

12th ANNUAL GENERAL MEETING

KEY THEMATIC QUESTIONS RECEIVED FROM THE SHAREHOLDERS

I) RESPONSES BY GROUP MANAGING DIRECTOR & CEO

Question	Answer
1. Dividends <ul style="list-style-type: none"> What is the dividend rate this year? When will dividends be paid? How much dividend was paid last year? 	<ul style="list-style-type: none"> We pay dividends once a year. With the Covid crisis, the Board of Directors sought approval from the Capital Markets Authority, and vide approval dated 3rd April 2020, paid the FULL AND FINAL dividend of Kshs 1/= per share on 23 April 2020. This was the same level of dividend paid the previous year. This was a total amount of Kshs 5.867 billion that was gladly received by the shareholders particularly under the difficult times during the Covid 19 Pandemic. Kshs 3.79 billion was paid to Co-op holdings.
2. How do I receive my dividends through Mpesa?	<p>Shareholders are able to self-register for payment by MPESA through the following steps :</p> <ul style="list-style-type: none"> Dial USSD *558# Select language (English or Kiswahili) Select Company (Co-op Bank) Enter ID number and SERIAL number appearing on the identity card. Enter CDS number Confirm details entered Give consent to receive dividends through Mpesa You will receive a confirmation message from Co-op Bank once successfully registered. <p>Dividends were paid through the following means this year: Mpesa, Bank account, Dividend cheque.</p>
3. How do I change Bank account details in order to receive dividends?	Visit your stockbroker and fill the CDS1 form to change your mandate to the desired Bank account number.
4. How do I know how my dividend is paid?	<ul style="list-style-type: none"> Bank account and Mpesa registered shareholders were paid on 23rd April, 2020. Cheque payments were disbursed on 11th June 2020 Our shares operations team has been calling shareholders with outstanding cheques to go and cash. For more enquiries call/write to: <ul style="list-style-type: none"> a) Josephine Ngichabeh - 0711013053 b) Caroline Kasina - 0711013886 c) Stella Musyoka - 0711013561 d) sharesoperation@co-opbank.co.ke e) Shares@co-opbank.co.ke
5. How do I receive my past dividend?	<ul style="list-style-type: none"> Unclaimed Financial Assets Authority regulations dictates that if dividends are not claimed for 3 years, we remit the shares and the dividends to UFAA. Any such claims to be made directly with the Authority. Any dividend payments over 3 years the Bank will remit to the Authority For more enquiries call/write to: <ul style="list-style-type: none"> a) Josephine Ngichabeh -0711013053 b) Caroline Kasina – 0711013886 c) Stella Musyoka- 0711013561 d) sharesoperation@co-opbank.co.ke e) Shares@co-opbank.co.ke.
6. How do I change receipt of dividends : <ul style="list-style-type: none"> a) from Bank to MPESA b) from cheque to MPESA 	<ul style="list-style-type: none"> Visit any of our branches nearest to you and fill the change of details form. Self-register on USSD *558# as explained earlier above
7. How do I buy more Bank shares?	<ul style="list-style-type: none"> To buy more shares, give an order to your stockbroker Call Kingdom Securities on: <ul style="list-style-type: none"> a. Anthony Wangari – 0711049657 b. Hycinth Monchari - 0711049888 c. Email: info@kingdomsecurities.co.ke
8. How do I open an account with the Bank?	<ul style="list-style-type: none"> Visit your nearest Co-op Bank branch for more information Call our Call Centre No. 020-2776000, 0703027000
9. How is Co-op Bank South Sudan?	<ul style="list-style-type: none"> Co-op Bank South Sudan posted a commendable profit before tax of SPP 381.45 Million, (restated for hyperinflation purposes, a loss of Kshs 344.7million) in 2019, due to the ongoing political crisis and hyperinflation. With signing of the peace agreement, peace has resumed and we expect a much more improved performance for the year 2020. Key concern this year is Translation losses due to hyperinflation in the South Sudan economy.
10. How is Co-op Bank Fleet Africa leasing?	<ul style="list-style-type: none"> The Bank has collaborated with Super Group of South Africa to offer leasing solutions to its customers. This is an emerging new frontier and the Bank will leverage on its wide customer base of over 8.9 million customers and the technical expertise of Super Group of South Africa to grow its revenues; the profit sharing between the Bank and super Group is on a ratio of 50:50
11. When is rotation of auditors?	<p>The group for our size has leveraged on several audit firms for diverse services for example:</p> <ul style="list-style-type: none"> PWC <ul style="list-style-type: none"> ← Independent AML and CFT compliance program review. ← IFRS 9 loan provisioning model ← Due diligence on JBB KPMG- Implementation of the Core Banking Project Mckinsey -Soaring Eagle Ernst & Young – Audit of accounts. The firm has rotated partners and the audit team as per our regulator, Central Bank of Kenya requirements.

