



# STANDARD BANK LIMITED

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

## Base Lending Rate

	As at 31 Dec 2013	As at 31 Dec 2012
Base Lending Rate (local currency)	36.5%	35.00%
Maximum Applicable Range (percentage points)	10	10
Base Lending Rate (foreign currency loans)	8.5%	6% to 8%
RBM Bank Rate	25%	25%

## Director's Remuneration, Bonuses and Franchise Fees

	31 Dec 2013 (MK'm)	31 Dec 2012 (MK'm)
Director's Remuneration		
- Director's fees	14	9
- Executive directors remuneration	102	74
Total bonuses paid to all staff	1,186	516
Franchise Fees to Holding Company	903	665

## Deposit Rates

Type of Deposit	As at 31 Dec 2013 Rate	As at 31 Dec 2012 Rate
<b>Malawi Kwacha</b>		
Current account	0.50%	1.0%
Call	7.0%	9.5%
7 day Notice	7.0%	9.5%
30 day Notice	8.0%	12%
Transact plus	2.0%	3.0%
Saver plus	5%	5%
Savings	7%	7%
Pure save	10%	12%
Contract save	13%	18%
1 month fixed	13%	12%
2 month fixed	11%	15%
3 month fixed	10%	18%
6 month fixed	Negotiable	23%
9 month fixed	negotiable	negotiable
12 month fixed	negotiable	negotiable
<b>Foreign Currency Denominated Accounts (FC-DAs)</b>		
USD	0.5%	0.5%
GBP	1.5%	1.5%
EUR	0.5%	0.5%
ZAR	4%	4%

## FINANCIAL REVIEW

We are pleased to present the audited financial results of the Group for the year ended 31 December 2013.

### Economic highlights

The economy in 2013 was burdened by high interest rates as the monetary policy stance remained tight for most of the year. The intense monetary policy operations pushed up Treasury Bill yields to the highest levels since the change of government in May 2012. The blended Treasury Bill yield hit a peak of 40.19% in April 2013 and averaged 31.54% during the year. High Treasury Bill yields raised the cost of funds and consequently lending rates remained high throughout the year which negatively affected the demand for loans which resulted in a slow-down in the growth of the loan portfolio.

There was however good performance in the agricultural sector following an outstanding tobacco crop. The proceeds of the tobacco auction brought stability to the exchange rate for a few months before it tumbled again in the last quarter of the year. The Kwacha appreciated steeply by 21% between May and June 2013 but reversed all these gains and had depreciated by 32% by the end of December 2013.

The weaker currency assisted in sustaining the high double digit inflation levels in the economy given the high import dependency level. The average annual inflation rate as at December was 23.5% although a peak of 37.9% was hit in February.

### Performance

2013 was a good year for the Group where it again achieved a very good financial performance. Total assets grew 41% year on year mainly as a result of a 54% growth in customer deposits. The Group maintained strong discipline in lending due to liquidity challenges in the market and concerns about the high interest rate environment and as a result there was a modest 5% growth of the loan book.

Profit after tax at MK12.1 billion was 52% above same period last year. Operating income grew by 47% year on year due to higher trading income as well as higher income on loans and advances.

Operating costs grew 45% year on year due to a general increase in the prices of goods and services amidst a high inflation rate. The Group will continue to ensure costs are kept under control by focusing on cost management measures and operational efficiency. The cost to income ratio for the year stood at 38%.

Due to the strong performance for the year, earnings per share have increased from MK37 achieved in

2012 to MK57 in 2013.

### Outlook

Economic prospects for 2014 are more of a mixed bag largely due to the pending general elections and the weaker economic environment prevailing at the end of 2013 following the withholding of budgetary support by donors in the last quarter of 2013. Pre-elections fiscal lapses could trigger more inflationary pressures in the first half of 2014 but consolidation is expected in the post election period.

The Kwacha is expected to continue depreciating in 2014 as the country is expected to continue relying on the same traditional sources of foreign exchange. The restructuring of the Liquidity Reserve Requirement (LRR) by the monetary policy authorities will raise the funding requirements for the Group in 2014 and consequently lending rates are expected to remain high which may hamper the demand for loans.

The Group will strive to deliver the best possible service and is committed to ensuring customer satisfaction. The Group's core philosophy is to maintain a conservative and well-capitalized balance sheet (financial position) for the security of its depositors coupled with strong capital ratios and ample liquidity. In 2014, it will focus on retaining its customers in the Corporate and Investment Banking (CIB) space. Personal and Business Banking (PBB) will focus on building customer relationships whilst ensuring compliance matters are under control.

### Audit opinion

Pursuant to the requirements of the Banking Act 2010, we publish the Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income, Consolidated and Separate Statement of Financial Position and Consolidated and Separate Statement of Cash flows of Standard Bank Limited as at 31 December 2013 together with the independent auditor's report thereon.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE STANDARD BANK LIMITED

We have audited the consolidated and separate financial statements of the Standard Bank Limited for the year ended 31 December 2013 from which the summarised consolidated and separate financial statements were derived, in accordance with International Standards on Auditing. In our report dated 21 February 2014, we expressed an unqualified opinion on the consolidated and separate financial statements from which the summarised consolidated and separate financial statements were derived.

In our opinion, the accompanying summarized consolidated and separate financial statements are consistent, in all material respects, with the consolidated and separate financial statements from which they were derived.

For a better understanding of the Group's consolidated and separate financial position and the results of its operations for the year and of the scope of our audit, the summarised consolidated and separate financial statements should be read in conjunction with the consolidated and separate financial statements from which the summarised consolidated and separate financial statements were derived and our audit report thereon.



Certified Public Accountants and Business Advisors  
Lilongwe

21 February 2014

### Dividend

An interim dividend of **MK9.37** (2012: MK9.37) per ordinary share was paid in September 2013 representing **MK2 billion** (2012: MK2billion). The directors recommend that no final dividend be paid as the Bank needs the current capital base to meet regulatory capital requirements under Basel II and also for its growth prospects.

### By order of the Board

Name	Designation	Signature	Date
A Chitsime	Chairman		21 Feb 2014
R Harawa	Director		21 Feb 2014
A Mashanda	Chief Executive		21 Feb 2014
T Simwaka	Chief Financial Officer		21 Feb 2014



Standard  
Bank

Moving Forward™