

NAIROBI SECURITIES EXCHANGE PLC

2020 AGM QUESTIONS FROM SHAREHOLDERS

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	NAMES OF SHAREHOLDERS WITH A SIMILAR QUERY/QUESTION	SHAREHOLDERS QUERY: DIRECTORS UP FOR RE-ELECTION	ANSWER
1.	<p>Onyango, Willis Omondi</p> <p>Rukwaro, Isaac Wanjohi</p> <p>Muriuki, Stephen Maina</p> <p>Wachira, Charles Kamau</p> <p>Ngaine, Stanley</p> <p>Wagoi, Paul Mwangi</p>	<ul style="list-style-type: none"> • Which directors are up for re-election in 2020? • To avoid directors representing Trading Participants overstaying on the board of NSE by offering themselves for re-election upon rotation thereby denying other players opportunity to serve and contribute to the market, it is proposed that the board consider changing the ARTICLES OF ASSOCIATION such that a director representing the Trading Participants serves on the board of NSE for a maximum of two terms of two years each and the Council of Kenya Association of Stockbrokers & Investment Banks (KASIB) will have the final say as to who joins the board of NSE. This proposal has the support of Sterling Capital Ltd. 	<ul style="list-style-type: none"> • Mr. Samuel Kimani- Chairman Mr. Bob Karina- Vice Chairman Mr. Michael Turner • All Directors of the NSE are up for re-election every three years with a maximum term limit of nine years (3 terms). As a critical stakeholder, the Kenya Association of Stockbrokers & Investment Banks (KASIB) continues to engage in the process of proposing persons who can represent the Trading Participants on the NSE Board on.
2.	NAMES OF SHAREHOLDERS WITH A SIMILAR QUESTION/QUERY	SHAREHOLDERS QUERY: DIVIDEND RATE AND PAYMENT DATE	ANSWER
	<p>Kinyutu, Godfrey Gichuki</p> <p>Mungereti, Joseph Mwangi</p> <p>Gitau, Irene Wanjiru</p> <p>Wainaina, Simon Mburu</p>	<ul style="list-style-type: none"> • What is the dividend rate and the payment date? 	<ul style="list-style-type: none"> • The NSE will pay a dividend of Kshs. 0.08 per share in relation to the financial year ended December 31, 2019. Dividends will be paid on or before August 31, 2020.

