



africa's finest banking

Private Banking Newsletter

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Catherine Karumba

“Through purpose of action in bending and shaping the wood, the Cooper creates an unmistakable product of quality. We take cue from these craftsmen in creating and developing our products and services at CBA Private Banking”.

From the Editor

It gives me great pleasure to welcome you to our first edition of our quarterly Private Banking Newsletter. This is the first of many editions that seek to inform you of topical issues happening in our global and local economies. Other issues will include the latest on our product offering, upcoming customer events, offers from our Alliance Partners and information on legal issues.

This Newsletter is designed for you, our Private Banking customer, our aspiration is to the walk with you through life's journeys and to be a responsive financial partner. Your opinion is very important to us, we would therefore appreciate any comments or concerns that you might have on any of the topics below or any suggestions of topics that you would like us to tackle in the future.

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The New Look & Feel

Platinum Banking has now changed to Private Banking

We have taken the time to create a banking service that gives our valued customers more time for things that really matter to them. We looked at the way banking used to be, a time when customers were known by name and not just by their account number, a time when customers felt valued, respected and welcome. We like to think of it as banking by hand, made with care, time and craft. The result is the genesis of CBA Private Banking, Africa's finest banking.

Private Banking will revolve around our **THREE PILLAR PROMISE** as follows:

Convenience

- Experience the latest in technology through our mobile and internet banking service that allows you secure and convenient access to your funds and enables you to transact from anywhere, anytime.
- An International Visa Platinum debit card with internationally recognized benefits & access to all VISA branded ATMs and merchants worldwide.
- Free Life Cover Insurance of up to KShs. 500,000.00
- Access to a Priority Pass that allows you access to 600 VIP airport lounges, in 100 countries and 300 Cities worldwide.
- Access to CBA Visa Gold credit cards available in to KShs and USD with a host of benefits including access to the JKIA executive lounge.
- Access to an Automatic overdraft limit on your current account that will provide you with comfort in case of emergencies.
- VIP line at the call center (254 20 2884888).

Exclusive

- Access to our exclusive state-of-the-art Private Banking Centers with meeting rooms at select branches. The Private lounges are located at CBA Village Market, Westlands Branch, Mama Ngina (City Center), Galleria Mall, The Junction Mall, Upper Hill, Eldoret, Nyali & Moi Avenue Mombasa.
- Invitation to CBA exclusive functions that will be suited to your lifestyle. This includes wine tasting, golf and investment forums
- Quarterly Private Banking Newsletter updates on topical issues
- Discounts at selected Private Banking Alliance Partnerships that pamper you with the finer things in life
- Access to preferential lending and deposit terms
- Access to insurance options with negotiated premiums
- Access to preferential foreign currency conversion rates

Personal

Our team of dedicated Relationship Managers and Private Banking Officers are at your service to ensure all your banking needs receive attention so that your journey with us is nothing short of exceptional. In order to serve you better, the team will also be contacting you for personal information in regards to your family, birthdays and hobbies so that we can incorporate this information into our loyalty programme that includes fun events and forums.

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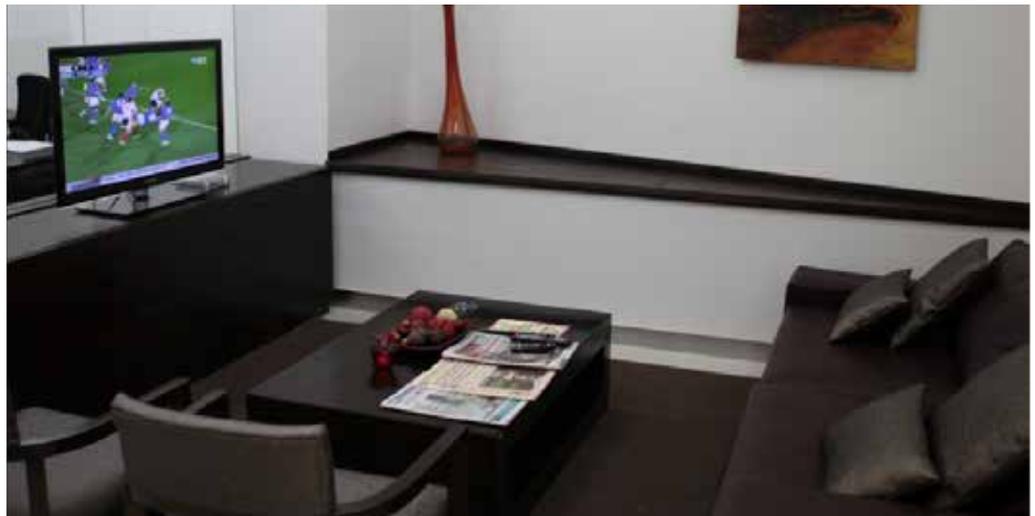


