

press release

FOR IMMEDIATE RELEASE

Standard Chartered reports pre-tax profits of KShs 2.7 billion for the three month period ended 31 March 2013

May 28, NAIROBI: Standard Chartered has today announced a pre-tax profit of KShs 2.7 billion for the period ended 31 March 2013. Total income remained flat at KShs 5.4 billion with loans and advances up by 22% to KShs 117.3 billion.

Financial Highlights

- Net interest income grew by 2% to KShs 3.7 billion driven by strong growth in volumes but weighed down by the significantly lower interest rates charged in line with falling interest rates in the market;
- Non interest income decreased by 9% to KShs 1.7 billion largely due to a 92% reduction in other income that decreased from KShs 507 million in 2012 to KShs 41 million. Other income comprises mainly of income on government securities sales. In 2012, we had a well positioned book that enabled us realise strong trading profits. This has not been repeated in 2013 as the interest rates have been relatively stable. This was however mitigated by a strong performance in foreign exchange dealing which grew by 42%. Due to a higher a higher number of large value transactions during the quarter, our fee and commission income also increased by 12% to KShs 0.9 billion;
- Net bad debt charge increased from KShs 134 million to KShs 254 million and is in line with the growth in our loans and advances portfolio. We continue to have a proactive approach to risk management and remain watchful;
- Total operating costs grew by 16% to KShs 2.4 billion driven by continued investment in infrastructure, technology and talent to support our business growth;
- Profit before taxation decreased by 16% to KShs 2.7 billion (2012: KShs 3.3 billion);
- Loans and advances increased by 22% to KShs 117.3 billion (2012: KShs 96.5 billion) while customer deposits increased by 20% to KShs 142.3 billion (2012: KShs 118.6 billion);
- Our investment in government securities increased from KShs 36.4 billion to KShs 47.9 billion on the back of significant growth in customer deposits. The high interest rates that

prevailed for most of 2012 together with the usual notable impact of elections impacted the growth of loans and advances but we have seen good momentum in the last quarter

Non-performing loans were KShs 2.2 billion compared to KShs 1.2 billion in 2012. This translates to 1.9% of gross total loans compared to 1.3% in 2012. The quality of the asset book remains good and is well diversified and conservatively positioned. Wholesale Banking loans continue to remain well diversified and largely short tenor. The consumer book is predominantly secured and we have selectively grown our unsecured portfolio.

Richard Etemesi, Managing Director and Chief Executive Officer, Standard Chartered, said:

“Although the quarter has been slow we have seen momentum pick up compared to Q4 of 2012 with revenues up by KShs 0.6 billion. Our costs are also 5% higher than what we achieved in Q4 of 2012 as our key investments last year were made in the second half. We remain confident in the outlook for the business as we expect this business momentum to pick pace especially as the uncertainties around the elections are now behind us. The business continues to demonstrate underlying strength and diversity and with the economic outlook brightening. Real GDP expanded from 4.4% in 2011 to 4.6% in 2012 and there is positive sentiment in 2013 for GDP growth to be between 5.0% and 5.5%. We will continue to look for opportunities and take advantage of these to build and grow our business. The Bank is in great shape, has good momentum, and is well positioned for the future.”

Note to Editors:

Standard Chartered Bank in Kenya

Standard Chartered Bank Kenya Limited was established in 1911 with the first branch opened in Mombasa Treasury Square.

Today, 102 years later, Standard Chartered Bank is one of the leading Banks in Kenya, with an excellent franchise. It has a total of 34 branches spread across the country, 97 automated teller machines (ATMs) and 1,900 employees.

Standard Chartered Bank Kenya Limited has local shareholding of about 25%, comprising about 32,000 shareholders. It is a publicly quoted company on the Nairobi Securities Exchange since 1989.

Our capital, deposit base, and lending portfolio is reported in Kenya Shillings, and we offer a variety of local and foreign currency accounts, both deposit and loan, to our customers. We are also one of the leading lenders to the Kenyan agricultural sector.

Further underpinning its importance, Standard Chartered Bank Kenya Limited hosts the regional Shared Service Centre hub supporting the Bank's technology operations in Uganda, Tanzania, Zambia and Botswana and South Africa on a real time basis.

Standard Chartered – leading the way in Asia, Africa and the Middle East

Standard Chartered is a leading international banking group. It has operated for over 150 years in some of the world's most dynamic markets and earns more than 90 per cent of its profits in Asia, Africa and the Middle East. This geographic focus and commitment to developing deep relationships with clients and customers has driven the Bank's growth in recent years. Standard Chartered PLC is listed on the London and Hong Kong stock exchanges as well as the Bombay and National Stock Exchanges in India.

With 1,700 offices in 70 markets, the Group offers exciting and challenging international career opportunities for nearly 87,000 staff. It is committed to building a sustainable business over the long term and is trusted worldwide for upholding high standards of corporate governance, social responsibility, environmental protection and employee diversity. Standard Chartered's heritage and values are expressed in its brand promise, 'Here for good'.

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