



THE ABC VISION

Diaspora Edition, May 2012, Issue No. 4



CUSTOMER FOCUS:

ABC Group: Assisting Kenyans in the Diaspora to invest at home

Many Kenyans living in the Diaspora have not fully exploited the huge investment opportunities available in the country, largely because of limited information on the investment openings. “I have been facing many challenges in my efforts to invest in Kenya. The biggest challenge is lack of adequate and relevant information on the investment opportunities available in the country,” confesses Mr Simon Rotich, who is based in Afghanistan.

The lack of information and being away from home has forced him to rely on the Internet to pick out some of the investment opportunities in East Africa’s biggest economy. “Unfortunately, it (online information) is unreliable sometimes because it is mostly neither based on sound research nor is current and, therefore, hardly reflects the market dynamics at a particular time,” he says.

It is frustrating for him and he is forced to supplement whatever information he digs up during his online researches with the advice of his relatives at home. “Still relatives are not the best guide to one’s investment decision-making because getting accurate information from a lay person is a challenge and whatever advice one may get from such a person it is very hard to figure out the extent of risks it entails,” he says.

Nevertheless, Mr Rotich, who says he decided to search for employment out of the country to earn a living and satisfy his ‘need to adventure’, has managed to invest in real estate. “I have been going for long-term investments,” he explains the criteria he has been using to decide on the sectors in which to invest.

Mr Rotich, who started banking with ABC Bank in late 2011, says he still needs more assistance even as he praises his working relationship with the bank. “They (Bank’s staff) have been helpful in guiding me on my financial needs but there is need for them to be alerting us in the Diaspora on some of the windows of opportunities whenever they open up in the market,” he said.

ABC Group, a one-stop-shop financial services provider in the East African region, has already put in place measures to assist Mr Rotich and other Kenyans in the Diaspora. Ms. Amanda Corline, ABC Bank Head of Retail Banking, says the Group has increased the amount of information on investment opportunities it is availing to the Diaspora clients. She cites the Kenya Airways Rights Issue. The Group, with the support of analysts at its affiliate company, ABC Capital Ltd, a member of the Nairobi Securities Exchange (NSE), set a research report on the airline to guide them in their decision-making.

“We don’t believe in a one-fit-all type of solution because each customer is unique with specific needs. We are, therefore, constantly appealing to our customers to contact us through the many communication channels we have opened so that we are able to assist them to meet the investment needs individually,” she said.

This way, Mr Rotich and other Diaspora customers have an opportunity to benefit from a large pool of expertise not only within the Bank and ABC Capital, but also another Group’s affiliate company, ABC Insurance Brokers Ltd., which is licensed by the industry regulator, the Insurance Regulatory Authority (IRA), and real estate partners, Developing Afrika Limited (formerly Social Capital Group Limited).

The Bank has just enabled 40 Diaspora customers to acquire land in Juja, some 30km from Nairobi Central Business District, by assisting them through the whole land purchasing process including giving them loans ranging between Kshs. 800,000 and Kshs. 1.3 million. “We expect the number of beneficiaries to go up because more are going through the (land purchasing) paperwork,” explained Ms Amanda.



BEST BANK IN KENYA

with assets of up to Kes. 40 billion.

BEST BANK IN SME BANKING - 2nd runners up
BEST BANK IN PRODUCT INNOVATION - 2nd runners up

*Thank you for making us winners at the
Think Business Banking Awards 2012!*

**ASANTE
SANA!**

We are winners. Yes, you our esteemed customer, and us, as ABC Bank Group, are winners. The good working relationship we have cultivated over time is bearing fruits.

And our peers in the banking industry are not only aware of it, but also appreciate it. We were voted as the Best Bank among Banks with total assets greater than Kshs. 10 billion but less than Kshs. 40 billion, the Second runners up in the Best Bank in SME Banking category and the Second runners up in the Best Bank in Product Innovation award.

For us, as a Bank, the true winner is you, our customer. This is because without your support, we could not have succeeded. We unreservedly express our gratitude to you for that.