<p>Mbugua, Jesse Ndiki</p> <p>Mbaya, Jennifer Naitore</p> <p>Karagu, Daniel Githaka</p> <p>Njagi, Isaiah Njeru</p> <p>Mathenji, Beatrice Wanjiru</p> <p>Mbiti, Shadrack Musau</p> <p>Thuku, Elizabeth Wanjiku</p> <p>Mwangi, Catherine Muthoni</p> <p>Balos, Nicholas Kipketer</p> <p>Nyaoke, Vincent Wilson Owour</p> <p>Rutere, Purity Wamuyu</p> <p>Bett, Dorcas Cheruto</p> <p>Kairu, Francis Njogu</p> <p>Balos, Nicholas Kipketer</p> <p>Wanyoike, Joseph Nganga</p> <p>Ado, Adan Ume</p> <p>Wainaina, Esther Wanjeri</p> <p>Nderitu, Mathew Njeru</p> <p>Mwangi, Catherine Muthoni</p>	<ul style="list-style-type: none"> The 2019 Dividend per share is proposed at 8 cents compared with 49, 30 and 30 cents for years 2018, 2017 & 2016 respectively. The huge drop in 2019 dividend per share when total revenue was not materially different from previous years could discourage retail investors from participating in the securities exchange. What assurances can the directors give that control of costs will be given top priority? 2019 Dividend per share is proposed at 8 cents compared with 49, 30 and 30 cents for years 2018, 2017 & 2016 respectively. The huge drop in 2019 dividend per share when TOTAL REVENUE was not materially different from previous years could discourage retail investors from participating in the securities exchange. What assurances can the directors give that control of costs will be given top priority? 	<ul style="list-style-type: none"> The increase in directors' fees was based off an industry wide market survey that indicated that the NSE was paying directors fees well below the market average. The dividend paid out is based on our dividend policy which states that the company pays out a maximum dividend of 40% of Profit After Tax (PAT). The directors are cognizant of the company and industry wide challenges and have put in place a raft of cost cutting and revenue generating measures including strategies to boost listings like the lbuka program and continued engagement with the Government for more privatizations and also reducing its stake in some listed State Owned Enterprises while actively seeking out listings on our other asset classes. Total turnover was materially different from 2018. Total NSE revenue in 2019 declined by Kshs 76m from 2018 mainly impacted by the decline in equity turnover fees by Kshs 52m. Interest income in the review period decreased by 27m over 2018 due to utilization of cash deposits on acquisition of strategic investments. The one off staff restructuring cost of Kshs. 52 Million in 2019 and the capitalisation of the new systems as indicated above also affected the performance of the
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<p>Tungu, Gloria Malia</p> <p>Mutiga, Jasonmurimi</p> <p>Kiarie, Paul Gichuhi</p> <p>Kilumbu, Amos Muthui</p> <p>Kasera, Samuel Ochieng</p> <p>Agnes, Kirinya Kamba</p> <p>Stanley M. Ngaine</p> <p>Mucuca, Gabriel Gitau</p> <p>Kogi, Hellen Wanja</p> <p>Kinyutu, Godfrey Gichuki</p> <p>Wanyama, Dalmus Josephat Ojuang</p> <p>Koko, Evans Otieno</p> <p>Mathenji, Beatrice Wanjiru</p> <p>Githu, Margaret Wanjiru</p> <p>Nyaga, Janet Wambeti</p> <p>Liveha, Saladin Musoma</p> <p>Nang'ame, Frank</p> <p>Osodhi, John Sirro</p> <p>Wambua, Immaculate Katumbi</p>		<p>NSE resulting in a decline in profit after tax by Kshs 122m or 67%.</p> <p>Dividend payout is guided by the company's dividend policy at a maximum of 40% of Profit After Tax (PAT), meaning the company's performance directly impacts the dividend paid out to shareholders. That said, the Board and Management is actively working on growing new business lines to boost revenue generation, this includes data and training revenue. To grow the data and training business lines, we have reviewed our offering, expanding the portfolio of data and training products and will be partnering with institutions of higher learning to offer data and training services. As mentioned above we are also working tirelessly to attain a cost income ratio of 65%.</p> <p>Do note that the 2019 dividend paid out of Kshs 0.49 included an ordinary dividend of Kshs 0.29 per share and a special dividend of Kshs 0.20 per share.</p>
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George, Joseph Otieno		
Kahu, Margaret Wambui		
Esther Wangithi Wamaitha		
Mutai, Joran Kiptoo		
Mwatu, Geoffrey Kavoi		
Manono, Herbert Amugune		
Kariuki, Peter Mwangi		
Liveha, Saladin Musoma		
Kusina, Benson Eshikuta		
Mutugi, Evelyn Kathuure		
Kiraguri, James Muruthi		
Kabage, Paul Maina		
Wanjiru, Elizabeth Wambui		
Gakuya, Michael Kamuhia		
Rukwaro, Simon Maina		
Abdalla, Fauziah Nyambura		
Muriuki, Stephen Maina		
Muriuki, Stephen Maina		

	<p>Mwangi, Joyce Wanjiru</p> <p>Memia, Joyce Waithira</p> <p>Karienyee, Joseph Macharia</p> <p>Kimani, Mary Wanjiru</p> <p>Kuria, Lawrence Gitundu</p> <p>Gathungu, Peter Gikubu</p> <p>Kimani, Stephen Irungu</p> <p>Miriti, Dismas Mwiti</p>		
3.	NAMES OF SHAREHOLDERS WITH A SIMILAR QUESTION/QUERY	SHAREHOLDERS QUERY: PAYMENT OF DIVIDENDS THROUGH M-PESA	ANSWER
	<p>Wanyama, Dalmus Josephat Ojuang</p> <p>Kinyutu, Godfrey Gichuki</p> <p>Mburu, John Allan Mwaura</p> <p>Hache, Solomon Ali</p> <p>Njuguna, Wilson Njoroje</p> <p>Kagwai, Ann Nyandia</p> <p>Ndumia, Samuel Kamiri</p>	<ul style="list-style-type: none"> How can I receive my dividends through M-Pesa? Will the dividends paid via Mpesa be subject to tax? If so, is there a minimum dividend amount that is untaxable? 	<p>To receive dividends through M-Pesa, Kindly fill in the Mpesa opt in form available on the NSE website www.nse.co.ke under the Investor Relations tab, attach ID and KRA Pin and send it to info@nse.co.ke</p> <p>All the dividends paid via Mpesa will be subject to tax. There is no minimum untaxable amount</p>

