



ABC VISION

INVESTOR News

Issue: 12

December 2017

From the Group MD



Amazingly Better Choice



Dear Value=d Investor

I take this opportunity to wish you a Happy New Year from ABC Bank! Despite challenges in economic, political front and global geo politics, 2017 has been a very successful year for ABC Bank, thanks very much to the confidence reposed by customers which helped us grow our deposits by over Kes 2 billion.

We were feted with several awards during the year, which include Champions of Governance awards organized by Institute of Certified Public Secretaries of Kenya (ICPSK);

- Winner - Most Improved Organization 2017,
- 1st runners up - Finance & Investments category and
- 2nd runners up - Champion of Governance 2017,

We were also recognized by Standard Chartered Bank and awarded for transaction processing diligence and accuracy.

(A detailed round up is attached for your reading)

This is a recognition and appreciation of our commitment in upholding industry principles and best practices of governance.

Last year, we had decided to make the Branch banking experience outstanding for all our customers. We totally revamped our Libra and Westlands branches and our Koinange branch as well, as a follow up to similar effort in Mombasa and Kisumu. Our subsidiary, ABC Capital Ltd is now located in a more spacious environment in Westlands. We are happy that our customers are delighted with the exposure.

On the product front, we launched Pesalink, a money transfer service that allows you to seamlessly transfer funds across all Kenyan Banks, through the Kenya Bankers Association. We didn't stop there; we also launched Marine Cargo Insurance through our Bancassurance unit, in collaboration with our partner insurance firms.

Our diaspora banking team has been active across the globe in 2017 and tours to United States, United Kingdom and Middle East are planned in 2018 as well to meet the diaspora community. We celebrated Christmas and ushered in the New Year together with the diaspora community with aMbuzi party.

We have also activated a relationship with Crown Agents Bank from the United Kingdom and Aktif Bank from Turkey. This will benefit the Bank by supporting our trade finance and correspondent banking needs.

On behalf of the team at ABC, I thank you for your continuous support and partnership.

Our hearty wishes for a very happy new year,

Shamaz Savani,
Group MD.



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4th Time Winners In a Row!!

ABC Bank Wins 3 Corporate Governance Awards!



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ABC Bank wins 3 Corporate Governance Awards!!

To cap the successful year for the Bank, ABC Bank had a triple win at the 2017 Champions of Governance (CoG) awards organized by the Institute of Certified Public Secretaries of Kenya held at the Radisson Blu Hotel on 30th November, 2017. The Bank was awarded:

- Winner - Most Improved Organization 2017
- 1st runners up - Finance and Investments category
- 2nd runners up - Champion of Governance 2017

The Champions of Governance Awards, which are held annually, celebrate organizations and individuals that exhibit the highest standards of good governance practices, in line with ICPSK's mission "To promote the practice of good governance and leadership through competence, development of members and dissemination of knowledge and best practice to stakeholders".

"We, as ABC Bank, are honored to be awarded for the fourth time for the Champions of Governance awards. These awards are as a result of our consistence in upholding and investing in practices of good governance. This great achievement is a testimony of the Bank's commitment to governance principles of responsibility, accountability, fairness and transparency in all our actions," Group Chief Executive Officer, Sridhar Natarajan said.



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ABC BANK DIASPORA MBUZI PARTY 2017

On 15th December 2017, ABC Bank, led by the Diaspora team, hosted the second edition of the "Diaspora mbuzi choma party" at the La Maison Royale, to appreciate our Diaspora customers who are in town to celebrate the festive season with family and friends. The Bank organised the get-together meeting in partnership with Username Investments, to interact with its Diaspora customers, strengthen the cordial relationship and identify opportunities for mutual cooperation.

"This was a great opportunity not only for the Bank to interact with the diaspora customers, but also for the customers who are in the same countries to network. They also discussed with investment professionals who advised them on current investment opportunities in the country," Joseph Waitthaka Head of Diaspora Banking said.



