



Group Financial Results

H1 2024

Key Highlights

- We are Growing
- We are Resilient
- We are Agile

A Transformational Bank

Largest Co-operative Bank in Africa - 15 Million Members

Successful Universal Banking Model, Increased Dominance in Kenya

Growth, Resilience and Agility

Kshs. 716.9 Billion in Total Assets

5,426 Skilled, Motivated Staff Members

1 ■

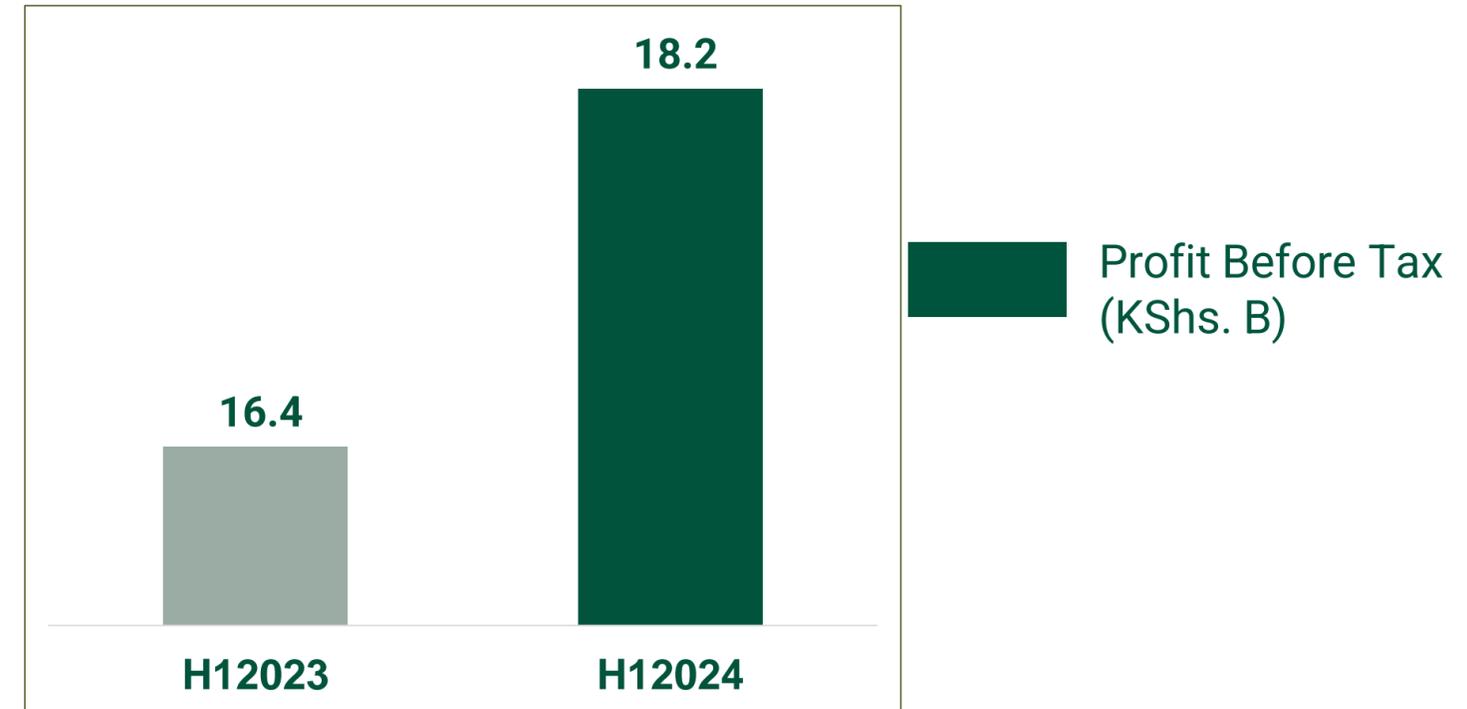
**We are Growing
Creating Value**



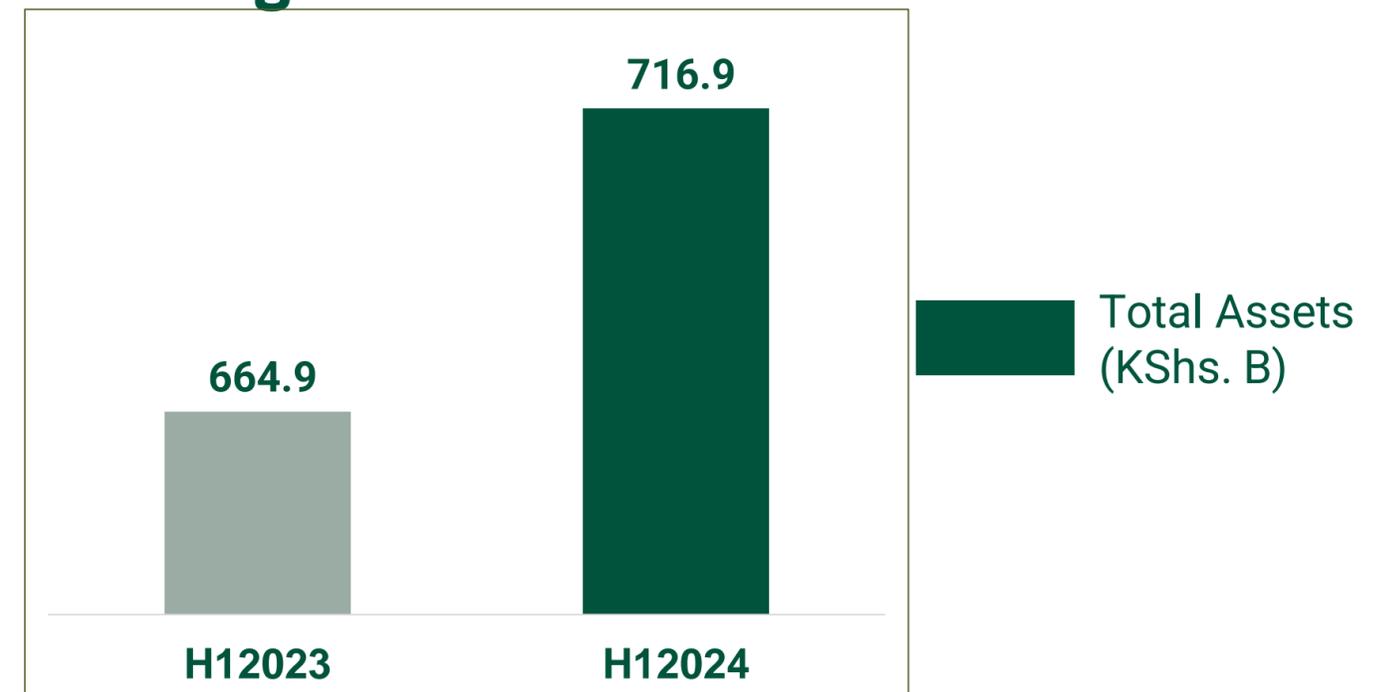
Continued focus on optimizing opportunities for growth through an innovative array of financial solutions.



Efficient, Profitable Business Model



Growing Asset Base



2

We are Resilient
Protecting Value





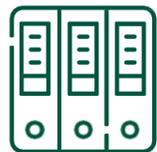
Profitable Bank **Kshs. 18.2 Billion.**



Proactive Enterprise Risk Management Framework.



Up to **50.6% of our loan Book** is in Consumer banking which is low risk and performing well.



Proactive Regulatory compliance.



NPL Provisioning : Cumulatively **Kshs. 33.7B** from 2020.
NPL Coverage at 66%.



Strong Capital Buffers: Total Capital to Risk Weighted Assets (RWA) 21.3% (Regulatory 14.5%)



Continuous support to our customers, staff and all other stakeholders.



Optimal risk spread with KShs.**202.2 Bn** in government securities.



Dedicated ESG unit, ESG Champions in all Strategic Business Units.

Enhanced ESG Policy Framework.

Our portfolio of loans above USD 1 Million comprises Kshs. 37.4 Billion that is Green (33%) and Social (67%).

Ongoing climate risk project to support a clear path towards our climate goals.

Continued gains from our institutionalized Transformation seeking efficiency and growth.

We continue to reap gains from the following projects to strengthen our asset quality;

- Credit Review Implementation Project “Project Kilele”
- Decentralization of loan portfolio management enabling Project 3C (Connect, Collect and Cure).
- Project Connect & Build (CB) – focused on co-creating solutions with our customers to grow the loan book and increase product holding.



New Core Banking System



On 12th June 2023, We went Live on Finacle Core Banking System (Rated No. 1 Globally by Gartner Rating Agency)

On 17th March 2024, The Co-operative Bank of South Sudan successfully went Live on the new Finacle Core Banking System further increasing the Group's digital synergy.



Improved business agility and flexibility

A modern, robust and scalable Core Banking solution, enhancing the Bank's response to changes in the industry, continuous realignment to new business needs, proactive management of customer needs and faster delivery of products.



Reduced IT Maintenance Costs

Finacle offers reduced cost of maintenance due to higher system agility.



Enhanced customer experience and service delivery

Faster response to customer needs and faster straight-through processing.



Foster Innovation

Rich product features and capability to extend internally and externally through APIs.



Support for Process Automation and digitization

Capability to develop custom plug-in APIs for consumption during process automation and digitization.



Easy to use system

Higher staff productivity and quicker service to our customers.



Better analytics, performance measurement and reporting

The system is highly parameterized hence increasing the bank's options to store and use data for business growth and compliance purposes.

3.

We are agile
Fast | Adaptable



Operational efficiency with

93%

of our transactions in alternative Channels

1. New Core Banking System goes Live

Expected Key benefits include enhanced;

- Business agility & Innovation
- Customer experience
- Cost management
- Analytics
- Process automation & Digitization

2. Optimization of Omnichannel: Integrates accessibility and User experience

3. Enhanced digitization of internal bank processes and engagement platforms as part of the Digital Transformation Strategy .

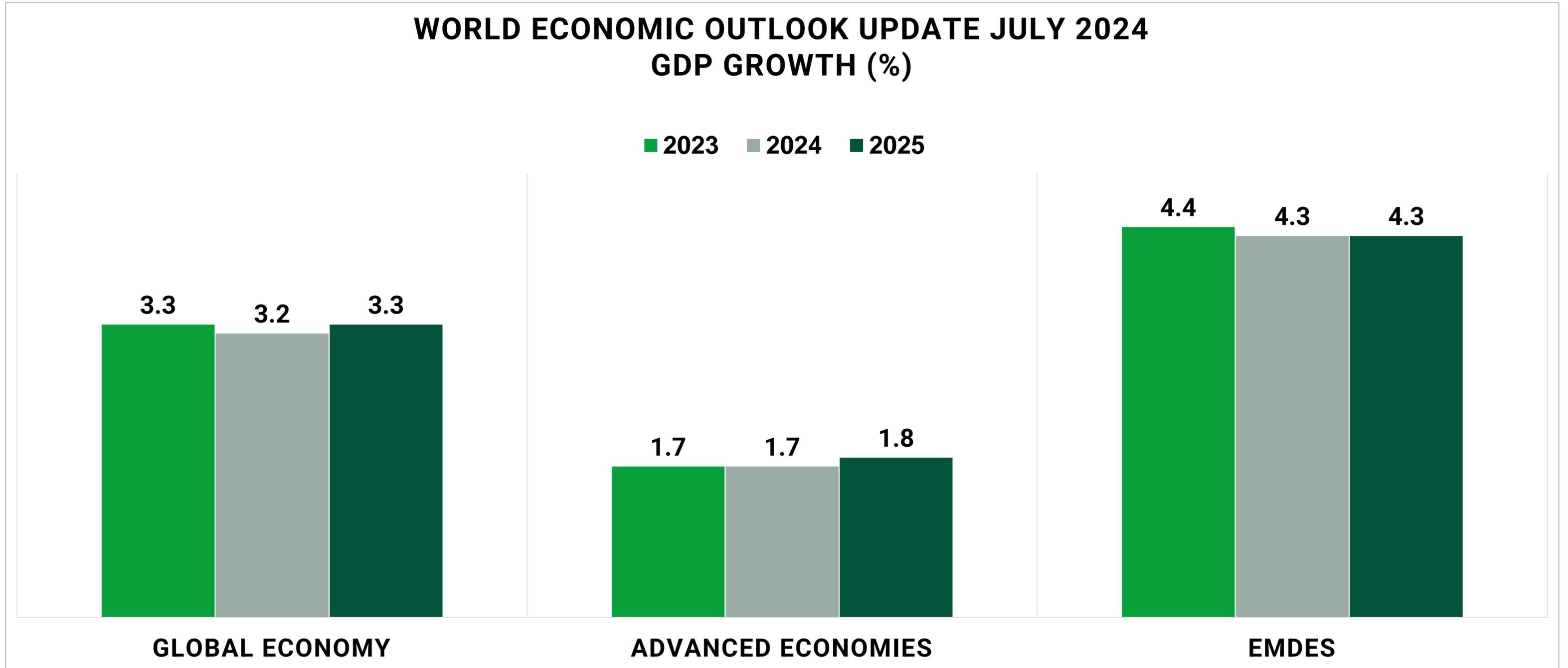
4. Staff Productivity

- Supporting new ways of working – Digital Workforce
- Sales Force effectiveness (SFE)
- Performance Management

