

SIDIAN BANK RECORDS PROFIT DIP ON STRATEGIC TRANSFORMATION EXPENSE COSTS IN Q3 2016.

Key Financial Highlights

- Interest income grew by 25% supported by a 15% growth in the loan book.
- Interest expense grew 25% driven both by a 22% deposits and a general rise in market interest rates.
- As a result, total operating income rose 18% to close at Ksh. 2.02 billion.
- Operating expenses rose 23% due to increased provisions (up by 44 %) and higher operational expenses relating efficiency enhancement projects as part of the on-going transformation programme. While the bank increased provisions by Ksh 75 million, the cumulative provisions dropped by Ksh. 129 million following a Ksh. 300million write-off of provisions relating to fully provided for bad debts in the first half of the year.

Nairobi, 29th November 2016...Sidian Bank withstood one-off costs associated with its ongoing strategic transformation to record a net profit of Ksh. 220 million after tax, for the third quarter of 2016.

This is against Sh281 million recorded during the same period last year, denoting a 22 per cent drop.

However, Sidian Bank registered an overall growth in its business, with the balance sheet growing by 19 per cent, largely buoyed by growth in customer deposits and the loan book. Total assets closed at Sh21 billion, against Sh17 billion for the comparable period last year.

In tandem with the overall growth tangent, customer deposits increased to Sh14 billion, against Sh12 billion for the third quarter of 2015, while loans and advances closed the period under review at Sh2.1 billion, compared to Sh1.7 billion previously.

The costs associated with rebranding early in the year, as well as provision for bad loans, increased operating expenses to Sh1.7 billion for the quarter, against Sh1.3 billion for the corresponding period last year.

Said CEO Titus Karanja: “These results demonstrate that our transformation program is bearing fruit. Despite the one-off hits from re-structuring costs, which was expected, we are glad to note that we were able to grow our core business in an increasingly competitive environment. Through the strategic realignment and prudent management of our loan book, we believe we have laid the foundation for sustained growth going into the future.”

The high uptake of the bank’s loan products, largely bolstered by aggressive marketing and strategic partnerships, saw Sidian Bank’s interest income rise by 25 per cent to Sh2.4 billion, against Sh1.95 billion recorded during the same period last year. The Bank partnered with online taxi hailing service Uber and medical equipment financier Medical Credit Fund. These partnerships, respectively, provide access to finance for taxi entrepreneurs and purchase of medical equipment by hospitals.

A significant increase in customer deposits saw interest expense grow to Sh911 million for the quarter compared to Sh726 million which was recorded for the same quarter last year. Overall, customer deposits for the bank grew to Sh723 million from the Sh613 million recorded the previous comparable period.

Mr. Karanja added: “Our strategy is informed by our commitment to empower entrepreneurs to create wealth through provision of transformational financial solutions that meet their needs. These results demonstrate that we are on track to deliver on the commitments we have made. I remain excited about the potential for our business.”

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About Sidian Bank

Sidian Bank is a full-service commercial bank providing an array of financial services to individuals and enterprises. The bank, formerly known as K-rep Bank has been a leading player in Kenya's enterprise banking sector. Sidian Bank's goal is to create wealth through provision of transformational financial solutions that meet entrepreneurs' needs and facilitate growth through convenience and choice. The bank has a network of 37 branches.