	<p>Kilonzi, Everline Mali</p> <p>Kabuga, Daniel Wachira</p> <p>Maina, Mary Nyambura</p> <p>ngatia, lucy wanjiru</p> <p>songole, jayne cindy kavuha</p> <p>Kamondo, Mary Wamuyu</p> <p>Nyagaka, Kefa Gekonge</p> <p>Obalah, John Kennedy</p> <p>Atonya, Stanley Chasia</p> <p>Olwaga, Sabina Olang'</p>		
4.	NAMES OF SHAREHOLDERS WITH A SIMILAR QUESTION/QUERY	SHAREHOLDERS QUERY: DIVIDENDS NOT RECEIVED/ CHALLENGES WITH ACCOUNT NUMBERS/ACCOUNT STATEMENTS	ANSWER
	<p>Ndege, Beatrice Wakabu</p> <p>Dass, Georgia Tina</p> <p>Mugambi, Tony Murithi</p> <p>Wachira, Janet Kirigo</p>	<ul style="list-style-type: none"> How can I receive dividends from previous years? 	<ul style="list-style-type: none"> Investor to get in touch with the NSE Registrars, the Central Depository and Settlement Corporation through helpdesk@cdskenya.com for the replacement of the pending dividend cheques.

<p>Nyaga, Janet Wambeti</p> <p>Muthoni, Jackline</p> <p>Mungai, Serah N</p> <p>Kariuki, Jecinta Wangui</p> <p>Karienye, Joseph Macharia</p> <p>Gitata, Hellen Wangari</p> <p>Mwangi, Joyce Wanjiru</p> <p>Kimani, Paul Kinyanjui</p> <p>Saidi, Alfred Nathan</p> <p>Moyi, Judith Maikuba</p> <p>Kimani, Elizabeth Wamaitha</p> <p>Njoroge Njoroge, Daniel</p> <p>Njoroge, Daniel</p> <p>Njero, Clarice Miriam Ng'ondi</p> <p>Ngava, Edward Muimi</p> <p>Ouko, Jane Nyabageni</p> <p>Mwangi, Salome Wairimu</p>	<ul style="list-style-type: none"> • How can I get my account statement? 	<ul style="list-style-type: none"> • Investor to get in touch with the NSE Registrars, Central Depository and Settlement Corporation through helpdesk@cdskenya.com to receive their CDS accounts statements.
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Ngugi, Mark Mbugua		
Karienyee, Joseph Macharia		
Nduati, Teresa Wambui		
Karanja, Mary Muthoni		
Kirigu, Esther Nyokabi		
Mbuthia, Erustus Kamonji		
Njehia, Charles Mburu		
M'imathiu, Daniel Munene		
Nyagaka, Kefa Gekonge		
Wanjugu, Nicholas Wanjohi		
Mwangi, Charles Waithaka		
Kiarie, Patrick Muiruri		
Ngumo, Francis Njogu		

