



43RD ABSA BANK KENYA PLC AGM – SHAREHOLDER QUESTIONS AND ANSWERS

No.	Question	Shareholder Name	Theme	Answer
1	Why haven't we held a physical meeting, yet the government has allowed people to have meetings and conferences?	Jumba Valarie Kadenyi	AGM	<ul style="list-style-type: none"> • Even though restrictions had been lifted, the government has advised Kenyans to continue heeding public health measures such as handwashing and social distancing. • In addition, the vaccination rate remains very low at 29% and behind advanced countries at over 70%. • In addition, threats from new strains are still significantly high as we have recently witnessed, with total lockdowns in China.
2	A shareholder requesting that shareholders be given gift vouchers so that they can survive the hardship they are currently experiencing.	Muruu, Regina Wangui	AGM	<ul style="list-style-type: none"> • As of today, we have over 60,000 shareholders. The best way to compensate shareholders for their support is through dividends and not merchandise.
3	What is Absa?	(Dr) Kulundu Newton Wanjala	Business Strategy	<ul style="list-style-type: none"> • In February 2020, we rebranded from Barclays Bank and took on our new identity and name as Absa. Absa is among the top 3 biggest financial institutions in Africa, listed on JSE with a market capitalization of KES1.2 trillion and a balance sheet of about KES7 trillion. The group has over 42,000 employees, over 1,200 branches and well above 10,000 ATMs across 12 African markets. • Our purpose is to 'bring your possibility to life', as we believe in the actions of people who always find a way to get things done. We are obsessed with customers, with creating



				opportunities for them to make their possibilities real and to support them every step of the way.
4	Why can't Absa customers access easy, small pre-approved loans on the Absa app (payable in maybe 12 months), just like mobile phone operators? This will increase the bank's income and benefit the shareholders in the long run.	Githitho Daniel Muriithi	Business Strategy	<ul style="list-style-type: none"> • Through our Timiza mobile app, customers can send money, get instant loans, purchase airtime, pay their bills and do much more at their own time, wherever they are. • We have also recently launched digital loan top ups allowing customers to top up existing loans in near instant. • We are currently working on enhancing the platform to capture non-bank customers.
5	Still on technology, is Absa thinking of acquiring, merging or partnering with any Fintech apps to increase its products?	Githitho Daniel Muriithi	Business Strategy	<ul style="list-style-type: none"> • Given that Financial Institutions and FinTech's are no longer mutually exclusive, there has been an increased need for collaboration between the two groups, with M-PESA for instance. These partnerships are critical for the financial services industry and technology sector's future success. Fintech innovations provide banks with more features and functionalities, lower costs, and the ability to scale up quickly, in addition to allowing them to execute complex activities online. • Our approach is to open our core banking system to third parties through Open APIs which we believe will bring additional capabilities for us and for our



				partners. We are in the final stages of developing a comprehensive partnership framework and we have identified key partnerships to pursue.
6	Does Absa Bank Kenya PLC has strategy of investing beyond Kenya the way other tie one banks are investing in EAC and beyond	Wahome, Denis Wandiani	Business Strategy	<ul style="list-style-type: none"> • Absa Group Limited is a Leading Pan African Financial Institution with global reach and we have been voted as the 3rd largest bank in Africa in the top1000 global bank banks • In the East Africa region, Absa Brand is present here in Kenya, Uganda and Tanzania. In Tanzania, we are also present as National Bank of Commerce (NBC). Each country is a subsidiary of Absa Group Limited listed on the Johannesburg Stock Exchange • As part of one of the leading Financial Services Group in Africa, we derive support at scale, and we are able to employ synergies provided by the Group in East Africa Region.
7	Can the lengthy period between announcement of the results, and payment of the dividends be shortened to about 2 months maximum?	Tole Mwakio Peter	Dividend	<ul style="list-style-type: none"> • We announced our results in the second half of March and we will be paying dividend in the second half of May which is aligned to the request. • The two months give us sufficient time to prepare the Integrated Report and give shareholders 21 days' notice in accordance with the law.
8	When shall we receive our dividends?	Kimuhu Rachel Wangu	Dividend	<ul style="list-style-type: none"> • The Board of Directors has recommended a dividend of Kenya Shillings one and ten cents (Kshs 1.10), for each ordinary share on the issued and paid-up share capital of the Company for the Financial Year ended 31



