

EQUITY GROUP HOLDINGS PLC 19<sup>TH</sup> ANNUAL GENERAL MEETING

**SHAREHOLDERS  
QUESTIONS AND ANSWERS**



NO	QUESTION	ANSWERS
<b>FINANCIAL STATEMENT</b>		
1.	<b>Has the financial statement been posted onto the website?</b>	Please visit the EGH PLC website <a href="https://equitygroupholdings.com/agm-annual-general-meeting/">https://equitygroupholdings.com/agm-annual-general-meeting/</a> for AGM related documents
2.	<b>Outline on the credit management, debt chasing, early warning alarms and debt risk management of the bank</b>	<p>As a regulated entity, Equity Group’s approach towards its management of credit risk is aligned with the Central Bank of Kenya Risk Management Guidelines. There is segregation of duties across the entire end-to-end credit process starting from credit origination all the way to disbursement and regular monitoring. At any stage of the credit management cycle, if any material deterioration in risk profile of a counterparty becomes evident, (e.g. poor account conduct, non-adherence to or breach of terms and conditions, negative press reports, poor financial performance or indications of deteriorating prospects leading to increased probability of default) such accounts are referred to the Special Assets Management team.</p> <p>There’s an “Early collections” team responsible for contacting clients as soon as a loan falls into arrears, with the aim of recovering the arrears promptly, within the first 10 days. Any arrears that are not recoverable within the first 10 days are handed over to a more specialized team that engages the client to understand the underlying issues and agree on a repayment strategy.</p>
3.	<b>With recent investments in DRC, how is the company mitigating any potential risks?</b>	<p>The risk management approach for EBCDC is detailed in board approved Risk Management Framework and Policies which are aligned to the business strategy as well as the Group Enterprise Risk Management Framework and Policies. These cover the principal risk types and articulates the risk management approach which relies on people, processes and systems to identify, assess, mitigate, approve and report risk issues. The risk function in EBCDC is being strengthened with new experienced hires with Risk management training having been enhanced across the three lines of defense. The various risk frameworks, policies and procedures have been implemented and/or reviewed, risk appetite statements defined, and systems implemented in EBCDC to automate processes and improve risk assessment.</p>
4.	<b>My available balance</b>	Thank you for your query. Please contact our Shares Registrar on <a href="mailto:sharesregistry@equitybank.co.ke">sharesregistry@equitybank.co.ke</a> or 0763026842
5.	<b>Would like financial statements</b>	Please visit the EGH PLC website <a href="https://equitygroupholdings.com/agm-annual-general-meeting/">https://equitygroupholdings.com/agm-annual-general-meeting/</a> for AGM related documents
6.	<b>Kindly explain the effect of the finance bill to the present financial year</b>	<p>The Finance Bill proposes tax increases, which increase the tax burden on Kenyan households and businesses. On the household front, a higher tax burden will result in a fall in disposable income. This will lead to a slowdown in consumption and by implication economic growth. Firms faced with a higher tax burden will have less revenue to re-invest in their businesses. A decrease in capital expenditure will result in a slowdown in investment, and by implication economic growth. Higher taxes will reduce households and businesses capacity to service their debt, implying we are likely to see an increase in NPLs across the banking industry.</p>
7.	<b>How do I qualify for a loan</b>	Thank you for your query. Kindly visit your nearest Equity Bank branch or contact us vide <a href="mailto:info@equitygroupholdings.com">info@equitygroupholdings.com</a>
8.	<b>Why is the Equity Share price depressed in the Nairobi stock market</b>	Regarding the volatility of the share price and any divergence from fundamentals this is unfortunately not in the control of management and sometimes reflective of global dynamics. However, management continues to focus on driving the fundamentals of the business and ultimately creating shareholder wealth.
9.	<b>Given the downgrading of Kenya government securities, are there measures being put in place to divest or reduce exposure to the expected loss.?</b>	<p>The Government of Kenya Domestic Securities continue to provide a risk-free return despite the downgrade of the country’s credit ratings. The value of the existing stock of domestic securities has been hampered by the rise in interest rates. To be mitigate this, Equity has been looking to invest on the short end of the yield curve. Investors have also been willing to invest in the 3-to-5-year period where the risk / return has been optimal given the current interest rates.</p>
10.	<b>How often should I receive the statement.</b>	Thank you for your query. Kindly visit your nearest Equity Bank branch or contact us vide <a href="mailto:info@equitygroupholdings.com">info@equitygroupholdings.com</a>
11.	<b>Is it possible to get a loan against shares</b>	Thank you for your query. Kindly visit your nearest Equity Bank branch or contact us vide <a href="mailto:info@equitygroupholdings.com">info@equitygroupholdings.com</a>

NO	QUESTION	ANSWERS
12.	<b>How is the Group using Artificial Intelligence. Does it pose an opportunity or a threat?</b>	Artificial Intelligence (AI) can present both opportunities and threats. The Group has adopted Ai as an opportunity in decision making and assisting in getting to understand our customers better. We have embedded AI from machine learning to the level of analytics and decision making especially in credit scoring and managing fraud threats
13.	<b>What is the impact of the Finance Bill and what is the correlation between the Bill and the state of the economy and macro-economic environment?</b>	The Bill proposes tax increases for the economy that is in line with the fiscal consolidation program that the country has undertaken. It is the government's effort to try to restore national debt to a sustainable position by bringing down the budget deficit. It expresses the steps the government wishes to take to transition from infrastructure led growth financed by the government balance sheet to a more private sector led private growth. It is part of the government's strategy to transition Kenya to leverage off its productive assets of infrastructure. Strategically, as EGH, we would look to target those sectors who are beneficiaries of the infrastructure like the SMEs, manufacturers etc. Implications of the Bill include higher tax burden leading to lower disposable income and slowdown in retained earnings for businesses hence undermining growth prospects.
