



### EMBRACING THE NEW YEAR WITH OPTIMISM



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***“Coming together is a beginning; keeping together is progress; working together is success” Henry Ford***

**H**appy new year to you and warmest greetings, as we commence 2018. The beginning of this year marks the end of the election year in our country. Despite the challenging macro-economic environment characterized by drought, weak credit growth, security concerns, and a rise in oil prices, the NSE displayed resounding resilience with the bench mark index NSE 20; gaining 16.50% while the NSE All-Share Index rose by 28.39 % in 2017. Equity turnover and Market Capitalization surged by 17% and 32% respectively to settle at Kshs. 171 Billion and Kshs. 2.5 Trillion. The NSE Share price also rallied having started the year at Kshs.14.60 and closing the year at Kshs. 19.70.

As we mark the beginning of a New Year, I am optimistic that this year will bring with it good tidings and more success for the Exchange and the economy at large. In 2018 the Bourse shall continue to diversify revenue streams through new product offerings and initiatives. We

shall also aggressively pursue new listing opportunities, whilst continuing to encourage trade in equities and fixed income instruments.

In this issue we focus on the activities and operations of the Exchange over the last couple of months.

I wish to remind us of the famous words of Henry Ford *“Coming together is a beginning; keeping together is progress; working together is success”*. It is my hope that we will continue to journey together, building sustainable, prosperous African capital markets.

We look forward to a fruitful year.

*Geoffrey O. Odundo*

Chief Executive Officer NSE

## THE NSE BOARD LEADERSHIP AND DIVERSITY BREAKFAST



*(L-R), EABL Chairman Mr. Charles Muchene, CMA CEO, Mr. Paul Muthaura, NFNV Kenyan Chapter Director, Ms. Andia Chakava, KIM Executive Director, Mr. Muriithi Ndegwa during the Board Leadership and Diversity report launch.*

The NSE in association with the Kenya Institute of Management (KIM) and New Faces New Voices (NFNV) launched the Board Leadership and Diversity report on 18<sup>th</sup> July, 2017. The report which sampled 52 listed companies in Kenya gave critical insights on the state of diversity among boards of listed companies. The research focused on age, gender and professional background. It gives key recommendations on ways of improving diversity among our boards. The report is available on the NSE website: [www.nse.co.ke](http://www.nse.co.ke)

## NSE ANNOUNCES ITS 2017 HALF YEAR FINANCIAL RESULTS



*NSE CEO Mr. Geoffrey Odundo speaking during the 2017 HY results announcement.*

On 22<sup>nd</sup> August, 2017, the NSE announced its financial results for the six months ending 30<sup>th</sup> June 2017. NSE reported a total income increase of 4% on account of an 11% increase in equity turnover from Kshs. 73.6 Billion to Kshs. 82 Billion for the similar period last year. The NSE 20 Share Index appreciated by 29.1% while the NASI rose by 25.3%.

Interest income and Profit Before Tax decreased marginally by 9% and 6% respectively for the period under review. Speaking during the announcement, the NSE Chief Executive Officer stated that NSE remains committed to delivering value to its shareholders through broadening the product offering and deepening the Kenyan capital market.

# NSE 2017 INVESTMENT CHALLENGE AWARDS CEREMONY



*Information Secretary, Ministry of Information, Communication and Technology, Ms. Judy Munyinyi-Mumo, awarding the overall winner Mr. Joseph Munyao.*

The NSE held its 10<sup>th</sup> Investment Challenge Awards 2017 Ceremony at a colorful event held on 2<sup>nd</sup> October 2017. The ceremony was officiated by Ms. Judy Munyinyi-Mumo, Information Secretary, Ministry of Information, Communication and Technology.

Since its inception, the NSE Investment Challenge has attracted over 46,000 participants equipping them with fundamental financial skills and enhancing financial literacy. This year the online competition had a total of 9,836 participants out of which 1,968 were non-students.

