



INSIDE THIS ISSUE

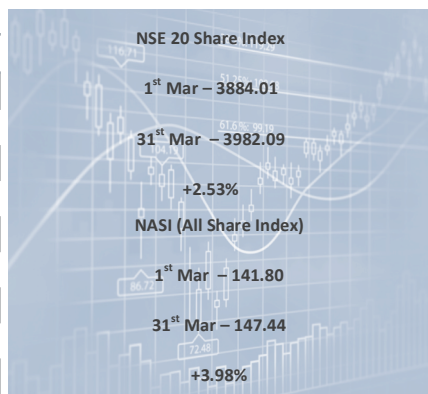
1. End of year (Dec 2015) corporate announcements
2. Chase Bank closure
3. Taxation – Evasion & Avoidance
4. What you need to prepare your Will

ABIS Limited, Working with you to ensure your business runs smoothly & your investments move in the right direction. Talk to Us Today

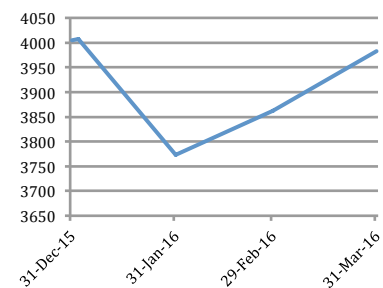
Market Review - March

Month's Biggest Price GAINS/ LOSSES

Olympia Capital	4.30	5.20	+21
CFC Stanbic	78.00	94.00cd	+21
Standard Chartered	195.00	231.00	+18
NSE	22.50	26.25	+17
Cooperative Bank	18.40	21.00cd	+14
Pan Africa Ins.	52.00	39.50	-24
Uchumi Supermks	6.30	5.10	-19
Marshalls E. A.	12.50	10.15	-19
ARM Cement	33.00	28.50	-14
E. A. Cables	7.50	6.55	-13



NSE 20 Share Index 2016



Equity Turnover (MN)	13,420	↑31%	No. Deals	30,252	↑3%	No. Shares (MN)	534	↑57%
Bonds Turnover (MN)	63,992	↑152%	Market Capitalisation (BN)	2078.28	↑4%			

Cooperative Bank of Kenya Ltd

AUDITED FINANCIALS FOR THE PERIOD ENDED

GROUP ACCOUNTS	Dec-15	Dec-14	INC/DEC
	Kshs.000'	Kshs.000'	
Customer Deposits	265,398,587	217,698,323	22%
Loans and Advances to Customers	208,571,920	179,486,355	16%
Total Comprehensive Income	8,751,164	8,495,246	3%
EPS (Basic & Dilute)	2.31	1.69	37%

Co-op bank reported a 46% increase in its profit after tax despite a Kes1.8Bn foreign exchange loss from its S. Sudan operations. Its CEO attributed the group's improved performance enhanced operational efficiencies leading to lower operating costs, as well as improved customer delivery platforms. Co-op hired McKinsey in 2014 to guide and advise it on cost cutting measures. A one-off cost of Kes1.3Bn in laying of staff was undertaken as part of this. Staff cost to income ratio improved to 24.5% from 26.3% over the period.

Diamond Trust Bank Ltd

AUDITED FINANCIALS FOR THE PERIOD ENDED

GROUP ACCOUNTS	Dec-15	Dec-14	INC/DEC
	Kshs.000'	Kshs.000'	
Customer Deposits	194,051,857	160,955,609	20.56%
Loans and Advances to Customers	177,544,871	137,654,551	29%
Total Comprehensive Income	6,436,431	5,480,640	17%
EPS (Basic & Dilute)	24.42	21.92	11%

Standard Chartered Bank Ltd

AUDITED FINANCIALS FOR THE PERIOD ENDED

GROUP ACCOUNTS	Dec-15	Dec-14	INC/DEC
	Kshs.000'	Kshs.000'	
Customer Deposits	172,036,056	154,066,931	11.66%
Loans and Advances to Customers	115,125,427	122,749,233	-6%
Total Comprehensive Income	6,055,753	10,561,072	-43%
EPS (Basic & Dilute)	19.97	33.21	-39.87%

Stanchart reported a 39% drop in its profit after tax. The lender's CEO attributed the drop to an increase in non-performing loans, the financial impact of the restructuring from the updated group strategy and a one-off net capital gain in 2014 relating to the disposal of a property. He further attributed the 6% shrinking in the loan book to the bank's risk aversion and more focus on selective asset origination. This slowdown in lending resulted in a 4.8% drop in interest income and a 9.1% drop in fees and commissions charged on debt processing. However with the banking industry currently undergoing rationalization, the one tier bank is likely to benefit.