14.	<b>What has the Group done to support Micro and Small Enterprises (MSMEs) bounce back?</b>	MSMEs play a critical role in the economy. At Equity, over 70% of our loans are to MSMEs. To further support this segment, we have strengthened our interventions through financial literacy to increase capacity and de-risk them. So far 2.4M women and youth entrepreneurs have been trained and 3.8M farmers have been impacted with over 251,000 SME farmers having been reached. The Group is also working with its partners like Mastercard to strengthen the credit flow to this sector.
15.	<b>What is the Group doing to ensure sustainability is entrenched in its business?</b>	<p>The Group has embraced sustainability by implementing various initiatives in its business. We have enhanced risk management procedures with respect to the environment and society. We are funding sustainable financing as well as building capacity, for instance, in sustainable farming. Internally, we are working with our suppliers in footprint management whilst working on other aspects like gender diversity. On governance sustainability, we have incorporated effective corporate governance in our core values. By observing our strong governance practices, we create a firm foundation for sustainable expansion. We have further enhanced Board diversity and embedded risk as a culture.</p> <p>On social sustainability, we embed ourselves in the communities' social programs. We cover the entire life cycle from childhood to old age supporting SMEs through training, agriculture through capacity building, environmental through clean energy financing, health through quality, affordable and accessible health care and social protection by offering safe, affordable and accessible distribution channels.</p>
16.	<b>How is the Bank managing Fraud risk and Risk management in the new markets it has ventured into?</b>	All the Group processes are subjected to risk assessment which includes areas of vulnerability which could expose us to fraud. Controls are then designed to address the vulnerabilities identified. Further, there is consistent automation of manual processes to minimize possible fraud cases. We manage fraud risk like the other principal risk types following the 3 lines of defense model with the right people and processes in place. We regularly review and update our systems, processes, policies and procedures for improvement.
17.	<b>Does the Group have sufficient shock absorbers for the Global Economic shocks?</b>	The Group has built enormous capability including capital buffers, liquidity buffers, and coverage of non-performing loans (NPLs). Nonetheless, there is still room for improvement, and we shall keep improving. Additionally, we have and continue to strengthen our leadership team including the ESOP whose approval from the shareholders we are seeking in this AGM for creation and implementation as a long term incentive.
18.	<b>How are you managing the risks in the credit sector?</b>	As at the end of the year 2022, we achieved a single digit NPL (7% against the industry average of 14%). This has been achieved via various measures like intensive but sustainable growth on the areas/sectors identified under the African Recovery and Resilience Plan. We also observe early monitoring of the loan book and specific recovery teams have been put in place. We have created Credit Risk Frameworks that are used across the entire Group to manage credit risk. The necessary structures are in place and well resourced with the right skill set. We have the Special Assets recovery team which is focused on special recoveries.

NO	QUESTION	ANSWERS
19.	<b>Given the rapid digital transformation, how does the Group intend to rationalize the branch network?</b>	Whilst there will be a slow branch expansion, branches will remain as service and advisory centres especially for non-cash related services that the Group offer. We will also continue to extend our agent network while expanding the service and product offering by those agents. With regard to the digital services, the Group shall seek to offer stability, ease of access and enriching the product menu.
20.	<b>Can my Equity ATM card work in the other countries the Group operates in?</b>	We have ensured integration across the entire Group and digitization of our processes and therefore an Equity ATM card can be used in any of our subsidiaries. Additionally, the Group is focusing on supporting cross border trade
21.	<b>What is Equity Group's take on and compliance to ESG?</b>	ESG & Climate Risks have been identified as a Principal Risk Type (PRT) under the Group's Enterprise Risk Management Framework (ERMF) and form part of the overall risk appetite of the Group. The ESG risk management process is governed through appropriate frameworks, policies and procedures with oversight provided at the Board level
<b>DIVIDENDS</b>		
22.	<b>What is the impact of the Group expansion to the dividend payment and what are the plans for Ethiopia?</b>	All the Group subsidiaries are currently generating Returns on Equity higher than the cost of capital. Therefore, the expansion is value creating. Regarding Ethiopia, this has been a priority market for the Group with already an existing representative office. However, the regulatory framework is not yet in place to allow foreign banks to operate in the country but currently it is being developed.
23.	<b>Why are dividends paid so late like in this case they will be paid at the end of June? As much as it is a function of the AGM, would you consider holding the AGM a bit earlier? We have other corporates doing it much earlier; and even distributing dividends more promptly! I would want to believe you should also be setting the pace in this aspect. Or is it a case of "trading with the money" in the meantime and of course the Bank unilaterally keeping the proceeds without sharing it with the shareholders?</b>	Kindly note the legal requirement for payment of dividends is before end of six months of the closure of the Company's financial year. In that regard, the Company has and shall continue to meet the legal provisions with regard to holding its Annual General Meeting. Please note that in setting the date of the Annual General Meeting, the Board considers the totality of the agenda items including dividend. However, your proposal is well noted for consideration in planning future general meetings of the Company.
24.	<b>Hi. Dividends still very low. Can u also make it possible for the dividends to come in earlier, around April or May.</b>	Further, please note the legal requirement for payment of dividends is before end of six months of the closure of the Company's financial year. In that regard, the Company has and shall continue to meet the legal provisions with regard to holding its Annual General Meeting. However, your proposal is well noted for consideration in planning future general meetings of the Company.