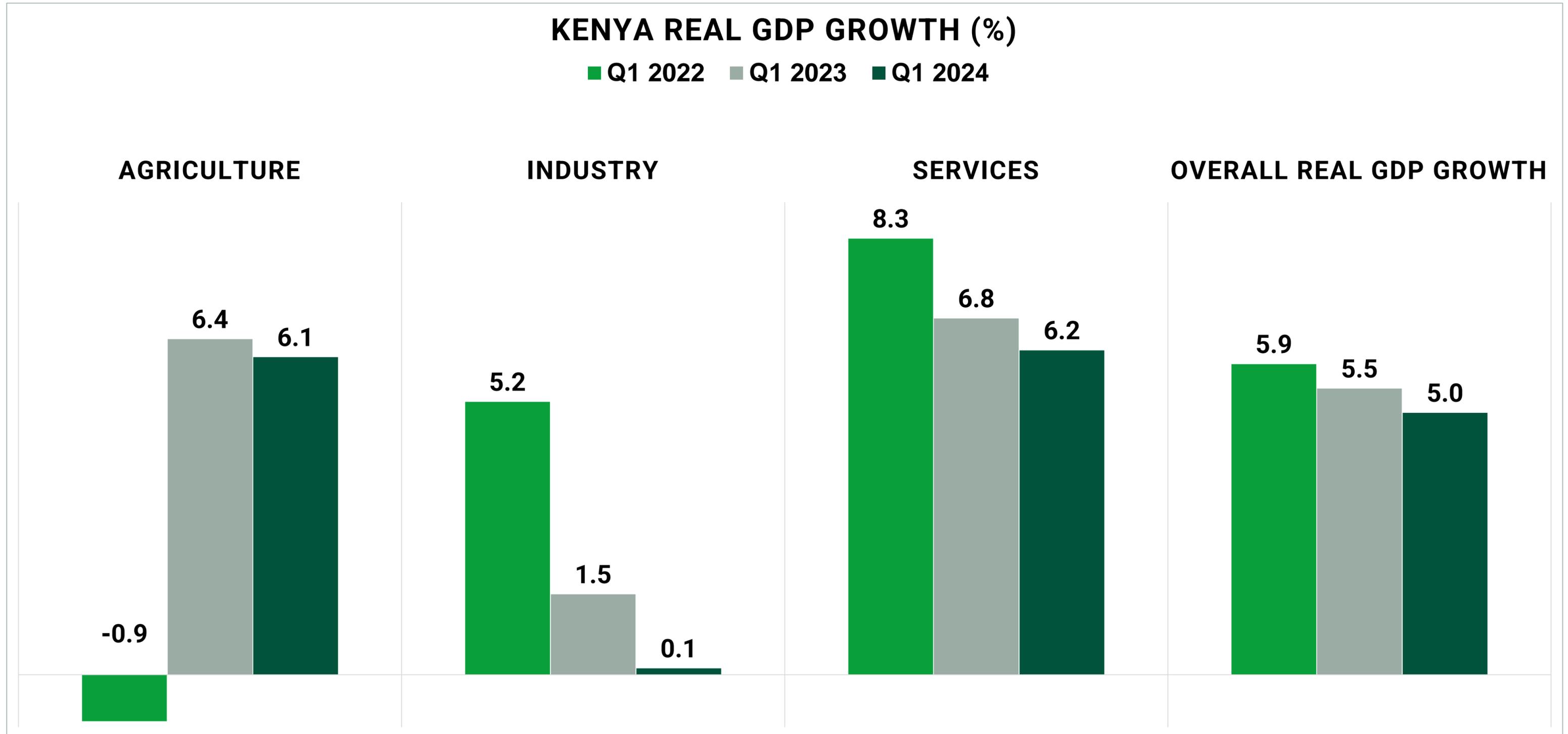
Macroeconomic Highlights

- Global Economy
- Kenya's Economic Growth
- Inflation and Interest Rate
- Foreign Exchange Rate

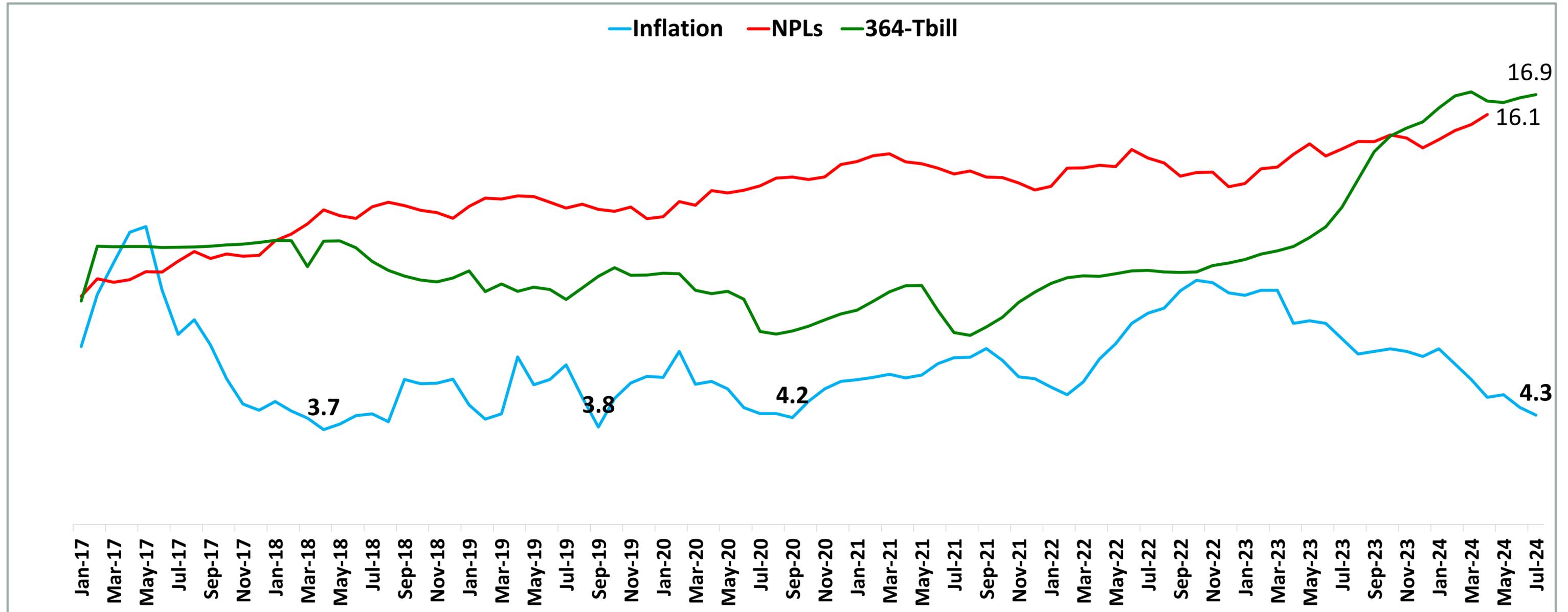
Global Growth is weak but building



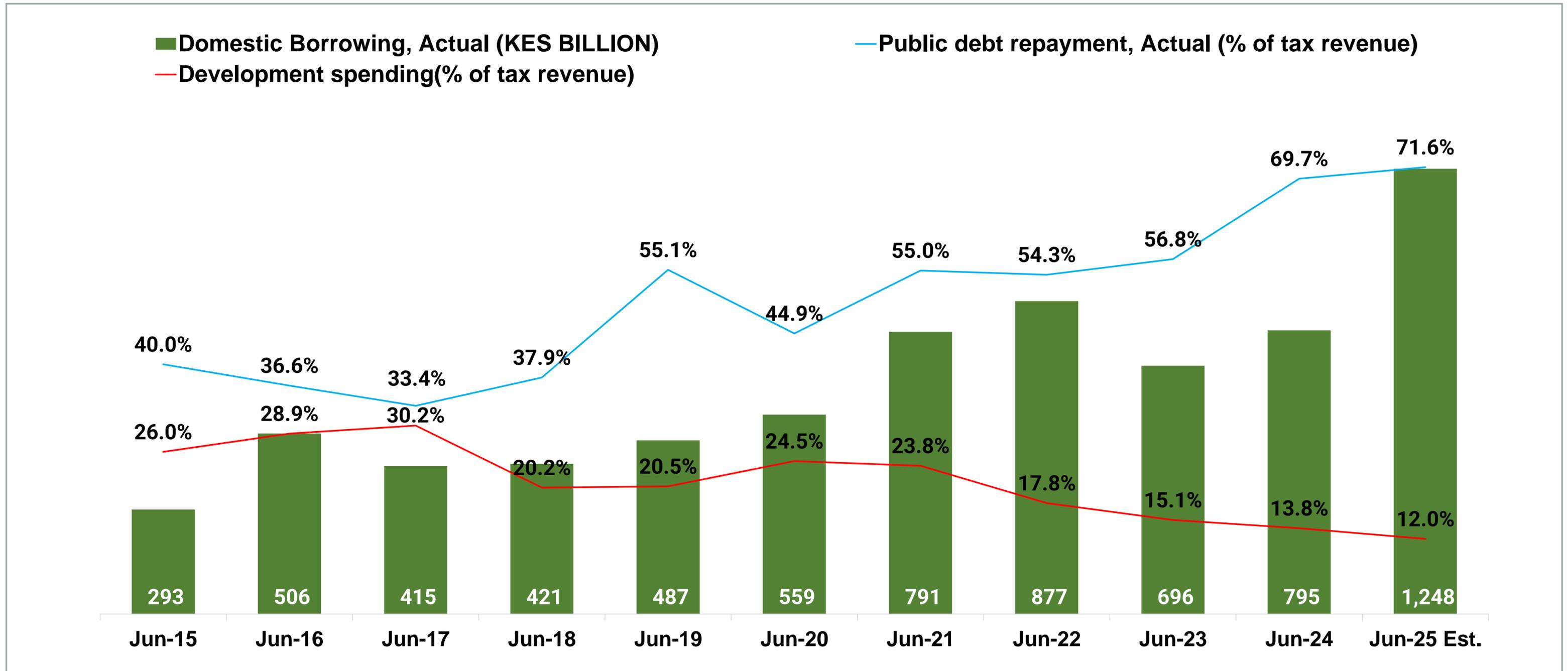
Agriculture remains the key anchor for overall economic activities



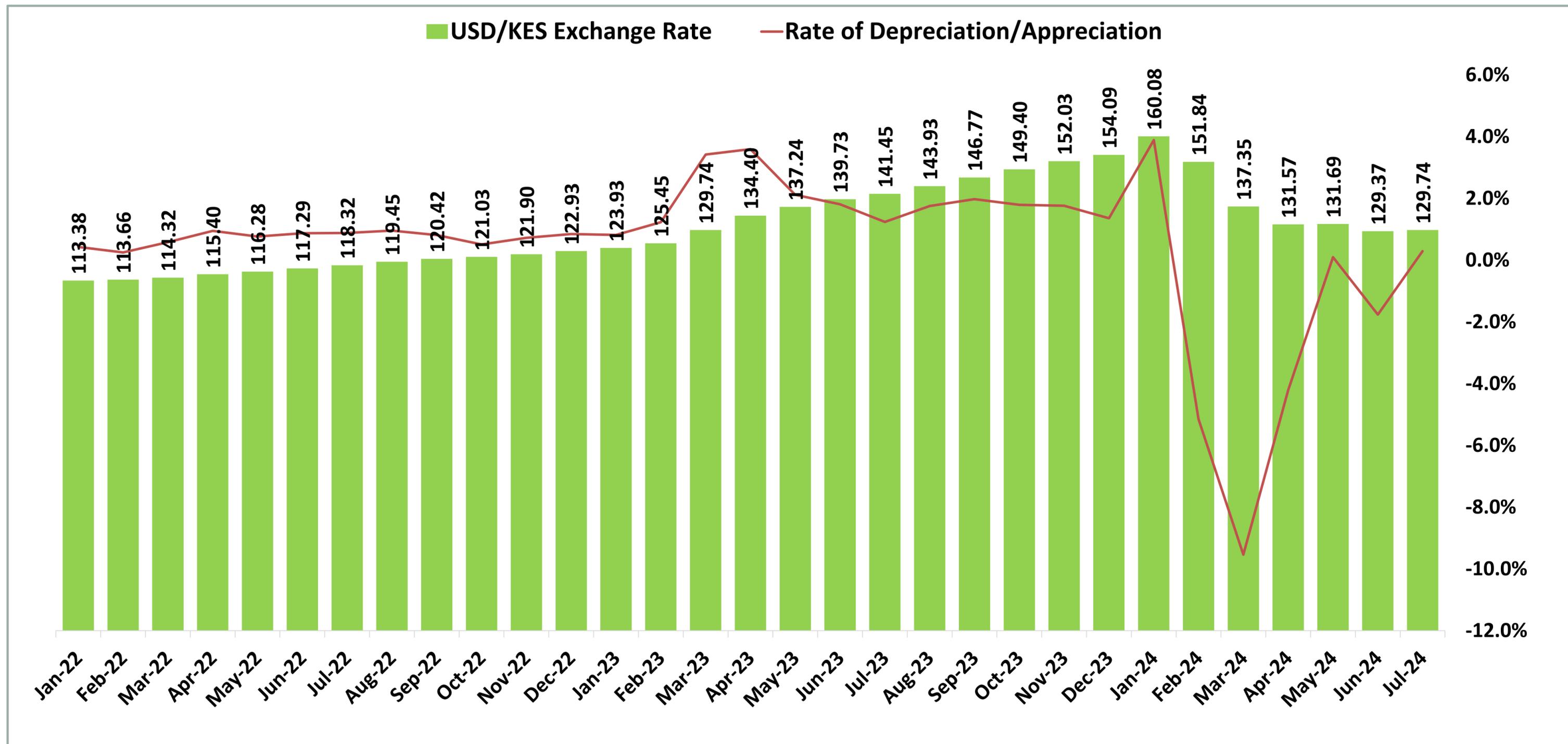
Interest rates remain high despite a significant fall in inflation. Lower credit quality observed



Funding pressures will see the sovereign remain active in the domestic market, influencing yield levels.



