

## **CO-OPERATIVE BANK RECORDS KSHS 14.65 BILLION PROFIT IN Q32018**

The Co-operative Bank Group is delighted to report a Profit before Tax of **Kshs. 14.65 Billion** for the for the nine months upto 30 September 2018 compared to **Kshs. 13.74 Billion** recorded in 2017, an impressive growth of 7% against the backdrop of a challenging economic environment in the period. Profit after tax was **Kshs 10.31 Billion** compared to **Kshs 9.54 Billion** in the previous year, a remarkable 8% growth.

The commendable performance is an affirmation of the Transformation Agenda which has re-tooled and equipped the business with the strategic agility and resilience to achieve set objectives even in the difficult trading environment; the future can only be brighter with the much improved fortunes in our domain operating environment that is on an upswing.

The Group continues to leverage on the benefits arising from the “Soaring Eagle” Transformation Project that the bank has been implementing since 2014, with a clear focus on improvement in Operating Efficiencies, Salesforce Effectiveness and Innovative customer delivery platforms.

Key financial highlights include;-

### **1. Profit & Loss**

- *Total interest income improved by 3.5% from Kshs 29.85 billion to Kshs 30.89 billion on account of; Interest income from government securities increasing by 13.5% from Kshs 6.12 billion to Kshs 6.95 billion and Interest income from loans & advances increasing by 1% from Kshs 23.58 billion to Kshs 23.77 billion.*
- *Total interest expense remained tightly controlled, increasing marginally by 1% from Kshs 9.08 billion to Kshs 9.15 billion on account of a 3% growth in deposits.*
- *Total operating income grew by 5% from Kshs 30.91 billion to Kshs 32.32 billion.*

## 2. Balance sheet

- *Total assets grew by Kshs 15.85 Billion (+4%) to Kshs. 404.15 Billion compared to Kshs 388.30 Billion in the same period last year.*
- *Net loans and advances book declined marginally (-2%) to Kshs. 254.21 billion compared to Kshs. 259.39 billion in the same period last year.*
- *Investment in Government securities grew by Kshs.15.16 billion (+22%) to Kshs. 83.25 billion compared to Kshs. 68.09 billion in 2017.*
- *Total deposits grew by 3% from Kshs. 290.19 billion to Kshs 297.60 billion*
- *Borrowed funds from development partners dropped by Kshs. 2 billion (-7%) to Kshs 25.98 billion compared to Kshs.27.99 billion in the same period the previous year. This was as a result of an instalment payment to the debt provider.*
- *Shareholders' funds grew to Kshs. 70.89 billion supported by a steady growth in retained earnings.*

## 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 that include Mobile Banking, a 24-hour contact centre, 580 ATMs, Internet Banking and over 11,000 Co-op Kwa Jirani banking agents.
- A successful Universal Banking model and the implementation of Sales Force Effectiveness has seen the Group increase the client base to over 7.6 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 3.9 Million customers registered.
- 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.

## 4. Regional Expansion

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 remarkable Profit before tax of Kshs 235.12 Million in Q32018 compared to a profit of Kshs 39.15 Million in the corresponding period in 2017.

## 5. Corporate Social Responsibility Programs

Co-op 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 6,331 students since the inception of the program in 2007.

## 6. Accolades

The Group was recognized by the Europe, Middle East and Africa Finance (EMEA Finance) - African Banking Awards 2018 as the **Best Bank in Kenya** and **Best Product Launch in Africa** (MCo-op Cash v4.0 update).

The Group was also recognised by Banker Africa East Africa Awards 2018 with three key awards, namely the Best Retail Bank in Kenya, The Best SME Bank in Kenya and the Best Investment Institution in Kenya. This is a re-affirmation of the bank's unique position as a bank that positively influences the lives of the majority of Kenyan citizens.

## Conclusion

The Co-operative Bank Group will continue to deliver strong performance as we deepen our product offering through Sales Force Effectiveness to the 7.6 million account-holder base, digital banking, the basket of innovative financial solutions, efficient delivery of services and multichannel access to grow market share.



**DR. GIDEON MURIUKI - CBS**  
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