Speaking at the launch, Ms. Munyinyi-Mumo stated *“Our ability to enhance financial literacy and inclusion is hinged on our capability of leveraging technology in delivering capital market services to our youth through initiatives such as the NSE Investment Challenge.”*

The NSE Chief Executive Officer Mr. Geoffrey Odundo stated that the NSE Investment Challenge is a testament of the NSE commitment to advancing financial inclusion and making capital markets accessible to our youth.

The NSE will continue advancing financial literacy among our youth through this flagship Public Education initiative that has been running for the past 10 years.

## THE TOP 3 WINNERS:

STUDENT NAME	UNIVERSITY
1. Joseph Munyao Kio	Kenyatta University
2. Felix Ochieng Ojalla	Kisii University
3. Davis Gathinji	University of Nairobi

## THE KENYA GREEN BOND PROGRAMME

The NSE in association with other partners held the first Kenya Green Bond Stakeholder Workshop on 2<sup>nd</sup> September 2017. The stakeholder workshop came after the successful launch of the Kenya Green Bond Program in the first quarter of 2017.

The workshop provided an opportunity for stakeholders to review the proposed Kenya Green Bond Guidelines.

The stakeholder workshop was also an important platform for potential issuers aiming to raise long-term capital through green bonds and other stakeholders looking to invest more in sustainability programs to learn more about the opportunities in the green bond space.

Currently the global Green Bond Market has an estimated value of over USD 346 Billion; this therefore presents a great opportunity to raise long term capital for potential green bond issuers in the country.



*Kenya Green Bond Programme Manager, Ms. Cecilia Murai, speaking during Kenya Green Bond Stakeholder Workshop.*



*NSE Legal & Corporate Affairs Director, Mr. Kuria Waitthaka, speaking during Kenya Green Bond Stakeholder Workshop.*



## AFRICAN SECURITIES EXCHANGES ASSOCIATION (ASEA) AND CFA INSTITUTE SIGN MOU TO RAISE STANDARDS OF EDUCATION AND PROFESSIONALISM

The African Securities Exchanges Association (ASEA) signed a Memorandum of Understanding (MoU) with the Chartered Financial Analyst (CFA) Institute to help raise the standards of education and professionalism within the investment management industry. The MoU will provide stakeholders with access to the CFA Institute's educational offerings at highly discounted rates. The move is aimed at building capacity among industry players in the region.

The MoU marks a crucial step forward in supporting the development of ethical investment within the African region.

The MoU provides for the following opportunities;

1. Eligible candidates can now enrol for the CFA program for only USD 350 per examination instead of the standard rate of USD 950.
2. CFA Institute Investment Foundations Certificate is available for USD 200 per exam.
3. Those wishing to improve their risk evaluation skills can apply for the Certificate in Investment Performance Measurement Program (CIPM) for only USD 350 per sitting.