25.	<b>Can my dividends be paid to my Equity Bank Account?</b>	Thank you for your query. Please contact our Shares Registrar on <a href="mailto:sharesregistry@equitybank.co.ke">sharesregistry@equitybank.co.ke</a> or 0763026842
26.	<b>Can we be paid our dividend through our registered M-PESA Account numbers instead of paying through the bank?</b>	Please contact our Shares Registrar on <a href="mailto:sharesregistry@equitybank.co.ke">sharesregistry@equitybank.co.ke</a> or 0763026842

NO	QUESTION	ANSWERS
27.	<b>Is it possible for the shareholders to receive SMS's (on their given contacts) on their dividends such that they don't have to check their bank statements or wait for the postal slips?</b>	Thank you for your query. Please contact our Shares Registrar on <a href="mailto:sharesregistry@equitybank.co.ke">sharesregistry@equitybank.co.ke</a> or 0763026842
28.	<b>I have not received dividends for about 2-3 years. How do I get them?</b>	Thank you for your query. Please note that for the financial years 2019 and 2020, no dividend was recommended by the Board of Directors due to the uncertainties caused by the COVID-19 Pandemic. However, a first and final dividend of Kshs. 4 per share in respect of the financial year ended 31 <sup>st</sup> December 2022 will be paid on or about 30 <sup>th</sup> June 2023 to the shareholders on the register as at the close of business on 19 <sup>th</sup> May 2023. For more details, please contact our Shares Registrar on <a href="mailto:sharesregistry@equitybank.co.ke">sharesregistry@equitybank.co.ke</a> or 0763026842
29.	<b>not received any dividends since</b>	Thank you for your query. Please contact our Shares Registrar on <a href="mailto:sharesregistry@equitybank.co.ke">sharesregistry@equitybank.co.ke</a> or 0763026842
30.	<b>When will we be paid our dividends and at what rate?</b>	Please note a first and final dividend of Kshs. 4 per share in respect of the financial year ended 31 <sup>st</sup> December 2022, will be paid on or about 30 <sup>th</sup> June 2023 to the shareholders on the register as at the close of business on 19 <sup>th</sup> May 2023.
31.	<b>would like to learn more on investment</b>	Thank you for your query. Please contact our Shares Registrar on <a href="mailto:sharesregistry@equitybank.co.ke">sharesregistry@equitybank.co.ke</a> or 0763026842.
32.	<b>why do you pay little dividends and the profit is high?</b>	Thank you for your query. The company has a Dividend Policy in place which provides that the recommended amount allocated for dividend pay-out shall be determined by the Board of Directors based on the Group's financial performance at the end of the reporting fiscal year and shall target to be between 30% and 50% of the PAT.
33.	<b>How can I get divided for my late mother's shares</b>	Thank you for your query. Please contact our Shares Registrar on <a href="mailto:sharesregistry@equitybank.co.ke">sharesregistry@equitybank.co.ke</a> or 0763026842.
34.	<b>Can we get more than what has been proposed?</b>	Please note a first and final dividend of Kshs. 4 per share in respect of the financial year ended 31 <sup>st</sup> December 2022, will be paid on or about 30 <sup>th</sup> June 2023 to the shareholders on the register as at the close of business on 19 <sup>th</sup> May 2023.
35.	<b>Do we intend to retain the dividend payout policy of a fixed rate of profit after tax for the long term?</b>	Thanks for your query. The dividend payout policy of 30-50% of PAT has not changed.
36.	<b>Are there plans to declare the issuance of bonus shares for shareholders?</b>	Currently there is no agenda on bonus shares, however if the Board deems it necessary in future, the appropriate recommendation will be made to the shareholders for approval.
37.	<b>Did we get shares?</b>	Please note a first and final dividend of Kshs. 4 per share in respect of the financial year ended 31 <sup>st</sup> December 2022, will be paid on or about 30 <sup>th</sup> June 2023 to the shareholders on the register as at the close of business on 19 <sup>th</sup> May 2023. Currently there is no agenda on bonus shares, however if the Board deems it necessary in future, the appropriate recommendation will be made to the shareholders for approval.
38.	...	For further clarification on your query, please contact our Shares Registrar on <a href="mailto:sharesregistry@equitybank.co.ke">sharesregistry@equitybank.co.ke</a> or 0763026842
39.	<b>What determines ones divided</b>	The company has a Dividend Policy in place which provides that the recommended amount allocated for dividend pay-out shall be determined by the Board of Directors based on the Group's financial performance at the end of the reporting fiscal year and shall target to be between 30% and 50% of the PAT. The Dividend payable to each shareholder is per each share held.
40.	<b>Does the bank have any plans to issue interim dividends to its shareholders in future? The full year dividends are much appreciated! Keep it up!</b>	Thanks for your query. The Board of Directors will make appropriate recommendation based on the performance of the Company and commitment to the Dividend policy.

NO	QUESTION	ANSWERS
41.	<b>Hello Equity Group. Is there a way you can assist Ugandan shareholders to open accounts in Equity Bank Kenya to ease the payment of our dividends?</b>	Thank you for your query. Please contact our Shares Registrar on <a href="mailto:sharesregistry@equitybank.co.ke">sharesregistry@equitybank.co.ke</a> or 0763026842
42.	<b>Is dividend sent to my phone? I did not receive last year's dividend</b>	Thank you for your query. Please contact our Shares Registrar on <a href="mailto:sharesregistry@equitybank.co.ke">sharesregistry@equitybank.co.ke</a> or 0763026842
43.	<b>What happened to the previous dividend payment</b>	Thank you for your query. Please contact our Shares Registrar on <a href="mailto:sharesregistry@equitybank.co.ke">sharesregistry@equitybank.co.ke</a> or 0763026842
44.	<b>Looking forward to more dividend issue.</b>	Please note a first and final dividend of Kshs. 4 per share in respect of the financial year ended 31 <sup>st</sup> December 2022, will be paid on or about 30 <sup>th</sup> June 2023 to the shareholders on the register as at the close of business on 19 <sup>th</sup> May 2023.
