

CO-OP BANK RECORDS KSH 26.8 BILLION PROFIT IN Q32024

Co-op Bank is pleased to report a Profit Before Tax of **Kshs.26.8 Billion** for Q32024, a commendable **8.5%** growth compared to Kshs. 24.7 Billion recorded in Q32023. This represents a Profit after Tax of **Kshs. 19.2 Billion** compared to Kshs. 18.4 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 delivering a competitive Return on Equity of 21.3%, riding on the 'Soaring Eagle' Transformation Agenda.

Key Performance highlights:

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

- *Total Assets grew to Kshs.750.8 Billion, a 13.5% growth from Kshs 661.3 Billion in the same period last year.*
- *Net loans and advances grew to Kshs. 381.3 Billion from Kshs.378.1 Billion in 2023.*
- *Customer deposits grew to Kshs. 514.0 Billion, an 18.7% increase from Kshs. 432.8 Billion.*
- *External funds from development partners stand at Kshs. 58.0 Billion compared to Kshs.65.6 Billion in 2023.*
- *Shareholders' funds have grown to Kshs. 131.8 Billion, a 22% increase from Kshs. 108.1 Billion in 2023 driven by the strong growth in retained earnings of Kshs. 16.3 Billion.*

2. Comprehensive Income

- *Total operating income grew by 10.8% from Kshs. 53.4 Billion to Kshs. 59.2 Billion.*
- *Total non-interest income grew by 8.2% from Kshs. 20.6 Billion to Kshs. 22.3 Billion.*
- *Net interest income grew by 12.3% from Kshs 32.8 Billion to Kshs 36.9 Billion.*
- *Total operating expenses grew by 12.7% from Kshs 29.0 Billion to Kshs. 32.7 Billion.*

3. Cost Management

The Group reports excellent efficiency gains from the various initiatives to record a Cost-to-Income Ratio of **45.8%** in Q32024, 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, 603 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 experience from wherever they are.
- **Mco-op Cash** Mobile wallet continues to drive substantial non-funded income streams with **Kshs 55.7 Billion** in loans disbursed in Q32024, averaging **Kshs. 6.2 Billion** per month.
- Over 231,200 customers have taken up the MSME packages we rolled out in 2018, and 64,100 have been trained on business management skills. Year to date, we have disbursed **Kshs. 11 Billion** to MSMEs through our Mobile E-Credit solution. MSMEs make up **15.9%** of our total Loan Book.
- Our unique model of retail banking services avails access to cash for FOSA operations, enabling 690 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 204 outlets (5 in South Sudan). We have planned 15 additional outlets this year, with 8 already opened at these locations; Imaara Mall-Mombasa Road-Nairobi, Ugunja in Siaya, Luanda, Isibania, Maai Mahiu, Dagoretti Market, Marimanti and Ruiru Nord Mall.

Kingdom Bank opened its 22nd branch in Meru County, being the third branch opened this year.

Co-operative Bank of South Sudan opened its fifth branch in Wau, supporting business growth and financial inclusion in South Sudan.

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 **5,617**, creating job opportunities for over **753** young people.

7. Subsidiaries

- Co-op Bancassurance Intermediary Ltd posted a Profit Before Tax of Kshs 824.3 Million in Q32024, 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 434.7 Million in Q32024. This performance however translated to a profit of Kshs. 33.8 Million attributable to hyperinflation accounting occasioned by currency devaluation of the South Sudan Pound.
- Co-op Trust Investment Services Ltd contributed Kshs. 254.9 Million Profit Before Tax in Q32024 compared to Kshs. 154.5 Million in Q32023, a commendable 65% growth. The Subsidiary has Funds Under Management currently at **Kshs. 299.6 Billion**.
- Kingdom Bank Limited (A niche MSME Bank) contributed a Profit Before Tax of **Kshs. 929.2 Million** in Q32024, a remarkable growth of 18.1% from Kshs. 786.6 Million reported in Q32023.

8. 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.

Supporting Industry effort on climate risk management

The Bank is playing an active role in supporting climate change initiatives (IFRS S1 & S2, Green Finance Taxonomy) that are being led by our regulator Central Bank of Kenya and the industry lobby group Kenya Bankers Association. Co-op Bank has the highest capacity-building rate in Kenya Bankers Association Sustainable Finance Module XII on Climate Risk.

Climate Risk Project

We have, in line with Sustainable Development Goals (SDG) number 13 'Take urgent action to combat climate change and its impacts' embarked on a Climate Risk Project with the aim of formulating an effective Climate Strategy Roadmap and Implementation Plan to chart a clear path towards our climate goals.

Co-op-a-Maji Loan

The Bank, in partnership with Water.org has launched a new Co-op-a-maji loan aimed at supporting Businesses within the Water, Sanitation & Hygiene (WASH) sector. This is in line with our ESG focus, enabling communities access safe water and sanitation. The facility targets individuals, water bottlers & distillers, licensed borehole drilling companies, water service providers, manufacturers and distributors of water harvesting equipment.

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 11,703 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**

14th November 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 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: 204 branches in Kenya, 5 in South Sudan, 603 ATMs & Cash Deposit Machines (CDMs), and over 16,000 Co-op Kwa Jirani agency banking outlets supporting our growing client base.