

## CO-OP BANK REPORTS KSH 24.7 BILLION PROFIT IN Q32023, NAMED OVERALL WINNER AT THE 2023 SUSTAINABLE FINANCE AWARDS

Co-op Bank Group is pleased to report a Profit Before Tax of **Kshs. 24.7 Billion** for the third quarter of 2023, representing an **8.6%** growth compared to Kshs. 22.7 Billion recorded in the third quarter of 2022. This represents a Profit after Tax of Kshs. 18.4 Billion compared to Kshs. 17.1 Billion reported in 2022.

The strong performance by the Bank is in line with the Group's strategic focus on sustainable growth, resilience, and agility.

### Sustainable Finance Award

Co-op Bank has been named **Overall Winner** at the Kenya Bankers Association (KBA) 2023 Sustainable Finance Catalyst Awards. This is the fourth time in six years that Co-op Bank has been named overall winner, having also won the overall title in 2017, 2019 and last year 2022. The Awards were created to recognize institutions that practice sustainable finance which has a direct positive impact on the financial sector, the economy, the environment and the society at large. Sustainable Finance Principles require financial institutions to balance their quest for financial returns with the economy's future priorities and social-environmental concerns.

In addition to scooping the overall title, Co-op Bank also won in specific award categories that include being named as the **Most Innovative Bank, Best in Financing Commercial Clients, Best in Promoting Gender Inclusivity**, and the **Best in Promoting Accessibility for People with Disabilities (PWD)**.

### Key Q32023 Performance highlights:

#### 1. Financial Position: The Group has registered sustained growth as follows;

- Total Assets grew to Kshs. 661.3 Billion, a 6.3% growth from Kshs 622.1 Billion in the same period last year.
- Net loans and advances grew to Kshs. 378.1 Billion, a 12.8% growth from Kshs.335.2 Billion in 2022.
- Customer deposits grew to Kshs 432.8 Billion, a 0.2% increase from Kshs. 432.0 Billion.
- External funds from development partners have increased by 56.5% to Kshs.65.6 Billion from Kshs. 41.9 Billion in 2022.
- Shareholders' funds have grown to Kshs. 108.1 Billion, a 7.1% increase from Kshs. 100.9 Billion in 2022.



## 2. Comprehensive Income

- Total operating income grew by 2.3% from Kshs. 52.2 Billion to Kshs. 53.4 Billion.
- Net interest income grew by 2.5% from Kshs 32.0 Billion to Kshs 32.8 Billion.
- Total non-interest income grew by 2.1% from Kshs. 20.2 Billion to Kshs. 20.6 Billion.
- Total operating expenses decreased by 2.1% from Kshs. 29.6 Billion to Kshs. 29.0 Billion.

## 3. Cost Management

The Group reports excellent efficiency gains from the various initiatives to record a Cost-to-Income Ratio of **46.4%** in Q32023 from 59% in FY2014 when we began our Growth & Efficiency journey.

4. **Credit Management** remains a key focus area, with the Group prudentially making provisions of **Kshs. 4.2 Billion** which has supported the Bank's Loan Loss Reserve/Coverage level of **69.1%**.

## 5. A Strong Digital Footprint

### • **New Core Banking System goes Live**

The Bank successfully upgraded the core banking system to the latest version of Finacle from Infosys, which was rated globally as the top core banking system in 2022 by Gartner. This upgrade is part of our ongoing digitization journey to enhance service experience and provide the most innovative banking solutions.

- Through our digital channel strategy, the Bank has successfully moved **91%** of all customer transactions to alternative delivery channels, a 24-hour contact centre, 608 ATMs & Cash Deposit Machines (CDMs), mobile & internet banking and over 18,000 network of Co-op kwa Jirani agents.
- We have successfully migrated our customers to the **Omni-channel**, integrating accessibility and user experience. Our omnichannel interfaces online banking through personal computers, mobile phones and USSD availing our services to all customers through their preferred channel yet retain the same experience from wherever they are.
- **Mco-op Cash Mobile** wallet continues to drive substantial non-funded income streams with **5 Million** customers registered and **Kshs 59.4 Billion** in loans disbursed year to date, averaging **Kshs. 6.6 Billion** per month.
- Over 193,000 customers have taken up the MSME packages we rolled out in 2018, and 42,413 have been trained on business management skills. Year to date, we have disbursed **Kshs. 15.9 Billion** to MSMEs through our Mobile E-Credit solution. MSMEs make up **15.5%** 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.

