

I&M Group Plc

QUESTIONS & ANSWERS FROM THE GENERAL MEETING HELD ON 10TH DECEMBER 2024

	Question	Response
1.	How to follow my share	This is not a Rights Issue. In this proposed capital raising exercise, only one shareholder (EAGH) will be allotted the new shares issued. However, one can confirm their shares through their broker/CDSC account.
2.	Hello, How many times in a year do you pay dividends?	Dividends are typically declared and paid once a year. The Board exceptionally declared an interim dividend this time around.
3.	How to know my share	This is not a Rights Issue. In this proposed capital raising exercise, only one shareholder (EAGH) will be allotted the new shares issued. However, one can confirm their shares through their broker/CDSC account.
4.	Will the subscription of the ordinary shares dilute the current shareholding, share value and affect dividend payments in future?	<p>Yes, the subscription will dilute the current shareholding of all shareholders except EAGH, who will be allotted the new shares.</p> <p>Once the maximum amount has been subscribed for, the existing shareholders will be diluted be up to 4.97% of the expanded share capital.</p> <p>Page 22 of the Circular to Shareholders provides details of the pre and post-subscription shareholding (Circular can be downloaded from the I&M Website - https://www.imbankgroup.com/investor-relations/shareholder-meetings/ or the EGM Portal)</p> <p>I&M Group will continue to maintain the dividend policy. However, the dividends received in future will be based on individual shareholding after the capital raise.</p>
5.	Keep up the good work you doing. My question. What is the effect of shares dilution due to the subscription of news shares to the existing shareholders, and how does plan to mitigate this.	Once the maximum amount has been subscribed for, the existing shareholders will be diluted be up to 4.97% of the expanded share capital. The Board has considered the dilution impact of up to 4.97% on the shareholders of the Company and believes that this will be offset by the incremental consolidated earnings anticipated because of deploying the proceeds of the Proposed Subscription in interest-earning assets in the short-term and the enhanced growth of the Group's businesses in the medium to long-term.

6.	<p>Strategic Impact Question: Given that EAGH's shareholding will increase significantly from 10.7% to 15.1%, becoming the fourth-largest single shareholder, how might this affect the strategic direction of I&M Group PLC, particularly in relation to the iMara 3.0 strategy and regional expansion plans?</p> <p>Financial Returns Question: The circular indicates that the initial deployment of funds will be in government securities (yielding approximately KES 428 million in additional net interest income), but the long-term plan is for strategic growth. What specific return on equity targets should shareholders expect to justify the 4.97% dilution, considering the current earnings per share of KES 5.54 remains unchanged post-transaction?</p>	<p>EAGH is fully supportive of the strategic direction of the Group and, in particular, the vision that has been set out under iMara 3.0.</p> <p>It is expected that the investments by EAGH will bring the following benefits to the Group:</p> <ul style="list-style-type: none"> • support to the Board - strategic support to the Group through its participation at the Board and Board Committee levels; • access to capital – leveraging EAGH's networks and partnerships, which are expected to facilitate additional capital, including specialized funding to implement the Group's strategic initiatives; • additional resourcing - strengthen corporate governance by helping the Group to identify and recruit independent directors and key management personnel, as well as to deepen knowledge in the Group's emerging segments (SME & digital); • access to opportunities for growth - deepen the Group's presence across Eastern Africa through acquisition opportunities; • assist in product and segment diversification - deepen financial inclusion in its respective markets and segments through assisting in developing relevant solutions; and • new partnerships - leverage EAGH's network of past and present portfolio companies to help the Group open up new markets. <p>The Group's target is to achieve ROE of 20%+, and this will continue to be the target as it achieves and sees the benefits of the initiatives being rolled out under iMara 3.0.</p> <p>The proforma income statement provided in the Circular demonstrate the impact of the additional capital for a 9-month period up to 30th September 2024 assuming that the proposed subscription had been completed on 1st January 2024 and the proceeds invested in Government of Kenya securities at a yield of 16.1% p.a.</p> <p>The Board has always ensured and will continue ensure that the interests of minority interests are protected by minimizing the dilution is minimized. It may be noted that the price negotiated with EAGH at KES 48.42/- per share represents a 81% premium over the 30 day volume weighted average trading price of KES 21.64 per share and more than double the 180 day volume weighted average trading price of KES 24.11 per share.</p>
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	Minority Shareholders' Perspective Question: With the top four shareholders now controlling 70% of the company post-transaction (up from 68.5%), and considering the disapplication of pre-emption rights as per Agenda item No.4, what protections are in place for minority shareholders' interests, particularly regarding future capital raising exercises	<p>The dilution would have been close to 10% had the price used for issuing the new shares to EAGH be taken at the average trading price of KES 24.1 per share.</p> <p>Any future capital raise beyond this point will follow similar considerations and due governance processes.</p>
7.	what does this mean to the minority shareholders?	<p>All existing shareholders will be diluted as a result of this proposed capital raise exercise.</p> <p>Once the maximum amount has been subscribed for, the existing shareholders will be diluted be up to 4.97% of the expanded share capital.</p>
8.	if the company is agreeable to having the 4% shareholding threshold for board member for the Investor, should this not extend to ANY shareholder or group of shareholders holding at least 4 %?	<p>The Board seat is as a result of the purchase of the shares by EAGH from BII, who during their investment period held a board seat.</p> <p>The Board has considered various factors and determined that the Company will benefit from as a result of having EAGH as a shareholder and having their representative or nominee director on the Company's Board. These are outlined in the Chairman's Letter to the Shareholders. It may be noted that the benefits are strategic and go beyond providing financial capital to the Company.</p>
9.	Greetings, I understand you wish to subscribe these new shares and get adequate capital for expansion, which markets are you going to venture and what are the expected risk in those markets. Also how are you planning on the Kenyan expansion to increase more branches?	<p>The Group is always looking at new markets that may provide the right opportunity and are in line with the strategic objectives set out under iMara 3.0. All investments are assessed adequately to ensure that the benefits of expansion outweigh the envisaged risks.</p> <p>Since 2023, I&M Kenya has been increasing its reach through a focused branch expansion. The branch expansion strategy is expected to continue over the next few years as the Bank ensures it is strategically located to be close to its customer base.</p>
10.	Hello when is IM book closure? Am for capital gains do we expect IM shares to rise up to 40 and above. Thanks	The book closure will be on 16 th December 2024. I&M does not control or manage the share price so this is not something we can comment on.
11.	What is the future of I &M Bank	<p>Under our renewed strategy, iMara 3.0, the Group's strategic objective remains to the Eastern Africa's Leading Financial Partner for Growth.</p> <p>This is expected to be achieved through 3 key pillars: (i) Strengthening Corporate and commercial segments; (ii) Leveraging on emerging</p>

