



PRIVATE & CONFIDENTIAL

**MINUTES OF THE VIRTUAL ANNUAL GENERAL MEETING HELD ON
16th JUNE 2021 AT 11.00 A.M. STREAMED FROM THE
CO OPERATIVE BANK BOARDROOM AT CO-OPERATIVE BANK
HOUSE – NAIROBI.**

PRESENT: -

Mr. Macloud Malonza -MBS, HSC	-	Chairman
Mr. Patrick K. Githendu	-	Vice-Chairman
Mr. Geoffrey Njang'ombe	-	Ag. Commissioner
Mr. Julius Sitienei	-	Director
Mr. James Njue	-	Director
Mr. Richard Kimanthi	-	Director
Mr. Wilfred Ongoro - HSC	-	Director
Mr. Francis Ngone	-	Director
Mr. Michael Muriithi	-	Director
Mr. Geoffrey M'Nairobi	-	Director
Mr. Benedict Simiyu	-	Director
Mrs. Scholastica Odhiambo	-	Director
Mr. David Muthigani	-	Director
Mr. Godfrey K. Mburia	-	Director

IN ATTENDANCE: -

Dr. Gideon Muriuki – CBS, MBS	-	Group Managing Director & CEO
Mr. Fredrick Ndegwa	-	Manager – Co-opholdings
Mr. Samuel Kibugi	-	Company Secretary
Mrs. Caroline Karimi	-	Director – Finance & Strategy
Mr. Michael Kimoni	-	Senior Partner - Ernst & Young
Mrs. Dolphine Aremo	-	Nairobi County Director of Co-operatives

Mrs. Rosaline Mwithiga - Starehe, Subcounty
Co-operatives Officer

DELEGATES PRESENT PER REGION

1. Nairobi Region	-	100
2. Central Region	-	68
3. Eastern Region	-	65
4. Rift Valley Region	-	53
5. Coast & North Eastern Region	-	37
6. Nyanza Region	-	31
7. Western Region	-	19
Total Delegates	-	<u>387</u>

Opening Remarks

The Chairman called the meeting to order at 11.00 a.m. and requested those present to stand up and join in the singing of the National Anthem. Upon introducing himself, he called upon the Company Secretary Mr. Samuel Kibugi to lead the meeting in prayers.

On conclusion of the opening prayers, the Chairman formally welcomed all the delegates to the 50th Annual General Meeting of the Society. He updated the meeting that this was a unique meeting, the first of its kind in this arrangement where all the delegates are not physically gathered in one venue in compliance with the various guidelines issued by the National Government regarding public gatherings following the outbreak of the Covid-19 pandemic.

He observed that the implication of these guidelines is that a physical meeting of shareholders/delegates in the manner anticipated in the By-Laws of the Society would not have been possible for the duration of the crisis. As such and to ensure compliance with the law, the Society was holding its 50th Annual General Meeting electronically.

The Chairman then formally introduced to the meeting those that were with him on the Livestream in the following order: -

- The Vice-Chairman, Mr. Patrick Githendu;
- The Co-operative Bank of Kenya Limited Group Managing Director & CEO Dr. Gideon Muriuki;
- The Manager of the Society, Mr. Frederick Ndegwa;
- The Company Secretary, Mr. Samuel M. Kibugi; and
- The external auditor Mr. Michael Kimoni, representing Ernst & Young.

The Chairman updated the meeting that other members of the Board of Directors had joined virtually. He further confirmed that the Director – Co-operatives Development, Nairobi County, and the Starehe Sub County Co-operatives Officer were also in attendance virtually.

The Chairman acknowledged the presence of Senior Management of the Co-operative Bank of Kenya who were also following the proceedings virtually and thanked them for their dedicated service and commitment to the Bank and the Society. He further acknowledged the support provided by Image Registrars for their work towards the delivery of this electronic meeting.

The Chairman noted that while the format of the present meeting shall differ slightly compared to the traditional format, the Society had taken significant measures to ensure that it mirrors the usual AGM structure. In this regard, he encouraged shareholders to continue having an elaborate Question and Answer session by sending in questions and comments using the **"Ask Question" button** on the dashboard appearing on their electronic gadgets which they had used to join the meeting or by dialing the code ***483*254#** and following the prompts to submit their questions.

The Chairman updated the shareholders that he would also allow some live calls during the session, for those who had registered for the service. He noted that all questions that would have been received by the end of the AGM would be responded to and the answers posted on the Bank's website.

QUORUM

The Chairman sought from the Secretary whether the necessary quorum sufficient to conduct the business of an annual general meeting was present. The Secretary confirmed that in accordance with By-Law 52 (1) of the Society, there was sufficient quorum to conduct the business of an annual general meeting of the Society.

