

Press Release

Co-op Bank and Super Group Deepen Leasing Partnership

Nairobi 4 June 2019...The Co-operative Bank of Kenya together with leading leasing company Super Group of South Africa, today reiterated their commitment to deepen the partnership in the local leasing business, through the joint venture firm owned by the two institutions named Co-op Bank Fleet Africa Leasing Limited.

The strategic partnership between Co-op Bank and Super Group is intended at penetrating and growing a modern Leasing business aiming at market leadership, securing long-term partnerships and joint ventures to sustainably support growth, building on world-class competencies in supply chain, fleet management and dealerships, and providing customers with innovative leasing solutions.

Co-op Bank Fleet Africa Leasing Limited, known in short as “Co-op Bank Fleet” has within a short time since its establishment moved to stamp its presence in the leasing space, being a joint venture of two major players who bring to the table complementary capabilities in leasing. Super Group of South Africa delivers its proven expertise in customer screening, product structuring and risk management as Co-op Bank makes available its excellent client base to whom leasing is critical such as SMEs, Co-operatives and the Public Sector.

“Co-op Bank Fleet” already got off to a roaring start by concluding its first leasing deal worth over Sh890 million in January of this year. This maiden transaction, which is part of a larger Sh2.2 billion deal, entails the financing and delivery of a fleet of 125 vehicles to the Ministry of Interior. The Co-operative Bank was the financier, with Co-op Bank Fleet arranging the leasing in collaboration with motor vehicle dealers Isuzu East Africa Limited who are to deliver the fleet made up of trucks, pickups and buses.

“Super Group Limited is an established global leader in leasing business operating in three continents and is listed on the Johannesburg and Sydney stock exchanges. This partnership between Co-op Bank and Super Group continues to deliver mutual benefits as it taps the synergies created by the joint venture,” said Co-operative Bank Group Managing Director & CEO Dr. Gideon Muriuki.

“Co-op Bank Fleet enables the bank to better support customers to acquire the assets, technologies and equipment they require at the same time enable the bank diversify its income streams,” added Dr. Muriuki.

Leasing is gaining traction in Kenya with the government setting the pace notably by opting to re-tool, equip and modernize public institutions by way of leasing.

Experts say the availability of leasing implies that it does not make commercial sense any longer to buy assets to own, whereas you can hire to use them as and when you need them. And as the world progressively moves to Uber-style economic models that are asset-light, leasing can only grow, they add.

Leasing is widely being seen a most cost-effective model of acquiring business assets. “Instead of spending all your money buying fixed assets, you can actually lease assets, you’ll be able to lease a lot more assets with the same amount of money,” Edna Kihara the Chairperson of the Leasing Association of Kenya was once quoted as saying.

“Secondly you will be able to manage your cash flow. The lump sum requirement for capital items when you are starting up a business, you don’t really require that. You can actually lease and then pay monthly or quarterly installments on the cost of that equipment.”

Players say that opportunities that are ripe for leasing disruption include school transport, and computer equipment and labs with leasing experts saying schools should stop conducting massive harambees to buy school buses and computers, yet they can easily lease them at a fraction of the cost.

In agriculture experts say farmers can quickly mechanize food production by leasing farm and irrigation equipment, storage, refrigeration and transportation vehicles.

Experts also point out that sale and lease-back allows organisations to shed heavy cost of carrying assets in their balance sheets, but still have access to use those assets. This is by selling off the assets they already own, and then simultaneously lease them back to use.

Some players feel that investors in Public Service Transport should stop buying the vehicles to own, as they can simply lease.

Other target areas include food handling equipment such as milk coolers and construction equipment, where contractors could cut project costs.

By embracing leasing as an alternative way of acquiring assets, the National Government has set the pace for counties, who should only be too happy to reduce expenses by adopting leasing.

Other sectors that are expected to drive high uptake of the leasing product include Oil and Gas, Co-operatives, Manufacturing, Construction, Transport, Mining and ICT.

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About Super Group Limited

Founded in 1986, Super Group is a broad-based supply chain management business listed on the Johannesburg Securities Exchange. Super Group’s core expertise and offerings covers vehicle dealerships and fleet management. Super Group is essentially a supply chain mobility company revolving around the optimisation of supply chain processes and vehicle fleets with a strong IT focus and technology underpin.

Where they operate

Super Group is a global logistics group with its head office in Johannesburg, South Africa and operations in Australia, New Zealand, Germany and the United Kingdom. The company has a



strong footprint in Africa with operations in Mauritius, Zimbabwe, Zambia, Malawi, Mozambique, Democratic Republic of Congo and Ghana.

Locally they are known as Fleet Africa Limited.