ABC Bank sponsors Guangzhou -Nairobi Economic and Trade Exchange Forum



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ABC Bank sponsors Guangzhou Nairobi Economic and Trade Exchange Forum

ABC Bank sponsored the Guangzhou - Nairobi Economic and Trade Exchange Forum which took place 23rd November 2017 at Crowne Plaza Hotel. The forum was aimed at strengthening economic and business exchanges between China and Kenya, as well as explore potential business opportunities.



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Art of Living concert – Chief Credit Officer Raj Pal Arora (right) serves lunch to a participant during the event.



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ABC Bank supports Art of Living concert

ABC Bank sponsored The Art of Living concert held at the SSD Temple in Lower Kabete on 1st October, 2017. The Art of Living is a non-profit, volunteer-based organization that focuses on the elimination of stress and violence, and fosters inner peace, happiness and well-being for all individuals. The event was conducted by Nitin Dhawar, a teacher of The Art of Living and an accomplished singer. The sponsorship was part of ABC Bank's community-support initiatives.



ABC Bank sponsors Kayole Children's Home Visit

ABC Bank staff a.k.a Friends Of Kayole (FOK) visited Kayole Children's Home with them with early Christmas goodies and a mbuzi to celebrate the festive season. ABC Bank has over the years supported Kayole Children's Home, led by our selfless Audit team, through various initiatives such as quarterly visits, donating food stuffs and toiletries, paying school fees for some of the students and spending time with them. The staff cooked for the children and encouraged the children by presenting awards to the students who had performed well in their KCPE exams. They had fun dancing with the children and wrapped it up by cutting the Christmas cake.

ABC Bank sponsors Lamu Cultural Festival



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ABC Bank sponsors Lamu Cultural Festival

ABC Bank sponsored the 17th Lamu Cultural Festival which took place from 16th - 19th November 2017 in Lamu Island. The Lamu Cultural Festival is aimed at keeping the culture alive while at the same time manifesting the coexistence among the various communities. The festival, that takes place in a span of 4 days, is characterized by traditional dances, dhow races, donkey races, swahili poetry, football tournaments and live musical performances. This year's theme for the festival was "Amani na Maridhiano", meaning "Peace and coexistence". The sponsorship was part of ABC Bank's community support initiatives.



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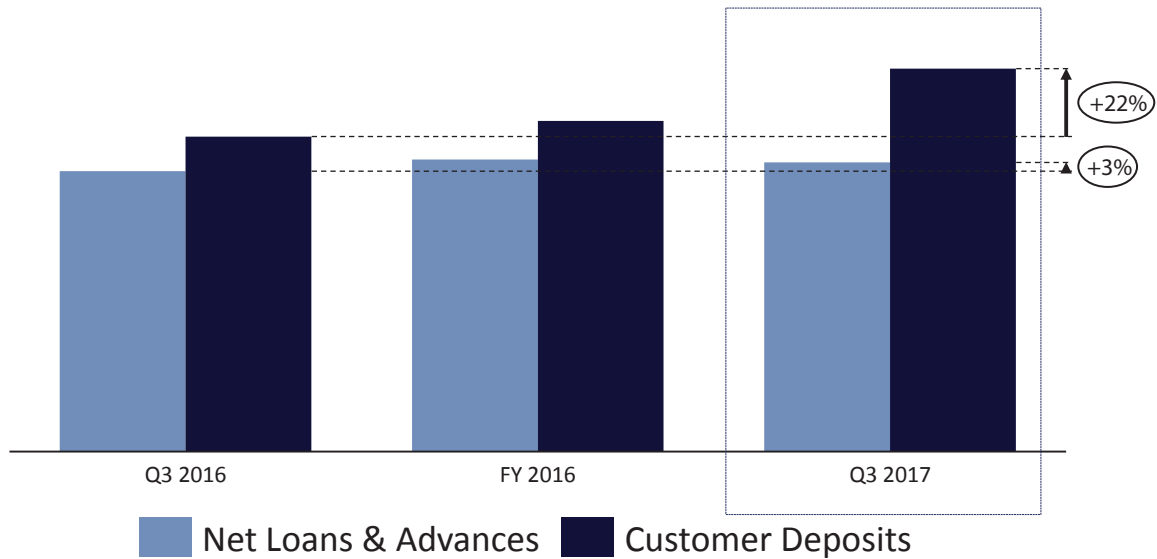