## 6. Expanding Branch Network

The Bank has grown the branch network to 193 (4 in South Sudan). Eight (8) new Branches (Nakuru Bahati Road, Kimana, Matuu, Thika Kwame Nkrumah, Greenwood Mall - Meru, Kenol Makuyu, Hindi - Lamu and Bamburi - Mombasa) opened in 2023, whereas 5 Branches (Kabarnet, Iten, Kasarani, Kamakis and Chwele) opened last year.

## 7. Subsidiaries

- Co-op Consultancy & Bancassurance Intermediary Ltd posted a Profit Before Tax of **Kshs 762.9 Million** in Q32023, 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 246.9 Million** in Q32023. This performance translated to a Profit Before Tax of Kshs 43.5 Million after the hyperinflation accounting occasioned by currency devaluation of the South Sudanese pound.
- Co-op Trust Investment Services Ltd contributed **Kshs. 154.5 Million** Profit Before Tax in Q32023, a 9.6% growth. The Subsidiary has Funds Under Management of **Kshs. 196 Billion** (Q32023).
- Kingdom Bank Limited (A niche MSME Bank) has contributed a Profit before Tax of **Kshs. 786.6 Million** in Q32023, a remarkable growth of 24.8% from Kshs. 630.2 Million reported last year.

## 8. Environmental Social & Governance (ESG) Practice

The Bank continues to implement a best-in-class ESG policy framework supported by an ESG implementation roadmap, groupwide ESG champions and ESG Governance.

The Bank has invested in a unique forest rehabilitation project at “Solio Hill, Laikipia”; this is a partnership with the local community under the Community Forest Association and Kenya Forest Service (KFS) that has so far planted over 250,000 purely indigenous trees at the 600-acre government forest. The Bank has supported the KFS team with resources to nurture and water the trees all year round to ensure the tree survival rate is above 90%. In addition, the Bank just completed the construction of an office and living quarters for forest rangers to ensure the fulltime protection of the forest for the benefit of the community and the environment.



**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 fees for secondary and university education, internships, and career openings for beneficiaries. The foundation is fully funded by the bank and has supported 10,264 students since inception of the program.

## 9. Accolades

### 2023 Sustainable Finance Catalyst Award

Co-op Bank has emerged **Overall Winner** at this year's Kenya Bankers Association (KBA) Sustainable Finance Catalyst Awards. This is the fourth time in six years that Co-op Bank has been named overall winner, having also won the overall title in 2017, 2019 and last year 2022.

Commenting on the Award, the Group Managing Director & CEO, Dr. Gideon Muriuki said;

*“Sustainability is fully integrated in our business model that stands on the three pillars of Economic Sustainability, Social Sustainability and Environmental Stewardship.”*

*“As a Bank that is predominantly-owned by the 15 million-member Co-operative Movement that is represented in all regions of the country, we are inclusive by design, which has enabled us to not only deliver shared prosperity today, but also helped us build an awareness and prudence to avoid participation in activities that risk putting future generations in jeopardy.”*

### 2023 IFC Global SME Awards

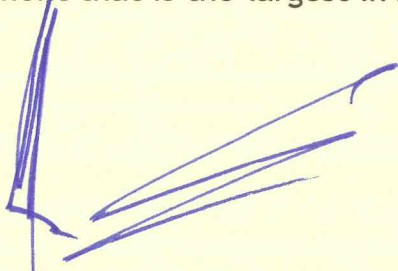
Co-op Bank was awarded the SME Financier of the year in Africa - Gold Award at the Global SME Finance Awards 2023. The Awards recognize financial institutions and fintech companies for their outstanding achievements in delivering exceptional products and services to their SME clients.

### TAB Global - The Middle East and Africa Awards 2023

Co-op Bank and Intellect Global Consumer Banking were awarded Best Omnichannel Technology Implementation by TAB Global (The Middle East and Africa Awards 2023). The Awards recognize leadership in retail financial services, technology, risk and transaction finance in the Middle East and Africa.

## Conclusion

The 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.

A handwritten signature in blue ink, consisting of several overlapping, fluid strokes that form a stylized, abstract shape.

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

16<sup>th</sup> November 2023

## 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: 189 branches in Kenya, 4 in South Sudan, 608 ATMs & Cash Deposit Machines (CDMs) and over 18,000 Co-op Kwa Jirani agency banking outlets supporting our growing client base.