



CO-OPERATIVE BANK RECORDS KSHS 5.1 BILLION PROFIT IN FIRST QUARTER 2020

The Co-operative Bank Group is delighted to report a Profit before Tax of **Kshs.5.1 Billion** for the first quarter of 2020, a performance similar to the one recorded a year ago in first quarter of 2019. Profit after Tax was **Kshs 3.6 Billion**.

The Group notes the historically unique operating environment occasioned by the Covid-19 pandemic which has brought about unprecedented economic and social disruption throughout the world. The Group has put in place a comprehensive mitigation strategy intended to ensure full banking services continue being accessible to customers in a safe environment consistent with the Ministry of Health guidelines. In this regard, we continue to leverage our digital channels while ensuring that all branch outlets remain open to offer service, with due regard to the health and safety of both customers and bank teams.

The Group notes the strong performance in the first quarter of this year, and continues to pay close attention to the enormous challenge posed by the pandemic with a view to sustaining full and uninterrupted business operations in the days ahead.

Key financial highlights include; -

1. Profit & Loss

- *Total operating income grew by 12.5% from Kshs 11.1 billion to Kshs 12.5 billion.*
- *Total non-interest income increased by 19% from Kshs 4.2 billion to Kshs 5.0 billion.*
- *Net interest income increased by 8.5% from Kshs 6.9 billion to Kshs 7.5 billion.*
- *Total operating expenses grew by 20.6% from Kshs 6.0 Billion to Kshs.7.3 billion on account higher loan loss provision and staff expenses.*

2. Balance sheet

- *Total assets grew by Kshs 44.7 Billion (+10.5%) to Kshs. 470.4 Billion from Kshs 425.7 Billion recorded in first quarter 2019.*
- *Net loans and advances book grew by 24.5 billion (9.8%) to stand at Kshs. 276.2 billion compared to Kshs. 251.6 billion in 2019.*

- Investment in Government securities grew by Kshs. 11.9 billion (+11.5%) to Kshs. 115.9 billion compared to Kshs. 103.9 billion in 2019.
- Customers' deposits grew by 6.9% from Kshs. 317.8 billion to Kshs 339.6 billion.
- Borrowed Funds from development partners grew by Kshs. 3.7 billion (+15.5%) to Kshs 27.4 billion compared to Kshs.23.7 billion in 2019.
- Shareholders' funds grew to Kshs. 82.0 billion (+12.7%) from Kshs 72.8 billion in 2019. This has enabled the bank to continue to pitch for big-ticket deals.

3. Innovative Customer Delivery Platforms

- Through our multi-channel strategy, the Bank has successfully moved almost **90%** of all customer transactions to alternative delivery channels, an expanded 24-hour contact centre, mobile banking, 584 ATMs, internet and over 16,700 Co-op Kwa Jirani banking agents.
- A successful Universal Banking model and the implementation of Sales Force Effectiveness has seen the Group serve over **8.8 million** Account-holders across all sectors.
- Key focus on digital banking, with the all-telco **MCo-opCash** Mobile Wallet continuing to play a pivotal role in the growth of non-funded income with 5.6 Million customers registered and loans worth over Kshs. 16 Billion disbursed in Quarter 1 2020.
- Over 85,252 customers have taken up the MSME packages that we rolled out in 2018, and 5,000 have been trained on business management and planning. We have earmarked KShs. 15.2 billion for MSME lending, with Kshs. 12.4 billion disbursed to date.
- Our unique model of retailing banking services through Sacco FOSAs enabled us provide wholesale financial services to over 479 FOSA outlets, and issue over 1.18 Million Sacco-Link cards.

4. Subsidiaries

- 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 29.7 Million in first quarter 2020.
- Co-op Consultancy & Insurance Agency contributed **Kshs. 250.5 Million** as at 31st March 2020.

- Co-op Trust Investment Services contributed **Kshs. 20.5 Million** in PBT with funds under management at **Kshs. 106.6 Billion** as at 31st March 2020 compared to Kshs. 85.2 Billion at as at 31st March 2019.

