



NIMAI EMERGING FINANCIAL SERVICES FUND

TO BE REGULATED BY CAYMAN ISLAND MONETARY AUTHORITY (CIMA)

Newsletter – October Issue



Nimai Emerging Financial Services Fund – Update

Fundraising Update

We have received good traction in the Kenyan, Ghanaian & Tanzanian market for the purpose of our fundraising. We have also received initial interest from a bank & large family office in Ghana.

Deal Flow

Nimai Emerging Financial Services Fund has received widespread attention in the financial services sector in the target countries with the fund receiving several potential investment opportunities such as; a savings & loans company in Ghana which has operating history of 20 years. The company mobilizes, grant loans & provides other forms of credit to customers and also has a strong presence in the hire purchase industry. The company is seeking to raise between \$10-\$15 Million to finance & expand its current operations in Ghana. The digital revolution sweeping through the financial services industry offers potential gains and an opportunity for this business to scale great heights.

Team

We would also like to update everyone regarding Mr. Albert Essien's addition to our investment committee. Mr. Essien is the former CEO of Ecobank Transnational Incorporated. He serves on various boards which include Old Mutual Ltd. In South Africa & Findev Canada. He is currently the chairman of Ghana Stock Exchange & Ghana Amalgamated Trust (GAT).

He was instrumental in expanding the Ecobank Group to Kenya, Rwanda, Uganda, Zambia, Burundi, Malawi, South Africa (Rep Office), Sierra Leone and The Gambia.

Recent private equity activities in target countries

- Adenia Partners a **Kenyan** private equity firm has concluded an investment in Quick Mart Limited.
- PE investment in **India** rises 59% in August on high value investments.
- Cardinalstone Capital Advisors has taken investment from IFC and is investing in underserved SMEs in Ghana

Our Target Markets



Performance of listed banks in Kenya & recent developments in the Kenyan banking sector

Introduction

For the October issue of our newsletter, we will be focusing on the performance of the top listed banks in Kenya and the recent developments in the Kenyan banking sector.

We have taken some top performing banks in Kenya and used certain fundamental ratios & numbers such as the return on assets, return on equity, market Capitalization, earnings per share, price to earnings ratio to describe the performance of the banking sector in Kenya.

We have specifically taken the five banks from Kenya because owing to their track record and their past performance and another reason being their contribution to the Kenyan Economy in terms of helping the MSME sector, providing employment to the youth and encouraging woman owned enterprises.

KPIs of some of the Kenyan Banks in 2018

| Kenyan Banks | ROA | ROE | P/E Ratio | EPS | Market Cap (\$ Billion) |
|---------------------|-------|--------|-----------|-------|-------------------------|
| I&M Bank | 3.22% | 17.37% | 3.49 | 19.23 | 0.2 |
| Diamond Trust Bank | 2.00% | 12.70% | 4.88 | 20.70 | 3 |
| Barclays Bank Kenya | 2.50% | 16.43% | 7.91 | 1.32 | 0.54 |
| Equity Bank Kenya | 3.98% | 27.43% | 8.88 | 4.45 | 1.43 |
| KCB Group | 3.53% | 21.85% | 5.04 | 7.83 | 1.10 |
| Stanbic Bank | 2.37% | 18.26% | 3.00 | 36.21 | 0.17 |
| Standard Chartered | 2.84% | 17.55% | 8.47 | 23.09 | 0.66 |

Source: Financial Statement of the respective banks.

Recent Developments in the Kenyan Banking Sector

- Banks in Kenya are rolling out innovative products which are affordable and accessible. We have seen innovations such as the Stawi interest rate where the first-time banks have come together, leveraging on a digital platform, to offer below market rate loans. The Stawi interest rate is 9 percent annualized (per year) is cheaper compared to other digital loans.
- There are many other examples of how banks seek to support the MSME sector, this includes KCB's Sh10 billion 2Jiajiri program. 2Jiajiri is a flagship programme of the KCB Foundation that seeks to create jobs and wealth through targeted skills development in the informal sector. Most recently Equity Bank & Co-op bank have committed Sh10 billion and Sh15 billion respectively to finance small businesses.
- Standard Chartered supports women owned enterprises which are leveraging on technology while Barclays Absa enables women-owned businesses to trade across Africa through the She Trades program. Credit Bank, Gulf African Bank and DTB, as well as, numerous other banks have similar programs nationwide. With the lifting of the interest rate cap, banks can do much more to spur enterprise development.
- Diamond Trust Bank (DTB) has joined African payment services provider DPO Group and Mastercard in the rollout of a business to business (B2B) virtual payment card in Kenya and Tanzania.
- Stanbic Bank Kenya helped Acorn holdings, a Nairobi based property developer to issue Kenya's **first green bond**. It has raised \$41.45 million (4.3 billion Kenyan shillings), according to the bank.
- Equity Bank Kenya is set to acquire Atlas via a share swap. Equity Bank will get 62 percent of the share capital of Rwanda's Banque Populaire du Rwanda and 100 percent of African Banking Corporation of Zambia, African Banking Corporation Tanzania and African Banking Corporation Mozambique.

Source: Kenyan Bankers Association website

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