



PRIME NEWS



INSIDE

PRIME BANK
MAKES IT 16

Q3 PERFORMANCE
RESULTS

SYSTEM
MIGRATION

EIB
PARTNERSHIP



Prime Bank

PUTTING YOU FIRST

REALIZING *my* POTENTIAL



PUTTING YOU FIRST



Prime Bank

www.primebank.co.ke



Welcome to the 20th issue of Prime News Magazine

This is a newly launched biannual newsletter offering a more comprehensive description of the Bank's activities; as well as brief highlights of the national and international economic news. We hope that you will find this issue informative!

2013 was a historic year for Kenya which celebrated 50 years of independence. It also marked 21 years in operation for Prime Bank, whose journey began in 1992 and whose brand has become synonymous with the commitment of putting our customers first.

Indeed 2013 began on a conservative note as we expected the election jitters to slow down economic performance and lower investment appetite. Contrary to our expectations, the economy fared well and Prime Bank exhibited impressive performance with our profit after tax crossing a record high of over KES 1.4bn! This success is attributable to you, our customers — it is your patronage and support that has kept us afloat.

Innovation was at the heart of Prime Bank operations last year. The Bank successfully migrated to a new core banking system. This has greatly improved our operational efficiency and enhanced our service delivery.

Platinum Lounge (located on Riverside Drive) opened its doors in 2013. Platinum Banking is a value add product that transcends the traditional way of banking, offering superior and first-class banking — the Prime Bank way.

Looking ahead, 2014 is promising and I am particularly excited to embark on this journey. Our focus is on growing our customer base and we have new, exciting and consumer friendly products lined up.

We welcome any feedback, suggestions and/or contributions so that we can transform this magazine to a communication platform. Should you miss an edition, please log on to: www.primebank.co.ke to access the newsletter.

I wish you a prosperous 2014 and thank you for the continued support.



**PRIME BANK
EXHIBITED IMPRESSIVE
PERFORMANCE WITH
OUR PROFIT AFTER TAX
CROSSING A RECORD
HIGH OF OVER KES
1.4BN! THIS SUCCESS
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FEATURE

System Migration — Exit Flexcube, Enter Finacle



Q. What is Finacle?

A. Finacle is a high-end Universal Banking Solution designed by Infosys – a global leader in consulting, technology and outsourcing solutions - to cater for retail and corporate banking needs.

Finacle universal banking solution arms a Bank with a comprehensive gamut of solutions that address core, CRM, e-banking, mobile payments, asset management, treasury, wealth management amongst other requirements.

Q. Why would you rate it as more superior to your previous Core Banking System?

A. Finacle offers added flexibility

with regards to our products. The software is very user-friendly and offers much more capabilities to provide banking solutions for the Customers.

As evident in our performance, Prime Bank has been on an upward growth trend hence the pertinent need to make ICT related changes to ascertain our users as well as customers are served proficiently.

With Finacle we will have a super platform for Customer Relationship Management, Treasury Solutions as well as a complete E-Banking system which will be launched in due time.

Our users appreciate the simplified banking procedures and this project has helped to streamline most pro-

cesses by automating things which were earlier done manually.

Q. What does this 'System Migration' mean to Prime Bank and its customers in terms of service delivery?

A. The task of upgrading any system comes with its own benefits. Implementation and migration to Finacle has enabled us to upgrade our hardware infrastructure, networks, and the platforms for several other systems and services that the Bank provides, such as debit and credit card system, paynet salary processing, e-statement scheduler, internet banking, mobile banking, e-mail and SMS alert notifications system, ATM integration and functionality amongst others.

With this our customers will definitely enjoy more reliable, flexible and customer friendly products, 24-hour services, anywhere banking, sense of security and comfort along with timely services.

Q. Tell us more about the migration process and what it meant for the IT Team?

A. This was without a doubt a very challenging task and period for the IT Team. The degree of dedication, patience, long hours of work, planning, delivering, and so on, was much higher and the momentum had to be maintained till the end to ensure successful migration to Finacle. Operat-

ing procedures had to be changed, processes had to be re-engineered, users had to be trained on the new software, etc. A lot of brainstorming had to be done, and eventually, the IT Team, along with other Core Team members from all Departments of the Bank, stepped up to make this project a success.

The journey began in January 2013, with the kick-off of a project that would affect the operations of all 17 branches at once. Now looking back, save for the few teething issues that we are handling, our users can use the system with ease and it feels rewarding to have succeeded in such a huge achievement.

Q. How was the implementation phase?

A. The implementation of the entire core banking migration project was done with extreme caution, ensuring that all departments and branch operations were covered as the Bank exploited the new software to derive maximum benefits.

Operation processes vary in different departments such as Forex, Treasury, Accounts, Clearing, Credit, Card Centre, Branches etc. hence there was a need to fine-tune and custom-build the system to cater for the needs of the Bank.

A Core Team - derived from staff members of Credit, Trade Finance, Operations, Accounts and Branches - was formed to guide the project; and they were led by a Steering Committee comprising of Top Level Management including the Executive Director, Chief Executive, General Manager and Heads of Departments.

Training

The Implementation phase began with a rigorous 2-month Administrator Training by Infosys trainers on system functionality, product creation and user-testing. This was followed by 2 weeks of Technical Training to the IT Team on the Background processes of Finacle.

Detailed Requirement Gathering (DRG)

After training, the team participated in Detailed Requirement Gathering (DRG) where the Master Requirement Document (MRD) was prepared for each area of operation and was signed off by the Bank.

Business Process Definition (BPD)

Once the DRG was complete, the next stage was to map the Business requirements in Finacle System by creating products and defining the Business Process (BDP).

User Acceptance Test (UAT)

Once the products and services were defined during BPD, a User Acceptance Test (UAT) was conducted to establish if products were performing as expected and if product definition met the business requirements. This was followed by a Simulation Run for a period of 2-3 weeks to ensure the system was working as expected. Branch Champions played a big role in this phase as they guided the users during the live run of the project since they had worked with the Core team during the entire process.

End User Training: The success of the project lies in the effective use of a System by the End users. While the UAT was on-going, the Bank started a parallel training for all End users in line with their roles and responsibilities. Overall, it has been a learning process all through.

Q. What should we as the customers expect going forward?

A. The enhanced STP (Straight-Through Processing) across the channel has increased operational efficiency and this has improved the level of customer service while at the same time increasing productivity. With implementation of Finacle, we have also introduced various new products tailored to suit the needs of our client base.

As always Prime Bank strives to be the financial service provider of first choice for our customers. We will be

introducing a more inclusive platform for internet banking, mobile banking apps for smart phones, and other exciting products and services which are more flexible, reliable and secure. This is in addition to our diverse list of products currently being offered in both the Retail and Corporate segments.

We can guarantee our customers that they will reap and feel the benefits of Finacle through our product and service offering!

This article is by Mr. Gouri Shankar - the Head of IT, Prime Bank.

PRIME BANK FINANCIAL REPORT

3RD QUARTER FINANCIALS (SEPT 2013)

P rime Bank continued to display impressive performance throughout 2013, hitting a record high of KES 1.13bn in profits in September 2013. This was a remarkable 62.1% rise compared to the KES 707mn recorded over the same period (September 2012) and was largely driven by operational efficiency including reduced cost of funds for deposits by 42%.