DTB saw a 16% increase in its profit after tax mainly boosted by a 23.5% increase in its loans interest income. The bank however raised its loan loss provision to Kes2.1Bn from Kes871Mn as the stock of bad debts jumped 172.5% to Kes4.9Bn. The lender has proposed the issuance of bonus shares at a rate of 1:10 held. In mid march, DTB opened its first fully digital branch at Garden City Mall where clients will conduct all activities electronically when transferring, withdrawing and banking money.

Corporate Announcements cont'd

National Bank of Kenya Ltd

AUDITED FINANCIALS FOR THE PERIOD ENDED

GROUP ACCOUNTS	Dec-15	Dec-14	INC/DEC
	Kshs.000'	Kshs.000'	
Customer Deposits Loans and Advances to Customers	302,168,588	245,383,135	23%
Total Comprehensive Income	10,443,050	17,775,065	-41%
EPS (Basic & Dilute)	4.65	4.63	0.43%

Kenya Re Ltd

AUDITED FINANCIALS FOR THE PERIOD ENDED

GROUP ACCOUNTS	Dec-15	Dec-14	INC/DEC
	Kshs.000'	Kshs.000'	
Net written premiums	12,016,078	10,313,408	16.51%
Net Claims & Policyholder benefits	7,061,610	5,957,540	19%
Total Comprehensive Income	2,431,425	3,417,735	-29%
EPS (Basic & Dilute)	5.10	4.48	13.84%

Nairobi Securities Exchange Ltd

AUDITED FINANCIALS FOR THE PERIOD ENDED

GROUP ACCOUNTS	Dec-15	Dec-14	INC/DEC
	Kshs.000'	Kshs.000'	
Total Income	808,257	821,901	-2%
Profit before Tax	381,494	441,811	-14%
Total Comprehensive Income	305,494	441,811	-31%
EPS (Basic & Dilute)	1.57	2.13	-26%

National Bank reported a Kes1.2Bn loss on the back of bad loans that rose by Kes3.2Bn to Kes3.7Bn. The lender's gross performing loans increased by 63% to Kes11.76Bn. The significant size of bad loans heavily weighed down the Bank's performance. Its total interest income increased by 14.4% while its total interest expense increased 50% mostly due to a 41% increase in customer deposits. NBK closed the year with total assets worth Kes125.4Bn, having sold off several in 2014 to fund business operations, while its total liabilities stood at Kes114.4Bn.

Kenya Re reported a 13% profit growth attributing this to a health premium increase, as well as investment income. Its net claims however, increased by 19% attributed to its significant payouts to cover the April 2015 Nepal earthquake where it was exposed to a tune of Kes300Mn. The reinsurer set up a subsidiary in Zambia as part of its strategy to cut reliance on the local market. The Lusaka unit, set to begin operations in December, is targeting Southern Africa markets. In 2014 it opened a subsidiary in Abidjan, Ivory Coast that reported a net profit of Kes120Mn in its first full year operations.

The NSE attributed the 2% drop in income to reduced trading turnover in the market due to the capital gain introduced in January, although it was later removed by parliament. Its total expenses rose by 15% to Kes448.3Mn due to additional costs as the Exchange launched new products and reorganised its internal structures. Higher interest rates, especially in the second half of the year, negatively affected trades on the equities and fixed-income markets. Equity trading turnover fell 3% to Kes415Bn while bonds turnover was down 40% to Kes610Bn.



