



CO-OP BANK RECORDS KSHS 15.4 BILLION PROFIT IN THIRD QUARTER 2019

The Co-operative Bank Group is delighted to report a Profit before Tax of **Kshs. 15.45 Billion** for the third quarter of 2019 compared to **Kshs. 14.64 Billion** recorded in third quarter 2018, a strong growth of **6%** against the backdrop of a challenging economic environment in the period. Profit after tax was **Kshs 10.9 Billion** compared to **Kshs 10.3 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.

The Group has continued with a strategy for continued deepening and dominance in our domain market segment leveraging on our successful penetration of the Retail and Consumer Banking, Micro, Medium and Small Enterprises, Corporate Banking and the Co-operative Movement; while reviewing opportunities to grow alternative income streams from other services like Bancassurance, and Leasing business being done through Co-op Bank Fleet Africa Leasing Ltd, a strategic joint venture with Super Group of South Africa.

Key financial highlights include;-

1. Profit & Loss

- *Total operating income grew by 9% from Kshs 32.3 billion to Kshs 35.2 billion.*
- *Total non-interest income increased by 33% from Kshs 10.6 billion to Kshs 14.1 billion.*
- *Interest income from government securities increased by 18% from Kshs 6.9 billion to Kshs 8.2 billion.*
- *Total operating expenses grew by 11% from Kshs 17.8 billion to Kshs. 17.8 billion on account higher loan loss provision.*

Balance sheet

- Total assets grew by Kshs 36.6 billion (+9%) to Kshs. 440.8 billion compared to Kshs 404.2 Billion in the same period last year.
- Net loans and advances book grew by kshs 14.7 billion (+6%) from Kshs.254.2 to Kshs. 268.9 billion.
- Investment in Government securities grew by Kshs.11.4 billion (+13.7%) to Kshs. 94.6 billion compared to Kshs. 83.2 billion in first three quarters of 2018.
- Customer deposits grew by 9% from Kshs. 296 billion to Kshs 322.5billion
- Borrowed funds from development partners grew by Kshs. 3.7 billion (+14%) to Kshs 29.7 billion from Kshs.26 billion in the previous year.
- Shareholders' funds grew from Kshs. 70.9 billion to Kshs. 73.9 billion.
- The bank closed the quarter on a sound capital base, with adjusted total capital against total risk-weighted assets standing at 15.8%, which is 1.3% above the statutory minimum of 14.5%.

2. Innovative Customer Delivery Platforms

- Through our multi-channel strategy, the Bank has successfully moved around **90%** of all customer transactions to alternative delivery channels that include mobile banking, an expanded 24-hour contact centre, 586 ATMs, internet banking and over 16,000 Co-op Kwa Jirani banking agents.
- A successful Universal Banking model and the implementation of Sales Force Effectiveness has seen the Group serve **8.7 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 4.7 Million customers registered and loans worth over Kshs 27.6 billion disbursed as at the close of quarter three 2019.
- Over **56,800** customers have taken up the rolled out MSME packages that we launched in 2018 and 4000 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 5.4 billion under the program.
- 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. 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 174.7 Million in Q3 2019.
- Co-op Consultancy & Insurance Agency contributed **Kshs 511.1 million** as at 30th September 2019.
- Co-op Trust Investment Services has aggressively grown the funds under management to almost **Ksh 100 billion**.

4. Corporate Social Responsibility Programs

Co-op Bank Foundation has provided Scholarships to 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 **7,032** students since the inception of the program.

Accolades

The Group notes with appreciation the recent recognition and awards that the bank had received. These include the following;

1. At the ***EMEA Awards (African Banking Awards) 2019***, the Bank was named **Best Bank in Kenya**.
2. At the **2019 East African Financial Reporting (FiRe) Awards**, the bank was named ***Overall Winner*** in the **Environmental Sustainability Reporting** category. This is a re-affirmation of the bank's sustained commitment to banking practices that are prudent to avoid putting the interests of future generations in jeopardy.

Conclusion

The Co-operative Bank Group will continue to deliver good performance as we focus on the growing the 8.7 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.

The repeal of the Interest Rate Caps has added impetus to the growth of the economy.



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

14th November 2019

Editors' Notes

The Co-operative Bank Group ('Co-op Bank') 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 the 3rd largest by Assets 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 24.82 per cent stake in CIC Insurance Group. The Bank's footprint across Kenya and the region includes; 152 branches in Kenya, 4 in South Sudan, 586 ATMs and over 16,000 Co-op Kwa Jirani agency banking outlets supporting a growing client base now standing at 8.7 million account-holders.