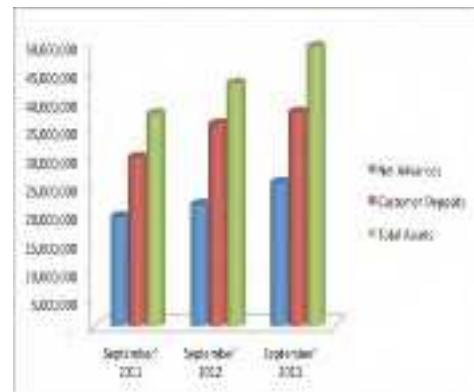
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50% RISE
IN PRETAX
PROFIT

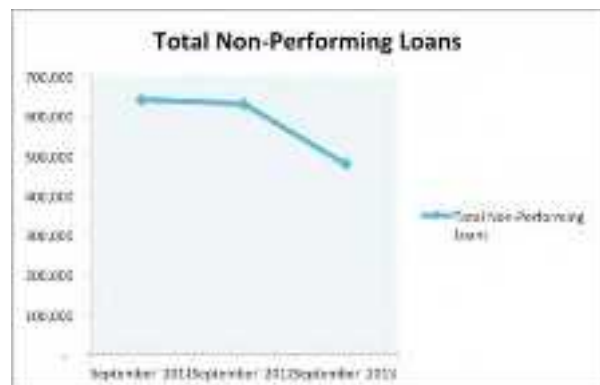
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LOAN
BOOK
GREW BY
19%

Likewise, Prime Banks' loan book grew by 18.1% over the same period to KES 25.2mn and this was attributable to increased demand as the economy picks up supported by the relatively lower lending rates during the period.



Our Total-Non-Performing loans have decreased over the past three years as seen below.



THIS WAS A REMARKABLE 62.1% RISE COMPARED TO THE KES 707MN RECORDED OVER THE SAME PERIOD (SEPTEMBER 2012) AND WAS LARGELY DRIVEN BY OPERATIONAL EFFICIENCY INCLUDING REDUCED COST OF FUNDS FOR DEPOSITS BY 42%.



European Investment Bank (EIB) partners with Prime Bank for funding SME sector

Prime Bank Executive Director – Mr. Amar Kantaria and Ms. Catherine Collin – Head of East & Central Africa & Pacific Region, EIB, sign the contract. On looking is Mr. Arun Shah – Prime Banks' Company Secretary.

Investment by small companies across Kenya will benefit from significant new funding being provided by Europe's long term lending institution, the European Investment Bank. The facility will be managed by Prime Bank to provide the much needed financing to Small and Medium Enterprises (SME's). This partnership marks the first engagement between the European Investment Bank and Prime Bank.

Under the programme both exist-

ing and new Prime Bank SME customers, engaged across a range of sectors, will be able to benefit from local and foreign currency loans at very attractive interest rates. The loans will be available for long term periods spreading up to a period of 10 years.

Support both for microfinance lending and small business investment has the twin policy goals of promoting creation of new jobs and ensuring enhanced access to funding by micro and small enterprises.



THE BANK CONTINUES TO EXPAND ITS FOOTPRINT BOTH LOCALLY AND REGIONALLY, AND WILL SOON BE ANNOUNCING MORE NEW BRANCHES.

MAIN FEATURE

PRIME BANK OPENS 16TH BRANCH IN GIGIRI

Prime Bank opened its 16th Branch in Gigiri in November, totaling the number of branches in Nairobi to eleven (11). The Bank continues to expand its footprint both locally and regionally, and will soon be announcing new branches across the country.

Likewise, Prime Bank has expanded further into Mozambique and Zambia through First Merchant Bank (Malawi). Prime Bank Gigiri branch is located on ground floor of Warwick Centre, UN Avenue. Gigiri is a leafy suburb located 10km North of Nairobi City Centre, neighboring Runda and Muthaiga estates. A highly lavish and secured neighborhood, Gigiri is separated from Nairobi by the 2,500-acre Karura forest and houses the larger part of the diplomatic missions including UNEP, WFP, US and Canadian Embassies.

The area is popular with humanitarian workers, expatriates and diplomats who are drawn by the lavish mansions/villas with sprawling gardens, a few modern townhouses and beautiful guest houses.

Shopping hubs in Gigiri include the Warwick centre, Cafe Des Arts, and the Gigiri Shopping centre. It is also home to the Village Market - which

has a multi-screen cinema, restaurants, food court, a supermarket and dozens of boutique shops.

The Gigiri Branch will be headed by Mrs. Julia Maina who will overlook the running and operation of the branch. Mrs. Maina has a superior background in banking and finance and is well-informed of the needs of both our local and foreign clients. She will be assisted by a competent and dedicated team of professionals.

Above: The Chairman Mr. Kantaria and top executives of Prime Bank during the opening ceremony of Gigiri Branch.



A side view of the branch.



CEO Mr. Jani and the Security team at the entrance of the branch.

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PLATINUM BANKING CENTRE LAUNCHED



"Relax, while we handle your banking"
PLATINUM BANKING TEAM

Prime Bank recently opened the doors to its new, elite and executive Platinum Banking Lounge, located on Riverside Drive, Chiromo. The Platinum Lounge is an exclusive area where our valued customers are assured of a warm welcome, additional privacy, comfort and personalized service as they handle their day to day banking obligations. Platinum Banking welcomes our clients to enjoy first-class banking the Prime Bank way. As a Platinum Card Holder, you will enjoy the intrinsic privileges, luxuries and status that Prime's new centre has to offer.

Other benefits of the centre include:

- **Personalized service through our dedicated Relationship Managers**
- **Reserved Parking**
- **VIP Lounge Services – including WI-FI, beverages and snacks in the sitting area as you wait to be served.**
- **Fully equipped meeting room**
- **Secretarial Services**
- **A help desk to handle all your queries**
- **Networking and Events; amongst others.**

Visit our Riverside Branch, Head Office for further details.



PRIME BANK PARTNERS WITH KRA ITAX

Prime Bank has been appointed by KRA to partner with the National Tax body with an objective of providing an Integrated Tax Management System (I.T.M.S.) which aims at promoting efficiency and effectiveness in tax collection. I.T.M.S gives a single view of a taxpayer for all his tax obligations. A Common Cash Receipting System (CCRS) shall be used by Prime Bank through which taxpayers can pay their taxes.

Prime bank has integrated the new Itax system with its core banking system in an effort to provide efficient and effective services to our customers. The system will enhance accuracy, save time by eliminating tedious and costly error-prone manual data capture, promote advancement in technology, and improve tax collection and information sharing. KRA will assign PRNs (Payment Reference Number) to taxpayers, validate taxpayers' data, tax obligations; process all tax returns filed and administer all collections from the E-slip generation up to the control of each payment transferred to Central Bank by Prime Bank.

Benefits: E-slip tax eases the tax payments process for all taxpayers and is convenient as taxpayers can e-pay tax in a single step. It's also a safe and secure means of remitting payments as payment information is used only for the tax payment(s) authorized. Moreover, customers will get an acknowledgement from KRA of having made the payment.