Kenya Shilling seen stable in 2H2024 on reduced external pressures & available FX buffers. However, recent domestic events pose downside risks





2020 – 2024

Corporate Strategic Plan



PURPOSE

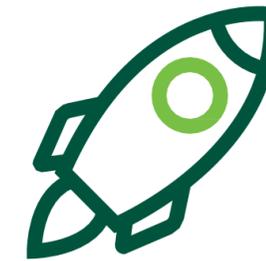
A financial institution predominantly owned by the Kenyan Co-operative movement,

Transforming lives



VISION

To be the dominant bank in Kenya and the region, riding on the unique Co-operative Model providing innovative financial solutions for distinctive customer experience.



MISSION

To offer a wide range of innovative financial solutions leveraging on our heavy investment in multi-channels, national and regional presence and with a focus on excellent customer experience by a highly motivated and talented team.

1



Aggressive deepening of our dominance in the Kenya Market

2



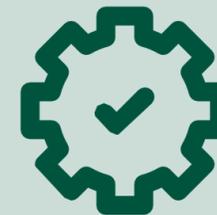
Dominant provider of financial services to the Co-operative Movement in Kenya and the region.

3



Customer experience that is seamless across all our touch points.

4



Operating efficiency driven by digitization, innovative products & Processes, efficient business models, and staff productivity.

5



Optimal Enterprise Risk and Compliance in the dynamic environment

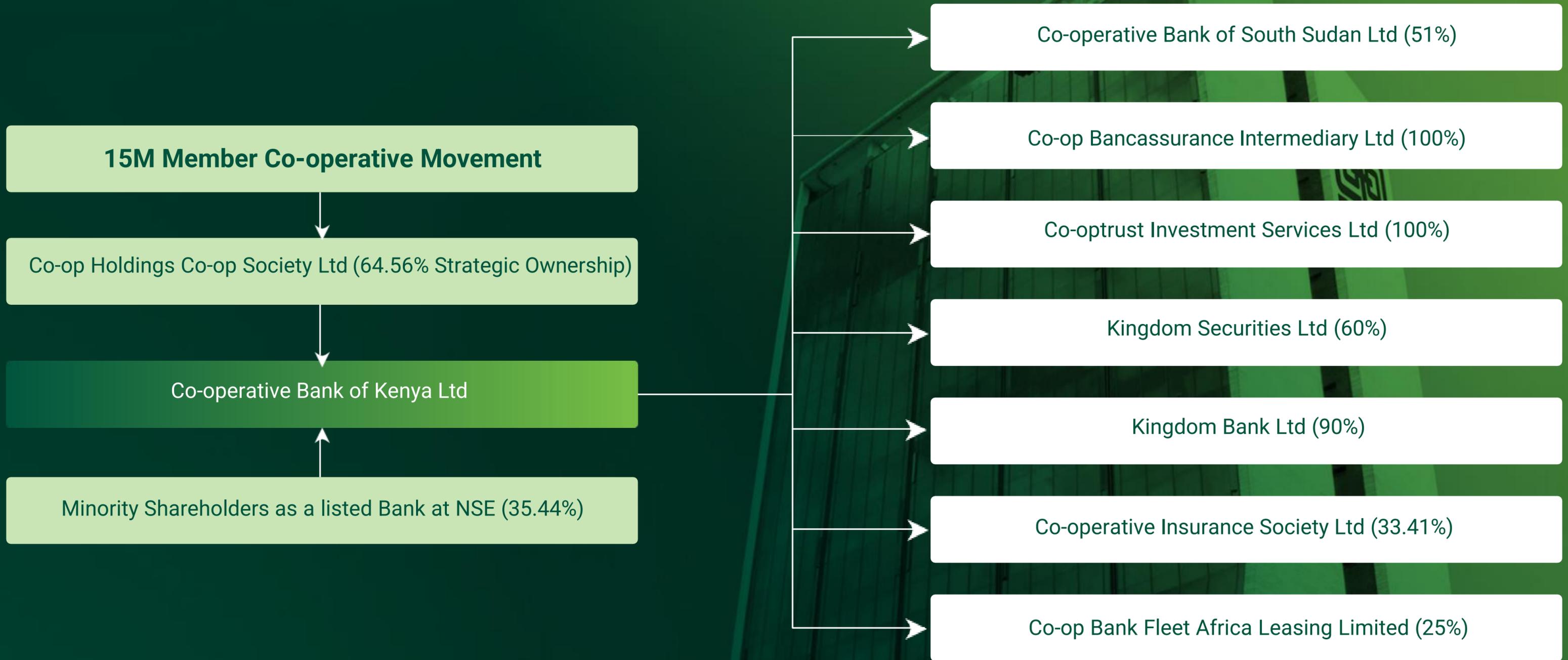
6



Positive impact on Economy, Society & Environment.



Co-operative Bank Group Structure



A Successful Universal Banking Model



Our Presence



199 Branches



17000+
Co-op Kwa Jirani Agents



24hr Contact Centre



5M Omni Channel
Customers



16K Diaspora Banking
Customers



5,426 Staff



604 ATMs & Cash
Deposit
Machines
(CDMs)



484 Sacco Front
offices Branch
Network



**New Core Banking
System**



“Soaring Eagle” Transformation

“Soaring Eagle” Transformation Agenda focuses on

1. Branch Transformation
2. MSME Transformation
3. Sales Force Effectiveness
4. Shared Services & Digitization “The Digital Bank”
5. NPL Management & Credit Processes
6. Cost Management
7. Data Analytics
8. Staff Productivity



“Soaring Eagle” Transformation: Key achievements

E-CREDIT FOCUS: KSHS.388.6 DISBURSED SO FAR

Short-term tenor

Average disbursement of Ksh.6.1 B per month.

Consumer Based that is on salary checkoff deductions at source.

Low credit risk

93% of total transactions are on Alternative Channels.

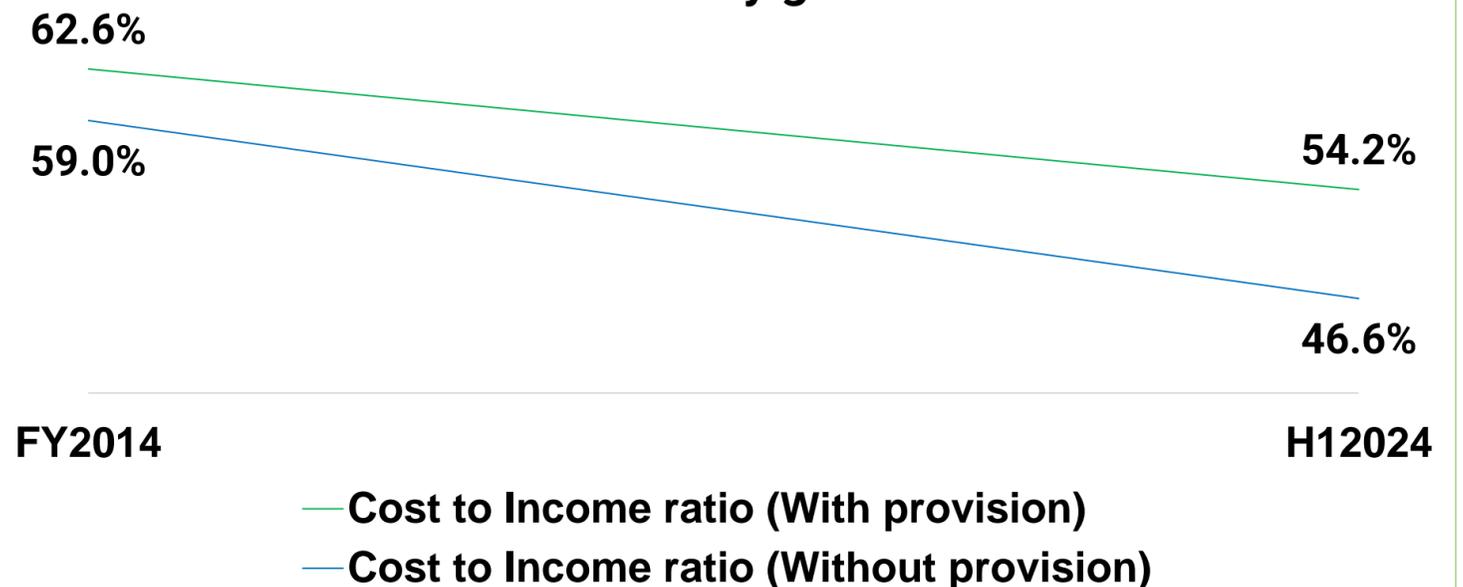
PROACTIVE CREDIT MANAGEMENT THROUGH;

Continuous Process improvement for enhanced End to End Turn Around Time on all loan applications.

Proactive early delinquency & NPL management through Connecting with our customers, collecting and offering customer-centric solutions.

Credit Review Implementation Project “*Project Kilele*” and Project *Connect & Build*

Efficiency gains



“Soaring Eagle” Transformation: Key achievements

MSME Transformation

Customers Trained

63,500

Customers onboarded
(MSME Gold, Silver, Bronze)

223,000

Non-Financial Services

115 Webinars

180 Clinics

50 networking forums

5 International Business trips

Value adding webinar series

<https://msme.co-opbank.co.ke/knowledge-hub/webinars/>



The graphic features the Co-operative Bank logo and MSME logo at the top. A central green speech bubble contains the text 'WEBINAR SERIES' with a play button icon. Below this, the text reads 'Innovative Financing Solution for Kenyan SMEs: Accessing Capital in a Changing Landscape'. At the bottom, it says 'Watch →' followed by the URL <https://msme.co-opbank.co.ke/knowledge-hub/webinars/>.

“Soaring Eagle” Transformation: Key achievements

Sales Force Effectiveness for Corporates and Cooperatives

Sector focus; Tailor-made go-to-market strategies for different sectors.

Scale up value chain business

Leasing- Partnership with Coop fleet to offer assets on lease

Advanced data analytics

Supporting Data-led sales, reporting and decision making

Digitization

New Core Banking System

Omnichannel platform (5Million+ customers)

Business Process Management System.

Staff productivity

- > Performance Rigor & Rhythms
- > High Performing Teams (HPT) Culture
- > Performance-linked Rewards & Recognition
- > Staff Productivity –get the best out of our people
- > Talent Acquisition –deepening capabilities

Credit Review Implementation Project

Credit Review Implementation Project: Project Kilele

<p>E2E assessment of credit risk management practices</p>	<p>Comprehensive diagnostic review on each area of credit risk, including:</p> <ul style="list-style-type: none"> • Credit risk management framework with a key focus on risk governance, credit risk appetite, origination and underwriting process, credit approval process, credit scoring/rating models, and pricing • Portfolio management, monitoring and reporting procedures • Non-performing loan management, collections, and recovery processes
<p>Strengthen portfolio assessment and risk frameworks</p>	<ul style="list-style-type: none"> • Stress-testing of existing work done on portfolio analysis • Assess client level (and sub-sector) strategies that have been developed and suggest improvements • Quantify impacts of work done - Improvements on work done and potential heuristics that can be applied to enhance PD, LGD, and ECL modelling incorporating sector expertise
<p>Enhance Collections</p>	<ul style="list-style-type: none"> • Diagnostic of collections area (including recoveries and restructuring) • Segment by segment re-design • Future roadmap for collections function



Project Kilele

Key Achievements

Underwriting process optimization

Reclassification of sectors and sub-sectors

NPV (Net Present Value) Restructuring Model

Early Warning System

Enhanced Strategic Collections

Client-level action Plans

Roll out of new Application For Facility forms.

