

**DIAMOND TRUST BANK KENYA LIMITED**

**ANNUAL GENERAL MEETING ON 25 JUNE 2020**

**Q&A**

- 1 How much Dividend is proposed? How will it be paid? The bank has the lowest dividend payout among listed companies. What is the Board's Dividend Payout policy? Starting 2021, assuming normalization of the environment, we hope the Board increases the Dividend Payout Ratio. How does the bank plan to improve shareholders return?**

The total dividend pay-out by the Bank has increased by nearly 4% from prior year (Sh 2.70 per share from Shs 2.60 per share last year). The dividend will be paid in the usual way it has been paid in previous year and via the method preferred by the individual shareholders.

The Bank will continue to plough back some of the retained earnings to support funding of the Group's on-going expansion programme. The Board will consider increasing the dividend payment in future.

- 2 Will the bank be refunding the cost of attending the virtual AGM?**

The virtual Annual General Meeting (AGM) has enabled more shareholders participate in the AGM, including those outside the country. Apart from being less costly, it is also more convenient as shareholders need not travel to a physical location and can follow the proceedings from the comfort of wherever they are.

- 3 Why is the share price so low? Is this due to performance or lack of investor confidence in the bank?**

There are a number of factors which can affect a share price beyond business performance, including supply and demand, peer performance, macro-economic conditions, speculation and political factors. In particular, we believe that the share price is currently impacted by the continuous exit from the Nairobi Securities Exchange market by foreign investors attributed to among other things uncertainty caused by the COVID-19 pandemic. It is also important to note that the downward trajectory of the share is not unique to DTB but is true for quite a number of listed companies, including listed banks.

We do hope that once macro-economic uncertainties relent and business recovers, the DTB's share price will improve and reflect what we believe DTB's true value is.

**4 The remuneration to the directors has grown at a higher pace than the dividends and the earnings. Why? How is the remuneration decided and calculated?**

The fees and allowances given to directors has not changed from what was approved in 2018. The growth shown is due to the fact that the new rates were effected in April 2018. The enhanced fees and allowances were, therefore, paid for only three quarters of 2018 and four quarters in 2019.

As indicated in the remuneration report on page 97-98 of the integrated report, the remuneration is approved by shareholders at the Annual General Meeting. The remuneration is set at levels that are considered appropriate to attract the necessary experience and ability to oversee the business.

**5 How and when will I be able to get gifts and voucher if there are there this year?**

In view of the Covid -19 pandemic the Bank is constrained to hold its Annual General Meeting virtually in compliance with the Ministry of Health guidelines that necessitates minimum contact and touch points. That being the case we have had to revisit the manner in which we hold Annual General Meetings and the level of interaction at Annual General Meetings. This has been approved by our regulators including the Capital Markets Authority. We are, therefore, not able to issue gifts and vouchers this year.

**6 Has my vote been verified?**

The polling process was undertaken by an independent service provider and was in accordance with approval obtained from the Capital Markets Authority.

**7 What is the procedure for a shareholder to be considered for a board nomination/position? Any plans to inject new talent, cultural and gender diversity into the directorship as the world is calling for more equitable representations of all communities and groups?**

The appointment and the term of service is decided by members who are the appointing organ. The appointment of directors aims at getting the right mix of skills and experience in the banking and the financial sector. Whereas change is good, it is also imperative to maintain stability on the Board by maintaining directors for a period of time. The Board will, take the suggestion into consideration.

**8 The auditor should be discussing the report before the AGM**

If time allows, we will consider your suggestion to have the auditor briefly discuss the report with the shareholders.

- 9 What was the reasoning behind the Nakumatt loan? If you had to do it all over again would you? Do you think we would have been better off distributing it to the shareholders? It works out to roughly 15 KES per share almost 1/4 of the current share price.**

As at the time of lending to Nakumatt the business was viable and the customer had demonstrated repayment capacity. The loan was fully secured and the loan was not advanced on any preferential terms or conditions, The provisions of the Banking Act and the Prudential Guidelines were fully complied with. The account was fully monitored during its tenor and the fact that it became non-performing was due to factors outside the control of the Bank.

- 10 Senior management has virtually no shareholding in DTB stock. This is unusual and perplexing. Does this mean they have no confidence in the company? Why wouldn't the Board Remuneration ensure that stock compensation is part of total compensation? The Board Remuneration committee has failed to create incentive alignment.**

The current regulations governing the Bank restricts insiders from trading in the Bank's shares to prevent them from taking advantage of insider information that may have a bearing on the Bank's share price. It is important for persons charged with the day to day management of the Company not to be seen as taking advantage of their position or information in their possession to trade in the Company's shares. This gives them the objectivity to act in the interest of the stakeholders.