Banking the way it used to be

Timeless in its craft and unmistakable in its character, Letterpress remains the finest means of bringing the written word to life. Through meticulous attention to detail, each letter carries with it equal importance to the letter preceding it, demanding of its creator patience, precision and the appreciation for craft. The impression left by Letterpress is more than just a word, more than a means to share meaning: it is the symbol of man's ability to attain distinction.

This time consuming practice is the epitome of mastery. At CBA Private Banking we appreciate the flawless benefits offered by Letterpress and draw inspiration from this craft hence the birth of the new look and feel Private lounge as represented below by our Junction Mall branch.

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flawless benefits of the
letterpress



The New look and feel



Economic Outlook

There is a sharp contrast between the positive economic sentiments on the local East African front against those of a weak and struggling global economy desperate for growth. In Kenya, growth prospects remain bright and according to the MasterCard Worldwide Index of Consumer Confidence (MWICC), Kenya recorded the most significant increase in optimism gaining +19.4 index points to score 76.5 index points. Kenyan manufacturers are on the prowl for African markets and the recent discovery of \$100 billion of rare mineral deposits can only be a game changer. Massive economic gains await the region with the discovery of oil deposits in Northern Kenya and Uganda and even more gold deposits in Tanzania.

However, the situation in the Eurozone looks grim. Recovery remains elusive; unemployment is on the rise, stoking social and political tensions. The harsh truth is that Europe failed to employ the five years of largesse created by the US Federal Reserve and the China credit system following the 2008 crisis to resolve its internal mess. Europe has much to learn from Japan whose economy has roared back to life with growth of 4% over the last 2 quarters-the most outstanding in the G7 bloc this year. After 15 years of deflation, the Japanese have realized that their greatest failing had been in monetary policy and the Bank of Japan has soaked up 70% of government bonds, printing as much money as the Federal Reserve in an economy one third the size.

Massive economic gains await the region with the discovery of oil deposits in Northern Kenya and Uganda and even more gold deposits in Tanzania.



Brief look at the Local & International Markets

By Kenneth Karuga

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But it is really the two largest economies-the United States and China- that may determine the future of global economic recovery. China is facing a witches brew of an over-valued yuan, stagnant exports and higher borrowing costs. China's economy grew by 7.5% but the figures are highly disputed. A more accurate figure may be arrived by considering the now famous Li Keqiang Index that computes electricity use, rail freight and loans which reveals that the economy could have slowed down to 2%. The aging crisis and the demographic crunch are expected to hit in earnest and the workforce is already contracting. The IMF has pointed out that the 160m "reserve army" of cheap labor in the country will dry up by the end of the decade-the long feared Lewis Point. The frightening prospects of deflation and demography feeding off each other into a downward spiral remain real unless reforms are undertaken.

After weeks of confusion, the result of Fed taper talk is clear enough. Long-term borrowing rates are much higher across the world; the rise in 10-year sovereign bonds by basis points has been: Japan (25), Germany (35), France (62), UK (63), Norway (63), Mexico (122), and Brazil (135). The emerging market bloc suffered the worst hit, particularly those with unfavorable current account deficits. The US economy itself is at stall speed. Economists have downgraded their US growth forecast for the second quarter to 1pc. Core PCE inflation has fallen to its lowest in half a century and may be just one shock away from a deflation trap. America might very well need another round of monetary stimulus, Quantitative Easing 4 but that is unlikely to happen particularly if reports are true that Professor Lawrence Summers is the front-runner to succeed Federal Reserve Chairman Ben Bernanke. The former Treasury Secretary is a General Theory Keynesian who has been a critic of monetary stimulus and will most likely push for a withdrawal of the program. The Fed's monetary stimulus is the key reason why America has been able to shake off the most drastic fiscal tightening in half a century, while comparable tightening in Europe has tipped the region back into recession with record unemployment.