				December 2021. Subject to Shareholders' approval, the dividend will be payable on or about May 26, 2022, to the members of the Company on the share register of the Company on the closure date of 25 April 2022.
9	Shareholders did not receive a dividend payment in 2020. In 2021, even with improved financial performance, the dividend declared has remained pathetic. When will the Absa directors ever improve dividend payout to shareholders?	Kihali, James Omedo	Dividend	<ul style="list-style-type: none"> The evolving operating environment required us to take decisive actions towards capital and liquidity preservation to safeguard the business for uncertainty occasioned by the COVID-19 pandemic. The economy just recovered from economic slump, and we are now experiencing geopolitical issues occasioned by war in Ukraine such as high fuel prices, rising inflation, disruption of imports and exports and upcoming elections. In addition, our pay-out ratio of above 50% was the second highest in the market and our dividend yield has remained one of the best in the industry and our stock price was the second-best performing stock at the NSE benchmarked from the on-set of our Growth, Transformation and Returns strategy in 2018. We are also re-investing into your business for future growth so that we can pay better dividends going forward.
10	Where have retained profits gone over many years?	Karitu, Christopher Waithaka	Dividend	<ul style="list-style-type: none"> Retained earnings fluctuates as per business performance and declaration of dividends. The residual bolsters our capital position. The unforeseen impact of the pandemic required us to preserve capital to safeguard the bank. For instance, KES 4.2 billion in retained earnings in 2020



				<p>increased our tier 1 capital ratio from 13.9% to 14.7%.</p> <ul style="list-style-type: none"> Retained earnings have gone into re-investments to support future growth. This has enabled our business to transform into a holistic financial services company. Over the recent past, we have invested over KES 5 billion in technology which has allowed us to reduce our Cost to Income ratio from the 53% to 45%. These capabilities have also transformed Absa into a digital-led organization where 90% of transactions are being serviced outside of the branch. We have since revised our strategy from capital preservation to capital precision to drive business growth as demonstrated in our Q1 numbers
11	What is the dividend rate	Njiru Rosalia Marigu	Dividend	<ul style="list-style-type: none"> The Board has recommended a dividend per share payment of KES 1.1 which is at the same level as 2019.
12	What happened to the profit and by extension dividends that would have been paid but was not paid in FY2020?	Githitho Daniel Muriithi	Dividend	<ul style="list-style-type: none"> The profits were retained bolstering our capital position and allowing us to have capacity for re-investments. The investments will allow the bank grow at a faster rate like we have demonstrated in our Q1 2022 results and will allow the bank pay higher dividends in future.
13	How does dividend paid compare to other market players in Kenya?	Cheserek Ronald Kiplimo	Dividend	<ul style="list-style-type: none"> Our dividend yield has remained one of the highest in the market and our pay-out ratio of above 50% was the second highest in the market. The Board and management are committed to continue returning cash to shareholders while being mindful of safeguarding the bank against unpredictable events by maintaining sufficient capital



				buffer above regulatory minimum and re-investing for future growth.
14	How do you explain the disappointing performance of the bank share price over the past 12 months? Do you view this as part of a broader trend affecting all financial institutions?	Githitho Daniel Muriithi	Share Price	<ul style="list-style-type: none"> We have evaluated our stock from the on-set of our Growth, Transformation and Returns strategy in 2018 and are committed to delivering above industry average returns to shareholders. By end of 2021, our stock was top performing at the Nairobi Securities Exchange recording a 23% increase; and with dividend yield of 9%. Total returns were at 32% which was the second-best performing bank stock in the industry.
15	What steps are being taken to stabilize and increase the value of each share?	Keng'ara Brian Kimaiga	Share Price	<ul style="list-style-type: none"> As part of our strategy, we are focused on growing our business above market growth rate through differentiation. We are building out new capabilities to capture missing revenue pools faster than the market as we defend our traditional core franchise to grow in line with market. This will continue to strengthen our company and make it more attractive to investors thereby growing the value of our share.
16	Are we getting shares this year?	Ingau Morgan Muga	Share Price	<ul style="list-style-type: none"> There are many ways the Board can compensate the shareholders. The Board considers these before arriving at a decision. Other methods besides dividends carry associated time and costs and the Board needs to be satisfied on the Cost vs Benet before making further consideration.
17	When are going to be given bonus shares?	Mwilu Redempta Mbinya	Share Price	
18	Please elaborate on C.E.O bonus 2021	Ouma Austine Baraza	Directors' Compensation	Our remuneration principles and practices are designed to deliver remuneration that is competitive and fair, incentivizes performance, assists in retaining talent, reflects regulatory



				<p>requirements and is aligned with risks as well as the conduct expectations of the Group.</p> <p>Our reward philosophy underpins our growth strategy, entrepreneurial culture and risk management approach. Its objective is to direct the efforts of our colleagues in delivering our strategy of creating sustainable value for all our stakeholders in a fair and responsible way</p> <p>Our reward principles</p> <ul style="list-style-type: none">• Attract, retain and engage high caliber individuals• Align the long-term interests of our executives and investors• Pay for performance, by aligning incentive outcomes to performance and value created.• Deliver fair and responsible remuneration, through regular reviews and disclosure of pay gap metrics, and decisions. <p>Directors remuneration is Agenda 2IV in our 43rd Annual General meeting. Further details can be found on page 91 of 2021 Integrated Report.</p>
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