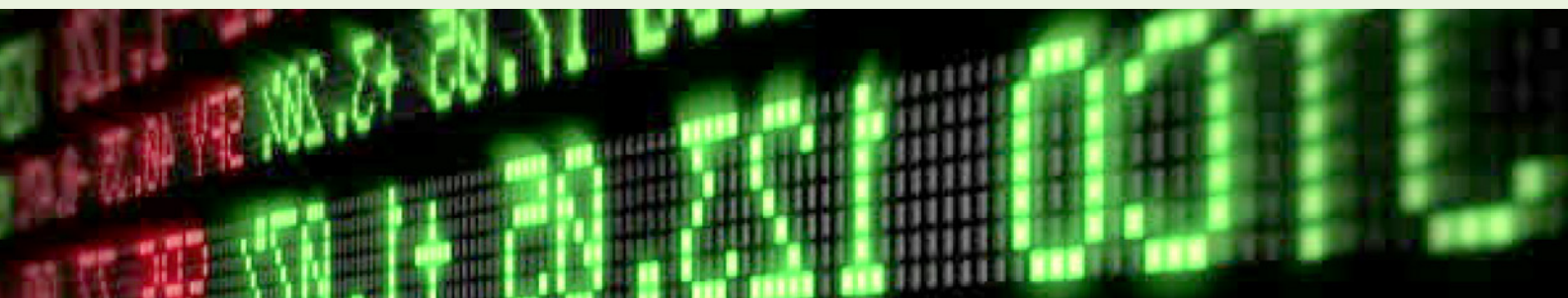
## M-AKIBA RETAIL BOND CLOSURE



The M-Akiba Retail Bond Offer came to a close on 8<sup>th</sup> September 2017. M-Akiba is a Government of Kenya issued retail bond that seeks to enhance financial inclusion for economic development. Money raised from issuance of M-Akiba shall be dedicated to new and on-going infrastructural development projects.

As at the close of the M-Akiba bond sale on 8<sup>th</sup> September 2017, a total of 303,534 citizens registered to participate in M-Akiba bond; out of which a total of 5,988 bought the bond before closure raising a total of Kshs. 247,750, 000 against the Kshs. 1 billion on offer.

M-Akiba is a strong foundation for channelling investment products and will go a long way in changing the way in which Kenyans access savings products and in democratizing access to government securities. Fundamentally, M-Akiba has opened an opportunity to stretch the sharing of interest income from government borrowing to reach even the unbanked population.

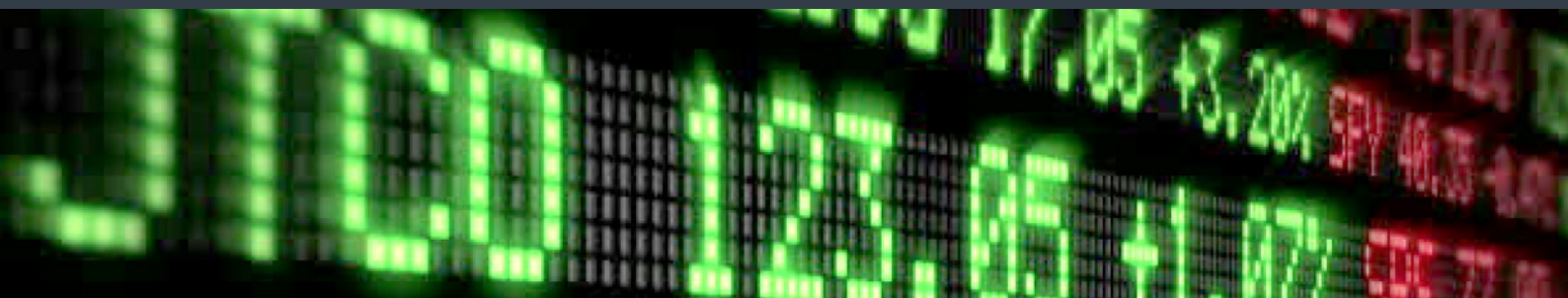


# UN WOMEN EMPOWERMENT PRINCIPLES FORUM



*Panelists during the KAM & UN Women WEPS forum*

The NSE being a signatory to the UN Women Empowerment Principles (WEPs) attended the 2017 WEP forum on 26<sup>th</sup> September 2017. UN Women in partnership with the Kenya Association of Manufacturers (KAM) organized a high-level meeting that brought together CEOs and senior staff of companies that are members of KAM as well as existing Kenyan signatories to the WEPs. The forum focused on sensitizing companies on the WEPs and making the business case for gender equality. The event also included a panel session that brought together companies from various sectors to share their initiatives on the implementation of the WEPs in the Kenyan context. The NSE sensitized the KAM members on the myriad of opportunities the Exchange has to offer including listing their companies on the GEMS Market and investing in the stock market.



## LAUNCH OF SBG SECURITIES MOBILE PLATFORM



*(L-R) NSE Derivatives Market Director, Mr. Terrence Adembesa, Stanbic Bank Kenya CEO, Mr. Phillip Odera and SBG Securities Executive Director, Mr. Bethuel Karanja at the launch of M-Shares.*

On 26<sup>th</sup> September 2017, SBG Securities launched a mobile platform dubbed *M-Shares* that allows investors to buy and sell shares directly on the NSE.

