

CO-OP BANK RECORDS KSH 9.01 BILLION PROFIT IN QUARTER 1 2024

Co-op Bank is pleased to report a Profit Before Tax of **Kshs. 9.01 Billion** for Quarter 1 2024, a commendable **10.6%** growth compared to Kshs. 8.15 Billion recorded in Quarter 1 2023. This represents a Profit after Tax of **Kshs. 6.58 Billion** compared to Kshs. 6.11 Billion reported in 2023. The strong performance by the Bank is in line with the Group's strategic focus on sustainable growth, resilience, and agility.

Key Performance highlights:

1. Financial Position: The Group has registered strong growth as follows.

- *Total Assets grew to Kshs.714.7 Billion, a 13.2% growth from Kshs 631.1 Billion in the same period last year.*
- *Net loans and advances grew to Kshs. 378.1 Billion, a 5% growth from Kshs.360.1 Billion in 2023.*
- *Customer deposits grew to Kshs. 481.8 Billion, a 14.8% increase from Kshs. 419.8 Billion.*
- *External funds from development partners grew to Kshs. 60.1 Billion from Kshs.48.4 Billion in 2023.*
- *Shareholders' funds have grown to Kshs. 127.1 Billion, a 12.9% increase from Kshs. 112.6 Billion in 2023.*

2. Comprehensive Income

- *Total operating income grew by 5.1% from Kshs. 17.9 Billion to Kshs. 18.8 Billion.*
- *Total non-interest income remained stable to stand at Kshs. 7.1 Billion, similar to performance recorded a year ago.*
- *Net interest income grew by 8.6% from Kshs 10.8 Billion to Kshs 11.7 Billion in 2023.*
- *Total operating expenses increased marginally by 0.5% from Kshs 9.8 Billion to Kshs. 9.9 Billion.*

3. Cost Management

The Group reports excellent efficiency gains from the various initiatives to record a Cost-to-Income Ratio of **44.1%** in Q12024 from 59% in FY2014 when we began our Growth & Efficiency journey.

4. A Strong Digital Footprint

- **A New Core Banking System, presenting opportunity for growth and enhanced efficiency**

The Bank continues to leverage the new core banking system (latest version of Finacle from Infosys, one of the best-rated platforms globally), to support the Group's digital synergy. The system will further enhance service excellence and provide innovative and advanced banking solutions.

- Through our digital channel strategy, the Bank has successfully moved over **93%** of all customer transactions to alternative delivery channels, a 24-hour contact centre, 605 ATMs & Cash Deposit Machines (CDMs), mobile & internet banking and over 16,000 network of Co-op kwa Jirani agents.
- Our **Omni-channel platform** continues to offer users accessibility and enhanced experience. The platform interfaces online banking through personal computers, mobile phones and USSD availing our services to all customers through their preferred channel yet retain the same user **00/experience** from wherever they are.
- **Mco-op Cash Mobile** wallet continues to drive substantial non-funded income streams with **Kshs 18.1 Billion** in loans disbursed in Q12024, averaging **Kshs. 6.0 Billion** per month.
- Over 214,000 customers have taken up the MSME packages we rolled out in 2018, and 60,850 have been trained on business management skills. In Q12024, we disbursed **Kshs. 3.9 Billion** to MSMEs through our Mobile E-Credit solution. MSMEs make up **15.6%** of our total Loan Book.
- Our unique model of retail banking services avails access to cash for FOSA operations, enabling 484 FOSA outlets to support over 15 million Sacco members access banking services even in rural/remote areas.

5. Wide and Expanding Branch Network

The Branch network has expanded to a total of 195 outlets (4 in South Sudan). We have planned 15 additional outlets this year, with 2 at Imaara Mall on Mombasa Road-Nairobi and Ugunja in Siaya already opened.

Our Subsidiary, Kingdom Bank, opened a new Branch in Gikomba, aligning perfectly with the Bank's strategic vision to serve markets where Kingdom Bank has niche expertise notably MSMEs.

6. A Growing Team

The Bank continues to invest in a competitive team set to serve at existing functions at the same time tap new growth opportunities across all areas of the business. Staff Numbers have grown from 4,864 as at the close of 2022 to **5,361**, creating job opportunities for over **497** young people.

7. Subsidiaries

- Co-op Bancassurance Intermediary Ltd posted a Profit Before Tax of Kshs 305 Million in Q12024, riding on strong penetration of Bancassurance business.
- 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 128.5 Million in Q12024 compared to a loss of Kshs. 71.4 million in Q12023.
- Co-op Trust Investment Services Ltd contributed Kshs. 75.5 Million Profit Before Tax in Q12024 compared to Kshs. 51.2 Million in Q12023, a 47.6% growth. The Subsidiary has Funds Under Management of **Kshs. 227.2 Billion**.
- Kingdom Bank Limited (A niche MSME Bank) contributed a Profit Before Tax of **Kshs. 350.3 Million** in Q12024, a remarkable growth of 33.9% from Kshs. 261.5 Million reported in Q12023.

8. Long Term Financing: Women-owned/managed MSMEs

The Bank has secured a long-term loan of USD 25 million from DEG - a subsidiary of KfW Group, for micro, small and medium-sized enterprises (MSMEs) that are managed or owned by women. This is aligned to the Bank's contribution to the achievement of the global Sustainable Development Goals (SDGs).

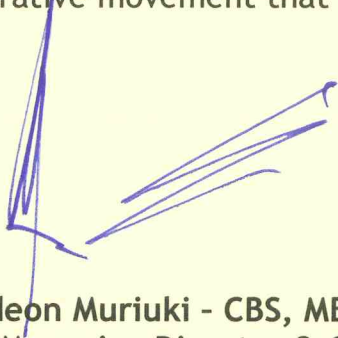
9. Commitment to Sustainability

In 2022, the Bank embarked on an enhanced Environmental, Social and Governance (ESG) roadmap to integrate ESG considerations into its operations with several key milestones achieved. The Bank's commitment to ESG excellence was celebrated at the 2023 Kenya Bankers' Sustainable Finance Catalyst Awards, with the bank emerging as the **Overall Award Winner**. This was the fourth win by the Bank since the inception of the award six years ago.

Co-op Bank Foundation, the Group's social investment vehicle, continues to provide 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 supported **10,264** students since the inception of the program.

Conclusion

The Co-operative Bank Group continues to pursue strategic initiatives that focus on resilience and growth in the various economic sectors. This is anchored on a successful universal banking model supported by an innovative digital presence, a wide physical footprint, and the unique synergies in the over 15-million-member co-operative movement that is the largest in Africa.



**Dr. Gideon Muriuki - CBS, MBS
Group Managing Director & CEO**

16th May 2024

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 one of the largest financial institutions in the region and has 5 subsidiaries namely, Kingdom Securities Ltd, Co-optrust Investment Services Limited, Co-op Consultancy & Bancassurance Intermediary Ltd, Kingdom Bank Limited and Co-operative Bank of South Sudan; The Bank also owns a 24.8 per cent stake in CIC Insurance Group and 25% of Co-op Bank Fleet Africa Leasing Limited. The Bank's footprint across Kenya and the region includes: 195 branches in Kenya, 4 in South Sudan, 605 ATMs & Cash Deposit Machines (CDMs), and over 16,000 Co-op Kwa Jirani agency banking outlets supporting our growing client base.