**Special thanks to Bloomberg, All-Africa.com and Telegraph Economics*



africa's finest banking



Real Estate Joint Ventures: Protecting your Interests

Introduction

Property ownership, whether exclusively or in concert with others, is a dream held by many. Such an aspiration is possibly a nick and notch higher today than it has been at any other time in the past, owing to the ever increasing value of Real Estate in Kenya. However, not every individual can flaunt the luxury of simply approaching a Real Estate Agent and purchasing property or undertaking property development without financial constraints or those of the myriad laws and regulations that often stand in the way of property acquisition and development.

persons aspiring to make successful Real Estate investments may consider entering into a Joint Venture



From the Legal Desk
by Njoroge Regeru & Company
Advocates

Therefore from a practical perspective, persons aspiring to make successful Real Estate investments may consider entering into a Joint Venture (JV) to acquire property. Although entering into a JV may be considered as the second best option to purchasing property as a sole proprietor, it is important to keep in mind that JVs are not devoid of problems. Proper advice, legal and otherwise ought to be sought and due diligence carried out prior to entering into a JV, in order to protect the best interests of involved parties.

What is a JV?

A JV is an entity formed between two or more parties to undertake economic activity. Within the Real Estate realm, JVs are a means for providing equity funding for property projects. JVs apply to an array of Real Estate transactions from mega-deals involving commercial properties to cross-border dealings to smaller transactions between local developers and property owners. At the onset of a successful JV, it is important for Co-venturers to have the following key issues clear in mind:

1. **Due-diligence:** which should be exercised before the JV is effective so as to minimize or eliminate exposure to the Co-venturers.
2. **The scope of the JV:** which ought to:
 - a) provide Co-venturers with appropriate risk adjusted returns if the business deal is successful;
 - b) provide a mechanism for restructuring and salvaging the deal if things do not go as planned; and
 - c) ensure that technical legal, tax and accounting matters do not have unexpected adverse effects on the deal.
3. **Existing and potential future conflicts:** which need to be appreciated and addressed appropriately so that they may facilitate agreement on matters such as non- compete issues and confidentiality obligations.



4. **Protection of Intellectual Property/Technological Rights:** which may be transferred either in the name of the JV or the Co-venturers;
5. **Inter-corporate or individual arrangements:** which will be required either for the JV to operate or to make the investment in the JV carry on the business deal as envisaged by the Co-venturers.

What Form Does the JV take?

A Joint Venture Agreement (JVA) dictates the form a JV takes by way of governing the relationship between the Co-venturers and the JV entity itself and more importantly, bringing into legal existence the JV entity. Therefore, a JV may take the form of a company or group of companies (jointly owned by the Co-venturers), a partnership between Co-venturers or a contractual relationship (governed by the JVA under which the Co-venturers may retain their assets and agree upon their separate rights and obligations). Regardless of which form is adopted, proper advice concerning multiple JV issues should be sought from competent and qualified professionals to ensure that Co-venturers' and other parties' interests are protected.

Co-venturers may retain their assets and agree upon their separate rights and obligations

How can the Interests of Co-venturers in a JV be protected?

A JVA and its ancillary documents, comprehensively and properly drawn, is geared towards the protection of Co-venturers' and other parties' interests. From experience, it is evident that a carefully structured JVA undoubtedly aids the Co-venturers in working together on the basis of mutual trust, minimizes risk and exposure, promotes effective and timely decision making, reduces uncertainty and helps prevent protracted delays in the functionality of the JV. Simply put, the JVA must be structured in a manner that equally and effectively protects the interests of each party. A resistance proof JVA must always entail i) details on Governance and Management of the JV, ii) particulars of the business to be undertaken by the JV and iii) Provisions on Consequences of Breach all of which can be appropriately outlined by seeking assistance from competent and qualified professionals.

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Your Lifestyle



they drive because their jobs dictate they do so

Why do you drive the car that you do?

Have you ever wondered why your next door neighbor drives the car they drive? Have you ever felt like some people in the neighborhood drive vehicles that do not match their status? Different people have different reasons why they drive the cars they drive. I think that different situations dictate why you drive what you drive. Let me share my thoughts on just three reasons why I think people drive the cars they do.

Reason No 1: Some people drive what they drive because their jobs dictate they do so. I heard of this single gentleman who lives in a one Bedroom DSQ in Langata Estate and drives one of the latest Mercedes Benz Saloon Cars. Everyone who discovered where he lived exclaimed in shock and asked, why does he drive a Benz when he cannot afford a nice residence. What most of us did not realize is that he could afford to drive a Benz, being single, he did not need a larger house but his job required him to drive such a vehicle. I have this lady friend who is in business and drives a Mitsubishi Lancer. One time she got an opportunity to drive a Mitsubishi Pajero Shogun. Every building she visited after that posed very different experience. The watchmen suddenly did not want to inspect the vehicle neither did they care which office she was visiting. The gates just swung open and a parking was provided. She was able to do business much faster and easier than when she had her own car. She has been debating on whether to change her car since that time.