The mobile platform will enable investors access market information, load their accounts using mobile money and manage their CDS accounts. Its accessibility on USSD avails it to a wider pool of investors. Investors are able to access the service by dialing \*209#.

Speaking during the launch, Mr. Philip Odera, CEO, Stanbic Bank Kenya noted, *“On mobile, investors can access and trade on the NSE from wherever they are. This continues a journey to drive financial inclusion through enhanced access to capital markets that we began in 2010 to facilitate online trading of shares on iTrader.”*





## BARCLAYS IFRS 9 WORKSHOP



*(L-R), NSE Regulatory Affairs (SRO) Director, Mr. Tom Kimaru & Kenya Bankers Association CEO Mr. Habil Olaka at a panel discussion during the Barclays IFRS 9.*

Barclays Bank held an IFRS 9 workshop on 25<sup>th</sup> September 2017 with the theme "Enhancing Financial Markets and Financial Institutions Resilience".

IFRS 9 is an International Financial Reporting Standard (IFRS) promulgated by the International Accounting Standards Board (IASB). It addresses the accounting for financial instruments and came into effect in January 2018.

The NSE will ensure compliance with the requirements of IFRS 9 among listed companies through its Regulatory Affairs Division.

## INVESTOR ENGAGEMENTS

The NSE has been engaging with both existing and prospective investors with the aim of broadening its shareholder base while enhancing its business relationships. The Management has attended the following conferences and meetings;

CONFERENCE	DATE
Renaissance Capital's 3 <sup>rd</sup> Annual East Africa Investor Conference, Nairobi, Kenya	13 <sup>th</sup> - 15 <sup>th</sup> September 2017
Kestrel Investor Conference	28 <sup>th</sup> & 29 <sup>th</sup> September, 2017
6 <sup>th</sup> Annual Thomson Reuters Africa Summit	11 <sup>th</sup> & 12 <sup>th</sup> October 2017



## NASDAQ DUBAI AND NSE MOU

Nasdaq Dubai and the NSE signed a Memorandum of Understanding (MoU) to facilitate the creation of a Sukuk Sector in Kenya.

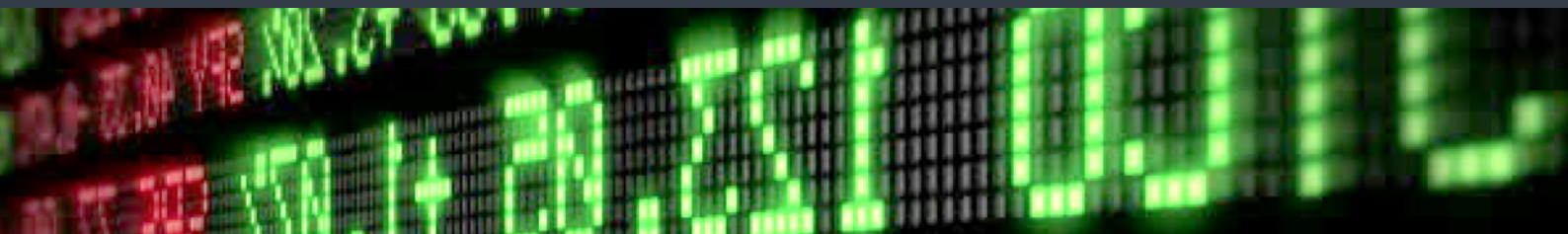
A Sukuk is an Islamic financial certificate, an equivalent to a bond, structured to generate returns to investors in compliance with Sharia - Islamic Religious Laws that prohibit interest.

The MoU will pave way for the two exchanges to collaborate on supporting the issuance and listing of Sukuk by the Kenya Government, Government agencies and private businesses. The MoU also aims to promote the development of Islamic Capital Market Products and exchange of information between the two exchanges.

