



# ABIS LIMITED

Apposite Business & Investment Services

## Markets Newsletter September 2015

### Nairobi Securities Exchange

ABIS Limited is an Agent of Sterling Capital Limited



#### Month's Biggest Price GAINS

**Uchumi Supermarkets Ltd**  
1<sup>st</sup> Sept- Kshs.8.50xd  
30<sup>th</sup> Sept-Kshs.10.05 xd  
**+18%**

**Kenya Re Ltd**  
1<sup>st</sup> Sept- Kshs.16.85  
30<sup>th</sup> Sept- Kshs.19.05  
**+13%**

**BAT K Ltd**  
1<sup>st</sup> Sept- Kshs.753.00xd  
30<sup>th</sup> Sept- Kshs.817.00  
**+9%**

**Equity Group Ltd**  
1<sup>st</sup> Sept- Kshs.41.50  
30<sup>th</sup> Sept- Kshs.45.00  
**+8%**

**KCB Ltd**  
1<sup>st</sup> Sept- Kshs.44.00  
30<sup>th</sup> Sept - Kshs.47.00  
**+7%**

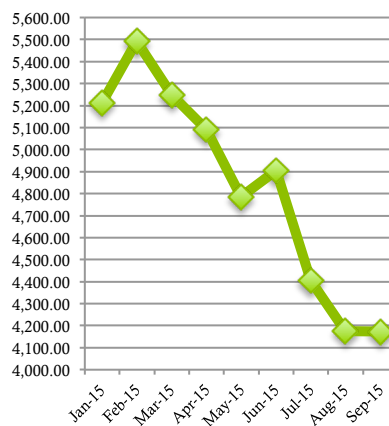
No. of Deals 30,721 ↓ 4%

Total share volumes (MN) 432.86 ↓41%

#### NSE INDEX



#### NSE 20 Share Index EOM Movements 2015



#### Month's Biggest Price DROPS

**Atlas Dev & Support Services**  
1<sup>st</sup> Sept- Kshs.6.00  
30<sup>th</sup> Sept - Kshs.3.50  
**-42%**

**Nation Media Group**  
1<sup>st</sup> Sept- Kshs.165.00  
30<sup>th</sup> Sept -Kshs.144.00  
**-13%**

**ARM Cement Ltd**  
1<sup>st</sup> Sept- Kshs.48.50xd  
30<sup>th</sup> Sept -Kshs.43.50  
**-10%**

**Williamson Tea K Ltd**  
1<sup>st</sup> Sept- Kshs.398 cb xd  
30<sup>th</sup> Sept -Kshs.361cb xd  
**-9%**

**Kapchorua Tea Ltd**  
1<sup>st</sup> Sept- Kshs.218 cb xd  
30<sup>th</sup> Sept - Kshs.198cb xd  
**-9%**

Equity turnover. (Kshs. MN) 14,019 ↓ 33%

Mkt Cap. (Kshs. BN) 2063.64 ↑2.7%

Bonds Turnover (Kshs.MN) 14,904.5 ↓23%

*The Bear market continuing to provide opportunities*

# Corporate Announcements & News

## The Co-operative Bank Limited

### UN-AUDITED FINANCIALS FOR THE PERIOD ENDED

GROUP ACCOUNTS	Jun-15	Jun-14	INC/DEC
	Kshs.000'	Kshs.000'	
Customer Deposits	248,347,164	199,243,875	25%
Loans and Advances to Customers	204,839,981	165,759,035	24%
Total Comprehensive Income	6,197,239	5,281,872	17%
EPS (Dilute)	1.28	0.96	33%

## CFC Stanbic Holdings Limited

### UN-AUDITED FINANCIALS FOR THE PERIOD ENDED

GROUP ACCOUNTS	Jun-15	Jun-14	INC/DEC
	Kshs.000'	Kshs.000'	
Customer Deposits	111,923,000	94,787,000	18%
Loans and Advances to Customers	100,176,000	78,190,000	28%
Total Comprehensive Income	1,699,538	3,029,205	-44%
EPS (Basic & Dilute)	4.96	8.49	-42%

