

## **25 March 2014 - Standard Chartered Bank Kenya Limited 2013 Financial Results**

- This is another strong set of results for the Bank across a balanced scorecard of growth, performance, cost control and risk management.
- For 2013, our income was up 13 per cent to KShs.23.8 billion and profit was up 16 per cent to KShs.13.4 billion. Our underlying costs grew 11 per cent - driven by continued investment in infrastructure, technology and talent to support our business growth.
- Our performance has been driven by good levels of client and customer activity, leading to double digit income growth both Consumer and Wholesale Banking businesses.

### **A strong balance sheet is a competitive advantage**

- Our strategy means we have a highly diverse balance sheet, with no material concentration by either business or segment.
- The balance sheet remains highly liquid with advances to deposits ratio of 84 per cent, and customer deposits increased 10 per cent during 2013, to KShs.154.7 billion. We remain a customer deposit funded bank.
- Loans and Advances to customers were up 15 per cent as we continue to support our clients and customers.
- We continue to have a very strong capital position, with the total capital to risk weighted assets ratio standing at 21 per cent.

### **And we continue to have a conservative risk management profile**

- We have seen some increase in loan impairments in both businesses, but from very low levels, and we remain very comfortable with the shape and quality of our loan book.

A brief look at our results from each business's point of view:

### **Wholesale Banking has had a great year**

- The Wholesale Banking client focused business model continues to deliver strong results even in the midst of an operating environment affected especially by tight liquidity.
- Income growth was up 14 per cent to KShs.12.9 billion and the underlying profit before tax grew by 18 per cent to KShs.8.8 billion. Disciplined investments in key sales and products teams and control functions delivered good results across all products and customer segments.
- In 2013 we made further progress in strengthening and deepening our client relationships and growing our product capabilities to support local trade, offering

short-term working capital solutions as well as risk mitigation through value add products and structured solutions.

- As a result, overall client income grew 5 percent, representing 72 per cent of total Wholesale Banking income. Commercial Banking (Lending, Cash, Trade and Custody) continues to meet our clients' day-to-day financial needs and underpins our business, contributing over 81 per cent of all client income and grew by 7 per cent year on year, impacted by margin compression but mitigated by strong volume growth.

### **Consumer Banking delivers record income**

- Consumer Banking had a record year and continues to deliver good results both on balance sheet, profit and loss and the non financial metrics.
- Operating income was up 12 per cent to reach KShs.10.9 billion. This was as a result of strong growth in customer deposits and loans which increased by 10 per cent and 25 per cent to close at KShs.85.9 billion and KShs.53.9 billion respectively.
- We have a well balanced customer portfolio with SME contributing 31 per cent of Consumer Banking revenues, Priority and Preferred Banking accounting for 37 per cent and Personal Banking contributing 32 per cent.
- We continued to manage our costs base allowing us to invest in headcount, digital agenda and our branch network. Despite these investments, the Consumer Banking cost income ratio was 50.5 per cent compared to 50.2 per cent in 2012.
- Operating profit increased by 10 per cent to reach KShs.4.5 billion which is a record performance.
- Consumer Banking embarked on driving balance sheet growth which saw assets and liabilities grow by 25 per cent and 10 per cent respectively. This was driven mainly by the two successful campaigns that Consumer Banking conducted last year.

### **In summary:**

- Our strong performance in 2013 is the result of our collective ambition and reinforces our strategy. We are putting even greater focus on our clients and customers, on building deep and long-standing relationships and on improving the quality of our service and solutions.
- We have delivered a strong underlying performance against our key financial objectives:
  - Income at KShs.23.8 billion was up 13 per cent;
  - Costs were up at 11 per cent, a lower rate than income, delivering positive jaws of 2 per cent;
  - Pre-tax profit up 16 per cent to KShs.13.4 billion.
- We continued to have a firm grip on the levers of risk, cost and investment, and are using our balance sheet strength to increase the financing support to our customers.

- We continue to take a conservative approach to managing the balance sheet, maintaining a strong liquidity position and keeping a watchful eye on asset quality, given the uncertainties that remain in the external environment.
- Both the businesses enter 2014 with good momentum, but we remain vigilant about the global outlook and the uncertainties within the economic environment in Kenya.
- The foundations are in excellent shape – well capitalised, highly liquid and a diverse business. We remain confident for the year ahead.

**Lamin Manjang**  
**Chief Executive Officer**