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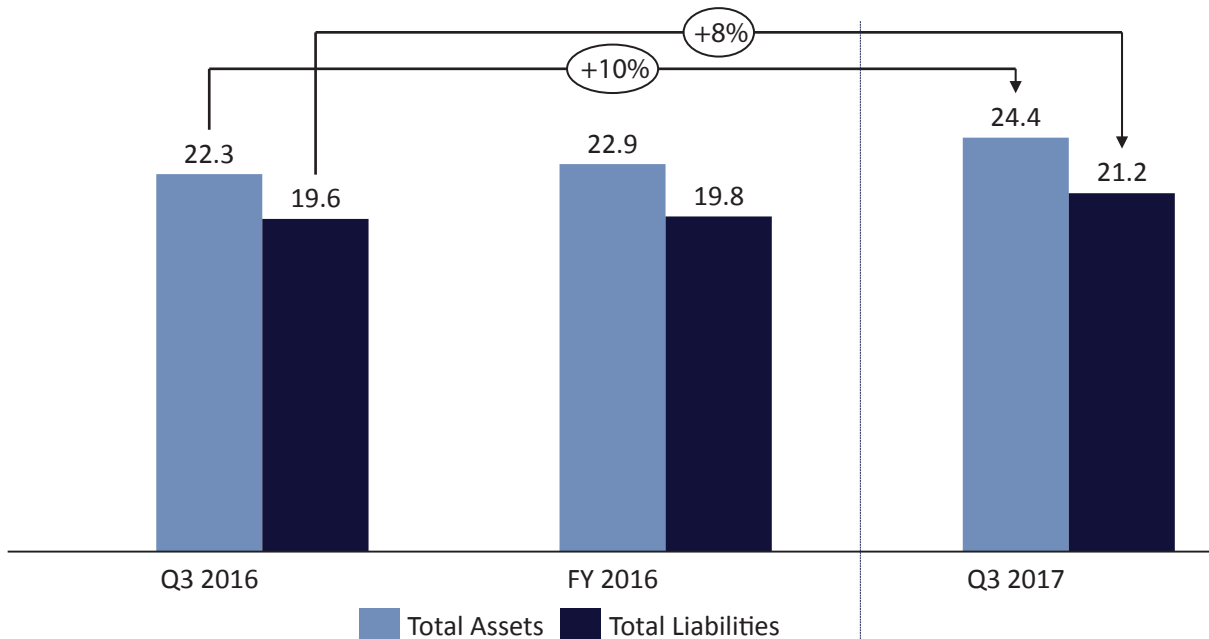
Customer Loans & Advances and Customer Deposits (KShs Billion)



Customer Deposits. Total customer deposits expanded 22% (KShs 3.4Billion) to close at KShs 19.2Billion in Q3 2017 from KShs 15.8Billion same period last year. This was driven by aggressive business’s initiatives implemented during same period.

Loans and advance(net). Loans and advances closed at KShs 14.5 Billion (Q3 2016: KShs 14.1 Billion) which was 3% q/q growth compared to same period last year. This was mainly on account of the Bank’s risk appetite amidst interest rate capping regulation and increasing uncertainties in operating environment.