45.	<b>Gift to compliment dividend?</b>	Please note the 19 <sup>th</sup> AGM for EGH PLC shall be held electronically and each shareholder will be availed the link for attending the meeting. Based on the prevailing circumstances, the company may consider physical meetings in future.
46.	<b>If my cheque from past dividends expired, can it be replaced</b>	Thank you for your query. Please contact our Shares Registrar on <a href="mailto:sharesregistry@equitybank.co.ke">sharesregistry@equitybank.co.ke</a> or 0763026842
47.	<b>I want to know my shares in price</b>	Thank you for your query. Please contact our Shares Registrar on <a href="mailto:sharesregistry@equitybank.co.ke">sharesregistry@equitybank.co.ke</a> or 0763026842
48.	<b>What happened to the resolution about paying out a certain percentage of bank profits as dividends. I think the dividend payout has been consistently below that.</b>	Thank you for your query. The company has a Dividend Policy in place which provides that the recommended amount allocated for dividend pay-out shall be determined by the Board of Directors based on the Group's financial performance at the end of the reporting fiscal year and shall target to be between 30% and 50% of the PAT.
49.	<b>We are told every time that Equity Bank has made a huge profit but we are given small dividends WHY?</b>	Thank you for your query. The company has a Dividend Policy in place which provides that the recommended amount allocated for dividend pay-out shall be determined by the Board of Directors based on the Group's financial performance at the end of the reporting fiscal year and shall target to be between 30% and 50% of the PAT. This is balanced with capital preservation to fund growth in a challenging macro-economic environment.
50.	<b>Why does Equity make it so difficult to cash Dividend Cheques in Equity Branches. The last time I cashed mine in Murang'a Branch. I had to fill a form that had to be approved by the Manager and they ended deducting 50/= . Since then I have never tried to to cash a Dividend Cheque over counter.</b>	Thank you for your query. Please contact our Shares Registrar on <a href="mailto:sharesregistry@equitybank.co.ke">sharesregistry@equitybank.co.ke</a> or 0763026842
51.	<b>Why is our company no longer doing an Online NSE TRADING TO CUSTOMERS whereby am seeing a huge loss due to fussy matted by many INVESTORS on the availability of only physical visit of our many branches which seem costly and less effective ????????????????????</b>	Thank you for your query. Currently the feature for online shares trading is not available on Equity's self-service portal. Nonetheless, Equity remains resolute on its digitization strategy of availing the entire ONE EQUITY product basket including shares trading, on the self-service portal.
52.	<b>What was the final declared dividend per share and what is termed as your financial year?</b>	Please note a first and final dividend of Kshs. 4 per share in respect of the financial year ended 31 <sup>st</sup> December 2022, will be paid on or about 30 <sup>th</sup> June 2023 to the shareholders on the register as at the close of business on 19 <sup>th</sup> May 2023.

NO	QUESTION	ANSWERS
53.	<b>Why can't equity pay dividends through mpesa? For some of us shareholders, the option of bank transfer leads to forex losses, PO box only works when one gets back to their country, yet we stay here in Kenya and have Mpesa lines</b>	Thank you for your query. Please contact our Shares Registrar on <a href="mailto:sharesregistry@equitybank.co.ke">sharesregistry@equitybank.co.ke</a> or 0763026842
54.	<b>Equity undertook to pay 30%-50% of net profits as dividends. You have stuck to the lower end (30%). Could you consider being more generous from FY2023? At least 40%-times are tough in KE!</b>	Thank you for your query. Indeed, the company has a Dividend Policy in place which provides that the recommended amount allocated for dividend pay-out shall be determined by the Board of Directors based on the Group's financial performance at the end of the reporting fiscal year and shall target to be between 30% and 50% of the PAT. This is balanced with capital preservation to fund growth in a challenging macro-economic environment.
55.	<b>How is dividends being disbursed for the financial year ending as of late for the ending year old have not received, kindly can this be highlighted.</b>	Thank you for your query. Kindly note a first and final dividend of Kshs. 4 per share in respect of the financial year ended 31 <sup>st</sup> December 2022, will be paid on or about 30th June 2023 to the shareholders on the register as at the close of business on 19 <sup>th</sup> May 2023. For further information contact our Shares Registrar on <a href="mailto:sharesregistry@equitybank.co.ke">sharesregistry@equitybank.co.ke</a> or 0763026842
56.	<b>For a good period of time we have not congregated for an actual meeting ...in past times while we met we were used to be treated with token not to mention costly lunch now that this is no more why don't these reflect to our dividends having saved soon many expenses</b>	Thanks for your comments which is duly noted. Based on the prevailing circumstances, the company may consider physical meetings in future.
