

# press release

FOR IMMEDIATE RELEASE

## **Standard Chartered pre-tax profits jump 24% to KShs 8.1 billion in the first half of 2014**

***Total income increased by 16% to KShs.13.8 billion with loans and advances up by 11% to KShs.131.7 billion.***

**14 August 2014, NAIROBI:** Standard Chartered has today announced a pre-tax profit of KShs 8.1 billion for the period ended 30 June 2014. This is up 24% compared to KShs 6.5 billion in the same period last year. Total income is up 16% to KShs 13.8 billion with loans and advances up by 11% to KShs 131.7 billion.

### **Financial Highlights**

- Net interest income grew by 9% to KShs 8.8 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 31% to KShs 5.0 billion largely from the sale of a property. On a headline basis, non-interest income decreased by 9%. Income from foreign exchange dealing remained flat at KShs 1.2 billion on account of a low rates and low volatility environment resulting in margin compression, and off-setting effects of volumes growth. Fees and commissions increased to KShs 2.0 billion up from KShs 1.9 billion in the comparative period.
- Net bad debt charge increased to KShs 857 million from KShs 556 million driven by a small number of accounts. We continue to have a proactive approach to risk management and remain watchful;
- We have been extremely disciplined in managing costs, up 2% to KShs 4.8 billion, despite continued investment and inflationary pressures;
- Profit before taxation increased by 24% to KShs 8.1 billion (2013: KShs 6.5 billion);
- Loans and advances increased by 11% to KShs 131.7 billion (2013: KShs 118.4 billion) while customer deposits remained flat at KShs 147 billion;

- Our investment in government securities decreased from KShs 65.9 billion to KShs 55.5 billion.

### **Non-Performing Loans and Net Bad Debt Charge**

Non-performing loans were KShs 14.6 billion compared to KShs 3.8 billion in the same period last year and at the end of 2013. Corporate & Institutional Clients (C&I) non-performing loans increased during the period although this was due to a small number of problem accounts.

Overall, we remain disciplined in our approach to risk management and proactive in our collection efforts to minimize account delinquencies. 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.

C&I loans are largely short tenor. The Retail Clients 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:

*“We remain confident in the outlook for the business as we expect business momentum to pick pace. 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. 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 footprint.*

## **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, 96 automated teller machines (ATMs) and 2,013 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.

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