But we are not resting on our laurels even with these accolades. Instead, and in our pursuit of excellence, we promise to work even harder to ensure that you will continue to enjoy great serve from us. This entails investing in the business – staff, equipment, systems and processes etc - and entering into strategic partnerships to expand and grow the range and scope of our services.

A case in point is a Memorandum of Understanding we signed on April 24, 2012, with the Export Processing Zones Authority (EPZA), the government-owned organisation charged with promoting export-focused businesses.

The MoU gives us an opportunity to support businesses in the export and import sector by providing them financial solutions and advisory services.

We believe that, with you on our side, our efforts will continue to bear fruits. For, we, you and us, are winners. Thank you.



ABC Bank Group MD, Mr. Shamaz Savani receives The Best Bank Award trophy from Angela Ambito, CEO Infotrak Research & Consulting.

ABC Bank stands tall!

For this award, all banks were assessed on the basis of their financial soundness, as determined by eight different parameters:

- Return on average assets
- Return on average core capital
- Cost of funds
- Efficiency ratio (Cost-to-income ratio)
- Total non-performing loans to total advances
- Non-performing loans provision to operating income
- Core capital to total deposits

(2) Second runners up – Best Bank in SME Banking

This category assessed banks on the basis of their financial soundness using the eight key financial ratios used to determine the Best Bank in Kenya. The judges then subjected a shortlist of the top ten to further scrutiny based on the following weighted scores:

- Customer numbers
- Average loan size
- Product offering to SME segment
- Customer satisfaction
- Tariff rates to SME customers

(3) Second runners up – Best Bank in Product Innovation (Medical Interns Product)

From a list of available products in the banking sector, the judges short-listed products for the retail segment that they felt were most innovative. The short-listed products were then subjected to further assessment looking at their reception in the market based on customer acceptance.

The process involved going to the various banks posing as customers and checking out the products they have on offer, analyzing the product brochures and asking questions about their various features. The details and features were then tabulated and presented to a team of experts to evaluate. The panel of judges then evaluated the products and made the final decision, based on the recommendation of the experts. Our Medical Interns product was feted for its innovativeness - a first in the industry.



ABC Bank Group MD, Mr. Shamaz Savani (R), Group CEO, Mr. Deviinder Gupta (L) and Ms. Amanda Corline Head of Retail Banking pose for a photo during awards ceremony.

On the evening of Tuesday April 24, ABC Bank walked away with three key awards at the 2012 Think Business Banking Awards, the premier award ceremony honoring excellence in Kenya's banking sector:

(1) The Best Bank Award among Banks with total assets greater than Kshs. 10 billion but less than Kshs. 40 billion



Mr. Deviinder Gupta, ABC Bank Group Chief Executive Officer, dedicated the awards to the Bank's customers-domestic and in the Diaspora. "We thank you for your goodwill and support, which enables us to rise to new heights with every passing year. We reiterate our commitment to meeting your needs, surpassing your expectations, growing existing relationships and developing new ones," he said.

Mr. Gupta noted that when the market recognizes the Bank's innovation and product offering, it is a time to celebrate. "It is not a time for us to rest on our laurels. Instead, it is time for us to redouble our efforts towards realizing our greater ambitions - serving our customers even better and become the financial services provider of choice in the East African region," he said. Nevertheless, he noted, it will not be a walk in the park to achieve the Bank's objectives.

"We know the road ahead will be challenging. But we promise our customers that we will spare no effort to ensure we exceed their expectations," he said.

Group Managing Director



ABC Bank sets aside Kshs. 2 billion for export-oriented SMEs

Speaking at the signing ceremony, ABC Bank Group Managing Director, Shamaz Savani, said the Memorandum of Understanding (MoU) will assist the small and medium-sized enterprise (SME) sector to increase its overall productivity.

The Bank will provide the export and import SMEs with trade finance while availing developmental finance to developers within the Export Promotion Zones (EPZ) and other SMEs to construct commercial warehouses and godowns.

"I am happy to inform you Mr Minister that we have set aside Kshs. 2 billion to finance export-oriented SMEs in their operations," Mr Savani announced at the ceremony whose guest of honour was Hon. Manson Nyamweya, the Assistant Minister, Ministry of Trade.