<p>12. How can I vote new office bearers'?</p>	<p>The Board of the Bank as per our Memorandum and Articles of association is constituted of 13 directors as hereunder;</p> <ul style="list-style-type: none"> • 7 directors are nominated by the majority and strategic shareholder Co-op Holding Co-operative Society, from each of the 7 regions in Kenya. • 4 independent directors as required by the CBK Prudential Guidelines and the Capital Markets Authority Regulations. • The Principal Secretary to the National Treasury/his representative • The Group Managing director and CEO. <p>The directors nominated by Co-op Holdings and the independent directors are due for rotation wherein at every Annual General Meeting, one third of directors are eligible to retire by rotation and may offer themselves for re-election. Therefore the nominee directors due for rotation are Mr. Wilfred Ongoro, Mr. Lawrence Karissa, Mrs. Margaret Karangatha and Mrs. Weda Welton.</p>
<p>13. Directors remuneration How much is the remuneration of the directors?</p>	<p>The Group operates a performance based reward structure. Remuneration of the directors for 2019 is as per the detailed disclosures on pages 96-100 of the report as per CBK guidelines.</p>
<p>14. Will there be a bonus issue?</p>	<p>The performance of the bank will determine any future bonus</p>
<p>15. Are there any giveaways for shareholders this year?</p>	<p>Due to the complexities brought about by Covid-19, we will not have any gifts this year.</p>
<p>16. Strategies to improve performance under Covid-19</p>	<p>The Bank has put in place the following key initiatives in order to improve performance under the Covid 19 environment;</p> <ul style="list-style-type: none"> • Proactive customer support particularly in restructuring of customer loans. As at 30th June 2020, the Bank had restructured loans of over 40 billion. • Enhanced digital platform, notably MCoopcash 5.0, corporate internet banking and currently implementing a new core banking system. Proactive engagement of phase 2 of soaring eagle with McKinsey with a critical focus on credit risk management in the covid-19 environment • Enhanced Covid 19 protocols in the working environment through full adherence to ministry of health guidelines. • Critical focus on staff wellness and business continuity; 50% of staff members work from home for a duration of 2 weeks. • Enhanced developmental funds-USD 150 million from IFC.
<p>17. Clarify how to turn around the business of the bank</p>	<p>To strengthen the business out of COVID 19 impact we have renewed focus on the following:</p> <ul style="list-style-type: none"> ⌚ Enhanced digitization on key customer experience enhancing platforms notably MCoopcash 5.0, Internet banking, Implementing New Core Banking System. This will additionally support rollout of innovative products and services. ⌚ Optimal Enterprise Risk and Compliance in the dynamic environment. This has enabled us to continue offering uninterrupted services throughout this pandemic while at the same time stay agile on credit risk, cyber risk and others that have emerged/ increased. <p>Our focus on credit risk has paid off with our exposure in hard hit industries at a minimum.</p> <ul style="list-style-type: none"> ⌚ To continue deepening our market share in the Kenyan market. This is well aligned to the recent acquisition of Jamii Bora now renamed Kingdom bank even as we continue to serve our core segments such as the Co-operative Movement that serves over 15 Million members. Our universal banking model continues to take root as we grow our balance sheet. ⌚ Drive operating efficiencies as we continue to entrench efficient business models and continuously reviewing the business operations for savings.

II) RESPONSES BY DIRECTOR – FINANCE & STRATEGY

Question	Answer
<p>Clarify the position of total income and liabilities that decreased</p>	<ul style="list-style-type: none"> • Total Liabilities increased from Kshs 343B to Kshs 376B mainly due to growth of customer deposits that increased by Kshs 27Bn (8.6%). • Total operating income Increased by 10.6% from Kshs 43.56B to Kshs 48.2B mainly due to increased commissions and fees income. Mobile banking commissions alone grew by over 150%.
<p>Clarify shareholders' funds decreased</p>	<ul style="list-style-type: none"> • There was no decrease on shareholders' funds. On the contrary shareholders funds increased by 13.67% from Kshs 69.40B to Kshs 78.90B
<p>Clarify foreign exchange trading income decreased</p>	<p>The foreign exchange trading income decreased by 8.3% from Kshs 2.34B to Kshs 2.14B. This was due to decreased forex trade volumes within the year 2019.</p>
<p>Clarify total operating income decreased</p>	<p>The total operating income increased by 10.6% from Kshs 43.56B to Kshs 48.2B mainly due to increased commissions and fees.</p>
<p>Clarify any other challenges in the business</p>	<p>Current main challenge is the performance of economy amidst the Covid-19 pandemic that has led to loan restructures and lower than expected business volumes.</p>