57.	<b>Since I acquired shares in 2014, I have never got any dividend, if there were paid out dividends how do I get all the accumulated dividends</b>	Thank you for your query. Please contact our Shares Registrar on <a href="mailto:sharesregistry@equitybank.co.ke">sharesregistry@equitybank.co.ke</a> or 0763026842
<b>DIRECTORS' REMUNERATION</b>		
58.	<b>Remuneration of Directors To receive, consider and approve the Directors' Remuneration Report and the remuneration paid to the Directors for the financial year ended 31st December 2022. Is the remuneration to directors, variable based on bank performance?</b>	The Board reviews and recommends the remuneration structure of directors annually, subject to shareholders' approval. While directors' remuneration is linked to performance, it is competitively structured to attract and retain the best talent to effectively develop the Group's business.
<b>ELECTION</b>		
59.	<b>How do one qualify to via as a director? Who stand as CEO today?</b>	The Company has an approved Board Appointments Policy and Procedure in addition to the Company's Articles of Association which prescribe the appointment process of Directors to the Board which is in accordance with the Companies Act of Kenya. In considering submissions for appointment, the Board considers the skills required on the Board at that particular time and going forward against the background of the Group's Strategy. Please note the current CEO of the Company is Dr. James Mwangi.

NO	QUESTION	ANSWERS
60.	<b>Can one elect an official through proxy</b>	Thanks for your query. You can either register and vote electronically or appoint a Proxy. Proxy Form is available on our website <a href="https://equitygroupholdings.com/agm-annual-general-meeting">https://equitygroupholdings.com/agm-annual-general-meeting</a> .
61.	<b>Does your board membership structure encompass junior board member or a management trainee position to nurture future leaders?</b>	The Board has in place an approved Board Succession Policy and Plan whose purpose is to ensure that there is a systematic way for ensuring that there is Board continuity and that any vacancies on the Board, both planned or unplanned are filled as quickly as possible with individuals with the necessary skills, experience and backgrounds and that the potential Board members are a good fit for the Board.
<b>BOARD AUDIT COMMITTEE</b>		
62.	<b>Please share the list of the committee members.</b>	As per the published AGM Notice, the following Directors have been proposed for appointment to the Board Audit Committee: (i). Dr. Edward Odundo;                      (ii). Mr. Vijay Gidoomal; (iii). Dr. Helen Gichohi;                      (iv). Dr. Evanson Baiya.
<b>ESOP</b>		
63.	<b>Why is the ESOP seeking to issue new shares instead of buying shares from the market (especially at the current price)?</b>	While that would be an option, buying shares on the market for the ESOP requires an outflow of cash resources from the Group and leads to a reduction of the reported regulatory capital which, in turn, means that the ability of the Group to sustain its growth trajectory is hampered. This contrasts with the impact of allotting new shares to the ESOP which results in a neutral impact on regulatory capital and conserves cash resources that can be profitably deployed in the Group's core operations. In addition, management believes that the relative illiquidity of the shares in the stock market would create a challenge for the Group to purchase significant number of shares in the market without distorting the market price and increasing the cost to remaining shareholders through the Profit & Loss Statement. As currently structured, the allocation of the ESOP shares to staff will be in the form of Performance Share Awards. The awards given to an employee in any given year would be subject to a 3-year vesting period after which the amount of shares awarded that would vest will be subject to the Group achieving performance metrics that align with shareholder return. The ESOP is expected to allocate shares over a period of 10 years ensuring minimal dilution to shareholders in any one year while aligning staff to the long-term success of the Group.
64.	<b>Why is the exercise prices for the ESOP option KES0.5 - surely to incentivise staff, the exercise price should closer (if not higher) than the current share price or else the ESOPs will always be in the money?</b>	As currently structured, the allocation of the ESOP shares will be in the form of Performance Share Awards. The awards given to an employee in any given year would be subject to a 3-year vesting period after which the amount of shares awarded that would vest will be subject to the Group achieving performance metrics that align with shareholder return. This means that while the ESOP share options will be in the money at the point of award and at the point of vesting, the final amount of shares an employee receives will be adjusted to reflect the achievement of Group and individual performance metrics over the vesting period (i.e. weak performance in the vesting period leads to fewer options vesting compared to the number of options awarded). In addition, the actual monetary value of the options that do vest is a function of the share price at the time of vesting. Hence, if the EGH share price increases between date of award and date of vesting – employees will get higher monetary rewards in respect of the options that do vest and vice versa. This is designed to incentivize staff and align them with long term shareholder return in similar form to an option with a higher exercise price. The Group believes that a ESOP scheme that involves granting of options at a low strike price where the number of options that actually vest is a function of underlying individual and personal performance is better suited to EGH's circumstances – particularly the fact that the scheme is designed to cater for all employees rather than a select few executive level staff.