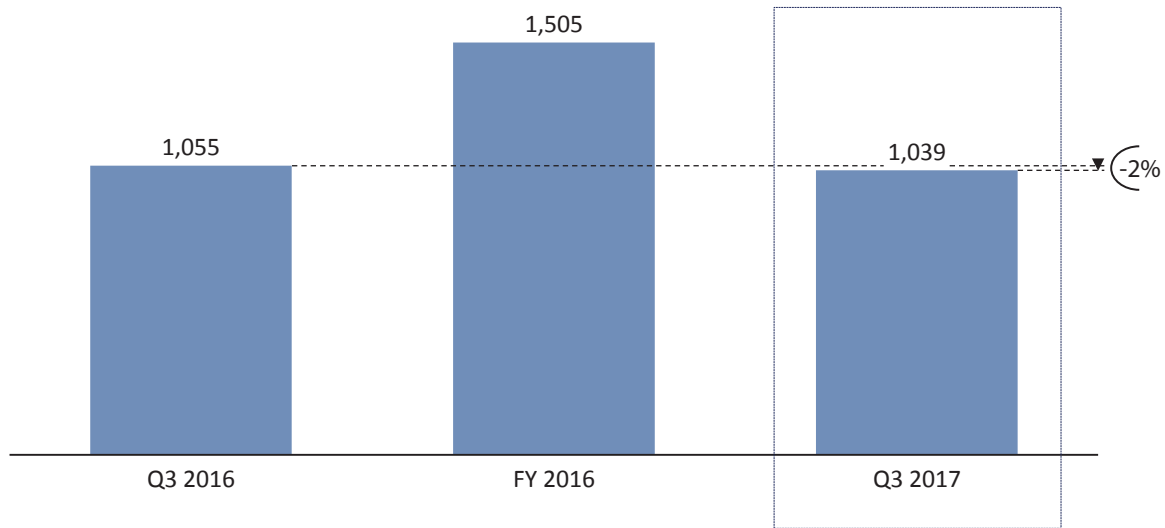
Total Assets & Total Liabilities (KShs Billion)



Total Assets expanded by 10% (KShs 2.1Billion) to close at KShs 24.4Billion as at 30th September 2017 from KShs 22.3Billion same period last year.

Total Liabilities grew by 8% (KShs 2.1Billion) to close at KShs 21.2Billion as at 30th September 2017 from KShs 19.6Billion same period last year.

Operating Expense (KShs Million)

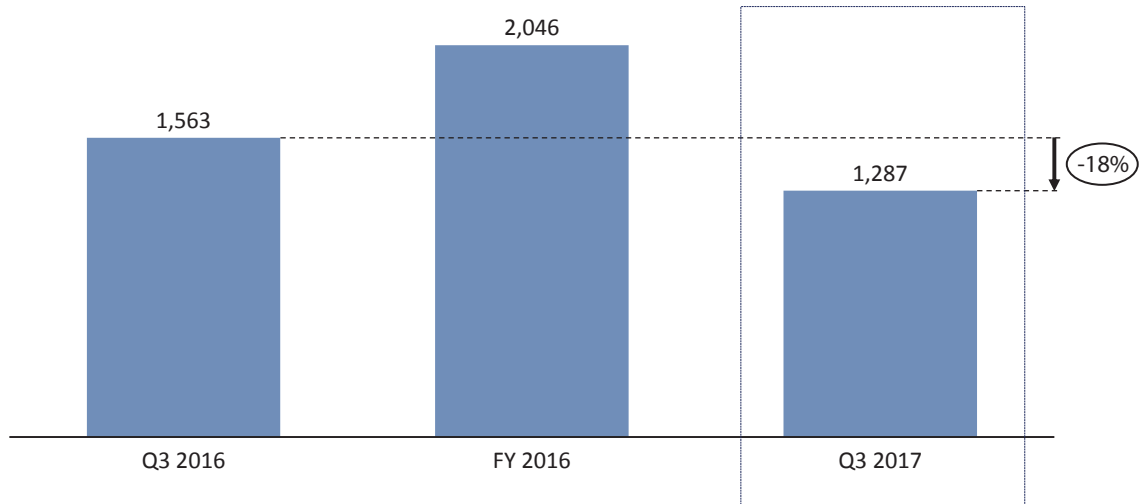


Total Operating Expenses came down by 2% to KShs 1,039 million in Q3 2017 (2015 Q3: KShs 1,055 million). This follows cost saving initiatives implemented during the period in line with the Bank's Cost efficiency strategy