CICA-RE opens liaison office in Nairobi

Togo based re-insurer, CICA-RE set up a regional office in Nairobi, Kenya which will act as a liaison under the guidelines of the Insurance Regulatory Authority (IRA). It will however be required to become a subsidiary company within the next three years with a capital injection of Kes1.5Bn. The move, according to management, was informed by emerging sectors which will be the key growth of the company's business as underwriters take on more risk. CICA-RE has a strong West African footprint that includes Cameroon, Cote d'Ivoire, Benin, Senegal, Gabon, Mali, Niger, Burkina Faso, Central Africa Republic, Congo Brazzaville, and Chad. But operations also stretches to Asia, Latin America & the Middle East. It's owned by 12 Francophone states from west and central Africa who hold 65% of the capital while 35% equity is held by financial institutions including the West African Development Bank and 59 insurance companies. Currently, Kenya has seven reinsurers with Kenya Re, Zep Re and Africa Re entitled to mandatory cessions of 20%, 10% and 5% respectively.

Chase Bank, the latest 3 tier bank to go down

A third bank has been put under receivership. Chase Bank has had its 62 branches closed. Some 170,000 depositors with Kshs.142Bn in assets, will have to wait for the outcome of offers being made, or for an alternative solution which will see the bank re-open. Difficulties were first publicly communicated virally with social media reports sparking a run on the bank, where depositors en masse began withdrawing large amounts. This coincided with the sudden stepping aside of the Bank's Group MD & Chairman. However both events were linked to the Bank's restatement of its financial results reflecting an under reporting of insider loans primarily to its directors, by some Kshs.8.0Bn. Total restated director/ shareholder loans moved from Kshs.5.72Bn to Kshs.13.62Bn. Its auditors Deloitte & Touche had qualified the accounts due to insufficient information being provided by the bank. The restatement resulted in the reporting of a Kshs.686Mn loss in 2015 compared to Kshs.2.4Bn profit in the previous year. Chase Bank is the 11th largest of 42 banks in the country. This number has long been considered too many for the population. Nigeria for example has just over half this number of banks (22) for a population of 180 million people. In addition to its shareholders, local interests in acquiring the bank, include Centum Investments and Kenya Commercial Bank. Whilst it is reported that international banks in the Middle East are also keen to get into the market, having been locked out by CBK's moratorium on issuing new banking licenses. CBK in order to support other banks vulnerable to depositor panic withdrawals, has provided a short term liquidity support facility.



Chase Bank, suspension of its Corporate Bond

Following the closing of Chase Bank, the NSE has also suspended trading of its corporate bond on the fixed income securities board. The first tranche of a Kshs.10Bn bond was issued last year in June, and was oversubscribed by 161%. The bank took up all subscribed for, being Kshs4.8Bn from its offer of Kshs.3.0Bn. The bond has a seven year tenure, with one of the highest yields of quoted corporate bonds at 13.25%.

Pan Africa Insurance buys additional stake in Gateway Insurance

Pan-Africa Insurance acquired an additional 5% stake in Gateway Insurance, raising its equity in the subsidiary to 56%. Pan-Africa first bought into Gateway in March 2015 acquiring a 51% stake for Kes561Million. This acquisition marked a change in strategy at Pan Africa which in 2011 exited the general insurance business to focus on life policies by selling its 39.9% in APA Insurance for Kes855Million. The company later stated that it needed to re-enter the general insurance business to get a share of economic growth driven by such sectors as construction.

BPO HR/Admin

Taxation – Avoidance & Evasion

The difference between tax avoidance and tax evasion is legality. Tax avoidance is the legal process of exploiting the tax system with the main aim of reducing either your current or future tax liabilities. Tax evasion on the other hand is illegal and involves not paying taxes by not reporting all or part of one's income and, or not paying taxes owed. Both, the evasion of tax or tax avoidance are a huge global issues affecting every country.