Improving Turn Around Time for facilities.

Auto disbursements.

Business Process Management System optimization

Training for Frontline staff and service teams done to enable onboarding new customers with the new sectors and subsectors.

Early Alert meetings at a segment level with the new guidelines.

NPV (Net Present Value) Restructuring Model deployed

Entire corporate and Co-operative book has been reclassified into the new Sector classification to enhance quarterly stress testing of customers by sector and subsector.

Enhanced Client level action Plans to ensure regular and comprehensive update and actioning.

Escrow buildup by our customers.



Environmental Social and Governance (ESG)

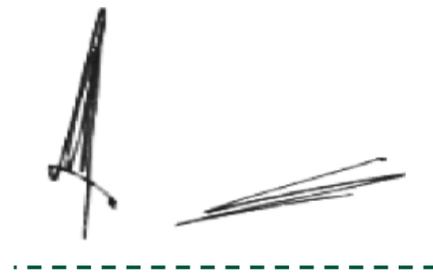
Environmental Social and Governance (ESG) Policy Statement

The Co-operative Bank Group objectives under this policy are:

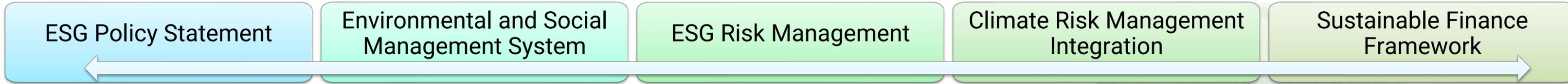
- To incorporate strong environmental, social, and corporate governance principles throughout all operations and business activities.
- To comply with relevant national laws, regulations and agreements on the environment, climate change, health, safety, and social issues to which the Group subscribes to and in the countries it operates in.
- To evaluate and manage environmental and social impacts when developing policies, products, or major change initiatives.
- To communicate this policy to internal and external stakeholders as part of regular reporting.

This policy shall be applied enterprise-wide and covers all material operations, including geographies, corporate functions, and business units of the Co-operative Bank (Co-op Bank) Group.

DR. GIDEON MURIUKI
CBS, MBS GROUP MANAGING DIRECTOR & CEO
NOVEMBER 2022




ESG Policy Framework



Our ESG Policy Framework is a cohesive structure guiding Co-operative Bank's strategic approach to Environmental, Social, and Governance (ESG) obligations. It orchestrates an interconnected network of policies, procedures, and guidelines, creating a robust ESG management system and provides a robust blueprint for managing and mitigating ESG-related risks, as well as for leveraging opportunities to enhance our positive impact on society and the environment

Environmental

Bolster environmental health through sustainable financial products & services and programs



Environment & Climate Change

Supporting the transition to a low carbon economy and reduce the impact of climate change

Responsible Resource Use

Encouraging responsible and efficient use of resources throughout the Bank's operations

Social

Contribute to inclusive economic outcomes through our business activities, philanthropy, supply chain and employer in our communities



Financial Inclusion

Enabling access to financial solutions, supporting economic development and reducing inequalities

Social Inclusion

Promoting financial intermediation in the economy

Economic Inclusion

Empowering and building resilient communities, especially to the underserved

Governance

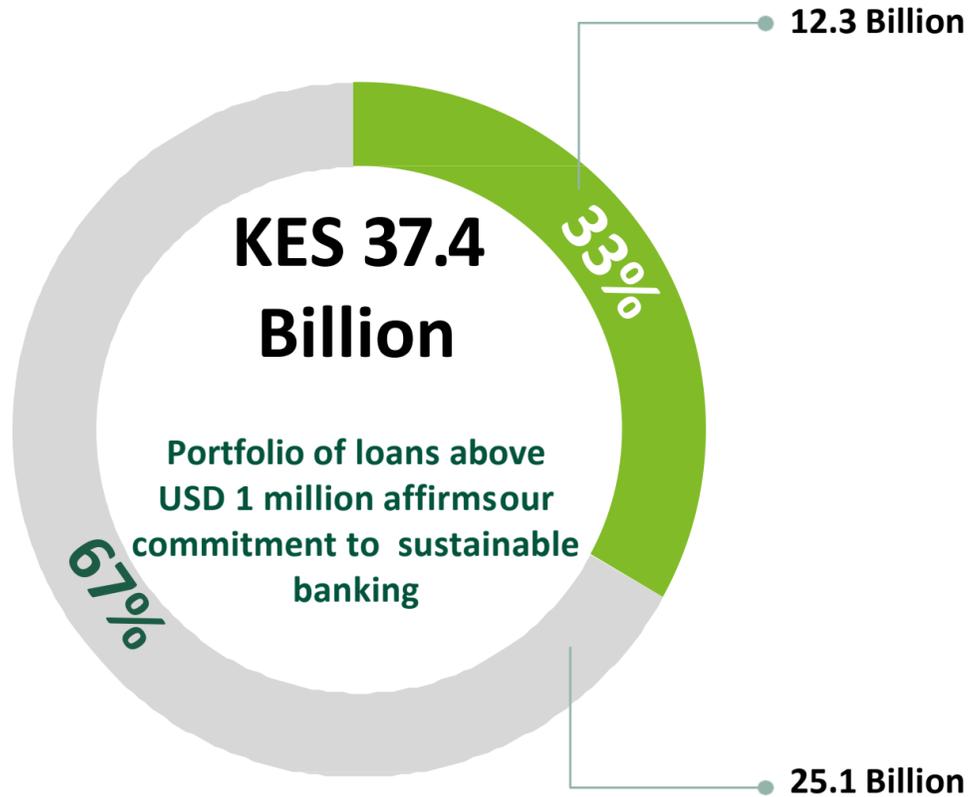
Build enterprise resilience through ESG integration



Groupwide ESG Integration

Incorporating ESG in all investment and operations decisions

ESG Impact



MSME Financing	Affordable Basic Infrastructure	Renewable Energy
Green Buildings	Food Security	Access to Essential Services
Employment Generation	Youth Banking	Affordable Housing
Sustainable Water & Waste Management	Sustainable Food & Agriculture	

- Kshs.100M Co-op Bank Capacity-building & Technical Fund
- Co-op Bank to provides the Direct Settlement System for Coffee. This will benefit all market players notably farmers.
- Co-opbank Soko - a digital marketplace that connects the agriculture value chain +1,000,000 farmers onboarded.



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 Foundation

11,043
Students sponsored on Scholarship Program

Co-op Consultancy

3,465
Consultancies to the Co-operative Movement.

Local Suppliers

87.6%
of our sourcing is local

15.96B
paid to Suppliers in FY2023

MSME Focus

223,000
onboarded to MSME Gold, Silver and Bronze.

63,500
Trained

Awards : MSME Transformation



SME Financier of the Year
Africa



Product Innovation
of the Year



- ✓ Affirms our MSME Transformation strategy, developing co-created solutions catering to the needs of MSMEs.
- ✓ We are passionate about transforming their aspirations into concrete milestones



Sustainability Awards

Most Sustainable Bank in Kenya



**Asanteni
Saana!**

**OVERALL
WINNER**

Sustainable Finance Catalyst Awards



Most Innovative Bank



Best in financing Commercial Clients



Best in Promoting Gender Inclusivity



Best In promoting People with Disability (PWD)



1ST Runners up – Best in Financing MSMEs



2ND Runners Up – Best in Sustainable Finance

Award-Winning Brand



KBA CUSTOMER SATISFACTION SURVEY 2022 & 2023

Best Overall in Satisfactory Customer Experience.
33000 respondents from 38 member Banks



Best Women and Youth empowerment Programs.

- Education Scholarship Program
- Adoption of Agribusiness and use of Renewable Energy Technologies for Agriculture by Youth in Kenya



GLOBAL FINANCE - WORLD'S BEST BANK AWARDS 2024

Best Bank in Kenya



EMEA FINANCE AFRICAN BANKING AWARDS 2022 & 2023

Best Bank – Kenya
Best Asset manager, Co-opTrust Investments Services – Kenya



WINNER – SUSTAINABILITY REPORTING 2022 & 2023



CIO 100 AWARDS 2023
CIO of the year Award



AFRICAN BANKER AWARDS 2023

African Banker of the year Award

AFRICAN BANKER AWARDS 2022

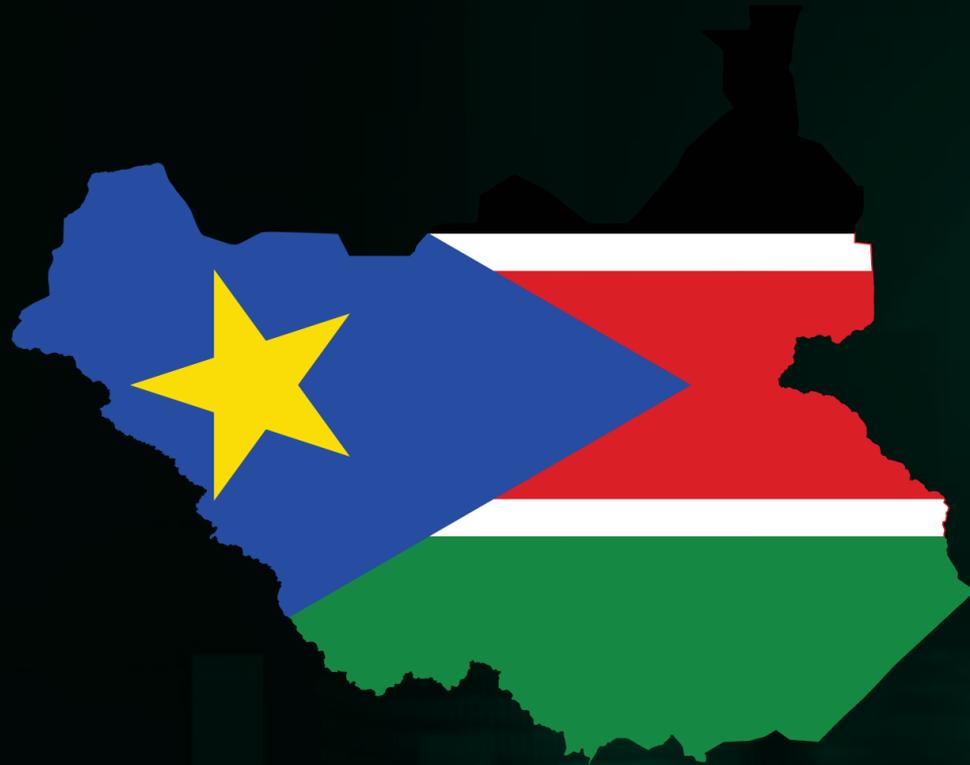
Best Regional Bank – East Africa



ASIAN BANKER GLOBAL MEA 2023 AWARDS

'Best Omnichannel Technology Implementation'

