press release

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Standard Chartered half year profit up 34 per cent

Wednesday 17th August 2016…Standard Chartered Bank Kenya recorded KShs 7.5 billion profit before tax for the half year ended June 2016 up from KShs 5.6 billion posted over a similar period last year. The strong performance was driven by growth in income which was up 19 per cent to KShs 14.5 billion.

"The performance in the first half has been strong reflecting the good progress we are making on the strategic actions we set out in November 2015. Our underlying business volumes generally remain strong, and we are rebuilding the balance sheet with good quality assets, and our capital position remains strong," said Lamin Manjang, Standard Chartered Chief Executive Officer.

The Retail Banking segment which contributed 45 per cent of total income posted the best performance with income up 21.2 per cent year-on-year driven by growth in mortgages and lending to small businesses. "We are revamping our digital capabilities to enhance client experience and improve efficiency. We have improved our client service through the roll out of Retail Workbench, our award winning iPad-based on-boarding platform. Additionally, we are actively rolling out our most advanced mobile and on-line banking platforms," said Mr Manjang. .

The Corporate & Institutional Banking, which contributed 46 per cent to total income, also had strong growth with income up 12.3 per cent year-on-year. This was driven by strong foreign exchange growth as well as growth in income from government securities.

The Bank's underlying costs grew 6.7 per cent in line with inflation, investments in digital capabilities and optimising branch network.

Although loan impairment is up 5.9 per cent year-on-year it is 61.9 per cent lower than in the second half of 2015. Mr Manjang said the lower levels of loan impairment compared to the second half of 2015 reflect the benefit of past risk management actions and the Bank's tightened risk tolerances. Gross non-performing loans (NPLs) increased by 4.6 per cent from December 2015 to KShs 15.4 billion. However, the cover ratio increased to 63.4 per cent (December 2015: 56.4 per cent).

Customer loans and advances were marginally down 0.7 per cent as the Bank continues to focus on disciplined balance sheet management and more selective asset origination. “We have a balance sheet that gives us a strong foundation to support our growth ambitions for the future. Our balance sheet remains highly liquid with advances to deposits ratio at 60 per cent. We remain a customer deposit funded bank with the Current Account and Savings Account ,CASA, balances at 75 per cent (December 2015: 76 per cent). We are confident that the initiatives we have put in place across our business will see our balance sheet grow strongly,” he noted.

Mr Manjang said the strong capital base with a total capital ratio of 21.6 per cent positions the Bank well to continue taking advantage of opportunities for business growth as well as making healthy returns to investors.

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