

press release

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Standard Chartered pre-tax profits jump 31% to Kshs 3.6 billion in the first quarter of 2014

Total income increased by 14% to KShs.6.2 billion with loans and advances up by 9% to KShs.127.6 billion.

29 May 2014, NAIROBI: Standard Chartered has today announced a pre-tax profit of KShs 3.6 billion for the period ended 31 March 2014. This is up 31% compared to KShs 2.7 billion the same period last year. Total income is up 14% to KShs 6.2 billion with loans and advances up by 9% to KShs 127.6 billion.

Financial Highlights

- Net interest income grew by 19% to KShs 4.5 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 1.7 billion largely due to trading income which increased from KShs 41 million to KShs 207 million. In 2014, we had a well positioned book that enabled us realise strong trading profits compared to the same period last year. This was however dampened by a slow performance in foreign exchange dealing which reduced from KShs 735 million to KShs 572 million on account of decreased volatility in forex rates in 2014 compared to 2013. In addition the strong volume growth was offset by spread compression. On the other hand, fees and commissions grew by 7% to KShs 942 million on account of a higher number of large value transactions during the quarter.
- Net bad debt charge decreased marginally from KShs 254 million to KShs 236 million due to a decrease in portfolio impairment charge on account of favourable portfolio trends. We continue to have a proactive approach to risk management and remain watchful;

- Total operating costs remained flat at KShs 2.4 billion and remain well controlled;
- Profit before taxation increased by 31% to KShs 3.6 billion (2013: KShs 2.7 billion);
- Loans and advances increased by 9% to KShs 127.6 billion (2013: KShs 117.3 billion) while customer deposits increased by 5% to KShs 149.6 billion (2013: KShs 142.3 billion);
- Our investment in government securities increased from KShs 47.9 billion to KShs 55.4 billion on the back of the growth in customer deposits.

Non-Performing Loans and Net Bad Debt Charge

Non-performing loans were KShs 11.2 billion compared to KShs.2.2 billion in the same period last year and compared to KShs 3.8 billion at the end of 2013. Wholesale Banking non-performing loans increased during the period although this was due to a small number of problem accounts.

Overall, we continue to proactively manage our loan portfolio and remain watchful. While we do not see a broad-based deterioration in asset quality, we have increased the number of clients subject to additional, precautionary monitoring reflecting our proactive approach to managing risk in an uncertain environment.

Wholesale Banking loans are largely short tenor. The Consumer Banking book is predominantly secured and we have selectively grown our unsecured portfolio. The quality of the asset book remains good, well diversified and conservatively positioned.

Lamin Manjang, Managing Director and Chief Executive Officer, Standard Chartered, said:

“The momentum from 2013 has continued into 2014. We remain confident in the outlook for the business as we expect this business momentum to pick pace. Looking ahead, we see increased business opportunities as the country implements the devolved government structure and gears up to achieving the Vision 2030 goals. In addition, we see growth opportunities in infrastructure development and financing, energy and manufacturing. On the retail front we shall continue to invest in digital channels to deepen our client reach and to ensure our customers enjoy a differentiated experience.

Our business is well positioned to continue being the right partner to our clients. Indeed to our clients we will continue demonstrating that we are open for business, ‘Here for good’ and for the long haul and to do business with them. This is in line with our strategic intent – we will continue banking the people and companies driving investment, trade and the creation of wealth across our customer segments.

Standard Chartered Bank in Kenya

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

Today, 103 years later, Standard Chartered Bank is one of the leading banks in Kenya, with an excellent franchise. It has a total of 37 branches spread across the country, 98 automated teller machines (ATMs) and 1,850 employees.

Standard Chartered bank has local share holdings of 26%, comprising about 31,000 Kenyans. It has remained a public quoted company on the Nairobi Stock Exchange since 1989.

We are the oldest foreign bank in Kenya. 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. Corporate and institutional business is handled mainly out of Nairobi, Mombasa and Kisumu.

Further underpinning its importance, Standard Chartered Bank Kenya Limited is 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.