MIN. AGM 1/2021: READING OF THE NOTICE CONVENING THE ANNUAL GENERAL MEETING.

The Chairman called upon the Manager of the Society to read the Notice Convening the Meeting. The Manager read out the Notice dated 24th May 2021.

The Chairman sought to know from the Secretary whether the Agenda was unanimously adopted and the Secretary reported that the Agenda had been proposed by Mr. Tiras Nyaga of Eastern Region and seconded by Mr. Titus Wasike from Central Region.

MIN. AGM 2/2021: CHAIRMAN'S REPORT

The Chairman read out the Chairman's report making the following key highlights: -

- a) This was a unique meeting, the first of its kind in this arrangement where all the delegates were not physically gathered in one venue. As everyone was aware, the Government issued various guidelines regarding public gatherings following the outbreak of the Covid-19 pandemic. The implication of these guidelines, in our context, is that a physical meeting of delegates in the manner anticipated in the By-Laws of our Society would not have been possible for the duration of the crisis. As such and to ensure compliance with the law, the Society is holding its 50th Annual General Meeting electronically.
- b) The Society is delighted to be part of the Co-operative Societies leading in embracing the use of electronic means to interact with delegates at a general meeting.
- c) This is a forum that we always look forward to each year, with great expectation; it gives us the opportunity to review and reflect on the past year's events and our Society's progress and financial performance. Over and above meeting statutory obligations relating to our Society, we treasure this forum as it affords us a platform to engage and exchange constructive ideas and pick key learnings as co-operative leaders drawn from every corner of this great nation.
- d) The key investment is in the Co-operative Bank of Kenya Limited. Co-opholdings Co-operative Society Limited is the majority and strategic shareholder of the Co-operative Bank of Kenya Limited, - holding 65% of the shareholding. To remind ourselves, this unique structure was implemented in the year 2008 when the bank listed its shares on the Nairobi Securities Exchange, - deliberately to ensure that the Bank retains its co-operative identity. This was a key condition for the listing of the Bank. The co-operative movement felt very strongly that this bank, which they formed from very humble beginnings in 1965, must remain owned and controlled by the movement. This then informed on the existing structure wherein the co-operative societies-based shareholders were all warehoused in a special purpose vehicle, -*Co-opholdings Co-operative Society Limited*.
- e) He thanked the Directors for the continuous engagement with delegates in their Regions that have provided Bank Delegates with regular updates on our overall strategic focus, progress made in the ongoing "Soaring Eagle" Transformation Project, and notably our specific performance in the year 2020 with the following key highlights; -
 - i) The Group has continued to show resilience with a strong Profit before Tax of Kshs 14.3 Billion as at 31st December 2020 despite a

fairly hostile operating environment with the Covid 19 pandemic crisis, a huge translation loss from our South Sudan operations, and negative contributions from CIC Insurance Group and Kingdom Bank Limited. This is a commendable performance by the Bank in a fairly difficult year. The Bank has maintained a strong brand name in the industry aggressively upholding its image as a professional and highly ethical Bank.

ii) The summary of the Group Performance as at 31st December 2020 is as hereunder: -

- The Co-operative Bank of Kenya posted **a Profit before Tax of Kshs 16.96 Billion.**
- Co-op Consultancy & Insurance Agency posted **a Profit before Tax of Kshs 788.6 Million.** The Company has executed over **2,800 mandates** to date.
- Co-op Trust Investment Services posted a **Kshs. 69.96 Million** in Profit before tax. The funds under Management stood at **Kshs. 127.5 Billion.**
- The Co-operative Bank of South Sudan posted a translation loss of Kshs 1.55 Billion. South Sudan is in a state of hyperinflation with reduced business activity mainly due to the ongoing Covid 19 pandemic and characterized also by the weakening of the local currency and the unstable political environment.
- Kingdom Securities Limited posted a loss of Kshs 21.8 million. The Company was negatively impacted by the continued bear run on the stock market.
- Kingdom Bank Limited posted a marginal loss of Kshs 76.3 million. The Company is expected to make a complete turnaround to profitability in the Year 2021.

iii) The Bank has continued to post exemplary results; with a Profit before Tax of Kshs 4.98 Billion in Quarter 1 of 2021, a modest drop of 2.6% compared to pre-pandemic Profit before Tax of Kshs 5.12 Billion recorded.

iv) This strong performance represents the tangible benefits arising from the bold “***Soaring Eagle***” Transformation Project that the Bank has been implementing since 2014 supported by Mckinsey with a clear focus on improving operating efficiencies, sales force effectiveness, and innovative customer delivery platforms. **Notably, over 92% of the Bank’s transactions are now at the alternative channels i.e. Agents, ATM, Mco-op Cash, Internet**

v) The Bank is now the **3rd largest bank** in the region with an Asset Base of over Kshs 553 billion, over 8.8 million account holders from all the sectors across 159 branches countrywide, and customer deposits of over Kshs 393.8 Billion. The strong performance by the

Bank has cemented our position as the number 3 largest Bank in Kenya in terms of Asset Base.