## Barclays Bank of Kenya Limited

### UN-AUDITED FINANCIALS FOR THE PERIOD ENDED

GROUP ACCOUNTS	Jun-15	Jun-14	INC/DEC
	Kshs.000'	Kshs.000'	
Customer Deposits	163,473,719	148,177,401	10%
Loans and Advances to Customers	133,554,804	128,446,955	4%
Total Comprehensive Income	4,569,623	4,291,997	6%
EPS	0.84	0.78	8%

## Diamond Trust Bank Limited

### UN-AUDITED FINANCIALS FOR THE PERIOD ENDED

GROUP ACCOUNTS	Jun-15	Jun-14	INC/DEC
	Kshs.000'	Kshs.000'	
Customer Deposits	173,303,867	136,357,829	27%
Loans and Advances to Customers	161,988,598	120,201,701	35%
Total Comprehensive Income	2,804,737	2,835,381	-1%
EPS (Basic & Dilute)	11.92	11.58	3%

Co-operative bank's net profit increased by 32%, which the bank attributed to cost cutting measures it has achieved after hiring McKinsey & Co. to advise on key strategic measures to be undertaken. The measures saw the lender's labour and operational expenses drop by 4%. Its transformation agenda dubbed 'Soaring Eagle' aimed at sustaining the group's increased growth has seen it implement several changes among them cut in management staff, freezing of new recruitment among others. The 3rd largest bank by asset base and 5th by market cap saw its cost to income ratio drop to 51% from a high of 62.6% in December, 2014. The bank's non-performing loans also saw a 27% increase leading to a 14% increment to its loan loss provisions

CFC Stanbic attributed its decline in performance to lower revenue in its S. Sudan operations and a decrease in trading income. Trading income was adversely affected by the rise in yields caused by heavy mopping up of liquidity by CBK. Both customer deposits & loans & advances however continued to generate growth over the period. Management has set strategic targets to grow both the bank's interest and non-interest revenue through further diversification, including plans to implement *bancassurance* agency for which approval has already been received.

Whilst the industry grapples with pressures on interest margins, BBK's net interest income rose by 4% over the period. Non interest income rose by 12%, indicating the groups focus on alternative revenue sources. The bank recently launched *bancassurance* and revamped its mortgage unit and asset-financing businesses. Barclays will continue with its business diversification into new revenue streams to shore up growth. It also re-introduced ATM fees to push up its non-funded income.

DTB's total interest income increased by 19.5% owing to 35% increase in its loans and advances to customers. Providing for the increase, its loan loss provision rose 36% from Kes265.7Mn in June 2014 to Kes626.6Mn in June 2015. The Bank's NPL ratio stood at 1.25 well below the industry average of 5.7 and reflects prudence in its loans & advances policy. Whilst PAT was up by 12% over the period, total comprehensive income was marginally down, due to losses from translating the financial statements of foreign operations.

## Corporate Announcements & News Cont'd

### Standard Chartered Bank Limited

#### UN-AUDITED FINANCIALS FOR THE PERIOD ENDED

GROUP ACCOUNTS	Jun-15	Jun-14	INC/DEC
	Kshs.000'	Kshs.000'	
Customer Deposits	163,211,762	147,063,829	11%
Loans and Advances to Customers	123,256,075	131,699,706	-6%
Total Comprehensive Income	3,481,584	5,807,642	-40%
EPS (Basic & Dilute)	12.54	19.6	-36%

Standard Chartered attributed its fall in interim income (June 2015) compared to 2014 to there being a Kes1.4Bn gain on sale of property in 2014 with no equivalent in 2015. It further cited the after effects of the sharp increase in its non-performing loans book in 2014, further suppressing performance. A 24% increase in its operating expenses to Kes3.05Bn, including increased staff costs, also weighed down its earnings. The group nevertheless, having seen improvement in its non performing loans book with its ratio improving from 11% to 6.5%, by the end of the period under review, is confident that the final year end results will remain strong.