According to the Islamic Financial Services 2017 Industry Stability Report, the volume of annual Sukuk issuances reached USD 75 billion in 2016, bringing the volume of unpaid Sukuks close to USD 320 billion. This shows the immense opportunity for potential issuers in Kenya.



*NSE CEO Mr. Geoffrey Odundo (Second from right) & Chief Executive Nasdaq Dubai, Mr. Hamed Ali (Second From Left) with NSE Chairman Mr. Samuel Kimani (Right) and Vice - Chairman, Mr. Bob Karina (Left) during the signing of the MoU.*



## 2017 NSE CHARITY TRADING DAY

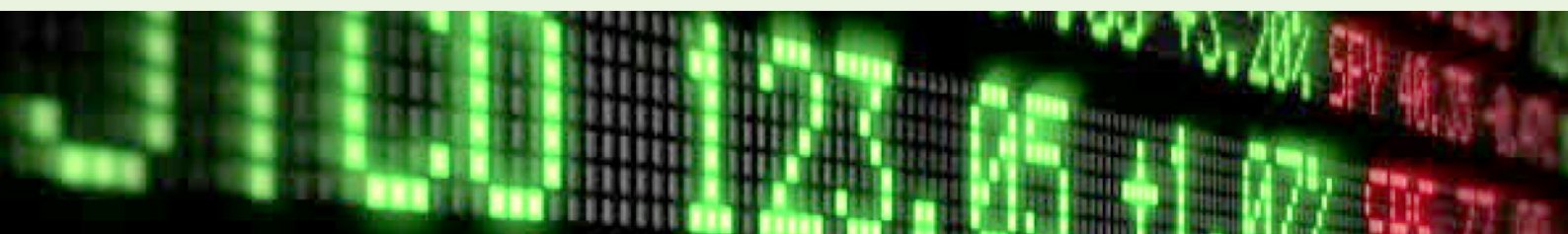


*Media Personalities Ms. Amina Abdi, Ms. Sheila Mwanyigha and stock broker Mr. Tito Namu share a light moment during the 2017 NSE Charity Trading Day.*

The NSE held its 3<sup>rd</sup> edition of the Charity Trading Day on 10<sup>th</sup> October 2017. The Charity Trading Day is the Exchange's key Corporate Social Investment that brings together capital market stakeholders, known personalities, sponsors and beneficiaries to network and have fun while encouraging them to make calls to clients on behalf of traders in support of various charitable causes.

This year the Charity Trading Day attracted over 150 participants, including known personalities and corporate leaders. The annual event attracted 22 Corporate Sponsors and raised slightly over Kshs. 10 Million both in cash and in-kind.

This year's beneficiaries include; The Borana Conservancy, a non-profit conservation organization dedicated to the sustainable conservation of critical habitat and wildlife; SOS Children's Village & Joy Children's Home, committed to creating and maintaining a caring and protective environment for children; and the Genevieve Audrey Foundation, a foundation committed to rehabilitate and provide long term support to sexually abused children.



## KENYA AIRWAYS LISTING OF ADDITIONAL SHARES



*(L-R) NSE Vice Chairman Mr. Bob Karina, Kenya Airways CEO Mr. Sebastian Mikosz and NSE CEO Mr. Geoffrey Odundo ring the bell to mark the listing of additional shares of Kenya Airways.*

Kenya Airways held a bell ringing ceremony on 29<sup>th</sup> November 2017 to mark the resumption on trading of its shares at the Nairobi Securities Exchange after two weeks temporary suspension to enable a share split and simultaneous consolidation of the company's stock as part of the airline's successful financial and capital restructuring plan.

The airline closed the intricate financial and capital restructuring process, the first of its kind in this market on 15<sup>th</sup> November 2017 bringing to the table key stakeholders including shareholders, financiers and lenders to agree to secure the airline's future.

