

press release

FOR IMMEDIATE RELEASE

Standard Chartered reports pre-tax profit increase of 14% to KShs 11.2 billion in the 9 months to September 2014

Total income increased by 12% to KShs.19.8 billion with customer deposits up by 14% to KShs.164.6 billion.

20 November 2014, NAIROBI: Standard Chartered has today announced a pre-tax profit of KShs 11.2 billion for the period ended 30 September 2014. This is an increase of 14% compared to KShs 9.9 billion in the same period last year. Total income is up 12% to KShs 19.8 billion with customer deposits up by 14% to KShs 164.6 billion.

Financial Highlights

- Net interest income grew by 8% to KShs 13.3 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 21% to KShs 6.5 billion largely from the sale of a property in H1 2014. On a headline basis, non-interest income decreased by 8% largely due to a decrease in income from foreign exchange dealing which declined by 17% to KShs 1.5 billion. The decrease in foreign exchange income was as a result of a low rates and low volatility environment resulting in margin compression which off-set effects of volumes growth. Fees and commissions increased by 2% to KShs 2.9 billion.
- Net bad debt charge increased to KShs 1,129 million from KShs 775 million driven by a small number of accounts. We continue to have a proactive approach to risk management and remain watchful;
- We remain disciplined in managing costs, up 6% to KShs 7.4 billion, driven by continued investment and inflationary pressures;
- Profit before taxation increased by 14% to KShs 11.2 billion (2013: KShs 9.9 billion);

- Customer deposits increased by 14% to KShs 164.6 billion (2013:KShs 144.5 billion) while loans and advances increased marginally by 1% to KShs 125.4 billion (2013: KShs 123.6 billion);
- Our investment in government securities increased from KShs 55.2 billion to KShs 56.1 billion.

Non-Performing Loans and Net Bad Debt Charge

Non-performing loans were KShs 13.3 billion compared to KShs 3.8 billion in the same period last year and at the end of 2013. Compared to June 2014, non-performing loans decreased by 9% as we continue to support our clients. 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, the number of clients subject to additional, precautionary monitoring remains elevated 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: *“Business momentum has continued to pick pace in the second half of 2014 and we remain confident in the outlook for the business for the rest of year. 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 continues to demonstrate underlying strength and diversity and 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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