Reason No 2: Some people believe cars are a means of transport. I know of this businessman who by all standards is wealthy but to date still uses a Toyota Corolla AE110 as his personal car. The gentleman goes ahead to utilize the vehicle to its full capacity. He uses the car to get to work. His official driver then takes it over to run all the official and personal errands and then it is available for his use at the end of the day. This gentleman can afford any car of his choice but he has chosen a Toyota Corolla. Why? Because for him, a vehicle is just a means of transport.

Reason No 3: Other people drive what they drive because they have taste. Have you ever met someone and when you parted, you exclaimed because you could tell they have taste? If it was a lady, the trouser suit was fitting her body so well it made you believe that the tailor who does her clothes has no other job but to dress her. The colors of her clothes were not only matching but blended with her complexion. We will not talk about the accessories she wore because the necklace was golden with a matching watch that you could not keep your eyes off it. The shoe had an average heel that did not make her



look too tall but gave her that extra inch she required to look elegant. When you finally saw the crimson red BMW X5 that she drove out of the driveway in, you were convinced that there must be a school where they teach people where to look that good and your parents had no clue where it is located. Believe you me, some people just have taste and there is nothing we can do about it.

It does not matter the reason that will dictate the car that you drive, we can help you make that dream come true. Just speak to your Private Banking Manager or Officer and they will not ask you for the reason but they will ensure you get the car of your dream. However, if you have another reason why you drive the car you drive please feel free to share it with us.

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Our Alliance Partners

Did you know that CBA Private Banking has partnered with One Off Art Gallery to ensure that you get the very best in art at good discounts?

Big collectors buy works which have a hook to their countries of origin



Last month, Bonhams of London held a 'taster' for their 'Africa Now' annual sale of African Art. The charity auction included the work of eight Kenyan artists. All sold out, with a diptych by Anthony Okello from his 'Masquerade' series fetching the equivalent of Ksh 650 000/=. A piece from the same series but half the size is selling at One Off's The Loft Gallery in Nairobi for Ksh 50 000/=. Such arbitrage is not uncommon in emerging art markets and the disparities are only likely to increase as Kenyan contemporary art is 'discovered'. This differential is also driving an acceleration in the local prices of art, adding to the significant appreciation that many artists have already recorded. Ten years ago, a Peter Elungat cost 80 000/=; today it's 800 000/=. There has never been a better time to invest in Kenyan art than now, at the starting gate of the bull run.



a taste for the finer things in life and have come to appreciate the unique ability of fine art

Investors in art can be defined in two broad categories: dealers and collectors. They are not mutually exclusive. Dealers may also be collectors and vice versa but each activity drives the market in different ways. Dealers are vastly experienced in art and often specialise in niche markets, buying art of a particular genre or period or region and re-selling to select clients. The clients, generally collectors, are usually high net-worth individuals, often highly successful with money, who have developed a taste for the finer things in life and have come to appreciate the unique ability of fine art in satisfying those cravings. Collectors of art are generally seen by society as not only wealthy but also refined and cultured people. A good collection of fine art may not only bring great benefit to the bottom line but also to one's status.

But it is the awakening interest in Kenyan art of the hybrid dealer-collector that I believe will have the greatest impact upon the market. These are individuals or groups that build up collections of art for eventual re-sale. Their interest is in the appreciation of a block of art over the mid-term. These are the unit trusts of the art world; their investment is substantial and their influence significant. And they are starting to come. So how can one participate? If you are neither a dealer nor an experienced collector and you are interested in buying fine art as an investment for a collection or simply for your own enjoyment I can offer a few simple pointers:

Firstly, establish the artist's credentials. Someone who has studied at the Rijks Academy and sold to the British Museum comes with the reassurance of an international stamp of approval. Secondly, establish if any recognised individuals, groups or organisations are buying into the artist and if so from which period and more particularly which series. Current market prices can be significantly affected by who is buying what but, in the longer term, art values are also affected by who is holding what.

Thirdly, try to buy pieces that have a strong contextual relevance: works that are rooted in their origins. Big collectors buy works which have a hook to their countries of origin. Without this it is unlikely that the work will derive the benefit of a label such as 'a significant work of the East African Region'. Fourthly, buy something that you like. Remember, as in all markets, nothing is for sure. If you enjoy looking at it, you will enjoy living with it and, notwithstanding its value to posterity, this surely is the greatest value of art and its truest purpose.