PARTNERSHIPS



PROCEDURE FOR PAYING TAXES THROUGH PRIME BANK

The taxpayer must obtain a valid E-slip by registering their intended tax payments in the KRA website www.KRA.go.ke and accessing I.T.M.S. The taxpayer will then present the E-slip to the bank for processing of the transaction.

A Valid E-slip contains the E-slip Number, PIN of the taxpayer, Taxpayer's full name, Tax Obligation Code, Obligation (Tax Description), Tax period, Payable Value, Total Amount, Issue Date and Number of days the E-slip is valid. A new E-slip will be obtained every time a taxpayer intends to pay tax. The taxpayer will then present this E-slip to the bank teller/cashier for processing the tax transaction.

FOR MORE
INFORMATION
VISIT:

www.primebank.co.ke
www.KRA.go.ke

Prime Bank partners with Mpesa

P rime Bank recently launched an Mpesa product which enables our corporate customers to receive payments from their customers/debtors electronically through the Mpesa platform of Safa-

ricom. To benefit from this product, our corporate clients are required to apply for the 'Mpesa - Transaction' service at the branch where they maintain their account.

The customer will then share

the account number with their customers/debtors who generally make payment through Mpesa. The process is straightforward and very user friendly and follows the simple steps below:

1. Select the M-PESA option from the Safaricom Menu on the phone:



2. Then select the 'Payment Services' option from the next menu:



3. From Payment Services menu, select the 'Pay Bill' option:



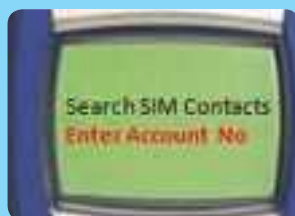
4. Then select 'Enter Business No.'



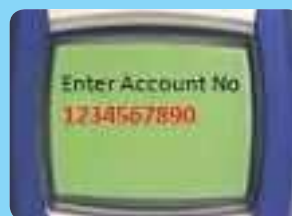
5. Enter the Prime Bank Pay Bill Number: 982800



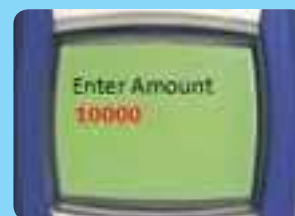
6. Choose the 'Enter an Account Number' option:



7. Then enter the beneficiary's Prime Bank Account Number i.e., our customer's current account number:



8. Followed by the Amount to be transferred:



9. And the users' M-PESA PIN to submit the transaction details:



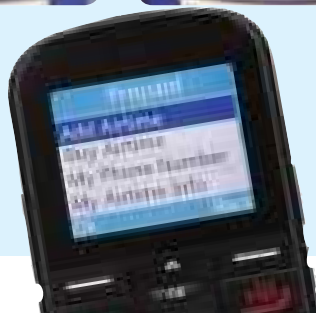
10. Lastly, verify the information summary sent by Safaricom to confirm the transaction details for the transfer:



11. Click on OK to send confirmation for the transaction:



12. Safaricom sends confirmation of transaction processed via SMS to the client:



The system will then credit our customer's account with the amount and send an SMS alert to their mobile number registered in the system. If the Safaricom service is down, then the credit will not come through instantly and will be credited to the account once the link is restored.

FEATURE

Who is a Custodian?



A custodian is an authorized depository or specialized financial institution that has been licensed to safeguard assets of investors, both individual and institutional.

The license is granted by the Capital Markets Authority (CMA) for authorized depository in general, and the Retirement Benefits Authority (RBA) specifically for safeguarding assets of retirement benefits schemes such as pension funds, provident funds and pooled funds. A custodian is not necessarily a commercial bank although in Kenya it is only commercial banks who have been allowed to run custodial services.

A global custodian, as defined by BNY Mellon Asset Services, is one who holds assets for its clients in multiple jurisdictions around the world, using its own local branches or other local custodian banks (sub-custodian) in each market to hold assets

Functions of a custodian

The role of the custodian is inter-alia:

- To hold in safekeeping assets such as equities and bonds;
- Arrange settlement of any purchases and sales of such securities;
- Collect income from the investments;
- Provide information on the underlying companies and their annual general meetings;
- Maintain cash bank accounts, effect deposits, withdrawals and manage other cash transactions;
- Perform foreign exchange transactions and provide frequent reporting on client accounts.



for its underlying clients. A service level agreement (SLA) is maintained between a global custodian and the sub-custodian, and between custodian and fund manager. SLAs' sets forth the operational services that a custodian/sub-custodian has agreed to provide and are specific to the market.

PRIME BANK CUSTODIAL SERVICES

In addition to these services, Prime Bank Custodial Services also performs the functions of a Central Depository Agent (CDA) whereby we facilitate trading in shares and bonds on behalf of our customers. The customer needs to open a CDS account with us and deposit money in a designated 'Prime Nominee Account' for buying shares or bonds on the Nairobi Securities Exchange (NSE).

Prime Custody was licensed by the CMA and RBA in 2008 and since then department has grown by leaps and bounds, with assets under custody worth over KES 5Bn. Our clients are both institutional and individuals.

The team is headed by Mr. Charles Maloba, assisted by Scolastica Njoroge (operations), Ashish Patel (operations), Elizabeth Mururi (communication), Cecilia Kiiru (relationship), and Catherine Kimani (relationship).

By Charles Maloba - Head of Custody

NSE PERFORMANCE: 2013



The Nairobi Securities Exchange has rallied and extended its resilience this year. The NSE 20 was up 16.872% YTD while the NASI was up 35.55% YTD.

The Kenyan capital market has grown rapidly in the recent years with equity market capitalization growing from Sh851 billion as at 2007 to Sh1.8 trillion in October 2013.

The market surge has been largely driven by consistent gains in the large caps and buoyed by strong foreign investors who want to invest their funds in the emerging markets due to its recent good returns. Nairobi Securities Exchange may have to seek more listings if CMA is to meet the target of reducing the percentage share of total market cap held by the five largest stocks.

The Growth Enterprise Market Segment (GEMS) market was also introduced this year, and it aims to give small firms a chance to grow by through flexible listing requirements. Home Africa was the first company to be listed under the new segment.

The equities market is also expected to gain from some of the dollar inflows that have come in from the oversubscribed treasury infrastructure bond.

The Nairobi Securities Exchange emerged as the winner of the Most Innovative African Stock Exchange in the 2013 Africa investor Index Series Awards held on September 24 at the New York Stock Exchange.

The Kenyan bourse was recognized for its initiatives to increase company listings and diversify asset classes.

Source: Old Mutual Securities

THE GROWTH ENTERPRISE MARKET SEGMENT (GEMS) MARKET WAS ALSO INTRODUCED THIS YEAR, AND IT AIMS TO GIVE SMALL FIRMS A CHANCE TO GROW BY THROUGH FLEXIBLE LISTING REQUIREMENTS. HOME AFRICA WAS THE FIRST COMPANY TO BE LISTED UNDER THE NEW SEGMENT.