		<p>segments – Retail and SMEs and (iii) Partnerships through the Ecosystems.</p> <p>I&M's new transformative retail strategy is focused on scaling phygital experiences through face-to-face distribution infrastructure and leveraging digital and strategic partnership initiatives to deepen financial inclusion in Kenya. This is coupled with its branch expansion initiative where the Bank aims to reach 100 branches by the end of 2026. In line with its innovative philosophy, the bank is also opening branches constructed from end-of-life containers which are fully solar powered and thus self-sustaining.</p> <p>The Bank is working to get to one million customers by 2026, and digitisation is critical to achieving this objective. To support this, the Bank has made significant investments in technology and which enabled it to launch innovative digital solutions such as free bank-to-mobile wallet (M-PESA and Airtel Money) transfers for individuals and small business owners, as well as more traditional banking products including the largest unsecured personal loan in the market.</p> <p>The future is bright and full of exciting plans for I&M Bank. Alongside the strategic aspiration, our three-year objectives include impacting 10 million lives by 2026 and incorporating responsible and sustainable practices at all levels of operation and business.</p>
12.	What is the cost per share?	The price per share for the new capital injection is KES 48.42.
13.	Instead of I&M posting the dividend cheque, how can I be getting my dividend directly into my bank account.	You can speak to your broker to amend the dividend payment mode on your CDS account.
14.	<p>Why didn't the board recommend a rights issue for all or part of the new shares</p> <p>2. Do the board foresee a dilution of the market share value arising from the massive issue of new shares</p> <p>About 2-3 years ago, our share was trading at almost 50/=. You then issued a bonus of one for one. The share has never</p>	<p>This is not a Rights issue but rather a capital raise issue where one investor – EAGH is injecting more capital to support and sustain the Group's growth strategy under iMara 3.0.</p> <p>All existing shareholders will be diluted as a result of this proposed capital raise exercise. Once the maximum amount has been subscribed for, the existing shareholders will be diluted be up to 4.97% of the expanded share capital.</p>

	<p>recovered... been trading at 17 to 22 ksh Its only recently that it has shown signs of recovery. And then you want to dilute it further by this massive offer. Why? It appears you are offering the interim dividend to hoodwink and arm twist the existing shareholders to accept the offer</p>	<p>The share price performance is a factor of the market conditions. In the last few years, the overall stock market has underperformed, affecting all stock counters despite strong earnings being generated.</p> <p>The proposed capital raise is to support the strategic direction of the Group as envisioned under its renewed 3-year strategy – iMara 3.0.</p> <p>The new shares are proposed to be issued at a price of KES 48.42 per share which represents significant premium of 101% over the 180-day volume weighted average trading price.</p>
15.	what's the shares allocation mode ?	<p>This is not a Rights Issue. The capital raise is from one shareholder (EAGH) injecting additional capital into the Group. The shares will only be allotted to EAGH as it takes up the subscription of the new shares being issued.</p>
16.	What is the maximum shares one can buy.	<p>This is not a Rights Issue. The proposed capital raise is from one shareholder (EAGH) injecting additional capital into the Group. The shares will only be allotted to EAGH as it takes up the subscription of the new shares being issued.</p>
17.	What is the dividend and when will it be paid?	<p>The dividend is KES 1.30 per share and will be paid on or around 14th January 2025.</p>
18.	when will the share be increased. when are you paying dividend?	<p>To note this is not a Rights Issue.</p> <p>The increase in the total number of shares issued by the Company is expected to be by 31st March 2025 once the proposed subscription is completed.</p> <p>The dividend is expected to be paid on or around 14th January 2025.</p>

