Strong momentum in core segments combined with fit-for-growth strategies provide real resilience for Standard Chartered Bank Botswana Limited in first half 2012

Key Financial Highlights:

- Half year total income of BWP434 million - up 4% over corresponding period of last year, with strong contributions from core products and customer segments.
- Consumer Banking delivers 8% incremental revenue, compared to a 6% dip for Wholesale Banking.
- Loans to customers increased 8% to BWP4.5 billion; while deposits from non-bank customers reduced 19% to BWP7.3 billion as result of strategic action to manage excess liquidity and reduced margins.
- Operating expenses increased 13%, as we accelerate investment spends in service delivery, training and customer channels.
- Bad debt is well controlled as impairment charge is down 56% to BWP 10.3 million
- The Bank is well capitalized and strategically positioned to take advantage of further growth opportunities and future challenges.

Review of Operating Results

Although we have seen a slow-down in entry momentum to 2012, the Bank’s results for the six months ended 30 June 2012 showed a commendable performance over corresponding period of 2011, driven by consistent growth in – Consumer Banking.

Loans and advances to retail customers grew by 10%; whilst corporate lending has been relatively flat with modest 4% growth half on half. Corporate and institutional deposits in the first half of 2012 recorded a 31% decrease compared corresponding period of 2011. The intervention of the central bank late last year resulted in excess liquidity and up to 200 basis points reduction in rates. As a result, the Bank effectively restructured its deposit book by winding down expensive wholesale liabilities. Consumer deposits, however, increased by 4% during the same period.

During the period under review, the Bank opened its brand new state of the art branch at Airport Junction Mall in Gaborone. In further demonstration of our commitments to improving quality of service to our customers, a 24-hour full service call centre became operational – the only one in the market. Our customers have also been granted access to withdraw cash from ATM of other banks without incurring charges – subject to limited conditions. In addition, SMS alerts on debit and credit card transactions have been improved to deliver messages on real time basis, whilst Online Banking PINs are now delivered direct to mobile phones.

Here for Good

In line with our brand promise “Hear for Good”, the Bank undertook a number of initiatives in support of the communities where we operate, some of which are mentioned here. The Bank co-sponsored the Gaborone Marathon in April 2012, as
part of its Corporate Social Responsibility to the development of sports and improvement of personal well being in Botswana. We are also supporting a village with families affected by HIV/ AIDs in overcoming the challenges of living with this deadly virus. In our continued efforts to support activities around environmental conservation, SCB partnered with Department of Wildlife on a project at Oliphants to sensitize the community on Environmental issues.

Outlook

We start the second half extremely well positioned, alert to the risks, excited by the opportunities and on track for sustained performance. We will continue to hold true to our values, to the spirit of Here for good – taking a long-term view, being committed through good and bad times, always trying to do the right thing. Our culture and values have never been more important.

Approved by the Board of Directors on 23 August 2012

Declaration Of Second Quarter Dividend

Notice is hereby given that second quarter interim dividend of 6.70 thebe(gross) per ordinary share has been declared. This dividend will be payable on or about the 19th October 2012 to those shareholders registered at close of business on 28th September 2012.

By order of the Board

Bojosi Cibogile
Chairman

Moallhoefi Lekaukau
Managing Director

GABORONE
23rd August 2012