NATIONAL NEWS

WORD ON THE BANKING LANE



REDUCED CHEQUE CLEARING CYCLE

From Monday, 19th August 2013, Kenyan Banks migrated to a single day cheque clearing system, marking a landmark achievement in the history of banking in the country. The cheque clearing cycle – which starts when a Bank receives a cheque – has now reduced to one day (T+1) from the previous 2 days (T+2)

cycle, meaning that a customer who deposits a cheque on Wednesday will be credited by Friday (see illustration below). Cheque clearing is the process between banks that takes place at the Automated Clearing House. Kenya Bankers Association (KBA) owns the Clearing House and works with the Central Bank of Kenya (CBK) to operate it.

The clearing process has come a long way and CBK has been working to modernize the National Payment

System. It took 30 days for a cheque to clear in the 1980's!

This reduced to 21 days in the 1990's, then 14 days in the early 2000's, 10 days in 2002, 4 days in 2008 and then 2 days in 2012.

This single day clearing cycle applies to cheques in both the rural and urban areas and is expected to enhance trade, save time and increase money in circulation according to the Central Bank Governor Prof. Njuguna Ndung'u.

IMPOSITION OF 10% EXCISE DUTY

Following the enactment by Parliament of the Finance Act 2012 and amendments contained in the Finance Bill 2013, a 10% Excise Duty (Tax) was introduced in the Customs and Excise Act Cap.472 on service fees charged by banks effective 1st February 2013. The service fees to be taxed include fees and commissions charged on money transfer services and other bank fees, charges and commissions, excluding interest.

The excise duty on all such service fees will be payable to the Kenya Revenue Authority and all bank customers will be required to pay this duty to the Kenya Revenue Authority (KRA).

Effective 1st August 2013, and in compliance with the amended law, all Financial Institutions implemented the 10% Excise Duty charge, and have adjusted and enhanced their systems for efficient collection of this tax. Prime Bank continues to collect the 10% excise duty and pay to KRA on behalf of our customers.

CREDIT INFORMATION SHARING

Credit Information Sharing (CIS), also known as 'Credit Reporting' is the process through which Banks, DTM's and other authorized credit providers submit and share information about their borrowers to licensed credit reference bureaus, enabling credit providers to know how borrowers repay their loans.



IT TOOK
30 DAYS
FOR A
CHEQUE
TO
CLEAR
IN THE
1980'S!

THEN 2
DAYS IN
2012

DID YOU KNOW?



The legal amendments made through the Finance Act 2012, requires all credit providers in Kenya to fulfil both positive and negative credit information of an individual or entity with the Credit Reference Bureaus. This information will be used to rate the credit worthiness, credit standing and credit capacity of all customers with benefits for low risk clients.

According to the Kenya Credit Information Sharing Institute (KCISI), CIS has over the last few years gained recognition as a critical component of the financial infrastructure for the attainment of a more efficient and robust credit environment. Sharing Credit Information rewards positive borrower behavior and reduces loan delinquencies, allowing lenders to evaluate risk and lower cost of credit for borrowers.

Credit Information Sharing Initiative (KCISI) was set up as collaboration between the Central Bank of Kenya (CBK) and Kenya Bankers Association (KBA) to oversee the implementation of CIS between commercial banks.

ACCORDING TO
THE KENYA CREDIT
INFORMATION
SHARING INSTITUTE
(KCISI), CIS HAS
OVER THE LAST
FEW YEARS GAINED
RECOGNITION
AS A CRITICAL
COMPONENT OF
THE FINANCIAL
INFRASTRUCTURE

FEATURE



CAPITALIZING ENERGY IN KENYA: WHAT'S THE NEED?

The number of oil producing countries is on the upsurge and the global supply-demand trapeze ranging at a deficit of about 4 million barrels per day (bpd) of consumption requirement. Kenya is now a veritable contributor to the energy basket with recent oil and gas finds in the semi-arid northern frontier in Turkana, and encouraging prospects within the greater northern spectrum and coastal basin. The actual commercial viability is still a subject of analysis, but the fact remains the country is now in need of new technology and a capable technocracy that can support this new niche in econom-

ic production. The now heavily-referenced Kenya Vision 2030, the nation's economic blueprint espouses the use of an enhanced energy matrix that can support the ambitious development programmes the economy envisions will spur double-digit growth by the within the next two decades. This expanded matrix will include a medley of sources that have been variously stated to include: solar, wind, bio-fuel, liquefied natural gas (LNG) and geothermal at the forefront; and other sources including photovoltaic and nuclear power at the more ascendant end of technology. These will offer highly required complements to the

40% that thermal power (petroleum fuel) currently offers to electricity and other power generation systems.

It hence cannot be gainsaid the urgency with which national banks have to attend to the growing energy production portfolio and their role in capitalizing this fulcrum of economic growth. Currently, international financial powerhouses like BNP Paribas, Standard Chartered Bank and regional banks like Standard Bank have provided essential monetary propulsion for continental trade financing. There is a ballooning need for more capital injection in refinery capacity enhancement, as well as exhaustive value chain financing from end-to-end: sourcing, transportation, warehousing, inland distribution logistics, and eventual retailing.

With the current preoccupation of international financing juggernauts in the deleveraging process that ensures a more solid capital-to-liquidity ratio under the Basel III agreement, most of these hitherto active sources of finance have scaled back lending to African projects with a view to recapitalizing their own book, and maintaining lending within Europe and North America, where more liquidity has undoubtedly been more imperative due to the current economic meltdown.

Africa and Kenya by necessity thus requires greater involvement by local lenders to offer props to the project of nation building through energy productivity enhancement, which will unequivocally alter the north-south trade dynamic that is currently skewed towards the developed world.

Source: Various financial sources



The Basics of Personal Finance

Although seeking to improve your financial situation is a possibility at any time of year, many people find it easier at the beginning of a new year. Regardless of when you begin, the basics remain the same.

1. Get Paid What You're Worth and Spend Less Than You Earn

It sounds simplistic, but many people struggle with this first basic rule. Make sure you know what your job is worth in the marketplace, by conducting an evaluation of your skills, productivity, job tasks, contribution to the company, and the going rate, both inside and outside the company, for what you do.

Being underpaid even for an year can have a significant cumulative effect over the course of your working life. Most jobs have no ceilings for how much you can produce. Push your boundaries and deliver more for the company. That way, everyone wins.

On the other hand, no matter how much or how little you're paid, you'll never get ahead if you spend more than you earn. Often it's easier to spend less than it is to earn more, and a little cost-cutting effort in a number of areas can result in big savings. It doesn't always have to involve making big sacrifices.

2. Have a Savings Plan

Always know you are the CEO of your life. By saving, you are paying yourself first. If you wait until you've met all your other financial obligations before seeing what's left over for saving, chances are you'll never have a healthy savings account or investments.

Resolve to set aside a minimum of 5% to 10% of your salary for savings before looking at your bills. Better yet, have money automatically deducted from your paycheck and deposited into a separate account.

3. Stick to a Budget

How can you set spending and saving goals if you don't know where your money is going? In an increasingly busy world, it is getting hard to make a budget but even harder to stick one. You need a budget whether you make thousands or hundreds of thousands of dollars a year.

4. Keep Good Records

If you don't keep good records, you're missing the big picture. Those expenses you consider little might be the missing piece of puzzle in your financial independence. You probably might not be claiming all your allowable income tax deductions and credits.