- vi) The year 2020 was a year characterized by a tough economic environment particularly because of the Covid 19 pandemic which has continued to disrupt business and affected the global economic environment with devastating effects. However, our strategic focus has provided the required resilience. With the increased momentum in the “*Soaring Eagle Transformation Agenda*”, revamped ICT infrastructure, and the strategy set for competing in a changing environment, the Group will continue scaling new heights.
- vii) The “Soaring Eagle” Transformation Agenda has been riding on the following key pillars; -
 - **Branch Transformation: Customer Experience & Retail Sales Force Effectiveness.**
 - **MSME Transformation.**
 - **Salesforce Effectiveness.**
 - **Shared Services & Digitization ‘The Digital Bank’.**
 - **NPL Management & Credit processes.**
 - **Cost Management.**
 - **Data Analytics.**
 - **Staff Productivity**

There has indeed been an incredible transformation in the overall cost efficiencies, customer service, and overall operational efficiencies in the Bank.

- viii) **Credit Adaptation Project/ Mitigation of Credit Risk in Covid-19 Environment** - In order for the Bank to remain competitive and ensure that the credit risk in the current Covid 19 season is fully mitigated the Bank in partnership with Mckinsey reviewed the overall credit risk management of the Bank with a key focus on the risk governance, credit risk appetite, origination, and underwriting process, credit approval process, credit scoring/rating models and pricing, portfolio management, monitoring and reporting procedures, non-performing loan management, collections, and recovery processes and benchmark capabilities in the different areas against best practice. The Bank has fully implemented all the recommendations under “Project Kilele” with regular reviews.
- ix) **Implementation of a New Core Banking Platform** - The Bank is investing in a new and more robust core banking platform that forms a base for the Bank's digital transformation and will power up the Bank's innovation agenda by enhancing customer experience and attaining greater operational efficiencies. The core banking system is key in the realization of the Bank's digital strategy as well as the overall growth strategy.

- x) **Work Environment in the Covid 19 Season** - The Bank has fully implemented all the Ministry of Health Covid 19 protocols including the provision of running water and soap, ensuring that functional sanitizers are placed at critical places within various branches and Head Office departments. The Bank has successfully implemented a work from home program where 50% of the staff members work from home for 2 weeks and the other 50% of the staff work from their office. This has ensured seamless provision of banking services to the customers whilst ensuring that the staff members do not contract the coronavirus while serving customers. Regular updates on the progress made and achievements attained have been shared with the Central Bank of Kenya and the directors.
- xi) **Acquisition of 90% Shares of Jamii Bora Bank Limited (Now Kingdom Bank Limited)** - The Central Bank of Kenya vide Gazette Notice No. 5475 issued on 7th August 2020 approved the acquisition of 90% of Jamii Bora effective 21st August 2020. The acquisition offered the Bank the opportunity to cross-sell and deepen product offerings to the enhanced customer base and create a niche bank to offer specialized credit offerings that include MSME Banking, Microfinance, Youth & Women Banking, Asset Finance, and Leasing.
- xii) The Bank has continued to receive international recognition; and received the following accolades in the year 2020.
- EMEA Finance African Banking Awards 2020 - **Best Bank Kenya.**
 - Ft Banker 2020 Awards run by the Financial Times of London - **Bank of The Year in Kenya.**
- xiii) The remarkable growth of the Bank would not have been possible without your support as the strategic shareholder and core customer segment and the exemplary leadership provided by the Board of Directors and the delegates of the Bank; the Transformation Journey of the Bank from an institution with major governance issues and a huge over Kshs 2.3 Billion loss in the year 2001 and an Asset base of 22.3 Billion to now one of the largest banks in the Region with an Asset Base of over Kshs 553 Billion has been nothing short of a miracle. The Chairman sincerely and highly commended the Board of Directors and the Management of the Bank under the leadership of Dr. Muriuki for this great performance.
- xiv) **Dividend Payment** - As a Bank that is predominantly owned by the over 15-million-member Kenya Co-operative movement; the Bank received approval from the Central Bank of Kenya and promptly made a dividend payment of **Kshs 1/= per share (Kshs 1/= paid out in 2019) to the Shareholders on or about 14th April 2021 for the shareholders at the close of the share register on 31st March**

2021. This speedy intervention offered much-needed relief to the Co-operative Movement during the current pandemic year. The Dividend payment is to be ratified at the next "Virtual" AGM of the Bank.

