Innovation and service drive record first-half 2011 performance at Standard Chartered Bank Botswana Ltd.

Key Financial Highlights:

- Profit before tax up 44% versus H1 2010, to BWP 176.8 million
- Consumer banking delivers 28% pre-tax profit growth, while Wholesale Banking is up 12%
- Loans to customers increase by 25% to BWP 6.1 billion, while deposits from non-bank customers grew by 33% to BWP 8.8 billion
- Revenue increased by 21% to BWP 419.1 million, with strong momentum across products and segments
- Expenses tightly managed, with income growing faster than costs; Cost-Income ratio down by 5% to 52.8%
- Used debt charge down 2% to BWP 23.7 million
- Balance sheet is very liquid and sufficiently capitalized for further growth opportunities.

Review of Operating Results

Standard Chartered Bank Botswana Limited and its subsidiaries have reported a fantastic set of results for the six months ended 30 June 2011, sustaining the growth momentum seen in the second half of 2010. Both Wholesale Banking and Consumer Banking saw increased business activity across a number of products and services, leading to a higher share from competitors in all major product categories.

The first half 2011 results are on the back of very strong income momentum, from both Consumer and Wholesale Banking businesses. The Bank has accelerated investment across many profitable products, resulting in double digit revenue growth compared to the same period last year.

Despite reduced margins on loans and deposits, net interest income grew 9% as a result of strong balance sheet growth. Non-interest income however produced 50% increase driven by strong transaction volumes across wholesale and exchange sales. Increase in total revenue was 21%.

Operating expenses increased 10% to BWP 215.8 million, as we continue to take a dynamic approach to managing expenses growth, while stepping up the pace of investment to improve service delivery channels. A program to completely refurbish all branches which commenced in 2010 is expected to be completed in 2011. These and other investment spending are expected to deliver superior service and customer experience in line with our new brand promise to be “Here for Good” for our customers, the community and people.

We are comfortable with the asset quality in both Consumer and Wholesale Banking segments as percentage of impaired loans improved to 1.0% from 2.2%. This is on account of 23% growth in loans advanced to customers, combined with 2% reduction in impairment charges - a reflection of our strong lending and collections practices. We remain committed to global best practices and discipline in risk management.

Outlook for the second half of 2011

We continue to focus on making strong progress against our strategic priorities, including deepening our customer relationships, improving service and engaging staff. As a result, we anticipate further growth in lending assets as the business pipeline is robust and new deals seen since mid-year indicate sustained momentum in both our Wholesale and Consumer Banking businesses. Recent innovations, including extended banking hours in Gaborone City branch, and the launching of new products, and our campaign to demonstrate 10 clear advantages of banking with Standard Chartered Bank are expected to drive further gain in market share. Other innovative product and services are also in the pipeline, which we believe will not only produce additional sources of revenues but will significantly enhance our ability to exceed our customers’ expectations.

Mbaeke Watega
Acting Managing Director
Gaborone
22nd August 2011