Lastly but above all, take the counsel of an experienced and trustworthy expert in Kenyan art. Every market has its share of charlatans and opportunists claiming to be consultants who have not a shred of legitimacy to such claims. In the complex world of art one may easily be led astray. Foreign buyers are set to take the greatest advantage of the mounting interest in Kenyan art. This is as unfortunate as it is unnecessary. It is time for Kenyans to start investing for their own benefit in their own art. I do hope that we shall soon see the emergence of the large-scale local investor in the Kenyan art market as we have seen in the local securities' and financials' markets. The time is ripe.

Carol Lees is the MD of One Off Contemporary Art Gallery Limited. She has been central in the promotion of Kenyan Contemporary Art for the past twenty years and exclusively represents the majority of the top Kenyan artists.

Kenyan art as an investment

By Carol Lees

For more information email: oneoff@africaonline.co.ke



Did You Know that CBA Private Banking has partnered with Saffara Ltd Travel Agent?

you get to have superior seating, better dining and a sleeping experience



Private Jet Travel

Are you looking to vacation at exclusive vacation playgrounds such as the Maldives? Ski in the Himalayas? How about a 24-day Safari around the world by private jet? Are you a sports fanatic? Then you should know that we have included in our service charter exclusive vacation plans and getaways that incorporate world-sporting events such as the FIFA world cup by private jet, the Olympics and the Rugby 7s series.

Private jets are the reserve of a select few. And you are one of them.

Your preferences take precedence; you pick the flight time, the aircraft, the departure and arrival airport, the in-flight menu and the entertainment. You get to have superior seating, better dining and a sleeping experience. Visualize a state of the art television and movie viewing, in-flight phones and hassle free Wi-Fi. From the plush gentleness of your seat, you shall be served delicious meals that you selected at your discretion.

With a private jet, you get your pick from thousands of executive airports worldwide and land directly into your final destination without the hustle of connecting flights and delays. Gone will be the overwhelmingly long security lines and the crowded airports. All the luggage and security procedures will be sorted out for you. You will have the pleasure of starting your trip calm and ready to seal that deal because a private jet can effortlessly brand you as a key player in the VIP business league.

With us...It's all about you.

Call me, the Managing Director directly, Catherine Wanjiru on +254 733 940 400 for your bespoke vacation plan created with your budget in mind and a special discount with your CBA Platinum card or CBA Gold card.

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africa's finest banking



African Stories



Did you know that the primordial name of Africa was Alkebulan?

Africa: The Rebirth

For Africa to me... is more than a glamorous fact. It is a historical truth. No man can know where he is going unless he knows exactly where he has been and exactly how he arrived at his present place. ~ Maya Angelou ~

I was quite young but of a moderately proficient age to read in detail the folios of Dean foster's: The Global Etiquette to Africa, Guide to Africa and the Middle East. To say it in the least, I believe I was quite offended. Not by his lack of knowledge, but at his asperity in describing such a warm, remarkable and exceptional continent as he did. It gave me great pains, thus; my desire to personally review the region via numerous travels and interactions with its inhabitants.

Did you know that the primordial name of Africa was Alkebulan? Denoting themother of mankind" or "garden of eden"and was emphatically its most aboriginal name as used by the Moors, Nubians, Numidians, Khart-Haddans (Carthaginians) and Ethiopians."Africa" the present adopted misnomer was set by the ancient Greeks and Romans who sought to completely disconnect the native Africans from their culture, deities and knowledge in an effort to subject them to their rule. Trust me, all through, there are so many other variations to the story but I'm claiming none the wiser nor imprudent, just stating facts. Many allude to the continents' struggles, most to its potential and risen state as a "growing pot" of ingenious peoples, tribes and cultures.