The restructuring saw the Kenya Government increase its shareholding to 48.9% of the ordinary voting shares with the consortium of local banks through a special purpose vehicle – KQ Lenders Company 2017 Ltd - owning 38.1% shares of the airline after having the debt owed to them by Kenya Airways converted to equity.



## FINANCIAL REPORTING (FiRe) AWARDS 2017



*Sameer Africa team showcase their awards during the 2017 FiRe Awards.*

The NSE in partnership with the Capital Markets Authority (CMA) and the Institute of Certified Public Accountants of Kenya (ICPAK) held the 16<sup>th</sup> Edition of the Financial Reporting (FiRe) Awards on 16<sup>th</sup> and 17<sup>th</sup> November 2017.

The award gala dinner which is preceded by a one day Workshop on Financial Reporting is aimed at promoting financial reporting excellence, fostering sound corporate governance practices and enhancing corporate investment and environmental reporting.

The Award is a result of a rigorous evaluation process using globally accepted principles and best practice standards. These guiding principles include International Financial Reporting Standards (IFRS), best practices in governance and corporate citizenship as well as other requirements that are specific to particular reporting entities.

This year's overall winners of the Financial Reporting Awards were Sameer Group Limited; other notable winners included Barclays Bank of Kenya and Kenol Kobil. The event attracted 263 and 809 guests for the conference and the gala dinner respectively.



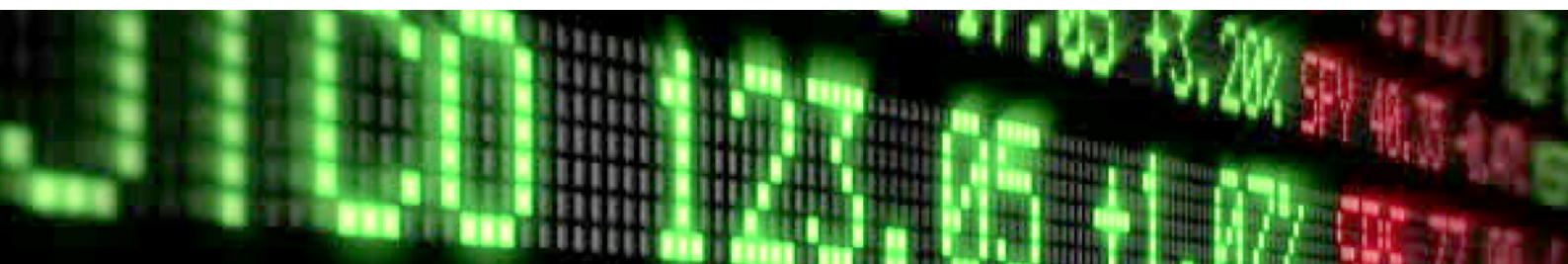
## ASEA CONFERENCE

The African Securities Exchanges Association (ASEA) held its 21<sup>st</sup> Annual Flagship Conference in Cairo Egypt from 19<sup>th</sup> - 21<sup>st</sup> November 2017. The Conference themed Africa Mapping the Future brought together over 2,000 delegates from the Financial Services sector in Africa to discuss notable steps undertaken by ASEA and chart a new course of fast-tracking development in Financial Technology and integration among African Markets.

Speaking at the conference Mr. Oscar N. Onyema, OON, President, ASEA noted that *“Increased focus on innovation enabled by advances in technology and digitization is disrupting business models across industries. Thus African exchanges must then proceed to take the steps necessary to adapt, in order to take advantage of the emerging technologies that will facilitate and improve access to capital”*.



