entitled to receive a dividend upon shareholders' approval of the recommended dividend by the Directors. Nevertheless, the minimum number of shares</p>

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		<p>one can purchase through the Nairobi Securities Exchange is one-hundred (100) shares on the main market board. You may contact your stock broker and/or our shares registrar, C&R Group through telephone number 020 8690360, or email digital@candrgroup.co.ke, or visit their offices located at IKM Place, Tower B, 1st floor Fifth Ngong Avenue, Nairobi, or write to them through P. O. Box 8484 - 00100, Nairobi for assistance on matters relating to your shareholding with NCBA Group PLC.</p>
Bonus Issue	When does NCBA plan to issue bonus shares?	<p>Ordinarily, shareholders will be rewarded for their investment through payment of cash dividends. However, a company may periodically substitute cash dividend with bonus shares for a number of reasons, including but not limited to capital management, retention of revenue for strategic investments and/or balance sheet restructuring, maintenance of a reasonable price of the company's shares to enable investors acquire them more easily and conversion of retained earnings into share capital.</p> <p>Prior to making a decision on issuance of bonus shares, the Board takes into consideration the strategic plans of the Group and the implications of issuing bonus shares, including tax and other administrative costs that will be incurred as a result. It is thus difficult at this point to state with certainty when the next bonus issue will be made. However, if and when the Board proposed the issuance of bonus shares, NCBA will inform all shareholders in good time to</p>

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		enable them to make an informed decision on the proposal.
Benefits to shareholders	Now that the AGM is fully virtual, will the company facilitate members with data bundles and any other benefits that would have accrued if the meeting was a physical meeting?	<p>Prior to the advent of Virtual AGM's that were necessitated by the COVID-19 pandemic, we had a tradition of providing a token of appreciation to shareholders who attended physical AGMs.</p> <p>The current structure of virtual AGMs makes 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 27,000 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>
Registration, Voting and General Queries	<p>How do I register for the AGM?</p> <p>How do I access the resolutions that we are to vote on?</p> <p>How can I access the Financial Report for my perusal?</p> <p>Can I receive my dividend through M-Pesa?</p>	<p>Shareholders with valid emails and telephone numbers were pre-registered for the AGM using their bio-data details on the company register and received a personalised link through email or SMS to enable them to confirm their attendance for the AGM through their preferred channels.</p> <p>As per the notice of the AGM circulated to all shareholders on 29th April 2024, any shareholder who required assistance during the registration process, or for any matter regarding</p>

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	How will my dividend be paid and how many shares do i have?	their shares account such as change of particulars, method of dividend payment, follow up on previous dividends not received and/or guidance on trading of shares could call the shares registrar through the helpline (020) 869 0360 or email via digital@candrgroup.co.ke .
	How can I change my email address?	
	Who can I reach out to for previous dividends not received and to change the payment method to M-Pesa; and is it possible to receive training on how to trade with my shares?	
Attendance	I will attend the meeting.	Thank you for confirming your attendance. We look forward to hosing you during our virtual AGM.

Notes:

- 1) We have not published the names of shareholders who submitted questions as we do not have their consent to reveal their names, and hence anonymity has been preserved.
- 2) Questions and comments submitted have been consolidated under common thematic areas as described under the 'Category' column.
- 3) Some questions have been merged and/or consolidated to avoid repetition.
- 4) For further clarification and/or additional questions regarding the above shareholder question and answer report, please contact us through governance@ncbagroup.com.