

# press release

*For Immediate Release*

## Standard Chartered announces Q1 results

**Tuesday 23<sup>rd</sup> May 2017...** Standard Chartered today announced a pretax profit of KShs 3 billion for the first quarter of 2017. The Bank said the 19 per cent drop, year-on-year, reflects the effects of the Banking (Amendment) Act, 2016, which capped lending rates and introduced a base on deposit rates.

In a statement Mr. Lamin Manjang Standard Chartered CEO noted: “Though we entered 2017 with cautious optimism, pressure occasioned by external challenges particularly the Banking (Amendment) Act, 2016, is reflected in the performance as we witness deceleration in credit growth. While it might be too soon to be able to quantify the impact accurately, it is evident that this is impacting performance for the industry.”

Net interest income declined by 5 per cent to KShs 4.6 billion down from KShs 4.9 billion during a similar period last year. Interest income on customer loans and advances at KShs 3.6 billion saw a 7 per cent fall from the similar period in 2016 due to margin compression and lower average balance of loans and advances.

Interest expense increased by 12 per cent from KShs 1.5 billion in the first quarter of last year to reach KShs 1.7 billion as a result of higher deposit balances coupled with higher interest paid in line with the new regulation.

Loans and advances to customers declined by 5 per cent to stand at KShs 117 billion compared to KShs 123 billion at the close of 2016. Customer deposits increased by 10 per cent to reach KShs 205 billion compared to KShs 187 billion at the end of 2016.

Non-interest income decreased 10 per cent year-on-year to KShs 2.1 billion primarily due to lower foreign exchange volumes coupled with low custodial flows from subdued performance in the Nairobi Securities Exchange.

Operating costs grew by 6 per cent to KShs 3.0 billion as the Bank continued to implement the Digital by Design strategy which aims to migrate over 80 per cent of transactions to non-branch channels by 2020. Standard Chartered has prioritised deployment of technology to promote efficiency and enhance risk management. In the last year, the Bank has introduced a Mobile app, a revamped online platform, fingerprint log-in technology, Video Banking and Cash Deposit machines.

Loan impairments grew by 6 percent year-on-year to KShs 772 million with Gross non-performing loans increasing marginally to KShs 15.4 billion from December 2016. Said Mr. Manjang: “While, overall credit quality has remained broadly stable, we remain cautious about credit conditions in the market.”

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Standard Chartered PLC is listed on the London and Hong Kong Stock Exchanges as well as the Bombay and National Stock Exchanges in India.

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