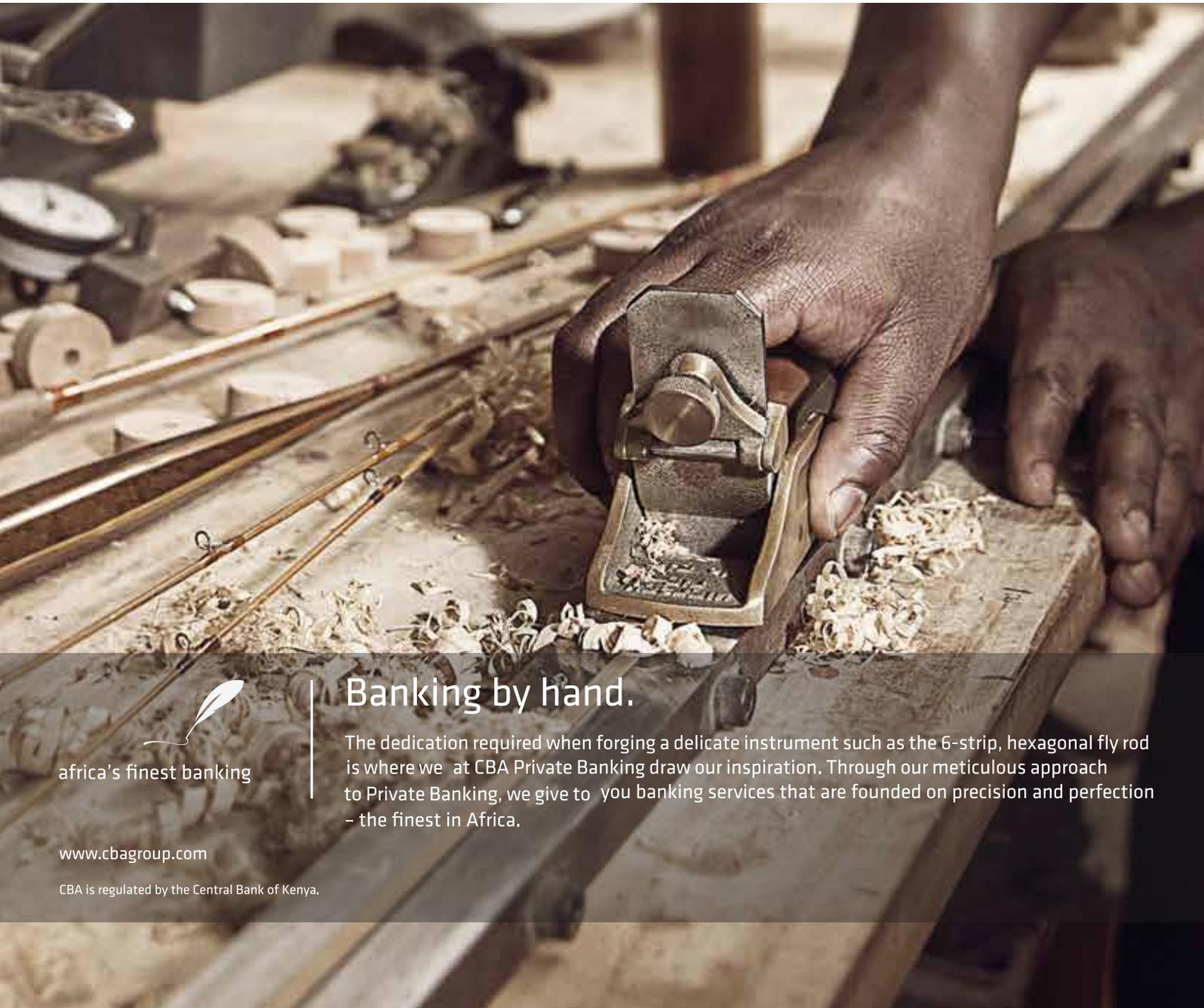
So goes the story of a collection of nations that are successfully daily striving to draw closer together and become conscious of their identity, fight for its individuality and seek to work in concert to the tunes of "Africa, it's a time for us to give more to the world".

Africa is truly not a country, and the individual countries in Africa are ready to show their potential on any global platform. In this land, Africa: the place where everyone smiles in the same language, its about time you introspect on where you stand, in believing its aptitude to truly give out more.

We each have a destiny, a legend that only we can live. To embrace it is scary and dangerous, and most choose not to. Most put it off until tomorrow, until after high school, until after college, until after establishing a financial base. Can't they see? We only get one shot at this life. Tomorrow may never come. The time is now! Not to drop everything and move to Africa, but to find the passion that is inside us and embrace it, to listen to its subtle whispers"

~ Erik Mirandette, "The Only Road North" p.297 ~

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africa's finest banking

Banking by hand.

The dedication required when forging a delicate instrument such as the 6-strip, hexagonal fly rod is where we at CBA Private Banking draw our inspiration. Through our meticulous approach to Private Banking, we give to you banking services that are founded on precision and perfection – the finest in Africa.

www.cbagroup.com

CBA is regulated by the Central Bank of Kenya.



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