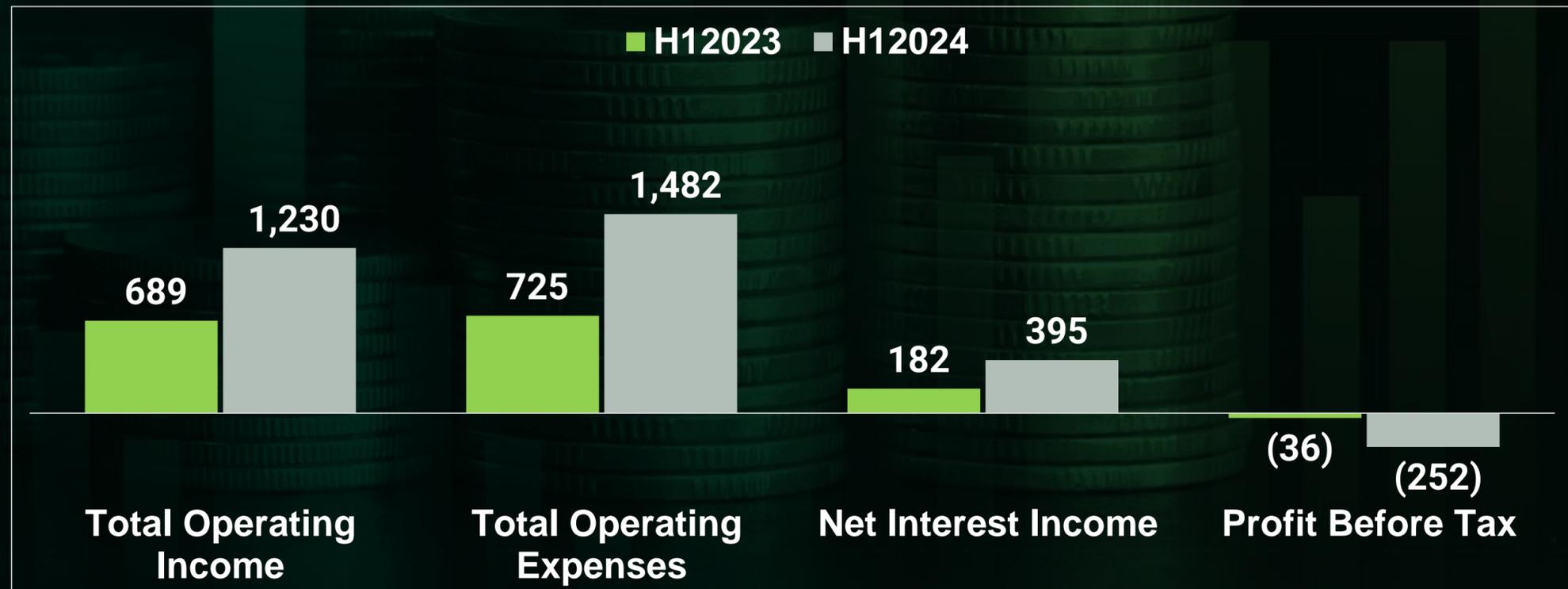
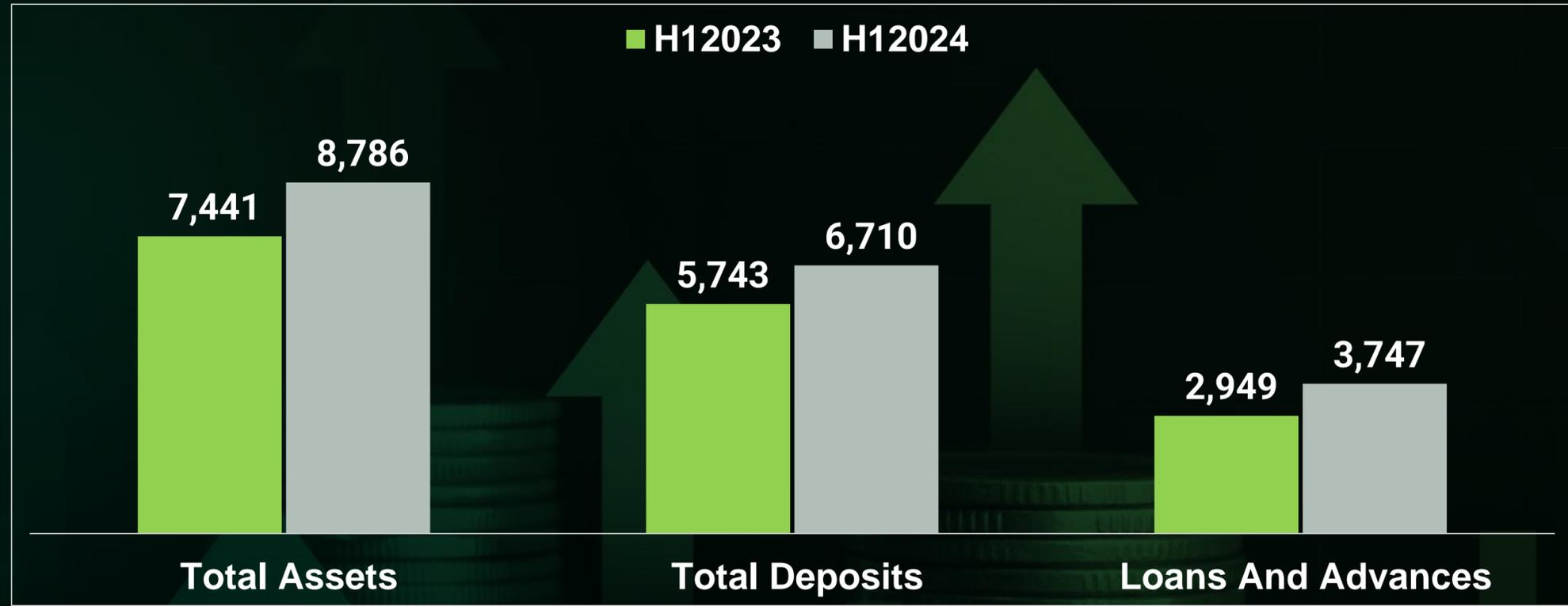
Regional Business, Kshs. Millions



5 Branches

5 Non-oil collection centers

Owns 31% of CIC Africa Ltd- South Sudan



Channel Performance

Growing Digital Channels

93%

of our Transactions are on alternative Channels providing opportunities for efficiency.



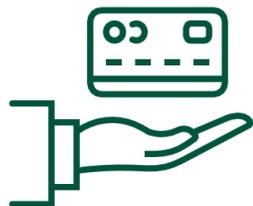
Mobile



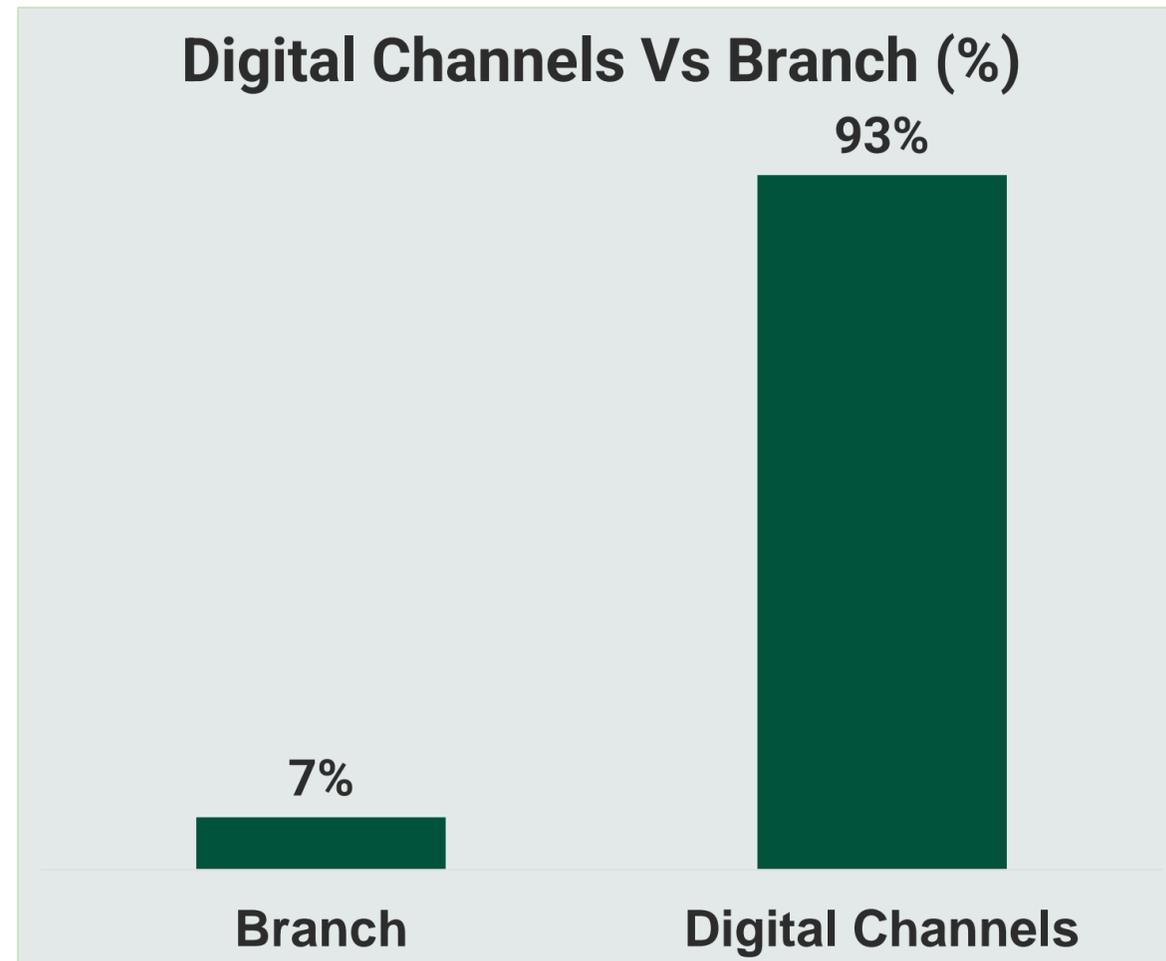
Internet



ATM &
CDM



Agency





**MCo-op
Cash**
Kwa mikono yako... unaweza



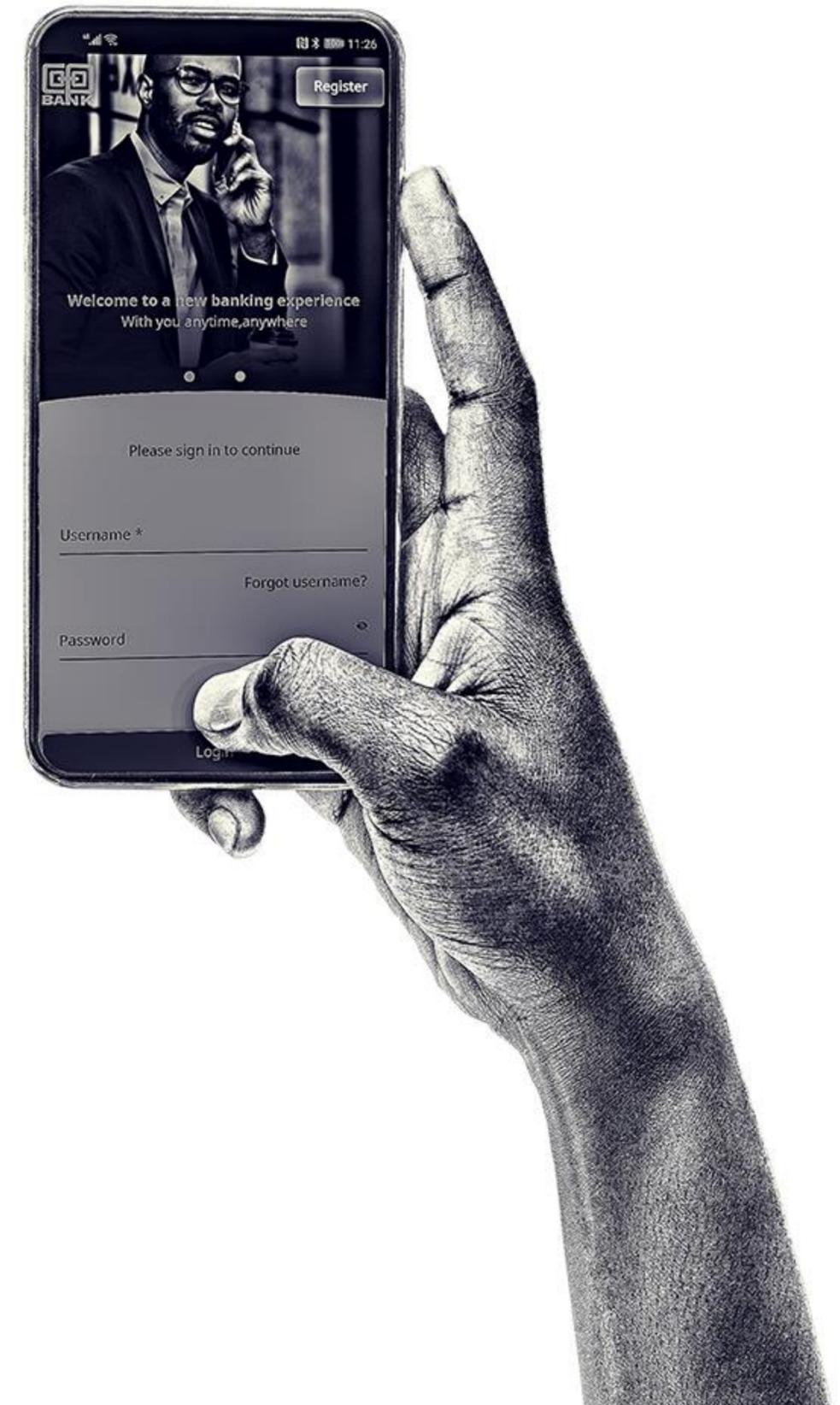
**MCo-op Cash
Mobile Wallet
A unique Offering**

MCo-op Cash Mobile Wallet A unique Offering

MCo-op Cash is an all-telco, all products mobile banking service that enables customers to enjoy access to a variety of banking services, money transfer and payment services. It's a virtual account with a simple menu where the customers mobile number acts as the account number and can be opened and operated end-to-end from the phone without having to visit the branch. MCo-op cash has continued to reach many customers who would have remained unbanked and underbanked.