Capital Adequacy

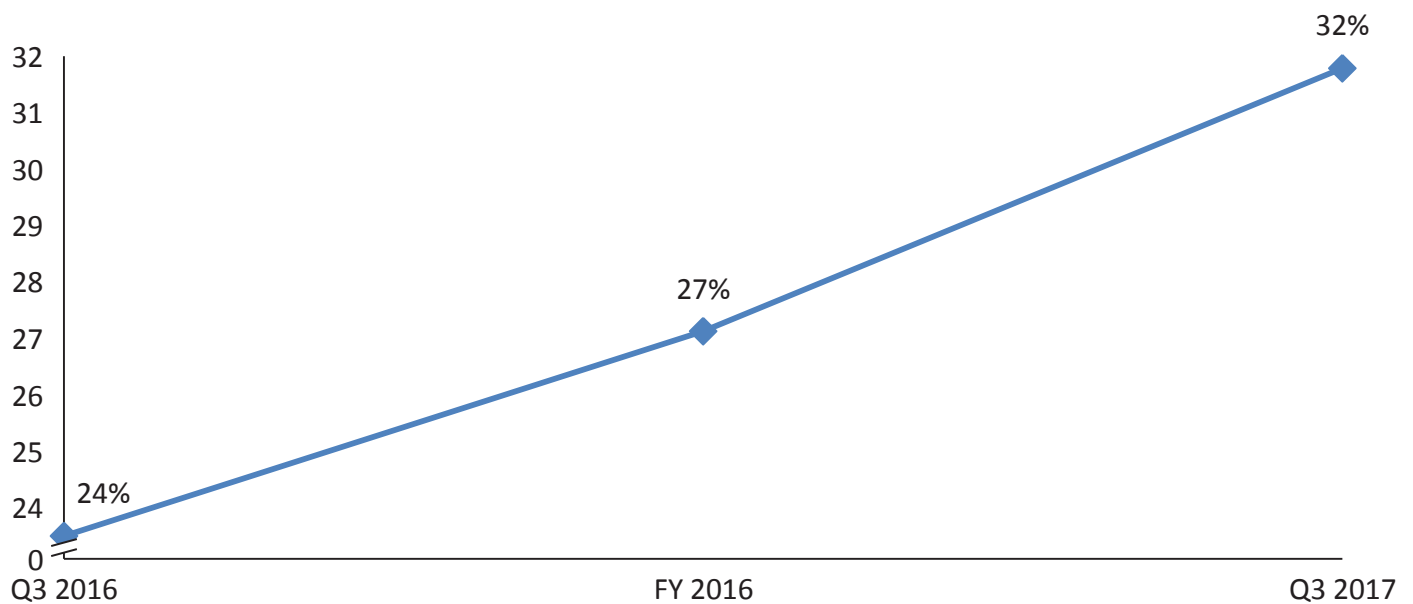
As At..	31st Dec 2013	31st Dec 2014	31st Dec 2015	31st Dec 2016	30th Sep 2017
Core Capital/Total deposits Liabilities	11.2%	12.0%	13.8%	14.7%	12.9%
Minimum statutory Ratio	8.0%	10.5%	8.0%	8.0%	8.0%
Excess/(Deficiency)	3.2%	1.5%	5.8%	6.7%	4.9%
Core Capital / Total risk weighted assets	14.3%	11.3%	11.9%	12.8%	12.6%
Minimum Statutory Ratio	8.0%	10.5%	10.5%	10.5%	10.5%
Excess (Deficiency)	6.3%	0.8%	1.4%	2.3%	2.1%
Total Capital/Total risk weighted assets	15.1%	17.2%	16.5%	16.0%	14.9%
Minimum statutory Ratio	12.0%	14.5%	14.5%	14.5%	14.5%
Excess/(Deficiency)	3.1%	2.7%	2.0%	1.5%	0.4%

Interest Expense (KShs Million)



• **Interest Expense** dropped by 18% (KShs 0.3Billion) to close at KShs 1.3Billion in Q3 2017 from KShs 1.6Billion same period last year. This was driven by Bank’s focus on low cost deposits.

Liquidity Ratio (Reg. Min 20%)



The Bank’s Liquidity sound at 32% (Minimum statutory requirement: 20%) as at 30th September 2017.