5. **Kshs. 15B Loans Restructured to Support Customers on Covid-19 Pandemic** With the Covid-19 crisis, the Bank has proactively engaged all the customers and reviewed the following;

- Customers requiring an interest moratorium period
- Customers requiring a better structure/longer repayment period
- Customers requiring additional funding to manage the crisis

In total, a portfolio of over **Kshs 15 Billion** has been re-aligned to offer our customers this needed support.

6. **Proposed Acquisition of 100% Shares of Jamii Bora Bank Limited**

The Board of Directors of Co-operative Bank of Kenya Limited reported on 11th March 2020 having approved the progression of discussions with Jamii Bora Bank Limited, which if successful, would lead to the Co-operative Bank of Kenya Limited acquiring the 100% shareholding in Jamii Bora Bank Limited.

Jamii Bora Bank is a Kenyan bank incorporated under the Companies Act with over 350,000 customers in 17 branches and an asset base of Kshs 12.5 billion.

The acquisition offers Co-op Bank the opportunity to cross-sell and deepen product offering to the enhanced customer base, and create a niche bank to offer specialised credit offerings that include MSME Banking, Microfinance, Youth & Women Banking, Asset Finance and Leasing. Due diligence for the acquisition is ongoing.

7. **Corporate Social Investment**

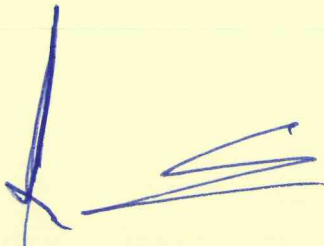
- Co-operative Bank Foundation has provided Scholarships for gifted but needy students from all regions of Kenya. The sponsorship includes; fully-paid secondary education, full fees for University education, Internships and career openings for beneficiaries. The Foundation is fully-funded by the bank and has so far supported **7,657 students** since inception.
- The Bank gave a cash donation of **Kshs 100 million** to the Covid-19 Emergency Response Fund.

8. Accolades

Co-operative Bank was named Overall Winner of the Kenya Bankers Association (KBA) 2019 Sustainable Finance Catalyst Award. The Awards recognize institutions that practice sustainable finance which has a direct positive impact on the financial sector, the economy, the environment and the society. The bank scooped two more awards in the green energy space; being named Best Bank in Sustainable Finance in Kenya at the 2019 Energy Management Awards hosted by the Kenya Association of Manufacturers, and also named Overall Winner in Environmental Sustainability Reporting at the 2019 East African Financial Reporting (FiRe) Awards. The Bank was also named Best Bank in Kenya by EMEA Finance African Banking Awards 2019.

Conclusion

The Co-operative Bank Group joins the Nation and the global community of goodwill in fighting the pandemic and supporting mitigation efforts with, among other measures, a key Ksh 100 Million cash donation to the COVID-19 Emergency Response Fund. The Group has put in place an impact mitigation strategy to ensure full business continuity that guarantees uninterrupted access to banking services by customers. We are praying that our Nation will flatten the curve of infections, and resume normal operations in due course.



DR. GIDEON MURIUKI - CBS, MBS
GROUP MANAGING DIRECTOR & CEO

20th May 2020

Editors' Notes

The Co-operative Bank Group ('The Group') is incorporated in Kenya under the Company's Act and is licensed to carry out the business of banking under the Banking Act. The Bank was listed in year 2008 wherein it is now the largest Co-operative Bank in Africa.

The Group is one of the largest financial institutions in the region and runs 4 subsidiaries namely; Kingdom Securities Ltd, Co-optrust Investment Services Limited, Co-operative Consultancy Services (K) Limited and Co-operative Bank of South Sudan; The Bank also owns a 24.8 per cent stake in CIC Insurance Group. The Bank's footprint across Kenya and the region includes; 155 branches in Kenya, 4 in South Sudan, 584 ATMs and over 16,700 Co-op Kwa Jirani agency banking outlets supporting a growing client base now standing at over 8.8 million account-holders.