Mco-opcash main features includes;

- Full access to other wallets in the market
- Affordable pricing compared to Brick & Mortar
- Payment of goods and services directly to Telco Paybill/Till number
- Cardless withdrawal at the bank's agent and ATM network
- External and Internal funds transfer
- E-Credit - Access to the mobile-based loans offered by the bank.



Omnichannel Banking

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.

5.6B

Successful offering continues to scale:

Income of Kshs. 5.6 Billion in H12024

Welcome to the new Internet Banking

Your banking team is at your fingertips



Personal Internet Banking



Corporate Internet Banking

Digital lending focus E-credit

A superior product for our customers that continues to scale and is a key revenue source

- A key focus area, Kshs. 388.6B disbursed to Date.
- Kshs. 6.1 Billion disbursed per month on average.
- Consumer based salary checkoff hence lower credit risk.
- Short term tenure

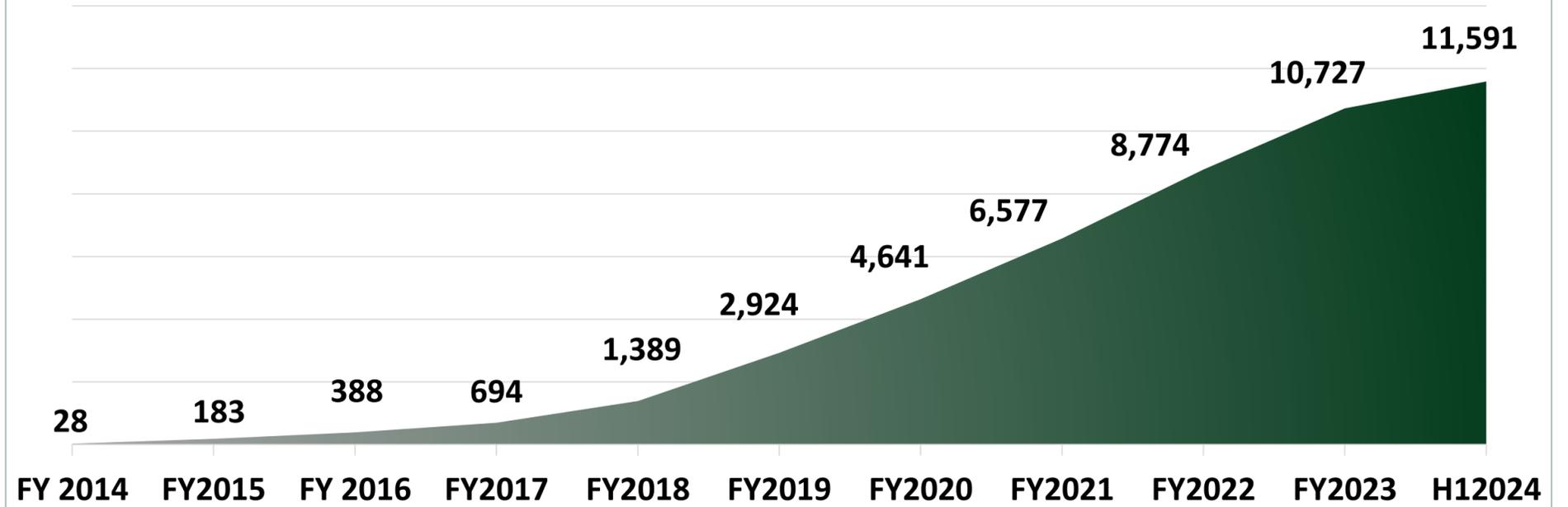


A superior product for our customers that continues to scale and is a key revenue source

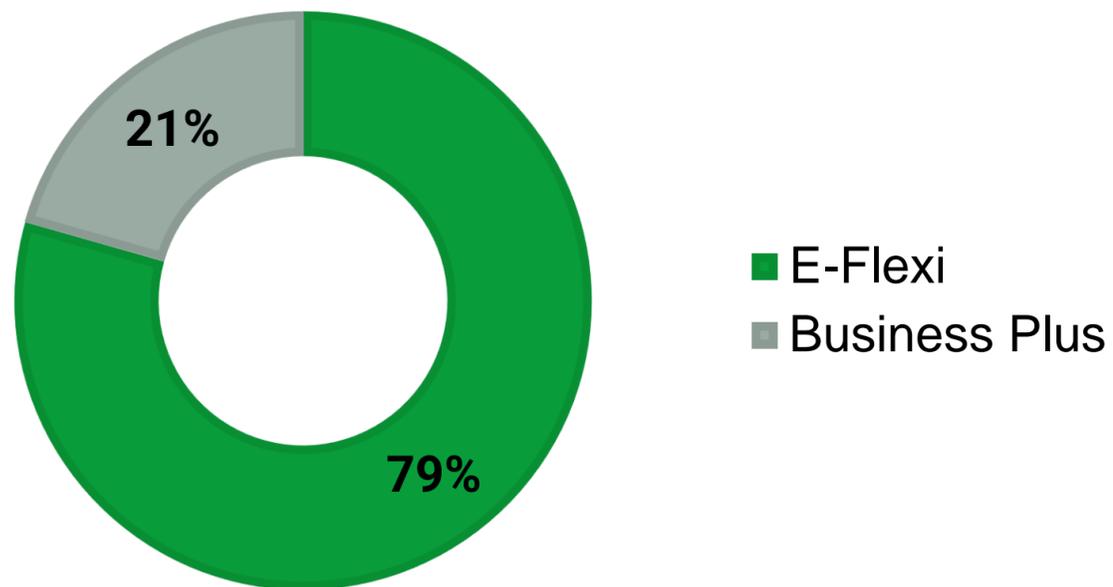
Kshs. 36.4 Disbursed YTD

Kshs. 388.6 Disbursed since inception.

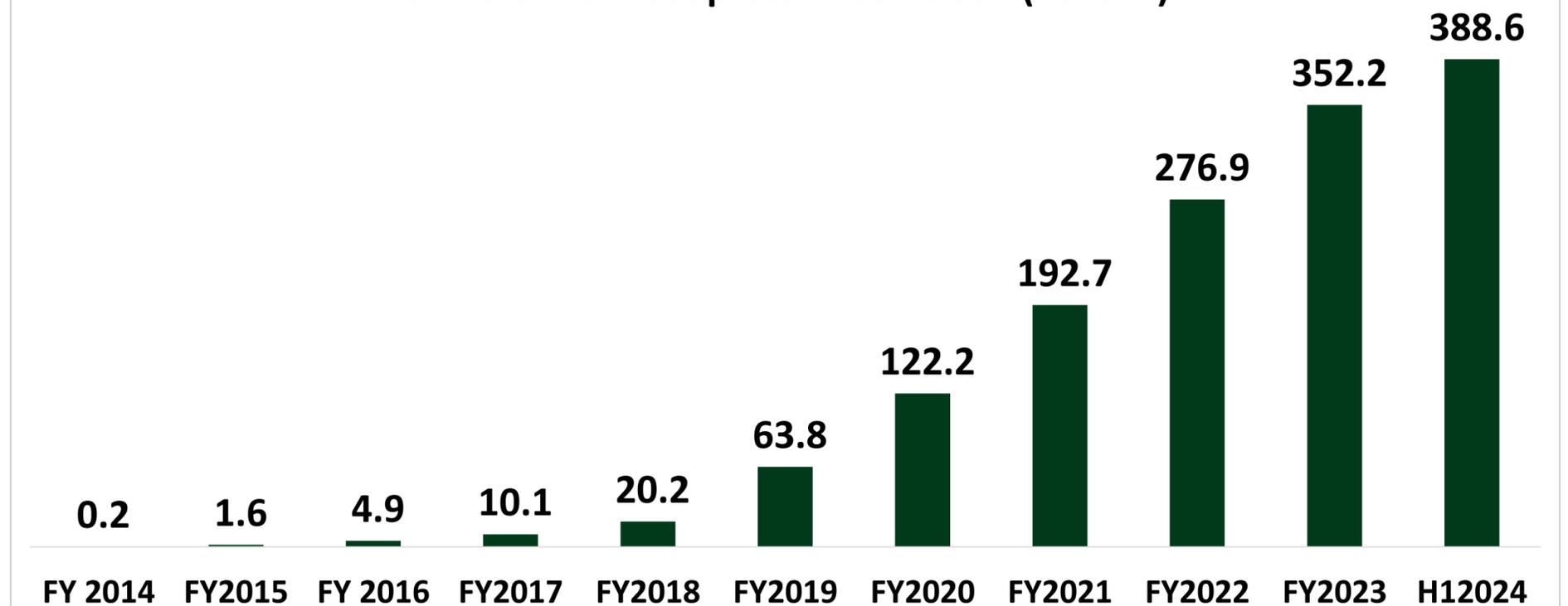
Cumulative Mcoop Cash Loan Customer Numbers (In '000')



