News Release

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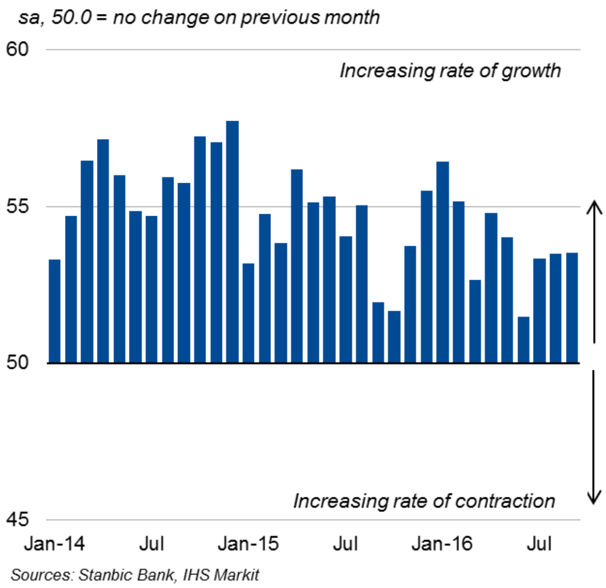
Stanbic Bank Kenya PMI™

Steady private sector growth continues in September

Data collected 12-28 September

- PMI little-changed throughout third quarter; signals another solid improvement in business conditions
- Sharp rise in purchasing activity helps fuel output growth
- Expansion of new work eases but remains marked

Stanbic Bank Kenya PMI



Kenya's private sector remained in good health at the end of the third quarter, with business conditions improving at a solid pace. Expansions of output, new orders, employment and purchasing all supported growth of the sector as a whole. In particular, activity rose at the fastest pace in seven months. This led in turn to substantial inventory building aimed at catering for current and future output requirements. Cost pressures were meanwhile historically muted, allowing some firms to lower their charges in an effort to attract new clients. Selling prices were unchanged overall.

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.

September's PMI saw a continuation of the recovery in growth shown in the preceding two months following June's slowdown. The seasonally adjusted index posted 53.5, barely changed from July (53.3) and August (53.5) but higher than the record low seen at the end of the second quarter (51.5). The latest figure pointed to a solid improvement in business conditions.

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

"The Stanbic PMI continued to show an improvement in business conditions in September, although the average from the second quarter of the year remained unchanged at 53.4 in Q3. This sustained amelioration is largely on the back of a rebound from the tourism sector attributed to improved security conditions and subsequent hosting of high profile conferences.

"Furthermore, it's important to highlight that panellists pointed out that new export orders rose owing to penetration into markets such as Namibia, Sudan and Ethiopia. This diversification of export markets will only serve to underpin the Kenyan private sector's resilience."

The main findings of the September survey were as follows:

Output growth picked up to a seven-month high in September. That extended the strong growth trend seen over the third quarter, and contrasted with a near-stagnation recorded in June. Higher activity was widely linked to new client wins.

Reports of improving demand were evidenced in latest survey numbers, as new business rose markedly again. However, the rate of expansion eased to a three-month low, and was muted in the context of historical data.

The amount of new export work meanwhile rose for the second successive month in September. Anecdotal evidence highlighted expansion into new markets such as Namibia, Sudan and Ethiopia.

On the jobs front, Kenyan private sector firms took on extra staff in September. Moreover, the rate of hiring was at a four-month high. The rise in employment was insufficient to lift capacity pressures, however, as backlogs rose to the greatest extent in the series history. Some companies mentioned a lack of funding for ongoing projects.

Greater output requirements had the knock-on effect of increased purchasing, latest data showed. Buying activity increased sharply, as did stocks of purchases. In fact, the rate of inventory building was the second-sharpest on record.

Finally, input costs rose at a relatively subdued rate in September. This enabled some businesses to reduce their charges in an effort to secure new business. Output prices were unchanged overall, ending a run of five consecutive rises.

-Ends-

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Note to Editors:

The 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@ihsmarkit.com.

Stanbic Bank:

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.

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.

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.

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

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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/product/pmi.