The recent leak through the Panama papers constituting 11 million files from a Panamanian law firm known as Mossack Fonseca which sets up offshore companies, has revealed so far 72 current and former heads of state, with hidden wealth using tax havens. Whilst it is not illegal to own the offshore accounts, the effects of this are still felt in the world economies with governments losing \$200Bn a year on tax evasion. Countries like the US lose an additional \$130Bn on tax avoidance a year as it is technically legal and carried out in the open. The loss of revenue through avoidance, evasion or theft emanating from developing countries however has the greatest impact of loss for the country and its citizens. Several African leaders and business people were also named in the

Notable names from the African Continent

Mounir Majidi, personal secretary to the King of Morocco; John Addo Kufuor, son of Ghana's former president; Jean-Claude N'Da Ametchi, associate of former Ivory Coast president; Clive Khulubuse Zuma, nephew of South African president; Mamadie Touré, widow of former president of Guinea; Jaynet Désirée Kabila Kyungu, DR Congo member of parliament; Abdeslam Bouhouareb, Algerian Minister of industry and mines; José Maria Botelho de Vasconcelos, Angola's minister of petroleum; Kalpana Rawal, Kenya's Deputy Chief Justice; Ian Stuart Kirby, senior judge in Botswana; Bruno Jean-Richard Itoua, Head of national oil company; James Ibori, Former Governor of Delta State; Emmanuel Ndahiro, Rwanda's former Chief of Intelligence; Attan Shansonga, Former Zambian ambassador to the US; Kojo Annan, son of former United Nations secretary general; Mamadou Pouye, former Senegalese minister



Outsourcing all or parts of the accounting Function

- Accurately maintaining your accounting records, assures that you do not pay more or less taxes than are due.
- Most frequently outsourced accounting functions are: accounts payable; accounts receivable; payroll

Talk to ABIS today to Keep you on the right side of the law

Employee/Employer taxes

• PAYE –

Taxable Income	Tax Rate
KSh0 - KSh10,165	10%
KSh10,165 - KSh19,741	15%
KSh19,741 - KSh29,317	20%
KSh29,317 - KSh38,893	25%
KSh38,893 and Above	30%

Kenya Taxes	Last	Previous	Highest	Lowest
Corporate Tax Rate	30	30	30	30
Personal Income Tax Rate	30	30	30	30
Sales Tax Rate	16	16	16	16
Social Security Rate	10	10	10	10
Social Security Rate For Companies	5	5	5	5
Social Security Rate For Employees	5	5	5	5

<http://www.tradingeconomics.com/kenya/indicators>

YOUR WILL

Its time to put your life in order



What you need in preparation of writing your Will

- **Personal Representatives** – Persons you would like to be the Executors (Administrators) of your Will
- **Guardians** – If you have children, persons who you wish to become guardians of your children
- **Principal Heirs** – Who you would like to be the heirs to your will, with a principal heir(s) (& alternate) who you intend to distribute your estate to.
- **Specific Gifts** - If you have specific gifts that you would like to leave to specific people
- **Charitable Gifts** – A specific charity that you would like to leave any part of your estate to
- **Trusts/ Testamentary Trusts** – That you may wish to set up on behalf of minors
- **Trustees** - Names of trustees who you would wish to manage any trusts set up
- **Any other special requests** - Should you have any special requests for example how you wish your funeral to be conducted, etc.

MAKE YOUR OWN DECISIONS TODAY & DON'T LEAVE IT TO CHANCE!

Who is Making This Will?	
Title	Mr./ Mrs./ Miss/ Ms./ Dr/ Other <input type="checkbox"/>
Last Name	
Middle Names	
First Name	
Are You Married?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Name of Spouse	
Do You Have Children?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Personal Representatives	
<small>Your Personal Representative will carry out the wishes of your Will, and is also known as an Executor or Administrator of your Will. It is assumed that your Personal Representative will carry out the wishes of your Will in good faith, and due care.</small>	
Personal Representative (Executor/Administrator)	
Relationship to you	
Address	
Alternate One Personal Representative	
Relationship to you	
Address	
Guardians	

ABIS Limited takes no responsibility for any decisions made on the basis of this information, as well as any inaccuracies. Sources: Sterling Capital Limited (Disclaimer: Whereas the information contained herein is deemed to be from a reliable source), BAAM; Business Daily – various published articles; internet – various articles; Central Bank of Kenya - publications.

ABIS LIMITED

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