NO	QUESTION	ANSWERS
65.	<p><b>My question is about Employee Share Ownership Plan (ESOP) The plan by Equity Bank to create 198, 614,463 additional shares for their employees' compensation is not right to shareholders. Dilution of shares which will only reward top managers is a selfish move by management which should be rejected by shareholders. Why didn't they consider share buybacks at a time when the stock is *probably trading below intrinsic value? There are other companies listed on NSE and they have similar share arrangements for their employees, but they don't create new shares or dilute existing shareholders. They gradually buy in the market up to the required amount. Example of such is Safaricom.</b></p>	<p>As currently structured, all permanent staff in the Group who have served more than a year would be eligible for the proposed ESOP. This would mean that the ESOP would not be restricted to top management, but rather help align all staff across the organization with long term shareholder return. While purchasing shares from the market would be an option, management believes that the relative illiquidity of the shares in the stock market would create a challenge for the Group to purchase significant shares in the market without distorting the market price and increasing the cost to shareholders through the Profit &amp; Loss Statement.</p> <p>The allocation of the ESOP shares to staff will be in the form of Performance Share Awards. The awards given to an employee in any given year would be subject to a 3-year vesting period after which the amount of shares awarded that would vest will be subject to the Group achieving performance metrics that align with shareholder return. The ESOP is expected to allocate shares over a period of 10 years ensuring minimal dilution to shareholders in any one year and aligning staff to the long-term success of the Group.</p> <p>EGH will continue to monitor and evaluate whether a share buyback scheme would add to sustainable long-term shareholder value creation. EGH's observation is that companies in Kenya that have implemented share buy-back plans have not seen a persistent increase in share price over an extended time period. In addition, because EGH and its subsidiaries are regulated financial service entities – share buyback schemes have the effect of reducing the reported regulatory capital that reduces the capacity of the Group to lend to customers and sustain its growth trajectory. Hence, EGH needs to weigh up these factors carefully in evaluating whether or not to embark on a share buyback program.</p>
66.	<p><b>On the ESOP, kindly advise the effect it will have on current shareholders should it be approved in the AGM</b></p>	<p>As highlighted in the Circular to Shareholders, current shareholders will be diluted only as and when the Group Board issues the New Shares to the EGH Group ESOP over a 10 year period and up to a maximum of 5% of the share capital as at the resolution date but should expect higher returns on their investment through the anticipated enhanced earnings flowing from a stronger performance culture and Equity Group's ability (following the implementation of the EGH Group ESOP) to attract, motivate and retain high caliber employees.</p>
67.	<p><b>Employee share ownership plan: Can you share a bit more detail of this plan (what is the maximum % of the company that can be issued under this scheme, what are the vesting conditions, how does the strike price work, etc)</b></p>	<p>The proposed ESOP resolution would authorize the Directors to allot and issue up to five percent of the increased share capital (198,614,463 ordinary shares) to the Trust over a period of 10 years, provided that to the extent that any such shares remain unissued at the expiry of 5 years from the date of the approval, the authorisation to the Group Board will be subject to renewal by shareholders. The intention of management and the Board of Directors is for the allotment to be over the 10-year period from this approval to ensure minimal dilution to shareholders in any one year and aligning staff to the long-term success of the Group.</p> <p>As currently structured, all permanent staff in the Group who have served more than a year would be eligible to participate in the proposed ESOP. The allocation of the ESOP shares to staff will be in the form of Performance Share Awards at a nominal exercise price of KES 0.50 equating to the par value of an ordinary share. The awards given to an employee in any given year would be subject to a 3-year vesting period after which the amount of shares awarded that would vest will be subject to the Group achieving performance metrics that align with shareholder return.</p> <p>The Group performance metrics that will determine how many shares granted vest include ROE, revenue growth, efficiency (cost to income ratio) and a qualitative measure reflecting Equity Group's socially focused commitments over the three-year vesting period. The result of this means that the final amount of shares an employee receives will be adjusted to reflect the achievement of Group and individual performance metrics over the vesting period (i.e. weak performance in the vesting period leads to fewer options vesting compared to the number of options awarded). In addition, the actual monetary value of the options that do vest is a function of the share price at the time of vesting. Hence, if the EGH share price increases between date of award and date of vesting – employees will get higher monetary rewards in respect of the options that do vest and vice versa. This is designed to incentivize staff and align them with long term shareholder return.</p>

NO	QUESTION	ANSWERS
68.	<b>With several ESOP cases in court, how has this contingent liability been disclosed in the financial statements?</b>	Any exposure touching on the Equity Bank Employees' Share Ownership Plan disputes lies against the Equity Bank Employees' Share Ownership Plan Trust and is accounted for in the Equity Bank Employees' Share Ownership Plan Audit report. It does not affect Equity Group Holdings PLC whose only interest is the fact that the Equity Bank Employees' Share Ownership Plan Trust is a shareholder of Equity Group Holdings PLC.
69.	<b>Regarding Employee Share Ownership Plan. Will these shares be subject to a holding period (and if so how long?) or will they vest immediately once issued?</b>	As currently structured, the awards given to an employee in any given year would be subject to a 3-year vesting period after which the amount of shares awarded that would vest will be subject to the Group achieving performance metrics that align with shareholder return.
70.	<b>Will the Employee Share Ownership Plan dilute the value for existing shareholders</b>	As highlighted in the Circular to Shareholders, current shareholders will be diluted only as and when the Group Board issues the New Shares to the EGH Group ESOP over a 10 year period and up to a maximum of 5% of the share capital as at the resolution date but should expect higher returns on their investment through the anticipated enhanced earnings flowing from a stronger performance culture and Equity Group's ability (following the implementation of the EGH Group ESOP) to attract, motivate and retain high caliber employees.
71.	<b>ESOP: Will the allocation of shares to employees apply retrospectively i.e. start with any employee who has served for 3+ years or will we start rewarding the employees 3 years from now?</b>	Thank you for your query. As currently structured, all permanent staff in the Group who have served more than a year would be eligible to participate in the proposed ESOP once the necessary regulatory approvals have been received.
72.	<b>Clarify on year dilution of shares will occur in the 10 year ESOP.</b>	As highlighted in the Circular to Shareholders, current shareholders will be diluted only as and when the Group Board issues the New Shares to the EGH Group ESOP over a 10 year period and up to a maximum of 5% of the share capital as at the resolution date but should expect higher returns on their investment through the anticipated enhanced earnings flowing from a stronger performance culture and Equity Group's ability (following the implementation of the EGH Group ESOP) to attract, motivate and retain high caliber employees.