This is in addition to the 7 million Euro (about Ksh770 million) credit facility the Bank signed with the European Investment Bank (EIB) under which SMEs can access loans in Kenya shillings, Euros and US dollars, at very competitive pricing and for a longer tenor, at fixed and floating rates. It is a message echoed by Dr. Richard Mutule Kilonzo, Chief Executive Officer, EPZA. "We have decided to seek out partners like ABC Bank to assist businesses in the export processing zones to access finance," said Dr. Kilonzo.

Mr Savani said the Bank will provide SMEs with tailor-made financial services through a dedicated relationship management team specifically to serve the EPZ entrepreneurs.

Through its affiliate companies –ABC Capital Ltd, a member of the Nairobi Securities Exchange, and ABC Insurance Brokers Ltd, which is licensed by the Insurance Regulatory Authority, the Bank will offer them professional and up-to-date advisory services.

"This has been a critical challenge to SMEs for long," Mr Savani said just before signing the MoU at the Laico Regency Hotel, Nairobi, on April 24th, 2012.

Mr Nyamweya praised the Bank for partnering with EPZA. "I commend ABC Bank for tailor-making a special product to bridge this gap by availing, among others, finance, market research and advisory services under the MoU you are signing today with EPZA," said the Minister, "This certainly is a bonus in the package which is hard to find in the market."

Mr Nyamweya said the MoU between the two organisations is in line with the Government's commitment to promoting Public Private Partnerships (PPPs) to enable it finance projects earmarked under the country's long-term economic roadmap, Vision 2030.

ABC Bank has registered another milestone by entering into a strategic partnership with the Export Processing Zones Authority (EPZA), a government parastatal responsible for promoting and facilitating the establishment of export-oriented businesses in Kenya's export processing zones.



Mr. Shamaz Savani (L), ABC Bank Group Managing Director, exchanges documents with Dr. Richard Mutule Kilonzo, Chief Executive Officer, EPZA, after the two institutions signed an MoU. Looking on is Mr. Manson Nyamweya (C), the Assistant Minister, Ministry of Trade.



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Planning to invest at home? Talk to us.

Q & A with Mr Deviinder Gupta, ABC Group CEO

Q: Briefly, explain what ABC Bank Group is offering its current and potential Diaspora customers wishing to invest at home.

A: We, as a Group, are offering our existing and potential Diaspora customers a partner who is ready, willing and able to support and guide them to wisely invest in virtually all the sectors of the economy in Kenya. This is because we are a one-stop-shop financial services provider offering our customers superior and tailor-made banking, capital markets and insurance services.

Q: How do you manage to offer these services?

A: We have a rich pool of talent within the Group with the necessary expertise to advise and assist our customers to make sound decisions in identifying, evaluating and financing their investments in Kenya. For instance, at ABC Bank, we are offering them superior and tailor-made banking services. We can assist them to invest in the capital markets through our affiliate company, ABC Capital, which is a member of the Nairobi Securities Exchange (NSE). Also, they can access insurance services through our other affiliate company, ABC Insurance Brokers Ltd.

Q: Any examples of products one can access through the Bank?

A: A customer can access a wide range of products and services. For instance, we can assist a customer to invest in the real estate sector through our land purchase and mortgage products. We have highlighted these two products in our recent editions of the newsletter. We also have financial products like Target Account, which allows one to save towards a project such as raising the 30 per cent down-payment for the purchase of land or a house. Together with our Fixed Deposit Account, a customer is assured of earning maximum returns to suit his/her individual needs. Through our globally spread correspondent banks, we are able to serve you whenever you in the world.

Q: How does such a customer benefit from ABC Capital?