Set up a system and use it. It's much easier than scrambling to find everything at tax time, only to miss items that might have saved you money.

We appreciate it's a busy life and some tech tools might help in keeping your records and finance discipline in check. In Kenya, where MPESA is probably what you use to pay your everyday bills, consider using free mobile software like pesaDroid which is a simple application that keeps track of your MPESA transactions and helps you to generate monthly statements from your mobile money transfer history and to safely store their transactions in case they have deleted the SMS.

Other tools include Quicken that may well be the single most ubiquitous piece of financial software on the market, and with good reason – it has been around for more than 25 years.

Mint.com is a free intuitive forum where once you sign up, you'll add in your bank, credit card or other financial data, and they will keep your statements updated.

In conclusion, the basic tenet of personal financial management can be summed up as this: earn as much as you can, spend less than you earn, save as much as you can.

TECHNOLOGY IN FINANCE



What is this thing called Bitcoin?

market declines as designed, simple economic theory would stipulate that their price would rise. That is why financial observers should care.

What is its origin?

In 2009, a pseudo-named developer, Satoshi Nakamoto, published a Bitcoin specification paper through a moderated mailing list. His idea of a new form of money that uses cryptography to control its creation and transactions, rather than a central authority had been described earlier in 1998 by Wei Dai, a security engineer.

The Bitcoin network, much like the email technology is open source meaning nobody owns it. Anyone can customize it as long as it can still communicate with other exist-

Every year, the world's biggest search engine, Google, releases a report on what people have been searching for on the Internet. Named Google Zeitgeist (German for the spirit of now), the 2013 report indicates Bitcoin, a virtual currency as among the top web searches.

So, what is Bitcoin and why should financial markets take note?

Simply put, Bitcoin is a digital currency with no government or centralized control. The currency network releases 25 new Bitcoins every 10 minutes. That number will decline, being set to halve in 2017, and every four years thereafter. At this decreasing rate, there will be 21 million fixed units by 2140. Assuming that usage of Bitcoin grows over time and the number of Bitcoins coming into the



How does Bitcoin work?

From a general perspective, Bitcoin is a program that provides a personal digital wallet allowing a user to send and receive bitcoins with them, just like when someone registers for MPESA for sending and receiving payment.

Behind the scenes are Bitcoin network users, called miners, who verify each and every transaction. It's a technical process, just like Safaricom verifies each MPESA transaction.

The difference however is that Bitcoin uses distributed open-source system with no central location while Safaricom

is centralized and closed to outsiders.

The miners who allow Bitcoin to function through verification of transactions are rewarded for their efforts and computing power of specialized hardware they dedicate. Every 10 minutes, the network releases 10 coins to all users. Whoever helped solve more mathematical problems gets more shares.

With Bitcoin you can buy goods and services, convert it to cash at the going rate and the like. You can also trade Bitcoin with other users.

It's a currency like any other, except that it's digital only, as opposed to digital-as-well.

ing networks, just like Gmail communicates with Yahoo and Hotmail. Bitcoin can only work correctly with a complete consensus among all users. Therefore, all users and developers have a strong incentive to protect this consensus.

How did it become a currency?

All that is required for currency to hold value is trust and adoption. In the case of Bitcoin, the growing base of users is testament. As with all currency, Bitcoin's value comes only and directly from people willing to accept them as payment. Initially closed geek-culture inkling, the system has crossed boundaries to brick and mortar establishments.

Virgin Galactic, owned by the British billionaire Richard Branson, is now accepting Bitcoins as payment, just like a University in Cyprus among other early adopters of the currency. Popular online services such as Namecheap, WordPress and Reddit have adopted it wholly. Just like any form of money, it is also used by the dark-side-of-things for buying illegal drugs and weapons by terrorists. The future is very interesting around its utility considering that by the end of August 2013, the value of all bitcoins in circulation exceeded US\$ 1.5 billion.

Going into the Future

Bitcoins are generally valuable but their exchange rate with the conventional currency keeps swinging uncontrollably. Mt.Gox, based in Tokyo is the major exchange point of



VIRGIN GALACTIC, OWNED BY THE BRITISH BILLIONAIRE RICHARD BRANSON, IS NOW ACCEPTING BITCOINS AS PAYMENT, JUST LIKE A UNIVERSITY IN CYPRUS AMONG OTHER EARLY ADOPTERS OF THE CURRENCY.

Source: Various financial sources

bitcoins for conventional money. If you need to buy or sell, that's where you log to and place your order. By the time this article went to the press (Mid-January 2014), One Bitcoin (BTC) was going for KES 60,000.

Bitcoin, despite its growing size and interest, remains mostly an enthusiast's tool. Most governments and corporations remain skeptic of its viability and its interaction with their centrally controlled currencies. The future of Bitcoin globally lies in whether a critical mass will build consensus on its legitimacy as an exchange medium.

FEATURE

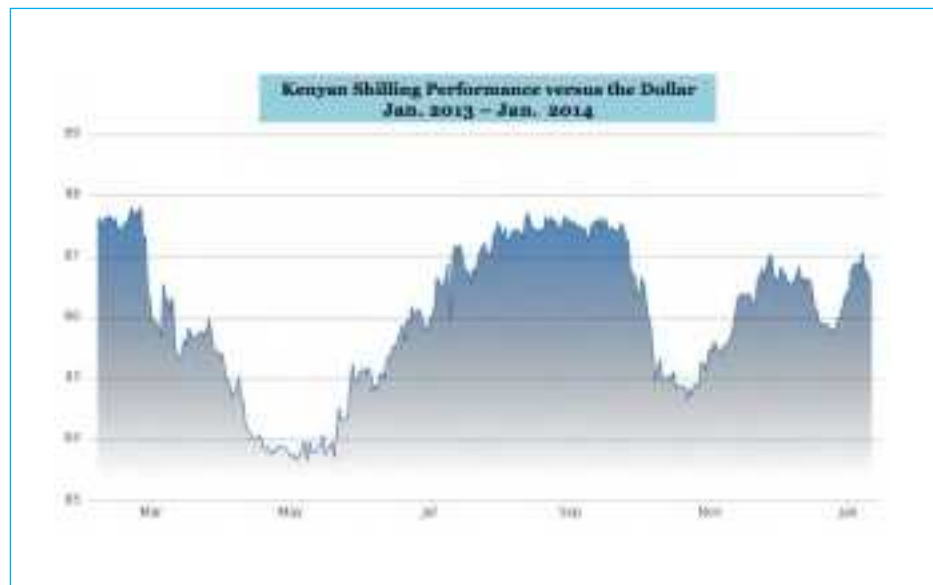
After the United States Federal Reserve decided to reduce its bond-buying program (Fed-Tapering) in mid December 2013, financial analysts are tracking how this will impact developing economies like Kenya.

For starts, the direct involvement of the Federal Reserve in the US economy was occasioned by the 2008 economic meltdown. Starting in the US and spreading to Europe, the depression called for a stopgap measure (stimulus package) to save key sectors of the economy. This was further supplemented by the short term strategy of bond purchase by the government to lower interest rates for credit to flow in the economy with the desire of raising production, employment and revenues. Left to the markets, interest rates would have otherwise been driven by demand and supply and it was highly unlikely this would have lowered interest rates.