This is a great milestone for the Bank and the Co-operative Movement as it is a return of Shilling for Shilling invested in the Bank!!

xv) **Nationwide delegates Elections** - The Board had extensively deliberated the matter and particularly noted the following key issues;

- a) That the District Electoral College comprises of at least 3 delegates from each shareholder co-operative society, and this will constitute huge forums that will by far exceed the authorized number of persons allowed to hold physical meetings and also make it virtually impossible to maintain the required social distance of at least 1.5 meters between persons.
- b) That the majority of the representatives/delegates of the eligible co-operative societies who will take part in the elections are within the age bracket of 55 years and above whom as per the Ministry of Health Covid 19 protocols, are strongly recommended to stay at home and avoid social gatherings as much as possible due to their vulnerability to contracting the coronavirus (Covid 19).
- c) The National Government has achieved a fairly low Covid 19 vaccination rate and the number of reported Covid 19 cases within the Country has continued to rise drastically therefore it will not be prudent to expose the representatives of eligible co-operative societies/delegates to the danger of contracting the disease by convening National delegates elections in November 2021 as earlier proposed and as per the Societies By-Laws. The new dates for the Nationwide delegate's elections are hence recommended to be done in November 2022; the delegate's endorsement of the Board proposal is hereby sought.
- f) In tandem with the strong growth, the bank has continued to give back to society, - with a key focus on the Co-operative movement. The Bank's primary Corporate Social Responsibility activity is through Co-op Consultancy & Insurance Agency, - a wholly owned subsidiary established primarily for capacity building in the co-operative movement. In the past two years, 2019 and 2020, the company signed up a total of 246 cooperative mandates and carried out 210 trainings which reached a total of 6137 individuals in the co-operative societies countrywide.

Key Highlights

In the year the Company conducted 153 consultancy assignments and 140 training. The key highlights for the year were as below: -

i) Advisory

- a. Development and review of strategic plans for various Saccos including 2NK Sacco, Faidisha Wanabiashara Sacco, Kathonzweni Sacco, Kinatwa Sacco, and Kenya Highlands Sacco among others.
- b. Conducted business improvement programs for Othaya Farmers' Cooperative, Gakindu Dairy Farmers Cooperative, and Nasca Sacco among others.
- c. Conducted Human Resource advisory for Capital Sacco, IG Sacco, Metropolitan National Sacco, Telepost Sacco, and Nyati Sacco among others.
- d. Carried out ICT Advisory for several Saccos including Magereza Sacco, ABC Empowerment Sacco, Jogoo Sacco, and Taifa Sacco among others.
- e. Supported the review of policies for several Cooperatives including Delcue Sacco, DIMKES Sacco, Mumming Sacco, and Ukombozi Sacco.

ii) Training

The company trained a total of 4213 individuals in the year 2019. One of the key highlights for the Company in training was the training of several cooperatives on Compliance and Anti Money Laundering (AML) as part of support to the Banks strengthening its risk management with its clientele. A total of 984 individuals were trained on AML in the year. The company also trained twenty dairy cooperatives on governance in the Brookside-Cooperative Bank partnership .

iii) Donor Projects

CCIA signed up donor projects that targeted capacity building for Cooperatives (We-Effect) and Famers (IFAD/GOK funded project KCEP-CRAL). The reach of the project at end of the year was 32000 farmers over a one and half year period.

- g) He highlighted the school fees bursary program under the Co-operative Bank Foundation, which is fully funded by the Bank. Since the establishment of the program in the year 2007, over 7,713 needy and bright students from across every region in the country have had the opportunity to access secondary school education. The scope of the program has been extended over the years to cover the following: -

- School's fees for 4 years of Secondary education.
- Fees for university education for the top 4 students per region.
- Internships for the beneficiaries of the university program.
- Youth empowerment.
- Mentorship and community service program.

