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News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
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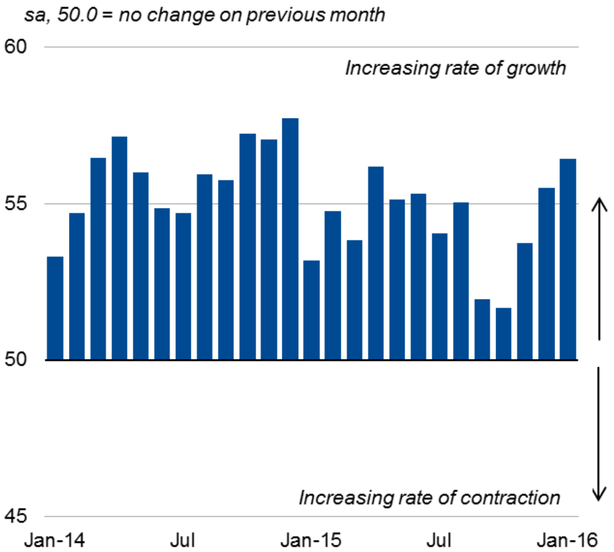
CfC Stanbic Bank Kenya PMI™

PMI signals strongest private sector expansion since late-2014

Data collected 12-27 January

- Business conditions improve sharply in January
- Pick-ups in growth of output, new orders and employment
- Backlogs of work rise at fastest rate in series history

CfC Stanbic Bank Kenya PMI



Sources: CfC Stanbic Bank, Markit

Kenya's private sector remained on an upward curve at the start of 2016, as growth accelerated for the third straight month. Business conditions improved at the fastest pace in over a year, driven by marked expansions in output, new orders and employment. This led to capacity pressures, as highlighted by a survey-record rise in backlogs of work. Meanwhile, with cost pressures easing, consumers faced only a modest increase in charges.

The headline figure derived from the survey is the Purchasing Managers' Index™ (PMI™). Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 show a deterioration.

The seasonally adjusted PMI ticked up to a 13-month high of 56.4 in January. Rising from 55.5 in December, the latest reading was above those seen throughout 2015 and indicative of a sharp improvement in business conditions. The headline index has now pointed to faster growth in every month since reaching its record low in October last year (51.7).

Commenting on January's survey findings, Jibran Qureishi, Regional Economist E.A at CfC Stanbic Bank said:

"2016 has begun on a solid footing, showing a similar trend to that seen towards the end of last year. The CfC Stanbic PMI accelerated to a 13-month high boosted by higher output, new orders and employment. Job creation will probably continue to remain robust in the coming months considering that backlogs of work rose at the fastest rate in the series history."

The main findings of the January survey were as follows:

Reflective of the overall trend, output rose at the steepest rate in over a year during January. According to anecdotal evidence, production was raised in line with stronger-than-expected sales and the opening of new branches.

Reports of improving client demand were reinforced by survey data at the beginning of 2016. Growth of new business accelerated to a nine-month high, helped by a solid expansion in new export work. Panellists commented on new client wins generated in part by enhanced marketing strategies.

Similarly, the rate of job creation at Kenyan private sector firms was the most marked since May last year. Survey participants indicated that hiring was generally a result of rising workloads, though this also placed pressure on operating capacity. Outstanding business was accumulated at the sharpest pace in the survey's 25-month history.

Purchasing activity also increased in January, albeit at a rate little-changed since December. Nonetheless, growth remained broadly in line with the series trend, and it contributed to a faster rise in pre-production inventories.

Meanwhile, total input costs rose more slowly in January. The respective index was at a ten-month low, reflective of a relatively muted increase in purchase prices. Notably, reports of currency weakness versus the US dollar were much less frequent than in previous months.

Weaker cost pressures benefitted consumers to some extent, as charges increased only modestly. Some respondents offered discounts in an effort to secure new business, while others continued to pass through higher input prices.

-Ends-

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Note to Editors:

The CfC Stanbic Bank Kenya Purchasing Managers' Index™ is based on data compiled from monthly replies to questionnaires sent to purchasing executives in approximately 400 private sector companies, which have been carefully selected to accurately represent the true structure of the Kenyan economy, including agriculture, mining, manufacturing, services, construction and retail. The panel is stratified by Standard Industrial Classification (SIC) group, based on industry contribution to GDP. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

The Purchasing Managers' Index™ (PMI™) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times index inverted so that it moves in a comparable direction.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from Markit. Please contact economics@markit.com.

CfC Stanbic Bank:

CfC Stanbic Bank is part of the Standard Bank Group, Africa's largest bank by assets.

Standard Bank Group had total assets of R1 694 billion (about USD162 billion) at 31 December 2013, while its market capitalisation was R209.4 billion (about USD20 billion).

The group has direct, on-the-ground representation in 20 African countries. Standard Bank Group has almost 560 branches and 1 223 ATMs in Africa, making it one of the largest banking networks on the continent. It provides global connections backed by deep insights into the countries where it operates. In Kenya, it has a network of 24 branches.

CfC Stanbic Bank provides the full spectrum of financial services. It's Corporate and Investment Banking division serves a wide range of requirements for banking, finance, trading, investment, risk management and advisory services. Corporate and Investment Banking delivers this comprehensive range of products and services relating to: investment banking; global markets; and global transactional products and services.

CfC Stanbic Bank's corporate and investment banking expertise is focused on industry sectors that are most relevant to emerging markets. It has strong offerings in mining and metals; oil, gas and renewables; power and infrastructure; agribusiness; telecommunications and media; and financial institutions.

The bank's personal and business banking unit offers banking and other financial services to individuals and small-to-medium enterprises. This unit serves the increasing need among Africa's small business and individual customers for banking products that can meet their shifting expectations and growing wealth.

CfC Stanbic Bank is listed on the Nairobi Stock Exchange (NSE).

For further information log on to www.cfcstanbicbank.co.ke

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About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 30 countries and also for key regions including the eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to www.markit.com/economics.