Most investors transferred their capital from the US – the world's biggest economy – to mostly developing countries that were offering higher rewards albeit unpredictably due to unstable macro-economic climates.

After almost 5 years, macroeconomic indicators of the United States have convinced

Fed's Tapering and its Impact on Kenyan Economy



IT IS NOT A MUST EMERGING MARKETS WILL TAKE THE DOWNSIDE OF THIS BUT IT IS STATISTICALLY THE LIKELY IMPACT.

the Federal Reserve of the economy's improved status. To this end, they have planned to gradually withdraw from the economy (tapering) and let market forces take over. Investors who had left are most likely to return to the predictable US market fuelling a scarcity of capital in Emerging Markets. It is not a must Emerging Markets will take the downside of this

but it is statistically the likely impact.

Developing economies that do not rely on foreign inflows should fare better just like those that are able to defend their currency with foreign exchange reserves. As the Federal Reserve implements the program starting January 2014, we will be tracking the impact of this domestically.

The graph above shows how the Kenyan Shilling fared against the US Dollar from January 2013 to January 2014. Prime Bank offers favorable Forex Rates to global currencies from all our branches countrywide.

Source: Various financial sources

CORPORATE SOCIAL RESPONSIBILITY



Students of Uasin Gishu High School.



UASIN GISHU HIGH SCHOOL SPONSORSHIP

Prime Bank supported the needy students of Uasin Gishu High School with a KES 200,000 donation. UGHS is a day school with a population of 964 bright students – who largely come from the slum areas of Eldoret town and are very needy.

MP SHAH HOSPITAL
— KANTARIA WARD:

Prime Bank sponsored and donated KES 7Mn towards the renovation and refurbishment of the Kantaria Ward at M.P Shah Hospital. The ward – which was officially opened on 28th July 2013 - has been transformed into an ultra-modern state of the art facility with the aim of improving efficiency to better handle patient flow and safety.

The Kantaria Ward is a 30 bed ward consisting of private self-contained and duplex rooms in addition to general ward beds. It is one of the busiest wards in the hospital and has been experiencing increased demand from patients.



Chairman of M.P Shah Hospital – Mr. Manoj Shah with the Chairman of Prime Bank – Mr. Rasik Kantaria, and other guests during the opening ceremony.

CSR ACTIVITIES THIS SEASON

RHINO CHARGE:

Rhino Charge is an annual off road motorsport competition held in Kenya since 1989. It is a unique and exciting competition organized by The Rhino Ark Charitable Trust, to raise funds (through sponsorships) for the conservation of Kenya's Aberdare Ecosystem. Held on 1st June 2013, the event raised a staggering KES 90.3 Million. Prime Bank continues to actively participate in this annual event for the 5th consecutive year. The Bank sponsored two teams this time round.



Girls from Loresho Primary School receive sanitary towels from Mr. and Mrs. Rasik Kantaria with other dignitaries - His Excellency Mr. and Mrs. Haskil, Israeli Ambassador, Ms Caroline Mutoko, and Vickie Winkler, Director of the HEART Trust.

FREEDOM FOR GIRLS PROJECT:

Prime Bank sponsored the "Freedom for Girls" Project in 2013 by providing 2000 girls with a year's supply of sanitary towels and has once again stepped up to champion this cause with a Kshs. 1 Million donation! The 2,000 girls that will acquire a year's supply of sanitary towels are from several areas including; Loresho Primary School - Nairobi, Nyakach - Kisii County, Nyumbani Village

Home - Kitui, Kwela Sere school - Taita, Kitengela Academy Orphans Home - Kitengela & Leisure Rondwe Jalaram Girls High.

FFG project is a sanitary towels project initiated by Rotary District 9200 and Lions Multiple District 411A in partnership with Health Education Africa Resource Team (HEART) as the implementing partner. The Project has reached 90,000 girls so far.

OPENHEART SURGERY

Prime Bank sponsored a children open heart surgery mission at the Kenyatta National Hospital (KNH) by MEAK in November 2013. Through this sponsorship 18 operations at least half of which were extremely complex were successfully completed. These children have little hope of survival as they require intervention from skilled cardiac doctors. The MEAK team was led by Mike Belliere – the Founder and Director of MEAK. Prime Bank Business Development Team were at the hospital to offer their support.



Winner of the golf tournament receives his gift.

LIONS CLUB — FUNDRAISING GOLF TOURNAMENT

Prime Bank sponsored a fundraising golf tournament organized by Lions Eye Hospital and other charities in December.

Lions Club carry out 6-7,000 FREE cataract operations every year and has additionally carried out 650 corneal grafts over the last two years on blind persons. The proceeds of the sponsorship will go towards treating this eye related problems like the cataract operations, corneal transplants and various other charities.



CSR ACTIVITIES THIS SEASON

WESTGATE ATTACK — DONATION TO MP SHAH HOSPITAL:

The Chairman of Prime Bank donated KES 1million shillings to M.P Shah Hospital in recognition of the remarkable efforts taken by the hospital and its entire team to handle the victims of the atrocious terror attack at the Westgate Shopping Mall.



Prime Bank in partnership with Rotary Club of Nairobi and Nairobi County Government.



Kenindia Branch Manager Mr. Uma Shankar with Kenindia staff making a donation to Red Cross.

PRIME BANK DONATES TO RED CROSS (FOLLOWING WESTGATE ATTACK):

To aid and support the efforts of Red Cross Kenya which played a crucial role during the period of the terror attack at Westgate Mall, Prime Bank donated snacks and beverages to the Red Cross team. The Red Cross team together with other Kenyan volunteers and well wishers, worked tirelessly around the clock to ensure victims were hospitalized and treated immediately. They also pitched tents for blood donation across the country and spearheaded counseling sessions for all those afflicted.



OLARE OROK & MOTOGORI CONSERVANCY TRUST:

Prime Bank donated KES 1Mn to the Olare Orok and Motorogi Trust (OOMT) in recognition and support of the ongoing initiatives by the Trust in the Eastern Part of the Masaai Mara. The OOMT trust has been on the frontline in the conservancy of the Masai Mara ecosystem while promoting peaceful co-existence between the animals, human beings and the environment. The funds will go towards the administrative costs of the OOMT Trust.



House Warming
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ANNUAL PERFORMANCE AWARDS



CEO, Mr. Bharat Jani as he enters the venue

Best Branch 2013:

- Kenindia Branch

Best Department 2013:

- Accounts Department

Overall Best Branch 2008 – 2013:

- Mombasa Branch

Overall Best Department 2008 – 2013:

- Accounts Department



Best Branch 2013 – Kenindia Branch



ED, CEO and GM present a farewell/retirement gift to former Biashara Branch Manager, Mrs. Bhakti Parmar.



Best Department 2013 – Accounts Department



Best department - 1st runners up, Audit Department



Overall Best Branch (2008 – 2013) -
1st runners up – Kenindia Branch



Overall Best Branch (2008 – 2013) – Mombasa Branch



Overall Best Department (2008 – 2013) – Accounts Department



Overall Best Department – 1st Runners up – Clearing Department



Best Branch - 2nd runners up – Biashara Branch.

