

press release

For Immediate Release

Standard Chartered announces H1 results

Tuesday 29th August 2017... Standard Chartered today announced a pre-tax profit of KShs 4.98 billion for the first half of 2017. The Bank said the 33 per cent drop, year-on-year, reflects the effects of the Banking (Amendment) Act, 2016, which capped lending rates and introduced a floor on deposit rates, slowdown in economic activity in the run up to the general elections and an increase in the non-performing loan book.

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 continue to witness deceleration in credit growth. While overall credit quality has remained broadly stable, stresses remain in some areas. We remain watchful for signs of deterioration in credit conditions in the market and proactive in our collection efforts to minimise account delinquencies.”*

Net interest income declined by 8 per cent to KShs 9.2 billion down from KShs 10.0 billion during a similar period last year. Interest income on customer loans and advances at KShs 6.9 billion saw a 12 per cent fall from the similar period in 2016 due to margin compression and lower average balance of loans and advances. The decline was partially mitigated by higher interest income from government securities.

Interest expense increased by 16 per cent from KShs 3.0 billion in the first quarter of last year to reach KShs 3.6 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 8 per cent to stand at KShs 113 billion compared to KShs 123 billion at the close of 2016 as the Bank continues to focus on disciplined balance sheet management and more selective asset origination. Customer deposits increased by 20 per cent to reach KShs 224 billion compared to KShs 187 billion at the end of 2016 from new mandates and deepening existing client relationships.

Non-interest income decreased 5 per cent year-on-year to KShs 4.3 billion primarily due to lower foreign exchange volumes.

Operating costs grew by 9 per cent to KShs 6.2 billion due to higher staff costs as well as implementation of 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 69 percent year-on-year to KShs 2.3 billion with Gross non-performing loans increasing to KShs 16.9 billion from December 2016 due to a small number of problem accounts.

- ENDS-

For more information or interview opportunities, please contact:

Tom Indimuli,

External Communications

Mobile: 0740042307

Email: Tom.Indimuli@sc.com

Standard Chartered

We are a leading international banking group, with around 84,000 employees and a 150-year history in some of the world's most dynamic markets. We bank the people and companies driving investment, trade and the creation of wealth across Asia, Africa and the Middle East. Our heritage and values are expressed in our brand promise, Here for good.

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

For more information please visit www.sc.com. Explore our insights and comment on our blog, [BeyondBorders](#). Follow Standard Chartered on [Twitter](#), [LinkedIn](#) and [Facebook](#).

Financial performance summary

Group income statement

	6 months ended 30.06.17 KShs million	6 months ended 30.06.16 KShs million	H1 2017 vs H1 2016 Better/ (Worse) %
Net interest income	9,157	9,960	(8.1)
Non funded income	4,296	4,535	(5.3)
Total operating income	13,453	14,495	(7.2)
Operating expenses	(6,165)	(5,652)	(9.1)
Loan impairment	(2,311)	(1,371)	(68.6)
Profit before taxation	4,977	7,472	(33.4)

	30.06.17 KShs million	31.12.16 KShs million	Increase/ (Decrease) %
Balance Sheet			
Loans and advances to customers	113,040	122,711	(7.9)
Customer deposits	224,483	186,598	20.3
Loans to deposits ratio	50%	66%	
Capital			
Core capital	35,268	35,258	
Total capital	42,494	42,104	
Core capital ratio	16.71%	17.51%	
Total capital ratio	20.14%	20.91%	