- h) He thanked the delegates most sincerely for supporting the establishment of this program, - which provides a lifeline to bright and needy students to access education. It is indeed a great legacy for us to be able to positively impact the future generation through this program.
- i) On the National front, the Bank continued to partner with Her Excellency Margaret Kenyatta in the Beyond Zero campaign and donated Kshs 20 million to this noble cause. Further, the Bank made a cash donation of Kshs 100 million to the Covid 19 Emergency Respond Fund.
- j) The Bank has continued to partner with and support the various Government Initiatives geared toward improving the livelihoods of all Kenyans, notably the Bank has supported the Affordable Housing Pillar under President's Big 4 Agenda by making a seed capital contribution of Kshs 200 million for and on behalf of the Co-operative movement in the Country to the Kenya Mortgage Refinancing Corporation, which entity will support the construction of affordable housing units.
- k) In conclusion, he sincerely thanked the Board of Directors and the delegates, for the great responsibility bestowed on him as the Chairman of Co-op Holdings Co-operative Society Limited even as we seek to scale to greater heights indeed as the "Kingdom Bank" through which God will continue to bless the people of Kenya.
- l) The Bank continues to implement proactive enterprise risk management initiatives to ensure uninterrupted business operations in the following ways; -
 - 1. Fortification of our digital channels to support uninterrupted access to banking services by customers.
 - 2. Enhancement of digitization of internal bank processes and engagement platforms, to build contactless capabilities for both customers and staff.
 - 3. Adoption of a work-from-home model for the safety and wellness of bank teams and ensuring safe spaces for staff who continue to serve in physical touchpoints.
 - 4. Robust engagement with regulators to ensure full compliance and support.
 - 5. The Bank has put in place a proactive mitigation strategy anchored on a strong enterprise risk management framework, to enable uninterrupted access to banking services. We shall, riding on the unique synergies in the over 15-million-member co-operative movement that is the largest in Africa, continue to pursue strategic initiatives that focus on resilience and growth in the '*New Normal*' as the Nation focuses on flattening the curve and as vibrancy returns to the Economy.

The Chairman thereafter sought to know whether the Chairman's report had been proposed and seconded. The Company Secretary reported that the Chairman's Report had been proposed for adoption by Mr. Joel Otieno from Nyanza Region and seconded by Mrs. Jane Owuor from Nairobi Region. In the foregoing, the Resolution to adopt the Chairman's report having been proposed and seconded as indicated above, the motion was considered as unanimously adopted.

AGM 3/2021: CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 26th APRIL 2019

The Chairman noted that the minutes of the Annual General Meeting held on 26th April 2019 were made available to the delegates through the Bank's website and were also accessible through dialing the USSD code provided by Image Registrars. In the foregoing, he proposed that the minutes be taken as read and sought to know whether there was a proposer and a seconder for the adoption of the said minutes.

The Company Secretary reported that the Minutes of the Annual General Meeting held on 26th April 2019 were proposed for confirmation by Mr. Weslaus Nyukuri from Western Region and seconded by Mrs. Georgina Ann Munene from Nairobi Region.

In the foregoing, the Chairman declared that the resolution to approve the Minutes of the Annual General Meeting held on 26th April 2019 having been proposed and seconded, and the motion was unanimously approved.

AGM 4/2021: RATIFICATION OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019 AND THE YEAR ENDED 31ST DECEMBER 2020 TOGETHER WITH THE DIRECTORS AND AUDITOR'S REPORTS

The Chairman noted that the Society's financial reports for the years ended 31st December 2019 and 31st December 2020 had been made available to the delegates on the Bank's website for scrutiny and the delegates confirmed having received and read the same. He then invited Mr. Michael Kimoni to make his presentation before the delegates.

Mr. Michael Kimoni presented the financial reports for the years ended 31st December 2019 and 31st December 2020 and thereafter read out the report of the independent auditors as required by law.

The Chairman thereafter invited those delegates wishing to call in with questions, to proceed and dial in. The following four (4) delegates had the

opportunity to call in and ask questions or comment on the same as hereunder: -

1. Mr. Peter Kariuki Hinga calling from Kiambu complimented the Bank for fully implementing the Soaring Eagle Transformation Agenda which has enabled the Bank to continue to soar to greater heights despite operating in a challenging business environment and urged Management to keep up the good work.
2. Mr. Ibrahim thanked the Chairman, the Board of Co-op Holdings Co-operative Society, and the Group Managing Director & CEO for a commendable and well-done job and urged them to keep up the good work.
3. Mrs. Sarah Ajwang calling from Siaya fully appreciated the Bank for taking care of the delegates during the current Covid 19 environment by among others ensuring prompt payment of the good dividend and thereby ensuring the stability of the Co-operative movement. She further appreciated all the leaders in the Co-operative Movement for their able leadership.
4. Mrs. Redempta calling from Nairobi thanked the Bank for the strong performance and encouraged the Group Managing Director & CEO to keep up the good work.

After a short break, the Chairman invited the Group Managing Director & CEO to respond to the compliments from the delegates.