*Delegates speaking at a panel discussion on Securities Exchanges Integration in Africa.*



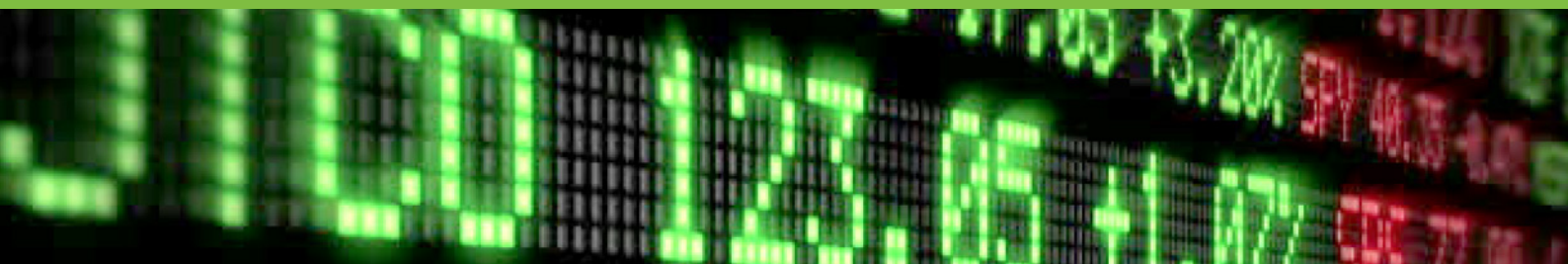
## NSE END OF YEAR PARTY

The NSE held its annual end of year party at a colorful event held on 8<sup>th</sup> December 2017 at the Aspire Centre. The party which brought together NSE staff presented an opportunity for the NSE team to interact and review the year that was, as they strategically plan for the year ahead.

The all-white fun-filled party also acted as an avenue to honor key members of staff who have served the Exchange diligently and for a long time. The end of year party plays a critical role in fostering team work,improving morale and enhancing collaboration among staff.



*Part of the NSE team having a light moment during the 2017 end of year party.*



# Up Close & Personal with Ms. Bahati Morara,

NSE Business Development  
& Commercial Director



## 1 TELL US A LITTLE ABOUT YOURSELF?

I am an optimist, always trying to look at life from a positive perspective.

## 2 HOW DOES A TYPICAL DAY OF THE BUSINESS DEVELOPMENT AND COMMERCIAL DIRECTOR LOOK LIKE?

Extremely busy, challenging and invigorating.

## 3 THE BUSINESS DEVELOPMENT AND COMMERCIAL DIVISION IS ONE OF THE MOST LOOKED UPON DIVISIONS AT THE NSE. WHAT ARE YOUR HOPES FOR DIVISION THIS YEAR?

Achieving the ultimate level of success by accomplishing the set objectives in the current Strategic Plan.

## 4 WHAT PART OF YOUR JOB KEEPS YOU AWAKE AT NIGHT?

Meeting the revenue targets budgeted for the Financial Year (FY) 2018. This will involve pursuing new listings, introduction of viable products based on Value for Money (VfM) analysis and enhancing NSE's scope in infrastructure financing.



**5** YOUR CAREER JOURNEY SPANS FROM ONE OF THE BIG FOUR FIRMS (PRICEWATERHOUSECOOPERS "PWC") TO THE GOVERNMENT (PRIVATIZATION COMMISSION, THE NATIONAL TREASURY), WHAT CAREER ADVICE CAN YOU GIVE TO EMPLOYEES HOPING TO ACHIEVE CAREER SUCCESS?

Humility and resilience are both key ingredients in achieving success and mentoring others to reach their full potential.

**6** WHAT HAVE YOU COME TO LOVE MOST ABOUT THE NSE?

The responsibility about the welfare and well-being of all colleagues.

**7** WHAT WOULD WE BE SURPRISED TO KNOW ABOUT YOU?

I enjoy playing golf and I find spiritual music very therapeutic.

**8** WHAT IS YOUR MOST PREFERRED WAY OF UNWINDING AFTER A LONG DAY AT WORK?

Spending time with family.

**9** WHO HAS THE BIGGEST IMPACT ON YOUR CAREER AND WHY?

My dad, he is a great father figure and mentor.

**10** WHICH IS YOUR FAVOURITE HOLIDAY DESTINATION AND WHY?

Zanzibar, it is peaceful and serene.



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