PRIME | UPDATES EVENTS CORNER



RK PARTY: CHAIRMAN TURNS 70 YEARS!

The Chairman of Prime Bank – Mr. Rasik Kantaria, turned 70 years in November! To celebrate this significant milestone the family held a Red Carpet birthday party for the Chairman filled with Pomp and Color at the Intercontinental Hotel, Nairobi. The party was themed ‘RK Studios’ in allusion to the famous RK Indian Production House. In pictures and posters, the theme told the story of the Chairman from childhood up until 70 years. We at Prime Bank congratulate the Chairman and we wish him many happy returns!

CAPITAL CLUB COCKTAIL:

Prime Bank hosted a cocktail party on 1st August 2013, in conjunction with the exclusive and elite Capital Club of East Africa. Capital Club is a prestigious Club comprised of top CEOs, MDs, Senior Partners, Presidents and Chairmen, amongst others.



Mr. Uma Shankar, Branch Manager Kenindia Branch with Ms. Catherine Maina, Relationship Manager, during the cocktail.



Prime Banks’ Chief Manager, Relationship Banking, Mr. Vijay Kantaria with the Senior Manager Marketing, Mr. Michael Laxmi.



Prime Bank CEO Mr. Bharat Jani is introduced to a client by Mrs. Hasu Silveira, Chief Manager Mombasa Branch.

RUNDA RESIDENTS ASSOCIATION COCKTAIL:

The Business Development team sponsored a cocktail for the Runda Residents Association at the village market in June. The event was successful with a turnout of over 100 guests who were very optimistic about the Bank and look forward

to the opening of Prime Bank Branch at Warick Centre-Gigiri. In attendance were the associations Chairman Mr. Charles Ogalo, Prime Banks’ Head of Business Development Mr. Vijay Kantaria and the Head of Relationship and Customer Care Ms. Paula Lanco who gave a brief introduction of the Bank.



Prime Bank clients being served during the cocktail.

BRANCH COCKTAILS:

It's cocktail season at

Prime Bank! Here's a brief timeline on the events....

- Friday, 19th April 2013: Clients of Capital Centre and Industrial Area Branches are treated to a cocktail at Havelli Restaurant, Capital Centre.
- Friday, 10th May 2013: Prime Bank holds a cocktail for the Mom-basa and Nyali Branches at Mombasa Club. The cocktail was attended by over 150 guests!
- Thursday, 20th June 2013: Meet and Greet at Riverside Head Office during a cocktail for Riverside Branch which was attended by over 80 clients.
- Thursday, 4th July 2013: Prime Bank holds a combined cocktail for the Parklands and Biashara Branch clients.



Prime Bank ED, and Prime Bank Team receive a plaque from the Vice Chair of Sigona Golf Club for sponsoring the tournament in 2013.



GOLF TOURNAMENTS:

- **Sigona: Prime Bank Golf Day:** Prime Bank sponsored a tournament at the Sigona Golf Club in November 2013, for the 7th consecutive year. This year's tournament had an amazing turnout

of over 150 players with the overall winner, Mr. Hiran Bid (playing handicap 28) scoring a remarkable 45 points. The tournament was also attended by the Chinese Ambassador Mr. Liu Guangyuan, who played with his Chinese delega-

tion as guests of Prime Bank. The guest winner Mr. Liu Lixun scored an amazing 32 points.

- Further from the CBD, Prime Bank also sponsored a golf tournament at the **Nakuru Golf Club** on 30th November, 2013.

- **Golf for Mombasa and Nyali Branches:** On Saturday, 11th May 2013, Prime Bank hosted a 'Prime Golf Day' at Nyali Golf Club. The competition attracted over 130 players with the winner bringing in a remarkable 37 stable points.

Chinese Ambassador Mr. Guangyuan and other Chinese guests pose for a photo with the Prime Bank Team after finishing 18 holes.

PRIME | UPDATES EVENTS CORNER

- Prime Bank sponsored a Diwali Golf Tournament at **Nyanza Golf Club**, in November 2013. There were a total of 46 players who participated in a Singles Stableford competition. The overall winner – Mr. Jiten Pabari (playing handicap 12) scored a remarkable 44 points, leading to a handicap cut from 12 to handicap 10.



Mr. Suresh Sheth - Regional Manager Prime Bank, presents a gift to the winner Mr. Jiten Pabari



Mr. Vishal Kantaria, Branch Manager Hurlingham Branch and other representatives of Prime Bank, handover a cheque to Mr. Zhou – Chairman, KOCA, before the tournaments kick off.

OTHER EVENTS:



- Diwali: Prime Bank celebrated Diwali at the Head Office, Riverside Drive.
- Prime Bank marked 21 years of operation in 2013, in what has been a successful journey of growth and success. The Chairman of Prime Bank Ltd and the staff of Kenindia Branch celebrated the Bank's 21st birthday in September 2013.



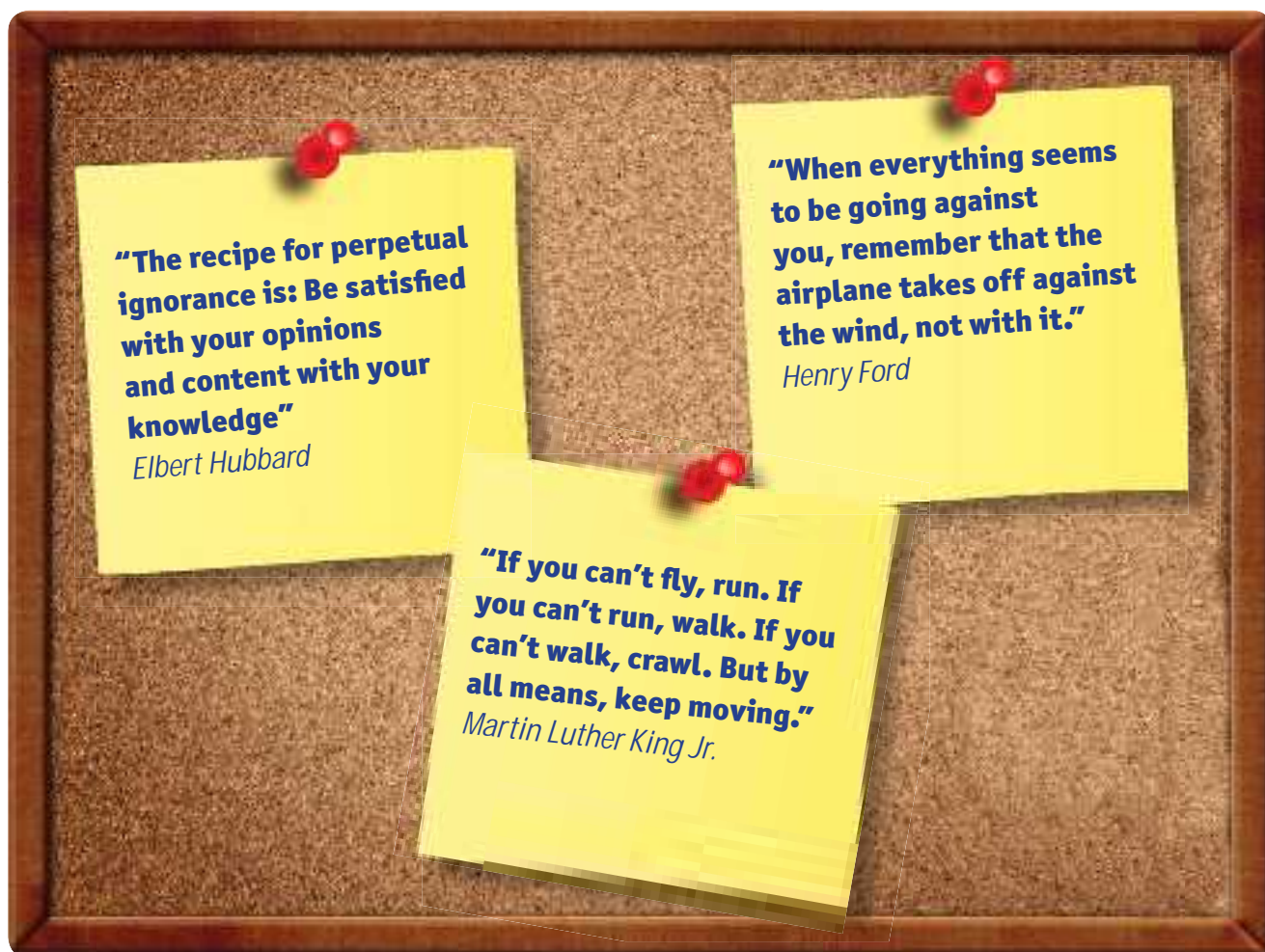
Chinese Ambassador Representative Mr. Tian Lin with the winners of the tournament.