### NIC Bank Limited

#### UN-AUDITED FINANCIALS FOR THE PERIOD ENDED

GROUP ACCOUNTS	Jun-15	Jun-14	INC/DEC
	Kshs.000'	Kshs.000'	
Customer Deposits	105,149,982	93,481,606	12%
Loans and Advances to Customers	108,303,620	91,517,322	18%
Total Comprehensive Income	1,431,787	1,996,149	-28%
EPS (Basic)	3.50	3.42	2%

NIC's total profit after tax rose 9.8% largely emanating from a 19% growth in its interest income. Its comprehensive income however dipped due to a Kes699Mn fair value loss on available for sale investments and a Kes110Mn exchange difference loss on translation of its foreign operations in Tanzania and Uganda. Its total non-performing loans and advances almost doubled to Kes6.3Bn from Kes3.3Bn in June 2014 leading to significantly higher provisions for loan losses. (Kes198.7Mn to Kes573.4Mn). The bank's operating expenses were also up by 33%, a jump management attributed to "investment in talent and new technology". NIC Bank has recently enhanced its executive team including an appointment of a new director to head its investment banking unit. The management reported that the bank is on track to open four additional branches by end of 2015, a move that is expected to further grow its revenues.

### MPC holds CBK interest rate at 11.50%

The Central Bank of Kenya's Monetary Policy Committee (MPC), maintained the CBK rate at 11.5% following the weakening of the shilling against the dollar. MPC attributed its hold to the decrease in overall inflation to 5.8% in August, 2015, down from 6.6% in July 2015. Core inflation which had been on a rise for 5-consecutive months, declined to 4.5% against the set inflationary target of 5%. The rate-setter stated that the monetary policy measures taken in the previous meetings were yet to be fully transmitted into the economy, whilst the relatively lower food and oil prices are expected to keep inflation stable for the rest of 2015. CBK expects the shilling to receive support from increased inflows from tourism, which looks set to rebound in the last quarter of the year, following withdrawal of travel advisories issued by key source markets (US and UK). It also noted that importation of consumer goods has declined, shielding the country from related inflationary factors.

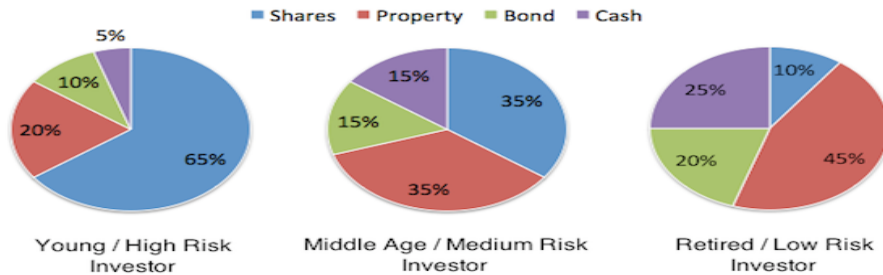
CBK treasury bill rates are seeing an upward rates trend with the end of month rates rising to 18.6%, 14.55% and 16.3% for the 91 day, 182 & 364 day bills. This was a huge surge from 11.5%, 12.3% and 14.0%, recorded beginning of the month. The most preferred bill (91 day, appreciated by over 61%. The rates on treasury bills are now at their highest levels since April, 2012 when the market was recovering from the shilling's heavy slide that saw it hit a low of 107 to the dollar. Overnight interbank rates have also been rising, to more than 25% from around 13% within the month of September, due to the tight shilling liquidity being experienced in the market.

### Treasury to issue KES.5Bn new bond

The National Treasury is set to rollout *M-Akiba Bond* which targets small investors with a minimum investment capital of Kes3,000, a deviation from previous bond minimum investment amounts of Kes50,000, and largely taken up by foreign and institutional investors. A first in the market, is the Kes5Bn bond's channel of distribution, being offered exclusively via mobile phones, allowing investors to participate through their mobile phones. The bond's rate of return is yet to be disclosed but is set to be higher than the rate payable on small deposits by commercial banks and other investment channels. Investment in the bond will be capped at Kes140,000 in a single day equivalent to the maximum statutory transaction amount on mobile platforms. Buyers are however allowed to make further investments in subsequent days up to the date of the bond's closure or full subscription. Investors will be required to open a securities account with the Central Depository & Settlement Corporation (CDSC), a process that can be done through a mobile phone. The bond proceeds will be channelled to on-going and new infrastructure projects with the National Treasury targeting to raise Kes229Bn from the domestic market in the future.