The Group Managing Director & CEO thanked the Chairman for the opportunity and appreciated the delegates for making time to attend the Annual General Meeting. He appreciated the directors for coordinating all delegate's activities including updating the delegates on regular basis on the performance of the Bank on various social media platforms despite the ongoing Covid 19 pandemic.

The Group Managing Director & CEO appreciated the Board and the delegates of the Bank for coming up with a special purpose vehicle in the name of the Co-op Holdings Co-operative Society when the Bank wanted to list its shares at the Nairobi Securities Exchange in order to raise additional capital, which has continually ensured that the identity of the Co-operative movement is maintained in the Bank. He recalled that in the year 2008 there were 2 special general meetings and several regional delegates' education forums.

The Group Managing Director & CEO thanked the Chairman and the Board of the Society for the leadership they had offered, and support extended to him resulting in stability in running the affairs of the Bank. He noted that this unity in the Board has resulted in the Bank posting impressive financial results and promptly payment of dividends to the Co-operative movement, particularly during this difficult Covid 19 season.

**SPEECH DELIVERED BY THE CHAIRMAN OF CO-OPHOLDINGS
CO-OPERATIVE SOCIETY LIMITED, MR. MACLOUD MALONZA - MBS,
HSC, DURING THE SOCIETY'S FIFTIETH (50th) ANNUAL GENERAL
MEETING HELD VIRTUALLY ON
16th JUNE, 2021**

The Group Managing Director & CEO of the Co-operative Bank of Kenya Limited, Dr. Gideon Muriuki - CBS, MBS

The Vice-Chairman - Co-opholdings Co-operative Society Limited,
Mr. Patrick K. Githendu

The Ag. Commissioner for Co-operatives, Mr. Geoffrey Njang'ombe

Directors of Co-opholdings Co-operative Society Limited

Distinguished leaders of National Co-operative Organisations

Dear Delegates,

Invited Guests,

Ladies and Gentlemen,

I warmly welcome each and every one of you to our Annual General Meeting.

This is a unique meeting, the first of its kind in this arrangement where all the delegates are not physically gathered in one venue. As you are all aware, the Government issued various guidelines regarding public gatherings following the outbreak of the Covid-19 pandemic.

The implication of these guidelines, in our context, is that a physical meeting of delegates in the manner anticipated in the By Laws of our Society would not have been possible for the duration of the crisis. As such and to ensure compliance with the law, the Society is holding its 50th Annual General Meeting electronically.

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Over and above meeting statutory obligations relating to our Society, we treasure this forum as it affords us a platform to engage and exchange constructive ideas and pick key learnings as co-operative leaders drawn from every corner of this great nation.

Dear Delegates, as you all know, our key investment is in the Co-operative Bank of Kenya Limited. Co-opholdings Co-operative Society Limited is the majority and strategic shareholder of the Co-operative Bank of Kenya Limited, - holding 65% of the shareholding. To remind ourselves, this unique structure was implemented in the year 2008 when the bank listed its shares at the Nairobi Securities Exchange, - deliberately to ensure that the Bank retains its co-operative identity. This was a key condition to the listing of the Bank. The co-operative movement felt very strongly that this bank, which they formed from very humble beginnings in 1965, must remain owned and controlled by the movement.

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I thank the Directors on the continuous engagement with delegates in their Regions that has provided Bank Delegates with regular updates on our overall strategic focus, progress made in the ongoing "Soaring Eagle" Transformation Project, and notably our specific performance in the year 2020 with the following key highlights; -

1. The Group has continued to show resilience with a strong Profit before Tax of Kshs 14.3 Billion as at 31st December, 2020 despite a fairly hostile operating environment with the

Covid 19 pandemic crisis, a huge translation loss from our South Sudan operations and negative contributions from CIC Insurance Group and Kingdom Bank Limited. This is a commendable performance by the Bank in a fairly difficult year. The Bank has maintained a strong brand name in the industry aggressively upholding its image as a professional and highly ethical Bank.