19.	<p>In what ways is dividend sharing expected to change given that EAGH will have a say in decision making on this issue?</p> <p>a. If the subscriber is paying for the shares at a premium of 48/=:, can I also get that value for my shares if I want to sell to them.</p> <p>b. Is the money raised going to improve our company's balance sheet and probably lead to better dividends</p>	<p>EAGH is represented on the Board, and all strategic decisions will be made unanimously. The Group intends to maintain its dividend policy, and therefore, dividends will continue to be distributed as per shareholders on the register at any book closure.</p> <p>As a shareholder, you can trade their shares on the stock exchange following the "willing buyer, willing seller" principle. Through your broker you can get in touch with EAGH and inquire further.</p> <p>The capital raise is expected to benefit the Group to achieve its strategic vision under iMara 3.0.</p> <p>The Group will continue to invest in both its banking and non-banking entities to fulfil the achievement of its iMara 3.0 strategy. Such investment will include but not be limited to support the various initiatives as set out under Page 8 of the circular.</p> <p>It is envisaged that the growth in the business would have a long term benefit to all shareholders.</p>
20.	<p>Is this the new investment vehicle or just a shareholder? What will be the stake at I&M?</p>	<p>EAGH is an existing shareholder of I&M Group Plc having acquired all of the shares sold by the British International Investment (BII) in May 2024. EAGH's current shareholding is 10.7% and will increase to 15.14% upon successful completion of the maximum proposed subscription.</p>
21.	<p>Are we getting bonuses for year 2024 and how much per share.</p>	<p>There are no bonuses in 2024. The Board however declared an interim bonus of KES 1.30 per share and which will be paid to members registered on the share register of the Company at the close of business on 16th December 2024 and will be paid on or around 14th January 2025</p>
22.	<p>When will you be paying dividends?</p>	<p>The dividend is expected to be paid on or around 14th January 2025.</p>

23.	Why not do a rights issue instead of additional subscription by one shareholder?	<p>The Board has considered various factors and determined that the Company will benefit from as a result of having EAGH as a shareholder and having their representative or nominee director on the Company's Board. These are outlined in the Chairman's Letter to the Shareholders. It may be noted that the benefits are strategic and go beyond providing financial capital to the Company.</p> <p>The benefits of this have been outlined on Page 8 and 10 of the full Circular to Shareholders which can be downloaded from the I&M Website - https://www.imbankgroup.com/investor-relations/shareholder-meetings/ or the EGM Portal)</p>
24.	What prevents EAGH from buying these shares on the open market	<p>The proposed subscription is the issue of new shares, which would increase the capital base of the Company. The subscription proceeds will be used by the Company for its strategic initiatives.</p> <p>Nothing prevents EAGH from buying additional shares from the market, if it so wishes to do so. However, such funds would not be available to the Company as additional capital.</p>
25.	Hey with the increase in share capital do i receive a new stock split?	<p>The increase in share capital is to support the Company in achieving its strategic ambitions and therefore will be applied towards this. Page 8 of the full Circular provides details of how the Capital is expected to be utilised (Circular can be downloaded from the I&M Website - https://www.imbankgroup.com/investor-relations/shareholder-meetings/ or the EGM Portal).</p> <p>At this stage, there are no other Corporate Actions planned, other than the interim dividend announced last month.</p>
26.	Increase in Capital: Kindly explain the above	<p>The details, purpose and benefits of the increase in share capital have been discussed during the General Meeting. Additional details are in the Full Circular on Page 8 and 10 which can be accessed through the website or EGM portal.</p>
27.	ARE WE GOING TO BE GIVEN GIFT PACKS OR EVEN DATA BUNDLE FOR ATTENDING MEETING?	<p>Thank you for your message. Gift packs are generally provided during the Annual General Meeting.</p>

28.	What as a shareholder benefit out of this transaction?	The purpose of the proposed subscription of new shares is for the Company to access additional capital to achieve its strategic initiatives. The Group intends to leverage the strategic partnership with EAGH to be able to grow the business as a whole. Thus, through the initiatives set and growth potential expected, your Board believes that all shareholders will benefit.
29.	can I be paid through mpesa	You can speak to your broker to amend the dividend payment mode on your CDS account.
30.	How many shares are ordinary shareholders entitled to get in this allotment	This is not a Rights Issue. In this proposed capital raising exercise, only one shareholder (EAGH) will be allotted the new shares issued.