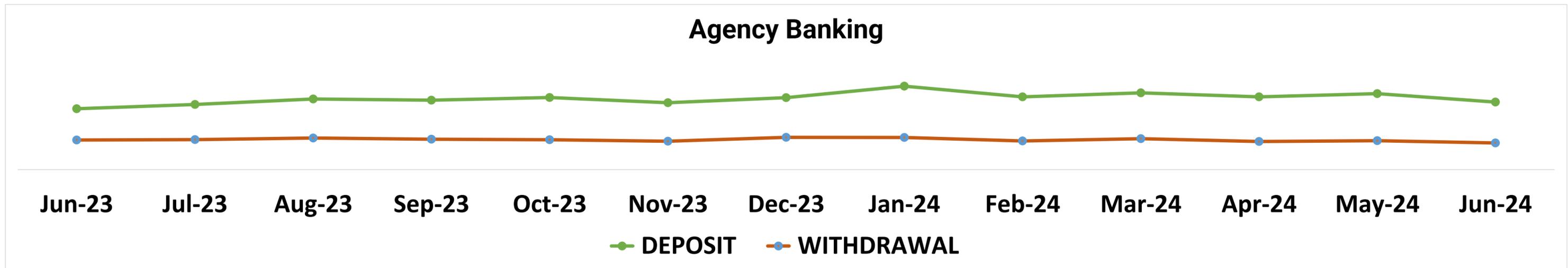
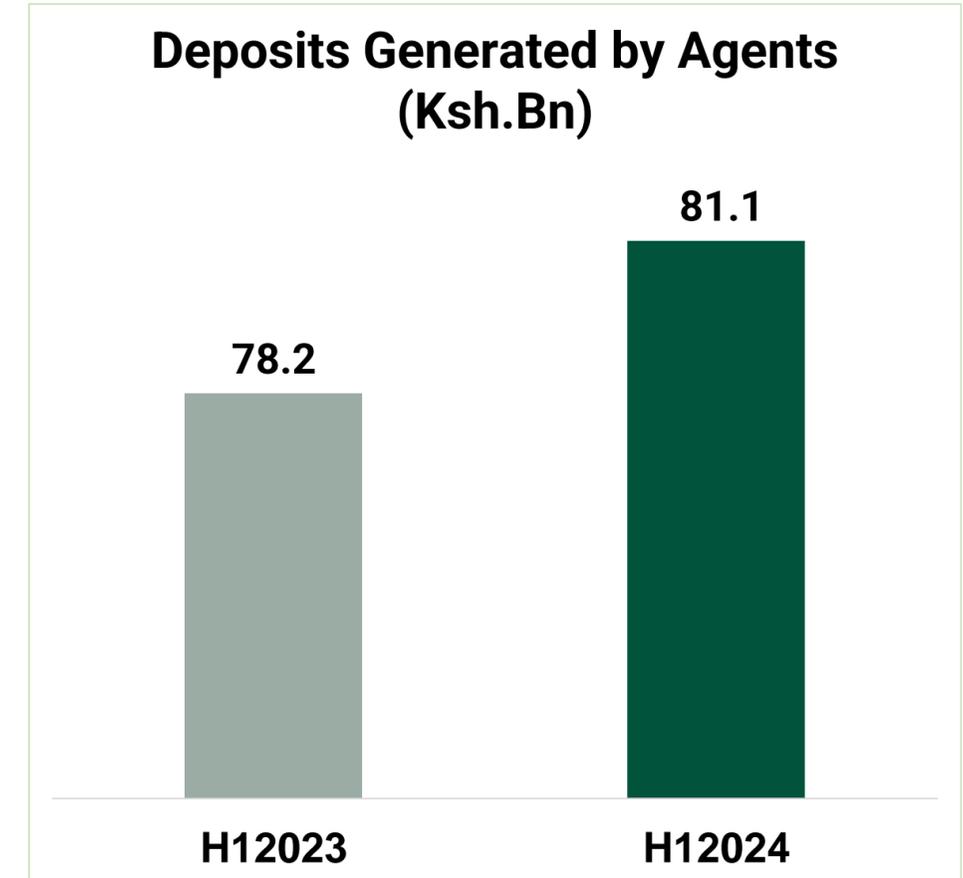
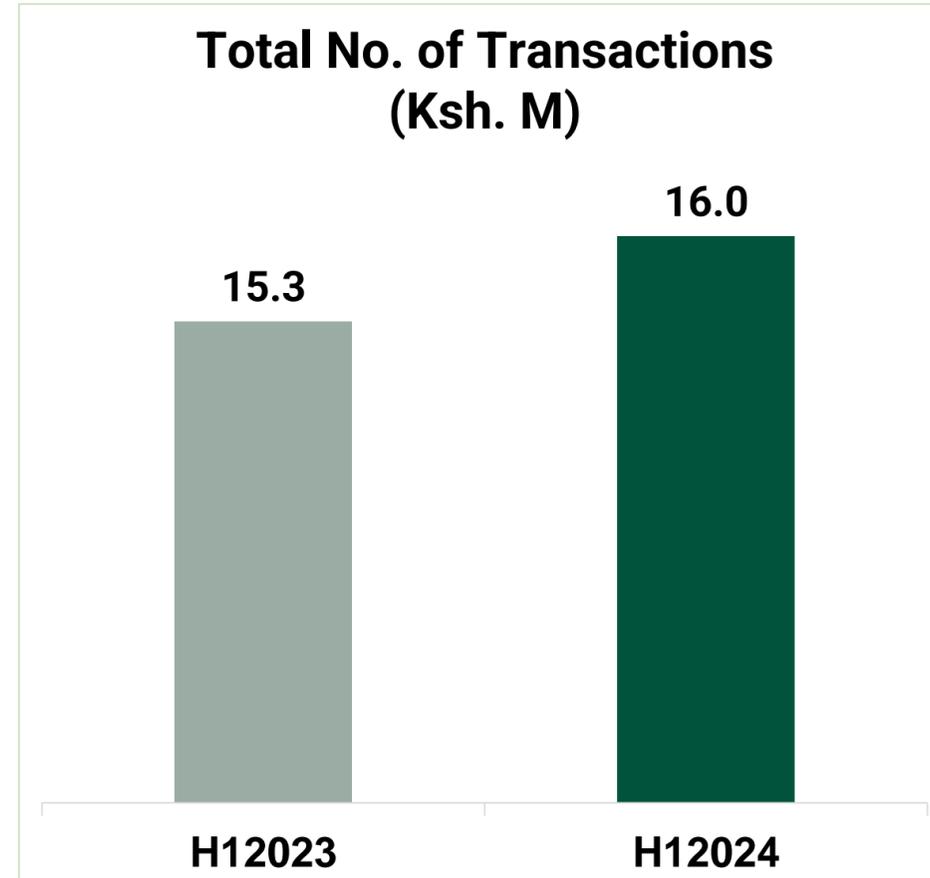
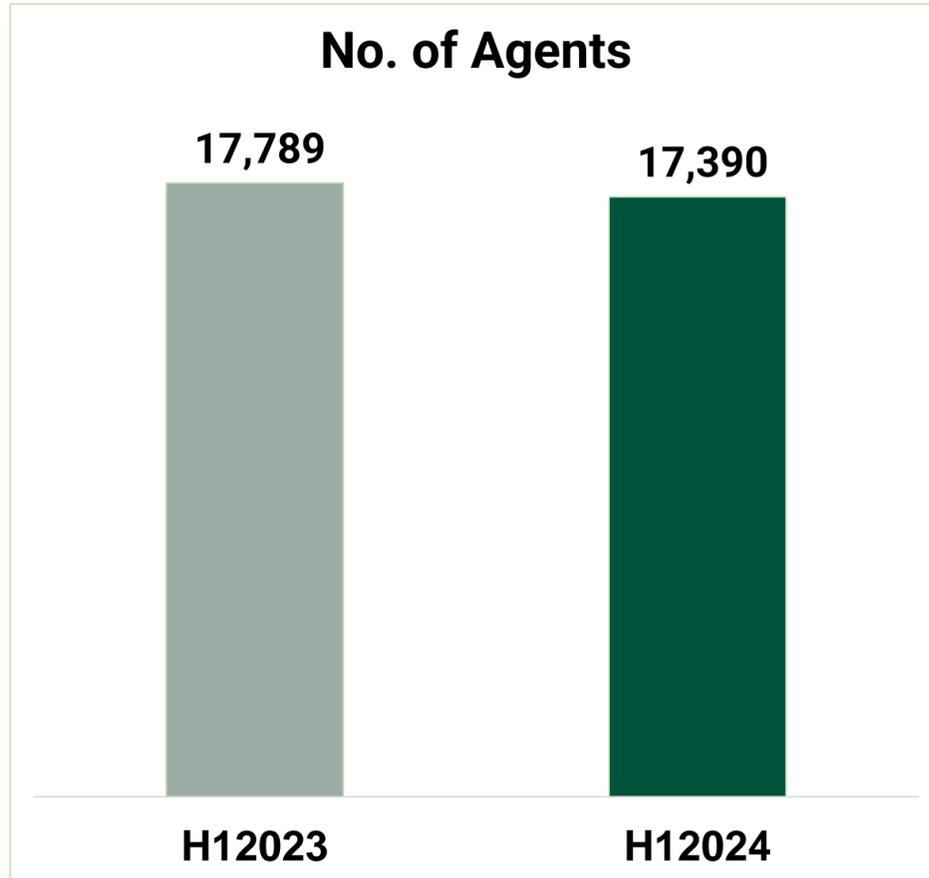
E-CREDIT – KEY GROWTH FOCUS



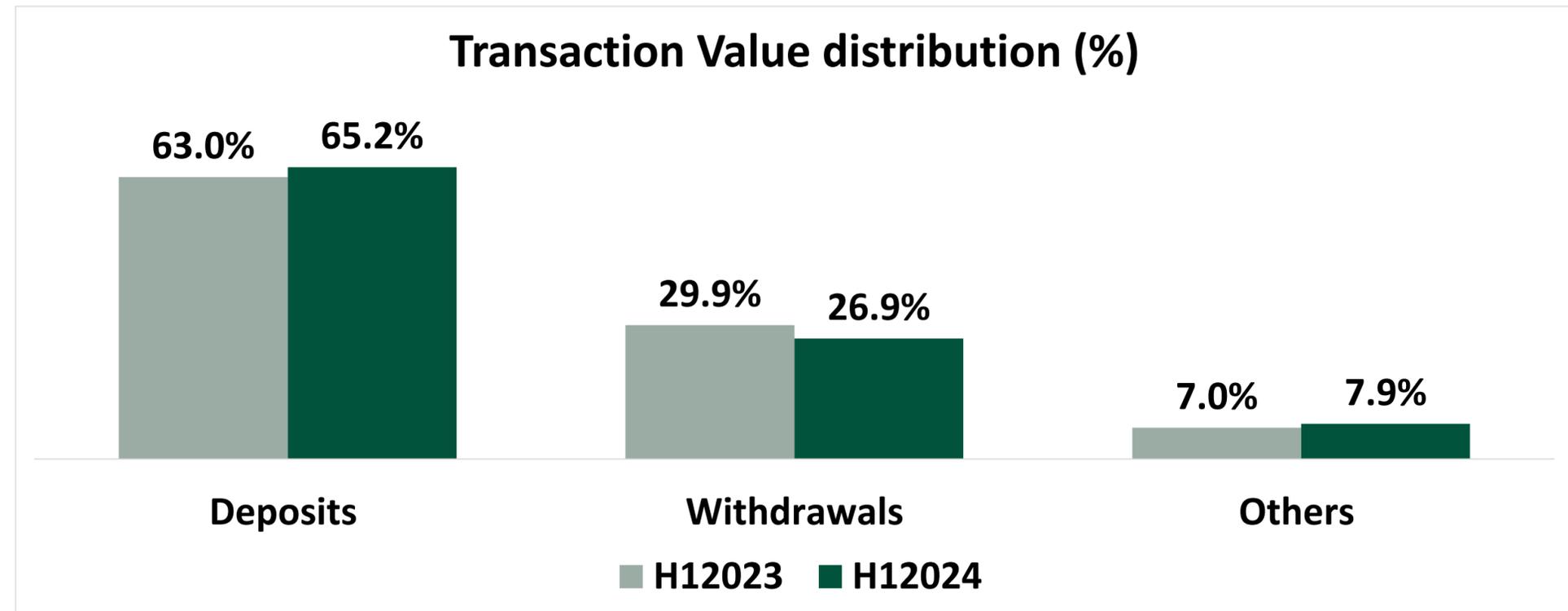
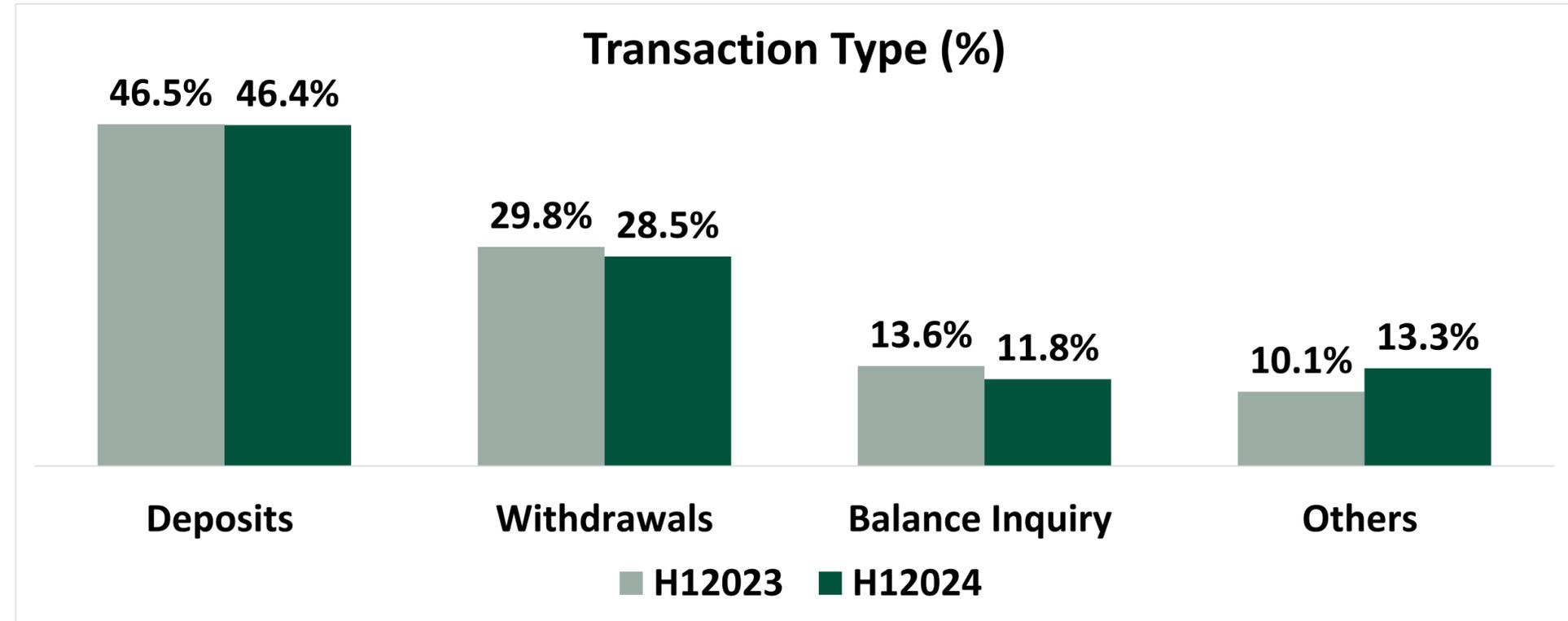
Cumulative Mcoop Cash Loan Book (Kshs. B)