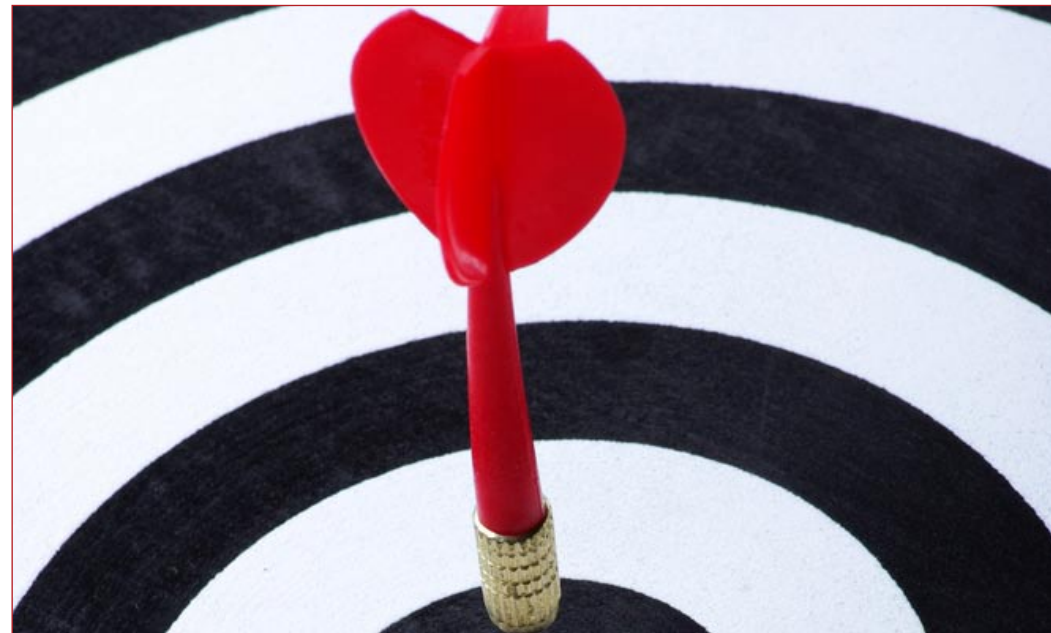
A: As a member of NSE that is regulated by Capital Markets Authority (CMA), ABC Capital offers our clients investment management services that include opportunity to trade in both equities (shares) and fixed income assets such as Treasury Bills and Bonds. We also offer professional advisory services to individuals and groups on investing in the capital market, a key challenge for many customers. ABC Capital also offers specialised corporate advisory services to companies such as private placement, and commercial paper.

Q: Are you in a position to assist a customer who needs insurance services?

A: Yes, through ABC Insurance Brokers Ltd, we provide various products and services, which incorporate insurance coverage and investment options. They include general insurance policies—covering motor vehicle, domestic, fire and material damage risks. We, in conjunction with our partner insurance companies, offer personal insurance services such as travel and personal accident as well as health insurance.



We also provide long-term insurance products such as endowment, education and mortgage protection, which we have highlighted in the past issues of our newsletter. Perhaps more importantly, since ABC Insurance is approved by the African Trade Insurance Agency (ATI), the only multilateral insurer in Africa, we provide cover outside Kenya. Through ATI, we cover risks that are typically not be covered by other insurers. They include insurance cover against political risks such as currency inconvertibility, expropriation, war and civil disturbance, terrorism and sabotage including forced abandonment.



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Cost of living in Kenya could get more affordable in 2012

By ABC Capital Ltd.

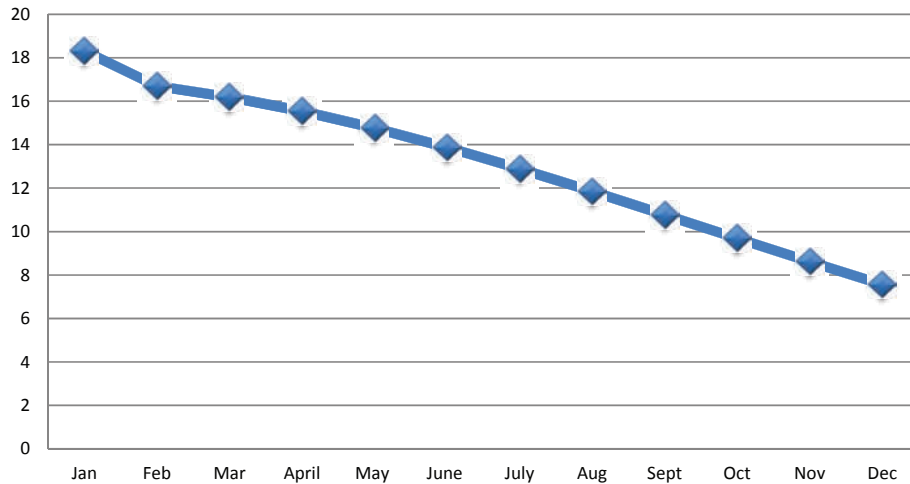
The cost of living in the country, inflation, could continue easing this year after rising to record levels in November 2011, according to analysts.