73.	<b>Can the revived employee share ownership plan be restructured to accommodate existing individual shareholders (non-staff) with small portfolios?</b>	In accordance with applicable Kenyan Laws and Regulations, only employees are eligible for an Employee Share Ownership Plan (ESOP)
74.	<b>Kudos for the good work. Please let us know whether the ESOP program is for all staff or Management staff only</b>	Thank you for your query. As currently structured, all permanent staff in the Group who have served more than a year would be eligible to participate in the proposed ESOP. This would mean that the ESOP would not be restricted to top management, but rather help align all staff across the organization with long term shareholder return.
75.	<b>Why must we issue employee share option, which is at times to the detriment of shareholders due to the dilution effect it has on earnings per shareholder? Isn't there any other way of incentivizing staff to serve the bank better and for longer?</b>	The ESOP is expected to allocate shares over a period of 10 years ensuring minimal dilution to shareholders in any one year while aligning staff to the long-term success of the Group.

NO	QUESTION	ANSWERS
<b>INCREASE OF SHARE CAPITAL</b>		
76.	<b>How much is the share capital going to increase, and why is this being proposed?</b>	The increase in share capital is to allow for the creation of the ESOP. As highlighted in the previous response, the Directors would be authorized as part of the resolution to allot and issue up to five percent of the increased share capital to the ESOP Trust over a period of 10 years. This would work out to 198,614,463 ordinary shares. Current shareholders will be diluted only as and when the Group Board issues the New Shares to the EGH Group ESOP over a 10 year period and up to a maximum of 5% of the share capital as at the resolution date but should expect higher returns on their investment through the anticipated enhanced earnings flowing from a stronger performance culture and Equity Group's ability (following the implementation of the EGH Group ESOP) to attract, motivate and retain high caliber employees
<b>AMENDMENT OF ARTICLES</b>		
77.	<b>How many directors are being proposed and what is the rationale for increasing the number of directors?</b>	The current maximum Directors numbers is 12 Directors. The resolution is providing to increase the maximum number to 14 Directors. Equity Group is expanding its business to new sectors such as General insurances and as such will require additional skills in the board in order to offer oversight to these diverse businesses.
<b>APPONTMENT OF AUDITORS</b>		
78.	<b>How long have your auditors been the auditors of the company?</b>	The current auditors, PWC have audited the Group for the last 6 years.
<b>ANY OTHER BUSINESS</b>		
79.	<b>How many shares do I currently have?</b>	Thank you for your query. Please contact our Shares Registrar on <a href="mailto:sharesregistry@equitybank.co.ke">sharesregistry@equitybank.co.ke</a> or 0763026842
80.	<b>The Equity self-service portal is it in operation that one can trade their stocks there?</b>	Currently the feature for online shares trading is not available on Equity's self-service portal. Nonetheless, Equity remains resolute on its digitization strategy of availing the entire ONE EQUITY product basket including shares trading, on the self-service portal.
81.	<b>Are we going to be given gift packs such as umbrella this year and how do we collect them?</b>	Please note the 19 <sup>th</sup> AGM for EGH PLC shall be held electronically and each shareholder will be availed the link for attending the meeting. Based on the prevailing circumstances, the company may consider physical meetings in future.
82.	<b>Why has the share price drastically fallen and what are you doing to minimize this occurrence in the future?</b>	Management continues to focus on driving the fundamentals of the business and ultimately creating shareholder wealth. Regarding the volatility of the share price and any divergence from fundamentals this is unfortunately not in the control of management and sometimes reflective of global dynamics.
83.	<b>Will the proposed acquisition of CogeBank Rwanda affect the dividend policy of between 30% - 50% of net profit?</b>	The proposed dividend of Kes. 4 per share is with regard to the year ending 31 <sup>st</sup> December 2022 and shall not be affected by the CogeBank Rwanda acquisition. Whilst the current dividend policy of 30% - 50% remains as is, the acquisition is expected to increase the Group's market share in Rwanda.
84.	<b>Economic Crisis 2023/24. In case our economy goes the Ghana way, and our bullish government declares 30% haircut on all investments and savings, how save is my money in Equity?</b>	Kenya is not likely to go the Ghana route, where domestic bonds were restructured, for the following reasons: Kenya 1) has an existing IMF programme, which is an endorsement of government policy and provides access to FX funding; 2) is on track with its fiscal consolidation programme; 3) the additional revenue that will be mobilised from the tax increases proposed in the FY2023/24 budget, will reduce the domestic borrowing requirement and in so doing help contain domestic debt.
85.	<b>I have over 34 years' experience with over 20 years managing Swedish, GIZ and recently World Bank projects. I would be willing and ready at No cost support the Bank activities. I retired from public service after attaining the Mandatory retirement age of 60 years last year February</b>	Thanks for your query. Kindly get in touch via <a href="mailto:EGHAGM2023@equitygroupholdings.com">EGHAGM2023@equitygroupholdings.com</a>

NO	QUESTION	ANSWERS
86.	<b>Given that Equity's rating has been downgraded by Moody's how will Equity navigate about the sovereign risk issue? Thank you</b>	The credit rating downgrade of Kenya's banks, which included Equity, was automatic following the downgrade of the Government of Kenya's credit ratings. The rating downgrade was driven by an increase in government liquidity risks, in particularly the deterioration in domestic funding conditions. The implication for the banking sector is an increase in the cost of borrowing. Equity will mitigate this by reinforcing the efficient management of the business.
87.	<b>Why are pay bill charges still high? some of us don't have the time to go to the bank, please.</b>	Thanks for your query. Kindly get in touch vide <a href="mailto:info@equitygroupholdings.com">info@equitygroupholdings.com</a>
88.	<b>Shall we as shareholders get some money after the meeting to reimburse expenditure on data bundles we have used?</b>	Thanks for your query. For this virtual general meeting, no reimbursements were budgeted. Your comments are however well noted for consideration as we plan for future meetings.