## Investment Portfolios



### Unit Trusts

Enables you to pool your money with other investors. Funds are managed by experienced fund managers. You are effectively buying a unit of the pooled funds. Risk & returns are determined by the type of mutual fund you choose,

- Equity Fund
- Money Market Fund
- Bonds Fund
- Balanced Fund

### Equities – Stock Market (NSE)

Investing on the stock market increases your risks but potentially provides the opportunity for higher returns. One is looking for either returns through dividends, bonuses, rights issues etc, or capital appreciation through share price increases. In a **Bear** market, prices are lower than usual and provide an opportunity for buyers, whilst in a **Bull** market, prices are higher and sellers stand to gain.

### Property Investments

Buying tracks of land or properties where land is scarce and the population expanding, provides an attractive investment opportunity. Even with the re-introduction of the capital gains tax, real estate investments continue to offer sound investment returns. Projects targeting lower & middle income groups in areas just outside of the Capital are on the rise due to the almost certain high returns.

### Treasury bills/ Bonds

Lending the government money through investing in their risk free treasury bills provides a quick and attractive return particularly for idle funds. Whilst government bonds similarly with minimal risk provide longer term investments.

## Mutual Funds Performance

### Cash Management Solution

Minimum investment Kshs.1.0Mn

Term	Rate Per Annum %
1 month	18.00
3 months	19.50
6 months	17.50
1 yr	17.00

US Dollar Minimum investment US\$100,000

Term	Rate Per Annum %
1 month	3.00
3 months	3.00
6 months	3.00
1 yr	3.00



ABIS Limited  
is an Agent of BAAM

Source: BRITAM – BRITAM Disclaimer: Unit Trusts are generally medium to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to the future. In certain specified circumstances, the right to redeem the units may be suspended. Unit trust values are calculated on a net asset value basis, which is the total of all assets in the portfolio including any income accrual and less any permissible deductions from the portfolio. Unit Trusts are traded at ruling prices.

# ABIS Limited

*Other Services offered by ABIS Limited*

## Administrative Services – Benefits of Checklists

*It may seem like one would need a check list for accomplishing difficult tasks, but sometimes it's the simplest tasks that one forgets some of the requirements. Checklists help in ensuring that systems and processes are followed and standardised, complex or simple.*

- Checklists help in **organising** processes and efficiently managing both simple and complex tasks. This in turn increases **Productivity** and leaves less room for mistakes. They make ease of correctly completing repetitive or mundane tasks.
- They **motivate** one to complete tasks, as upon following the checklist we achieve positive results.
- When following set processes through a checklist, one often sees more **creative** ways to performing the task, as you have more time and ability to think more clearly.
- Tasks clearly identified through checklists allow you to **delegate** specific activities within. The art of delegation gives confidence and in addition to providing you with more time to do more important things, it builds better leaders.
- Take one of the leading global companies, Apple. Apple turned around its company in the 1990s by its introduction of the **ANPP** (Apple New Product Process) successfully used to develop its renowned products. Thus checklists allow for **excellence** and help you to provide superior products & services.



***Start working on your checklists today to achieve your APPLE success story!***

*To succeed in business in the formative years:  
Personal involvement  
Continuous monitoring*

## Your Will

**A will allows you to clearly set out and communicate to your family and friends, who you may wish to look after minor children, and who you wish to oversee your affairs.**

*Make the decision today to look after your affairs and loved ones. Talk to ABIS Limited*



**Apposite Business & Investment Services (ABIS)**  
*focusing on providing the missing services for businesses and individuals in East Africa*



*Member of Kenya Association of Stock Broker & Investment Banks  
Apposite Business & Investment Services*



P.O. Box 51385,00200, Nairobi, Kenya. **Mobile:** +254-772-701018; **Email:** info@abiskenya.com **Skype:** althea-mccourt / **FaceBook:** ABIS Kenya **Web:** www.abiskenya.com/ **Twitter:** @ABISKenya