

CO-OPERATIVE BANK RECORDS KSHS 5.1 BILLION PROFIT IN Q1 2019

The Co-operative Bank Group is delighted to report a Profit before Tax of **Kshs.5.1 Billion** for the first quarter of 2019 compared to **Kshs.4.9 Billion** recorded in the first quarter of 2018, a steady growth of 4.4% against the backdrop of a challenging economic environment in the period. Profit after tax was **Kshs 3.6 Billion** compared to **Kshs 3.4 Billion** in the previous year.

The Group continues to leverage on the benefits of the “Soaring Eagle” Transformation Agenda that has re-tooled and equipped the business with added competitive edge as reflected in the sustained growth in market share across all market segments and Counties, which has progressively deepened our celebrated Financial Inclusion model rooted in the over 15 million-member co-operative movement, that is the face of Kenya.

Key financial highlights include;-

1. Profit & Loss

- *Total non-interest income increased by 19.1% from Kshs 3.5 billion to Kshs 4.2 billion.*
- *Interest income from government securities increased by 39.6% from Kshs 2.0 billion to Kshs 2.8 billion.*
- *Total operating income grew by 1.7% from Kshs 10.9 billion to Kshs 11.1 billion.*
- *Total operating expenditure decreased by 1.2% from Kshs 6.1 billion to Kshs 6.0 billion as a result of prudent cost management strategy and enhanced efficiency.*

Balance sheet

- *Total assets grew by Kshs 27.9 Billion (+7%) to Kshs. 425.7 Billion compared to Kshs 397.8 Billion in the same period last year.*
- *Net loans and advances book remained relative stable at Kshs. 251.6 billion.*
- *Investment in Government securities grew by Kshs.29.0 billion (+38.6%) to Kshs. 103.9 billion compared to Kshs. 75.0 billion in first quarter of 2018.*
- *Customers deposits grew by 7.4% from Kshs. 295.9 billion to Kshs 317.8 billion*

- Borrowed funds from development partners grew by Kshs. 3.1 billion (+14.9%) to Kshs 23.7 billion compared to Kshs.20.7 billion in the same period the previous year.
- Shareholders' funds grew from Kshs. 67.9 billion to Kshs. 72.8 billion.
- The bank closed the quarter with a sound capital base, with adjusted total capital against total risk-weighted assets standing at 16.5%, which is 2.0% above the statutory minimum of 14.5%.

2. Innovative Customer Delivery Platforms

- Through our multi-channel strategy, the Bank has successfully moved **88%** of all customer transactions to alternative delivery channels that include self-service kiosks in 155 branches, an expanded 24-hour contact centre, mobile banking, 585 ATMs, internet and over 11,600 Co-op Kwa Jirani banking agents.
- A successful Universal Banking model and the implementation of Sales Force Effectiveness has seen the Group serve **8.2 million** Account-holders across all sectors.
- Key focus on digital banking, with the all-telco **Mco-op Cash** Mobile Wallet continuing to play a pivotal role in the growth of non-funded income with over 4.3 Million customers registered and 1.2 million loans worth over Kshs 5.1 billion disbursed as at the close of Q1 2019.
- Over **26,800** customers have taken up the rolled out MSME packages that we launched in 2018 and 1600 have been trained on business management and planning. We have earmarked Kshs 15.2 billion for MSME lending and to date we have disbursed Kshs 3.2 billion under the program. These include 24,167 mobile unsecured business e-loans and 450 supply-chain loans disbursed in Q1 2019 alone.
- Our unique model of retail banking services through Sacco FOSAs enabled us provide wholesale financial services to over 464 FOSA outlets, and issue over **1 million** Sacco-Link cards.

3. Regional Expansion

Co-operative Bank of South Sudan that is a unique Joint Venture (JV) partnership with Government of South Sudan (Co-op Bank 51% and GOSS 49%) made a Profit before tax of Kshs 41.7 Million in Q1 2019 which was 28.7% higher than Kshs 32.4 Million posted in 2018.

4. Corporate Social Responsibility Programs

Co-op Bank Foundation has provided Scholarships for gifted but needy students from all regions of Kenya. The sponsorship includes; fully-paid secondary education, full fees for University education, Internships and career openings for beneficiaries. The foundation is fully funded by the bank and has so far supported 7,689 students since the inception of the program.

Conclusion

The Co-operative Bank Group will continue to deliver good performance as we focus on the growing the **8.2 million** account-holder base, digital banking, the basket of innovative financial solutions, efficient delivery of services and multichannel access to retain market position and deliver business growth and profitability in the days ahead.



DR. GIDEON MURIUKI - CBS, MBS

GROUP MANAGING DIRECTOR & CEO

22nd May 2019