89.	<b>Kindly ease your meeting forum and at least allow shareholders to have face to face meeting rather than the virtual meeting. Our parents who are shareholders really enjoyed coming to Nairobi for the annual general meeting. We really miss the yester years.</b>	Thanks for your query. Your comments are well noted for consideration as we plan for future meetings.
90.	<b>How can equity assist individuals who want to invest in international shares.</b>	Thank you for your query. Please contact our Shares Registrar on <a href="mailto:sharesregistry@equitybank.co.ke">sharesregistry@equitybank.co.ke</a> or 0763026842
91.	<b>The share has dropped drastically from Ksh 45 to Ksh 37. Why is that so and what is the bank. As shareholders should we be worried of the company performance which is reflected by the company share price</b>	Management continues to focus on driving the fundamentals of the business and ultimately creating shareholder wealth. Regarding the volatility of the share price and any divergence from fundamentals this is unfortunately not in the control of management and sometimes reflective of global dynamics.
92.	<b>Great compliment on the BoD on the Job Well done, keep it up the Good Job</b>	Thank you for your compliment. This is highly appreciated.
93.	<b>Good morning, my question goes to equity mobile transaction and network, we have been experiencing network problem in transaction especially when you are about to do serious deposit like paying loan, paying for stock etc. how you can help us on this problem.</b>	Thank you for your query. Kindly get in touch vide <a href="mailto:info@equitygroupholdings.com">info@equitygroupholdings.com</a>
94.	<b>Green energy development and agriculture modernisation is key for our sustainability and we as developers want support from Equity Group for such projects. GOD BLESS ALL.</b>	Thank you for your comment. Kindly get in touch vide <a href="mailto:support@equitygroupfoundation.org">support@equitygroupfoundation.org</a>
95.	<b>What's the relationship between Equity Bank and Equity Afia.</b>	Equity Afia is a health franchise and a Program of Equity Group Foundation, where experienced Equity Leadership Program medics operate medical outpatient facilities in a social entrepreneurship model. In keeping with its focus to drive the growth of the entire health sector, Equity Bank finances the establishment and expansion of Equity Afia facilities.
96.	<b>Hello, are you giving AGM gifts? Thanks</b>	Please note the 19 <sup>th</sup> AGM for EGH PLC shall be held electronically and each shareholder will be availed the link for attending the meeting. Based on the prevailing circumstances, the company may consider physical meetings in future.
97.	<b>Why can't we be allowed to opt out for the sms service which you are now charging ksh2.26</b>	Thank you for your query. Kindly get in touch vide <a href="mailto:info@equitygroupholdings.com">info@equitygroupholdings.com</a>

NO	QUESTION	ANSWERS
98.	<b>When one transacts from account to mobile, there are two charges: mobile money charges and SMS charge. I am sure it's policy of the bank and charges well thought and justifiable. However, I can tell you it does not sit well with customers. Why can the two charges be combined and appear as one charge at least somehow discounted.</b>	Thank you for your query. Your comments are well noted. For further clarification kindly get in touch vide <a href="mailto:info@equitygroupholdings.com">info@equitygroupholdings.com</a>
99.	<b>There's this TransCentury business, why is it turning ugly? Go on and repossess, I believe it's depositors' money which was lend</b>	The Bank appointed Messrs Muniu Thoithi and George Weru, of PricewaterhouseCoopers Limited, as Joint Receivers & Managers ("the Receivers") of TransCentury PLC on 16 June 2023 when they took over control of the assets and affairs of TransCentury. Unfortunately, on 19 <sup>th</sup> June 2023, TransCentury obtained an injunction temporary suspending the Receivers. The application to set aside the injunction is before the Court on 4 <sup>th</sup> July 2023. In the meantime, the Court has on 26 <sup>th</sup> June 2023 also restrained TransCentury directors from transferring or dealing in the funds raised in the recently concluded rights issue and all other funds, except in the ordinary course of business. The Bank will continue to use the rights available to it under the legal agreements and through the Courts to ensure that depositors' and shareholders' funds are preserved.
100.	<b>Please share possible dates for issuance of extra shares (the allotment resolution item we are voting for)</b>	Currently there is no agenda on bonus shares, however if the Board deems it necessary in future, the appropriate recommendation will be made to the shareholders for approval.
101.	<b>What plans are there to promote the use of Kiswahili language during AGMs?</b>	Thank you for your query. Kindly note the registration and participation in the just concluded AGM provided for an option to participate in Swahili. We will endeavor to make our meetings more inclusive going forward.
102.	<b>I'm impressed by the responses from Management. You can clearly see the bank knows what it is doing and has able personnel</b>	Thank you for your compliment. This is highly appreciated.
103.	<b>Funding Universities students' loans</b>	Thank you for your query. For further clarification kindly get in touch vide <a href="mailto:info@equitygroupholdings.com">info@equitygroupholdings.com</a>
104.	<b>Can the Group consider providing medical insurance to its shareholders at a subsidized rate?</b>	In our social sustainability focus, the scholars who have graduated with a degree in medicine, the Group has established a medical franchise (Equity Afia Medical Centres) providing quality and affordable health services. The Equity Insurance arm in partnership and utilizing the Equity Afia Network is providing insurance products that can be accessed by the masses including our shareholders at affordable rates. We are also delivering preventive awareness on health issues not just curative awareness/measures.