“Inflation is expected to come down to 14 per cent at the close of the second quarter, i.e. by June 2012,” analysts at ABC Capital Ltd, an affiliate

company of ABC Bank, say in their analysis of 2012.

They project it drop further to 11 per cent in the third quarter - between July and September - and could close the year 2012 at a single digit, i.e. 7.5 per cent. The country’s inflation fell for the fourth consecutive month to 13.06 per cent in April from 15.61 per cent in the month of March according to the Kenya National Bureau of Statistics (KNBS).

Inflation forecast for 2012



This is good news for consumers, in particular, and East Africa’s largest economy in general. This is because consumers -and the overall economy –faced a difficulty time most of last year when inflation literally shot through the roof driven by, among others, high and rising prices of food and oil.

Consequently, inflation increased in 2011 from 5.42 per cent in January to 19.72 per cent in November and in the process severely reducing the purchasing power of consumers while slowing down the country’s economy.

This meant the average cost of goods and services nearly tripled in less than a year from what they were in January 2011.

Exchange rate

The ABC Capital analysts are also projecting that the Kenya shilling will remain fairly stable against other major currencies during the year. They say the shilling could on average exchange at between 80 and 83 to the US dollar in 2012.

It is worth noting that exchange rate hit a low of Kshs.107 to the dollar in October 2011 before closing the year at Kshs.85.

“It (Kenya shilling) is expected to remain precarious in 2012 as its underpinnings; the balance of payment (BOP) is still negative,” say the analysts. .

By the third quarter, the BOP deficit was Kshs. 14.5 billion, from a surplus of Kshs.20.9 billion the previous year.



ABC Capital Ltd.

Over 50 years of offering innovative investment management expertise.

ABC Capital has been a member of the Nairobi Stock Exchange since its inception in 1954. We therefore share a rich heritage in the fortunes of the leading stock exchange in the Eastern Africa region.

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- Discretionary Portfolio Management
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- Commercial Paper
- Corporate Bonds
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Research



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Hey,
Thanks so much for your services. I feel much satisfied with your handling of my account even when I'm far from home.
Thanks and have a great day.
P. M.

P. M.,
Thank you for writing to us P.M. We endeavour to give you quality service even when you are in the Diaspora. We look forward to continue serving you.
Thanks,

**ABC Bank,
Customer Service**



Hi,
I am a customer at ABC Bank, Koinange branch, and would like to start an agricultural investment. Is there a way you can help me?
E.N.

E.N.,
Thank you for writing to us. Kindly give us your email address that we can write back to you with the necessary details.
**ABC Bank,
Customer Service**

My email address is xxxxx. The only thing is that I am in Afganistan and plan to return back home in 2013.
E.N.

E.N.,
Trust you are well. We have sent you all the details on email. Kindly get back to us if you need more information. Once again, thank you for being our customer.
**ABC Bank,
Customer Service**



To whom is concerned,
I am wondering why my colleagues who I work with always get their salaries into their accounts immediately the company releases their salary while for us in ABC we get ours later. Can you explain this please?
J.J

Dear J.J.,
Thank you for writing to us and for bringing this concern to our attention.
We have confirmed with our International Business Division that your salaries are credited the same day they are received at ABC Bank. However, we experienced a few challenges in the past that have since been resolved.
Kindly let us know when and which dates this happened to enable us investigate further for you as to why you may have received your salary late.
We look forward to hearing from you soon. Thank you so much for banking with. Have a nice day!
**ABC Bank,
Customer Service**



**You are the reason
we came to work today.**

Dear Customer,
Are you in Kenya or in any other country in the world?

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