

press release

FOR IMMEDIATE RELEASE

Standard Chartered reports KShs 6.5 billion profit for the first half of 2013

Loans and advances up 14% to KShs 118.4 billion while customer deposits grew by 7% to KShs 147.4 billion

22 August 2013, NAIROBI: Standard Chartered has today announced a pre-tax profit of KShs 6.5 billion for the period ended 30 June 2013. Total income increased by 8% to KShs 11.8 billion with loans and advances up by 14% to KShs 118.4 billion.

Financial Highlights

- Net interest income grew by 9% to KShs 8 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 increased by 4% to KShs 3.8 billion largely due to an increase in fee and commission income which was up by 12% to KShs 1.9 billion. This increase in fee and commission income was due to a higher number of large volume transactions during the period. This was however tempered by a decrease in income from foreign exchange dealings which were down 5% to KShs 1.2 billion;
- Net bad debt charge increased from KShs 355 million to KShs 556 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 14% to KShs 4.7 billion driven by continued investment in infrastructure, technology and talent to support our business growth;
- Profit before taxation remained flat at KShs 6.5 billion;
- Loans and advances increased by 14% to KShs 118.4 billion (2012: KShs 104.1 billion) while customer deposits increased by 7% to KShs 147.4 billion (2012: KShs 138.2 billion). 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;

- Our investment in government securities increased from KShs 36 billion to KShs 65.9 billion on the back of significant growth in customer deposits and overall growth in the balance sheet boosted by the capital injection through the rights issue and profit retentions.

Non-performing loans were KShs 3.8 billion compared to KShs 2.0 billion in 2012. This translates to 3.1% of gross total loans compared to 1.7% 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:

“Business momentum has continued to pick pace compared to Q4 of 2012 and Q1 of 2013 and we remain confident in the outlook for the business in the second half of 2013. Our costs are 4% lower than what we achieved in Q1 2013 as we focus on driving cost efficiencies across the business. Our revenues in Q2 2013 were particularly pleasing as these were up 19% on Q1 2013. The business continues to demonstrate underlying strength and diversity, 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 a 5.7% growth in GDP. 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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For more information please contact:

Emily Kaiga

Head of Brand and Corporate Communications

Standard Chartered Bank

Phone: +254 20 329 1042

Mobile: +254 77 206 6592

Fax: +254 20 374 7880

Email: Emily.Kaiga@sc.com

Address: Level 6, StandardChartered@Chiromo, 48 Westlands Road, Nairobi, Kenya

Website: standardchartered.com
