

# press release

***For Immediate Release***

## **Standard Chartered Bank Kenya Limited – Performance highlights**

**For the six month period ended 30 June 2018**

**22 August 2018...** Standard Chartered Bank Kenya Limited today releases its results for the six month period ended 30 June 2018.

*“The Bank has recorded a strong performance in the first half, with income up 9 per cent and pre-tax profits up 32 per cent compared to the same period last year. We have been prudent in managing our balance sheet with strong capital and liquidity ratios. The continued investments in Digital banking has enabled us to bring innovative products and solutions to meet the needs of our clients” Lamin Manjang, Chief Executive Officer.*

Net interest income was 8 per cent higher than the first half of 2017. Interest income on customer loans and advances declined by 2 per cent to KShs 6.7 billion due to lower average balances coupled with the re-pricing in line with the reduction of the Central Bank Rate. On the other hand, interest income from government securities increased by 23 per cent driven by increased investment.

Total interest expense was up by 9 per cent to reach KShs 3.9 billion driven by higher deposit balances.

Non-interest income increased by 12 per cent to KShs 4.8 billion compared to the similar period in 2017 driven by good growth in fees and commissions with excellent growth in our Wealth Management Business.

Operating expenses rose 11 per cent as the Bank prioritised digital investments to improve the business through promoting efficiency and enhancing risk management.

Loans and advances to customers declined by 12 per cent to KShs 111.7 billion compared to KShs 126.3 billion at the end of 2017. We remain selective in asset origination as we work to grow our balance sheet in a safe and sustainable manner.

Customer deposits are up 8 per cent to reach KShs 231 billion compared to December 2017 from deepening existing client relationships and new mandates.

Loan impairment at KShs 1.3 billion was 45 per cent lower than the same period in 2017 reflecting past actions to improve the risk profile of the loan book.

Gross non-performing loans at KShs 18.5 billion are up by 5 per cent from the end of 2017. Overall credit quality has remained stable as the Bank continues to focus on high quality

origination. The cover ratio of 75 per cent remains above the industry average of 34.5 per cent.

The capital and liquidity positions remain strong with all metrics above regulatory thresholds.

- The total capital ratio is at 18.6 per cent with a prudent surplus to regulatory requirements; and
- We are a deposit funded bank with a liquidity ratio at 71.3 per cent.

We continue to preserve strong capital and liquidity ratios, whilst further improving the quality of our balance sheet.

The Group continues to invest in far-reaching changes to transform the overall Group's response to financial crime, both internally as well as in partnership with key stakeholders globally. These changes are also taking place in our business here in Kenya.

During the period, we re-launched our Brand: We remain committed to our Brand Promise – Here for good and we re-affirmed this commitment with a brand campaign premised on the belief that "Good enough will never change the world". As a Bank, we will never settle for good enough nor will we stop striving to make things better for all our stakeholders, including our investors, our clients, colleagues and communities.

## **Summary**

The combination of favourable macroeconomic conditions relative to 2017 and our efforts to improve the quality of the customer asset book delivered a year-on-year improvement in operating income as we continue to pursue sustainable growth for the long-term.

As we look forward to the second half, we expect the favorable macroeconomic conditions to prevail and we see this presenting opportunities for us.

**- ENDS-**

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## Standard Chartered

We are a leading international banking group, with more than a 150-year history in some of the world's most dynamic markets. Our purpose is to drive commerce and prosperity through our unique diversity, and our heritage and values are expressed in our brand promise, Here for good.

We are present in more than 60 markets, with over 1,000 branches and around 3,000 ATMs.

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](http://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	6 months	H1 2018
	ended	ended	vs
	30.06.18	30.06.17	H1 2017
	KShs	KShs	Better/
	million	million	(Worse) %
Net interest income	9,843	9,157	7.5
Non funded income	4,821	4,296	12.2
<b>Total operating income</b>	<b>14,664</b>	<b>13,453</b>	<b>9.0</b>
Operating expenses	(6,827)	(6,165)	(10.7)
Loan impairment	(1,266)	(2,311)	45.2
<b>Profit before taxation</b>	<b>6,571</b>	<b>4,977</b>	<b>32.0</b>
	<b>30.06.18</b>	<b>31.12.17</b>	<b>Increase/</b>
	<b>KShs</b>	<b>KShs</b>	<b>(Decrease)</b>
	<b>million</b>	<b>million</b>	<b>%</b>
<b>Balance Sheet</b>			
Loans and advances to customers	111,749	126,294	(11.5)
Customer deposits	230,845	213,349	8.2
Loans to deposits ratio	48%	59%	
<b>Capital</b>			
Core capital	34,731	35,628	
Total capital	40,987	42,242	
Core capital ratio	15.78%	15.62%	
Total capital ratio	18.62%	18.52%	