2. The summary of the Group Performance as at 31st December, 2020 is as hereunder: -
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3. As you will have noted the Bank has continued to post exemplary results; with a Profit before Tax of Kshs 4.98 Billion in Quarter 1 of 2021, a modest drop of 2.6% compared to pre pandemic Profit before Tax of Kshs 5.12 Billion recorded.
4. This strong performance represents the tangible benefits arising from the bold “***Soaring Eagle***” Transformation Project that the Bank has been implementing since 2014 supported by Mckinsey with a clear focus on improving operating efficiencies, sales force effectiveness and innovative customer

delivery platforms. Notably, over 92% of the Bank's transactions are now at the alternative channels i.e. Agents, ATM, Mco-op Cash, Internet

5. The Bank is now the 3rd largest bank in the region with an Asset Base of over Kshs 553 billion, over 8.8 million account holders from all the sectors across 159 branches countrywide and customer deposits of over Kshs 393.8 Billion. The strong performance by the Bank has cemented our position as the number 3 largest Bank in Kenya in terms of Asset Base.
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7. The "Soaring Eagle" Transformation Agenda has been riding on the following key pillars; -
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 - **Staff Productivity**

There has indeed been incredible transformation in the overall cost efficiencies, customer service and overall operational efficiencies in the Bank.

8. **Credit Adaptation Project/ Mitigation of Credit Risk in Covid-19 Environment** - In order for the Bank to remain competitive and ensure that the credit risk in the current Covid 19 season is fully mitigated the Bank in partnership with Mckinsey reviewed the overall credit risk management of the Bank with a key focus on the risk governance, credit risk appetite, origination and underwriting process, credit approval process, credit scoring/rating models and pricing, portfolio management, monitoring and reporting procedures, non-performing loan management, collections and recovery processes and benchmark capabilities in the different areas against best practice. The Bank has fully implemented all the recommendations under “Project Kilele” with regular reviews.
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11. **Acquisition of 90% Shares of Jamii Bora Bank Limited (Now Kingdom Bank Limited)** - The Central Bank of Kenya vide Gazette Notice No. 5475 issued on 7th August, 2020 approved the acquisition of 90% of Jamii Bora effective 21st August,

2020. The acquisition offered the Bank the opportunity to cross-sell and deepen product offering to the enhanced customer base and create a niche bank to offer specialized credit offerings that include MSME Banking, Microfinance, Youth & Women Banking, Asset Finance and Leasing.

12. The Bank has continued to receive international recognition; and received the following accolades in year 2020.

- EMEA Finance African Banking Awards 2020 - **Best Bank Kenya**.
- Ft Banker 2020 Awards run by the Financial Times of London - **Bank of The Year in Kenya**.

13. The remarkable growth of the Bank would not have been possible without your support as the strategic shareholder and core customer segment and the exemplary leadership provided by the Board of Directors and the delegates of the Bank; the Transformation Journey of the Bank from an institution with major governance issues and a huge over Kshs 2.3 Billion loss in year 2001 and an Asset base of 22.3 Billion to now one of the largest banks in the Region with an Asset Base of over Kshs 553 Billion has been nothing short of a miracle.

I also sincerely highly commend the Board of Directors and the Management of the Bank under the leadership of Dr. Muriuki for this great performance.

14. **Dividend Payment** - As a Bank that is predominantly owned by the over 15 million member Kenya Co-operative movement; the Bank received approval from Central Bank of Kenya and promptly made a dividend payment of Kshs 1/= per share (Kshs 1/= paid out in 2019) to the Shareholders on or about 14th April, 2021 for the shareholders at the close of the share register on 31st March, 2021. This speedy intervention offered the much-needed relief to the Co-operative Movement in the current pandemic year. The Dividend payment is to be ratified at the next “Virtual” AGM of the Bank.

This is a great milestone for the Bank and the Co-operative Movement as it is a return of Shilling for Shilling invested in the Bank!!

15 Nationwide delegates Elections - The Board had extensively deliberated the matter and particularly noted the following key issues; -

- a) That the District Electoral College comprises of at least 3 delegates from each shareholder co-operative society and this will constitute huge forums which will by far exceed the authorized number of persons allowed to hold physical meetings and also make it virtually impossible to maintain the required social distance of at least 1.5 meters between persons.
- b) That the majority of the representatives/delegates of the eligible co-operative societies who will take part in the elections are within the age bracket of 55 years and above whom as per the Ministry of Health Covid 19 protocols, are strongly recommended to stay at home and avoid social gatherings as much as possible due to their vulnerability to contract the corona virus (Covid 19).
- c) The National Government has achieved a fairly low Covid 19 vaccination rate and the number of reported Covid 19 cases within the Country have continued to rise drastically and therefore it will not be prudent to expose the representatives of eligible co-operative societies/delegates to the danger of contracting the disease by convening National delegates elections in November, 2021 as earlier proposed and as per the Society's By Laws. The new dates for the Nationwide delegates elections are hence recommended to be done in November, 2022; the delegates endorsement of the Board proposal is hereby sought.

Dear Delegates, in tandem with the strong growth, the bank has continued to give back to society, - with a key focus on the co-operative movement.

