



INVESTMENT FUND FOR  
DEVELOPING COUNTRIES



## For Immediate Release

### **Sidian Bank Receives USD 12 Million Tier 2 Capital Injection from The Investment Fund for Developing Countries (IFU)**

**Nairobi, Kenya March 7, 2019:** Sidian Bank has today inked a deal with The Investment Fund for Developing Countries (IFU), a Danish Development Finance Institution (DFI) that will see the bank receive USD 12 million Tier 2 capital injection as part of the broader initiative to grow the bank to Tier 2 status.

The funds are expected to boost the bank's regulatory capital ratios as it works towards achieving its strategic objective of becoming a Tier 2 bank by 2022. The shareholders of the bank approved a rights issue of KES. 1.5 billion and a tier 2 capital raise of KES. 1.2 billion, which in combination will support growth of the bank's assets by an additional KES. 10 billion to KES. 35 billion.

We are pleased to report that in the recently concluded rights issue, Sidian Bank raised KES. 1.1 billion and today we are here to announce IFU's USD 12 million investment in Tier 2 capital in Sidian Bank.

The funds will be used to enable the bank further its mission to empower entrepreneurs through the strategic growth of its loan book with a key focus on the SME loan book, trade finance portfolio and mobile lending. As part of the agreement, IFU will have the option within the first three years, to convert their investment into equity, subject to Central Bank of Kenya (CBK) approval.

Speaking during the official signing of the funding agreement, Dr. James Mworira, Chairman of the Board of Sidian Bank stated that "We are very pleased with the decision by IFU to invest \$12 million in the bank. This is a major vote of confidence in Sidian Bank and its strategic initiatives by an institutional investor with significant investments in financial services companies across the globe. In addition, IFU will serve on the board of the bank, and we look forward to leveraging their breadth of experience in the financial services sector. Centum Investment together with the other shareholders of Sidian Bank, continue to be committed to building a strong bank with robust governance structures that will support the drive to be the preferred bank for SMEs"

As the bank's net loan book grew from KES 11.4 billion as at December 2017 to KES 13.1 billion as at 30<sup>th</sup> September 2018, and the Trade Finance portfolio recorded significant growth from KES

6.6 billion as at December 2017 to KES. 14.2 billion as at 30<sup>th</sup> September 2018, the bank is on track to being enlisted as a Tier 2 bank. To further this growth, Sidian bank has begun targeting the digital savvy segment of its clientele and the unbanked sectors of its target market through an upgrade of its mobile banking platform that also incorporates mobile lending.

Mr. Morten Elkjaer, IFU Vice President, presiding over the agreement signing on behalf of IFU emphasized that: “We are very pleased to engage with Sidian Bank and its shareholders. We believe this will help increase access to finance that can spur growth of SMEs and contribute to sustainable development and jobs in Kenya by providing effective and timely financial services. Our investment in Sidian Bank is the first investment to unfold our new strategy to support more financial institutions with an SME focus”.

Mr. Chege Thumbi, Chief Executive Officer at Sidian Bank, further added that “The funding comes at a time when the bank has intensified accelerated growth with an aim of achieving its 5-year strategic goals. With this investment, the bank will be well capitalized with high liquidity, offering ease of access to funding, financial backing and fast turn-around times for our SME customers and by extension position us as the bank of choice for SMEs and entrepreneurs. We anticipate that the investment by IFU will therefore drive improved performance of the bank profitably.”

-ENDS-

### **About Sidian Bank.**

Sidian Bank is a full-service commercial bank providing an array of financial services to individuals and enterprises and has been a leading player in Kenya’s enterprise banking sector.

At Sidian Bank, we recognize the significant accountability and inherent risks that an entrepreneur takes to make his ideas and dreams a reality. It is for this reason that our mission is to empower entrepreneurs to create wealth through provision of transformational financial solutions that meet entrepreneurs needs and facilitate growth through convenience and choice, through a network of forty-one branches countrywide.

### **About IFU (The Investment Fund for Developing Countries)**

IFU is a self-governing state fund with the purpose of promoting economic and social development in developing countries through provision of advisory services and risk capital to companies in developing countries and emerging markets.

Investments are made on commercial terms in the form of share capital and loans to project companies. Advice is provided from IFU’s head office in Copenhagen and on location through regional offices in Asia, Africa, including Nairobi, Latin America and Central and Eastern Europe.

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