

Our Ref: I&M/CEO/NSE/008/2020

December 4th, 2020

The Chief Executive
Nairobi Securities Exchange Plc
The Exchange Building
Westlands Road
NAIROBI

Dear Sir

SHAREHOLDERS UPDATE & ANNOUNCEMENTS

We write to update you on the following matters as detailed therein.

1. Extraordinary General Meeting

We are pleased to inform you that I&M Holdings Plc successfully held its virtual extraordinary general meeting on 2nd December 2020 and obtained shareholders' approval for;

- a) Acquisition of 90% shareholding in Orient Bank Limited, Uganda.
- b) Amendment of Article 101 of the Company's Articles of Association, increasing the size of the Board allowing for a range of board size between 7 and 12 members.

The detailed voting results are enclosed herewith and also available on the Company website at <https://www.imbank.com/about-us/i-and-m-holdings/investor-relations/shareholder-meetings>

2. Impact of Covid-19 Pandemic

The East African Banking Industry has been on an upward trajectory over the last 3 years and was expected to continue on the growth trajectory prior to the COVID-19 pandemic. With the pandemic now in full force, we have seen economic forecasts downgraded across all 3 countries

In response to the current crisis, governments across the region have implemented various mitigation initiatives grouped into 4 categories

1. Injecting liquidity and easing monetary conditions,
2. Supporting the banking sector and its borrowers,
3. Stabilizing Financial markets and
4. Supporting Non-Bank Financial Institutions and underpinning payments systems

Despite these supportive governmental interventions, the ongoing Covid-19 pandemic has left the economy vulnerable with a significant adverse impact seen on businesses across most industries and sectors. In response to the pandemic, I&M put in place several measures starting with enhanced health and safety protocols to safeguard its employees

and customers. The Group also initiated a series of strategies to mitigate the adverse impact of the pandemic. Some of the key ones include (i) close and proactive monitoring of the loan book and assessment of requests for restructuring on a case by case basis (ii) encouraging customers to adopt digital channels as the primary channel for transactions, (iv) improving digital engagement by rolling out digital sales initiatives (iv) deferment of non-critical initiatives and (v) implementing cost containment measures. Even with these measures the forecasted earnings for the current financial year are expected to be significantly lower than the earnings reported for the same period in 2019. In determining the forecasted earnings, the Management and Board have factored in the un-audited results for the period to 30th September 2020, the financial forecasts to the end of the year and figures and information currently available.

The Board would like to reiterate that the expected drop in profit before tax is largely reflective of the adverse operating environment occasioned by the Covid-19 pandemic which has made it difficult for various clients to meet their 2020 projections thus reducing business volumes and increasing credit risk.

With the encouraging news about availability of vaccines for Covid-19, the Management and Board are optimistic about the Group's medium and long term prospects and are confident that initiatives and strategies put in place will enable it show a better financial performance in the coming year.

Yours faithfully



Kihara Maina
Authorized Signatory

Encl. a/a

cc: Chief Executive Officer
Capital Markets Authority
Embankment Plaza
Nairobi