The Bank's primary Corporate Social Responsibility activity is through Co-op Consultancy & Insurance Agency, - a wholly owned subsidiary established primarily for capacity building in the co-operative movement. In the past two years, 2019 and 2020, the company signed up a total of 246 cooperative mandate and carried out 210 trainings which reached a total of 6137 individuals in the co-operative societies countrywide.

Key Highlights

In the year the Company conducted 153 consultancy assignments and 140 trainings. The key highlights for the year were as below: -

i) Advisory

- a. Development and review of strategic plans for various saccos including 2NK Sacco, Faidisha Wanabiashara Sacco, Kathonzweni Sacco, Kinatwa Sacco and Kenya Highlands Sacco among others.
- b. Conducted business improvement programs for Othaya Farmers' Cooperative, Gakindu Dairy Farmers Cooperative and Nasca Sacco among others.
- c. Conducted Human Resource advisory for Capital Sacco, IG Sacco, Metropolitan National Sacco, Telepost Sacco, and Nyati Sacco among others.
- d. Carried out ICT Advisory for several Saccos including Magereza Sacco, ABC Empowerment Sacco, Jogoo Sacco and Taifa Sacco among others.
- e. Supported the review of policies for several Cooperatives including Delcue Sacco, DIMKES Sacco, Mumming Sacco and Ukombozi Sacco.

ii) Training

The company trained a total of 4213 individuals in the year 2019. One of the key highlights for the Company in training was training of several cooperatives on Compliance and Anti Money Laundering (AML) as part of support to the Banks strengthening its risk management with its clientele. A total of 984 individuals were trained on AML in the year. The company also trained twenty

dairy cooperatives on governance in Brookside-Cooperative Bank partnership

iii) Donor Projects

CCIA signed up donor projects that targeted capacity building for Cooperatives (We-Effect) and Famers (IFAD/GOK funded project KCEP-CRAL). The reach of the project as at end of the year was 32000 farmers over a one a half year period.

I must also proudly highlight the school fees bursary programme under the Co-operative Bank Foundation, which is fully funded by the Bank. Since the establishment of the programme in the year 2007, over 7,713 needy and bright students from across every region in the country have had opportunity to access secondary school education.

The scope of the programme has been extended over the years to cover the following: -

- Schools fees for 4 years of Secondary education.
- Fees for university education for the top 4 students per region.
- Internships for the beneficiaries of the university programme.
- Youth empowerment.
- Mentorship and community service programme.

Dear Delegates, I wish to thank you most sincerely for supporting the establishment of this programme, - which provides a lifeline to bright and needy students to access education. It is indeed a great legacy for us to be able to positively impact the future generation through this programme.

On the National front, the Bank continued to partner with Her Excellency Margaret Kenyatta in the Beyond Zero campaign and donated Kshs 20 million to this noble cause. Further the Bank made a cash donation of Kshs 100 million to the Covid 19 Emergency Respond Fund.

Dear Delegates, the Bank has continued to partner and support the various Government Initiatives geared towards improving the livelihoods of all Kenyans, notably the Bank has supported the Affordable Housing Pillar under President's Big 4 Agenda by making a seed capital contribution of Kshs 200 million for and on behalf of the Co-operative movement in the Country to the Kenya Mortgage Refinancing Corporation, which entity will support the construction of affordable housing units.

As I conclude, let me sincerely thank the Board of Directors and you the delegates, for this great responsibility you have bestowed on me as the Chairman of Co-opholdings Co-operative Society Limited even as we seek to scale to greater heights indeed as the "Kingdom Bank" through which God will continue to bless the people of Kenya.

The Bank continues to implement proactive enterprise risk management initiatives to ensure uninterrupted business operations in the following ways;-

1. Fortification of our digital channels to support uninterrupted access to banking services by customers.
2. Enhancement of digitization of internal bank processes and engagement platforms, to build contactless capabilities for both customers and staff.
3. Adoption of a work-from-home model for the safety and wellness of bank teams and ensuring safe spaces for staff who continue to serve in physical touchpoints.
4. Robust engagement with regulators to ensure full compliance and support.
5. The Bank has put in place a proactive mitigation strategy anchored on a strong enterprise risk management framework, to enable uninterrupted access to banking services. We shall, riding on the unique synergies in the over 15 million-member co-operative movement that is the largest in Africa, continue to pursue strategic initiatives that focus on resilience and

growth in the 'New Normal' as the Nation focuses on flattening the curve and as vibrancy returns to the Economy.

Long Live the Co-operative Movement.

Long Live the Kingdom Bank.

Thank you and may God's blessings be upon and with you always.

MACLOUD MALONZA - MBS, HSC
CHAIRMAN