Mr. Vishal Kantaria, Branch Manager Hurlingham Branch receives a plaque on behalf of Prime Bank from Ms. Bao Ping, General Manager of Fushun Engineering and Construction Company.

KOCA TABLE TENNIS TOURNAMENT:

As part of the sporting events last year, Prime Bank sponsored a Table Tennis tournament for the Chinese Community in Kenya on 7th December 2012 at Arya Vedic School, and a prize giving ceremony thereafter at Eastland Hotel. This was in conjunction with the Kenya Overseas Chinese Association (KOCA).



Extended Branch Opening Hours



Capital Centre

Weekdays: 09:30a.m – 05:00p.m
Saturday: 10:30a.m – 03:00p.m
Sunday: 10:30a.m – 01:00p.m

Parklands

Weekdays: 09:30a.m – 06:00p.m
Saturday: 09:30a.m – 04:00p.m
Sunday: 10:30a.m – 02:00p.m

Hurlingham

Weekdays: 09:00a.m – 04:00p.m
Saturday: 09:00a.m – 12:00noon
Sunday: Closed

Nyali, Mombasa

Weekdays: 09:00a.m – 05:00p.m
Saturday: 10:30a.m – 03:00p.m
Sunday: 10:30a.m – 01:00p.m

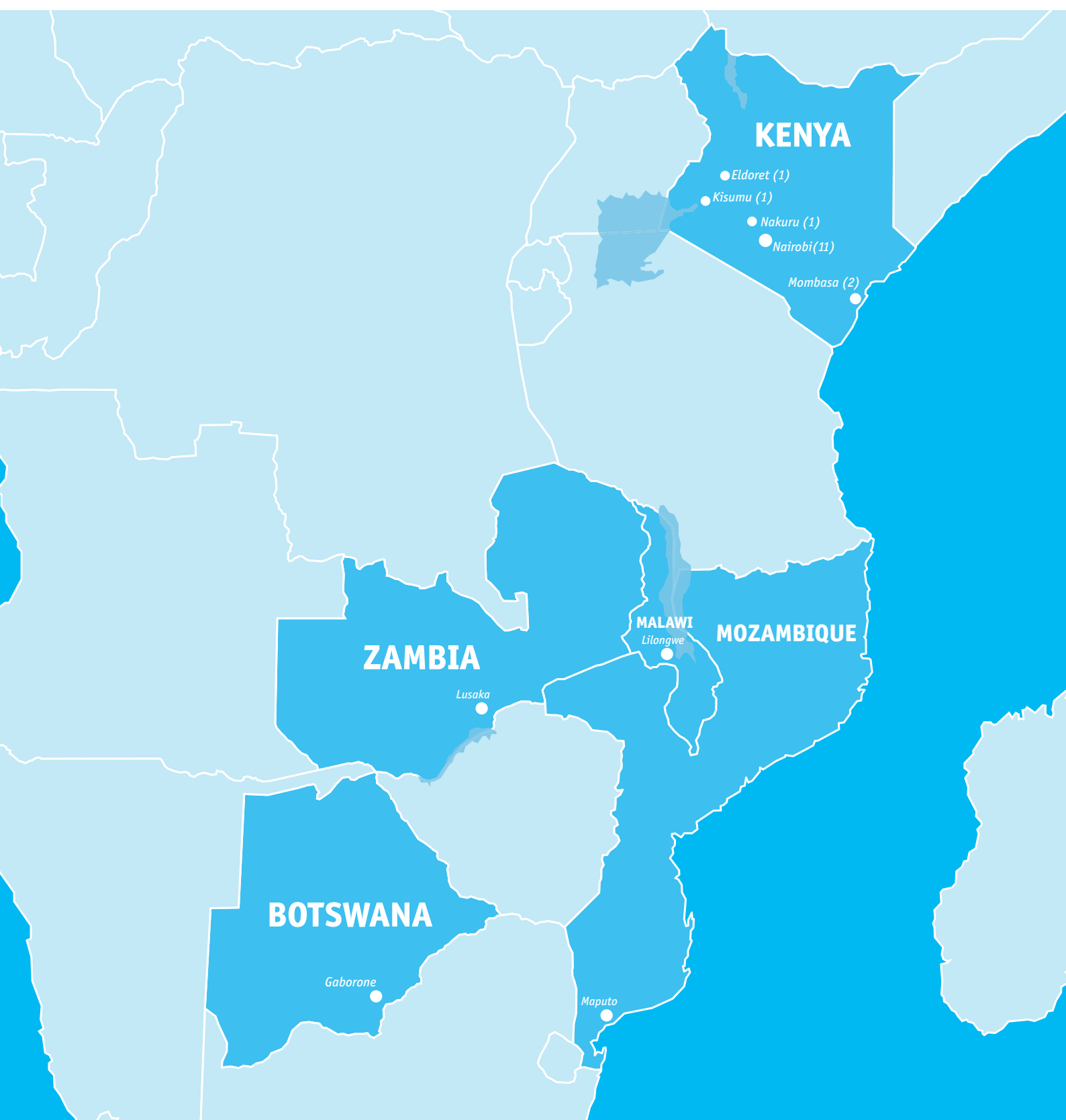
Eldoret

Weekdays: 09:30a.m – 05:00p.m
Saturday: 10:30a.m – 03:00p.m
Sunday: 10:00a.m – 01:00p.m

Opening hours in other branches are from 9:00a.m – 4:00p.m.



BANKING ON GROUP STRENGTH



Comments and feedback to:

Email: customercare@primebank.co.ke

Call: +254 020 420 3000/300



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