5.	NAMES OF SHAREHOLDERS WITH A SIMILAR QUESTION/QUERY	SHAREHOLDERS QUERY: FINANCIAL STATEMENTS	ANSWER
	<p>Kahama, Alex Mugo</p> <p>Kasera, Samuel Ochieng</p> <p>Manyuru, Richard Heri</p> <p>Mungereti, Joseph Mwangi</p> <p>Ngaine, Stanley</p> <p>Onsongo, Fredrick Abuga</p> <p>Okombo, Norbert Ojiambo</p> <p>Apiyo, Elizabeth Akello</p> <p>Maina, Peter Waweru</p> <p>Otieno, Fredrick Oduor</p>	<ul style="list-style-type: none"> How can one access the NSE 2019 Integrated Report and Financial Statements? Total income for years 2019, 2018, 2017 and 2016 were Kshs 716, 782, 753 and 717 million while net profit was 80, 191, 219 184 million respectively which is a clear indication that directors failed to control costs in 2019 and hence much lower net profit after tax that contributed to the very low dividends in 2019 compared with years 2018, 2017 and 2016. What measures has the Board of NSE put in place to control costs going forward? 	<ul style="list-style-type: none"> Investors can access the 2019 Integrated Report and Financial Statements on the NSE website www.nse.co.ke under the Investor Relations tab. <p>Alternatively, a copy to be shared with them on email by making the request to the NSE on info@nse.co.ke</p> <ul style="list-style-type: none"> The operating environment in 2019, both globally and locally was very challenging and quite unique. The net income in 2019 was lower due to a 9% decrease in revenues mainly as a result of a decline in equity trading turnover which declined by Kshs 525m or 12% from Kshs.351 Billion in 2018 to Kshs.307 Billion in 2019. <p>Administrative expenses also increased by 12% from Kshs. 560 Million in 2018 to Kshs. 625 Million in 2019 mainly arising from: a one off staff restructuring cost of Kshs. 52 Million in 2019. This is not expected to recur in 2020. In addition, the ATS system upgrade and the derivatives market were launched in the year. Both ATS and derivatives systems were capitalized in 2019 resulting in an</p>

			<p>increase in amortization and depreciation expenses by Kshs. 11.7 Million.</p> <p>The Board has put in place a comprehensive cost cutting and revenue generating strategy as part of our 2020 - 2024 corporate wide strategy. The company will focus on cost management as one of its key deliverables this year. This will be achieved through increased automation and leveraging on the new trading infrastructure. Through these and other innovative initiatives the company is keen on creating a cost efficient organization to attain a cost income ratio of 65%</p>
	NAMES OF SHAREHOLDERS WITH A SIMILAR QUESTION/QUERY	SHAREHOLDERS QUERY: OTHER QUESTIONS	ANSWER
	<p>Joshua Stephen Okumu</p> <p>Gitonga, Franklin</p> <p>Mugema, Deogratias Rev Bro</p> <p>Otieno, Fredrick Oduor</p> <p>Kariuki, Stephen Ngooro</p> <p>Kimani, Stephen Irungu</p>	<ul style="list-style-type: none"> • Could the current trend of NSE individualized Invitation to trainings be more frequent and more affordable? • How has NSE focused on making the youth be key players in the stock market? 	<ul style="list-style-type: none"> • The NSE is in the process of finalising a digital training platform which has reduced the cost of training. The training calendar is sent out weekly to be included in the mailing list write to training@nse.co.ke • Through the NSE Investment Challenge which is a flagship financial education initiative that seeks to enhance financial literacy amongst the youth. The annual online competition is a

	<p>Mutegi, James Mutugi</p>	<ul style="list-style-type: none"> • How shall we access the presentations? • What is being done in order to streamline the tax changes by the Government that would disincentives listings on the NSE? Are there any current or planned measures to enhance the value proposal for companies to list on the NSE, taking note of the change of economic climate in this COVID-19 era? • Comment on the Gold market 	<p>simulation of trading of various securities listed on the NSE. The main objectives of the initiative are to impart knowledge on investment in the securities market and create a culture of saving and investing among the youth in Kenya. It also seeks to enhance financial management and entrepreneurial skills whilst providing an avenue of molding a new crop of future investors.</p> <ul style="list-style-type: none"> • All presentations are available on the NSE website www.nse.co.ke . For specific requests please contact info@nse.co.ke • The NSE continues to engage with the Regulator, the Capital Markets Authority (CMA) and the National Treasury to enhance the listing incentives especially in this Pandemic Era. We will inform the public on any developments. • The Gold market has been performing well as investors reallocate more to hard assets. The Exchange Listed New Gold ETF has seen an upside in turnover in excess of 8,000% since its listing.
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