Standard Chartered Bank Kenya pre-tax profit up 47% in Q1 2016

Tuesday May 24th 2016… Standard Chartered Kenya today announced a 47% growth in pre-tax profit for the quarter ended 31 March, 2016. The Bank recorded KShs 3.7 billion Profit before tax up from KShs 2.5 billion in the same period last year. Income was up 24 per cent to KShs 7.2 billion compared to the same period last year.

"The first quarter performance has been strong reflecting good results from the actions taken during 2015 to improve income trends. The double digit income and operating profit growth is testament that we are doing the right things across a balanced scorecard of growth, performance, cost control and risk management. Our underlying business volumes generally remain strong, and we are rebuilding the balance sheet with good quality assets," said Mr. Lamin Manjang, CEO Standard Chartered Kenya & East Africa.

Retail Banking which contributed 44% of total income grew 22.9 per cent on quarter 1 2015 driven by growth in mortgages and lending to small businesses while the Corporate & Institutional Banking, which contributes 48 per cent of total income, also had strong growth with income up 22.2 per cent on quarter 1 2015. This was driven by strong foreign exchange growth as well as growth income from government securities.

Commercial Banking, which serves small and medium sized corporate clients, has seen income grow by 40.6 per cent compared to quarter 1 2015. "During 2015, we put in a new management structure for the Commercial Banking business which is driving this segment to deliver sustainably higher returns over time. Commercial Banking contributes 8 per cent of total income," Mr Manjang explained.

The Bank's underlying costs grew 12.6 per cent in line with inflation, investments in digital capabilities and optimising branch network, as well as re-organisation around the refreshed strategy.

Gross non-performing loans (NPLs) increased by 4.8per cent from December 2015 to KShs 15.4 billion. However, the cover ratio increased to 58.6per cent (December 2015: 56.4 per cent) which is above the industry cover ratio of 37.5 per cent. Customer loans and advances were down 4.6 per cent.

Said Mr. Manjang: "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 59 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. We have a strong capital base with a total capital ratio of 21.3 per cent. This positions us well to continue to take advantage of opportunities for business growth as well as making healthy returns to our investors."

The Bank said it will continue to take a conservative approach to managing the balance sheet, maintaining a strong liquidity position and keeping a watchful eye on asset quality, given the uncertainties that remain in the external environment.

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