Growing Co-op Kwa Jirani Agency Banking



Agency Banking



Growing Co-op Kwa Jirani Agency Banking

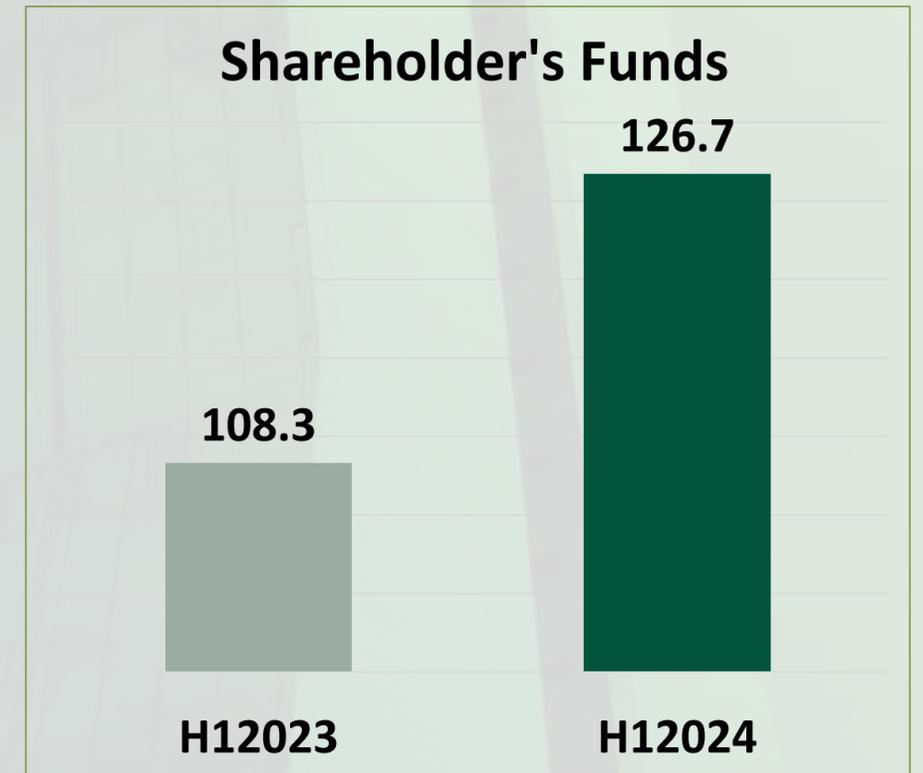
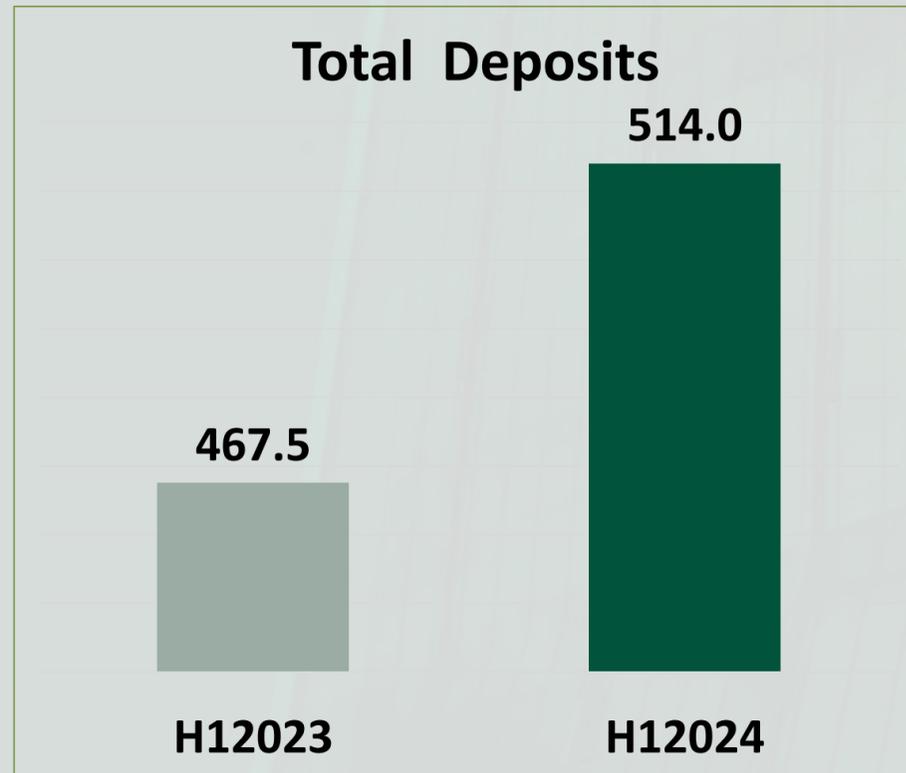
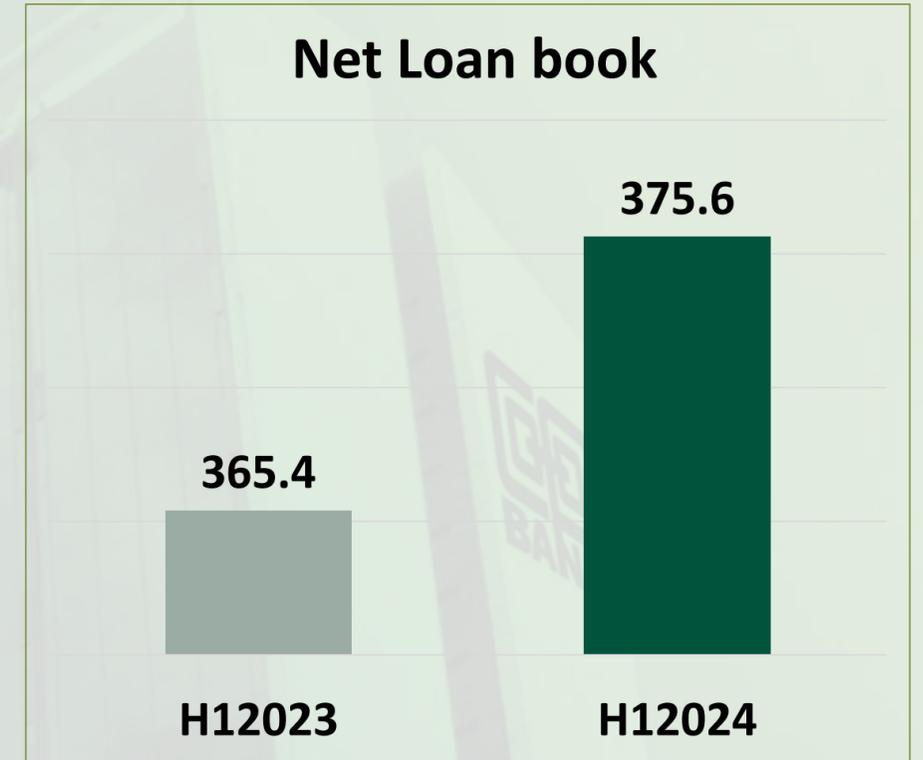
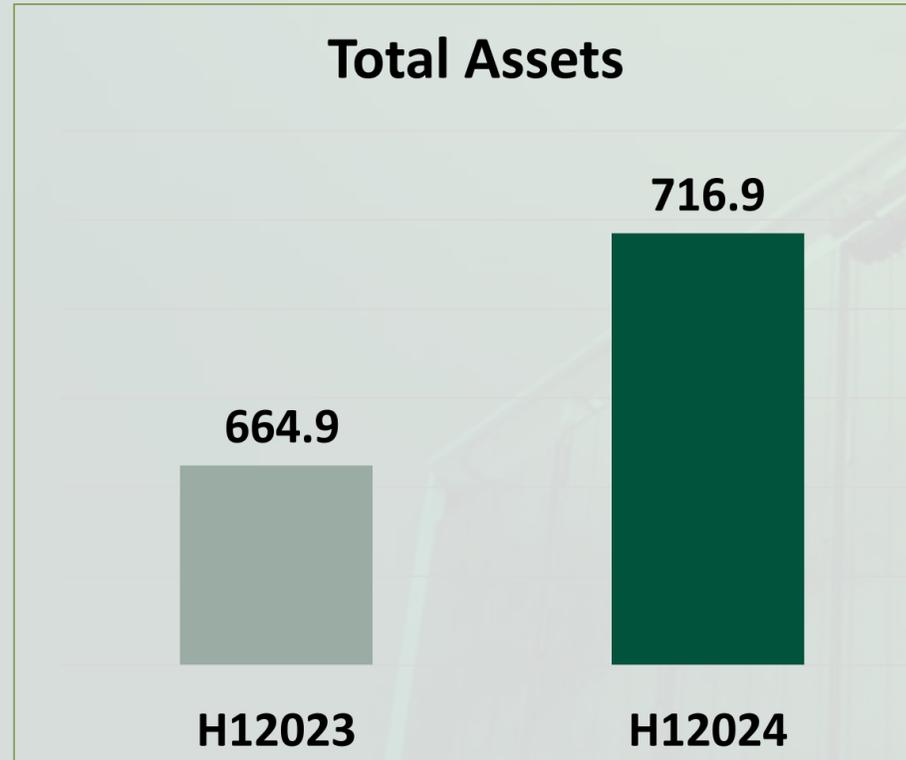
- ✓ Key deposit mobilization channel
- ✓ Higher deposit than withdrawal



Financial Highlights

The background features a dark green color scheme with several stacks of coins of varying heights. Each stack has a large, upward-pointing arrow emerging from its top. The overall composition is layered, with some elements appearing more prominent than others, creating a sense of depth and growth.

Strong Financial Position (Kshs. Billions)



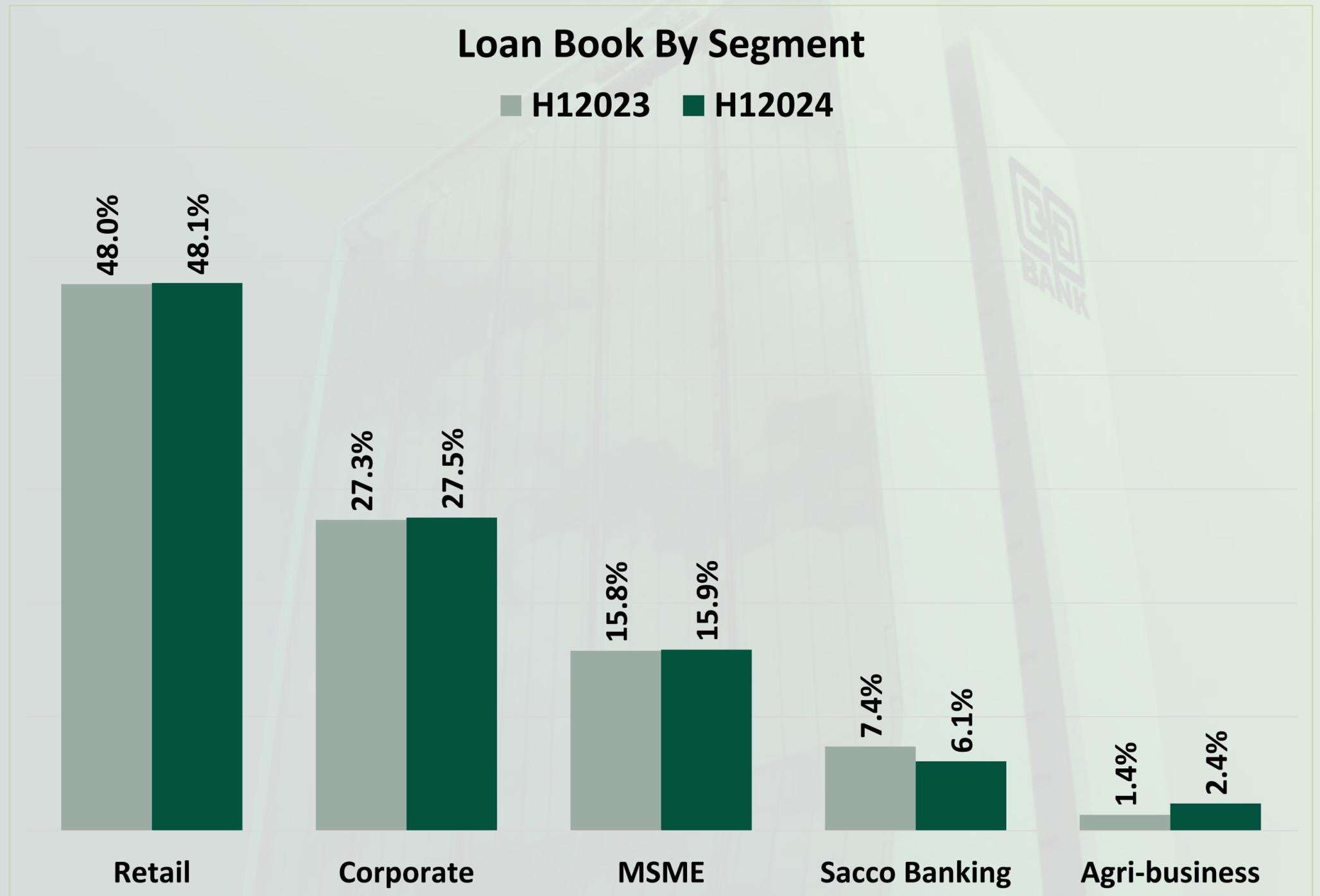
Statement of Financial Position

Kshs. Billions	H12024	H12023	% Growth	
Total Assets	716.9	664.9	7.8%	
Net Loan book	375.6	365.4	2.8%	
Government Securities	202.2	188.5	7.3%	
Total Deposits	514.0	467.5	10.0%	
Borrowed Funds	50.2	59.4	-15.4%	
Shareholder's Funds	126.7	108.3	17.0%	

**Strong Financial Position
(Kshs. Billions)**

Diversified loan book

- Diversified across segments.
- Highest book is in Personal Banking;
 - Check off; deductions are done at source.
 - Diversified across various Government/quasi-government employees.
 - Appraisal of both employer and employee for optimal risk-return.



Diversified loan book across sectors

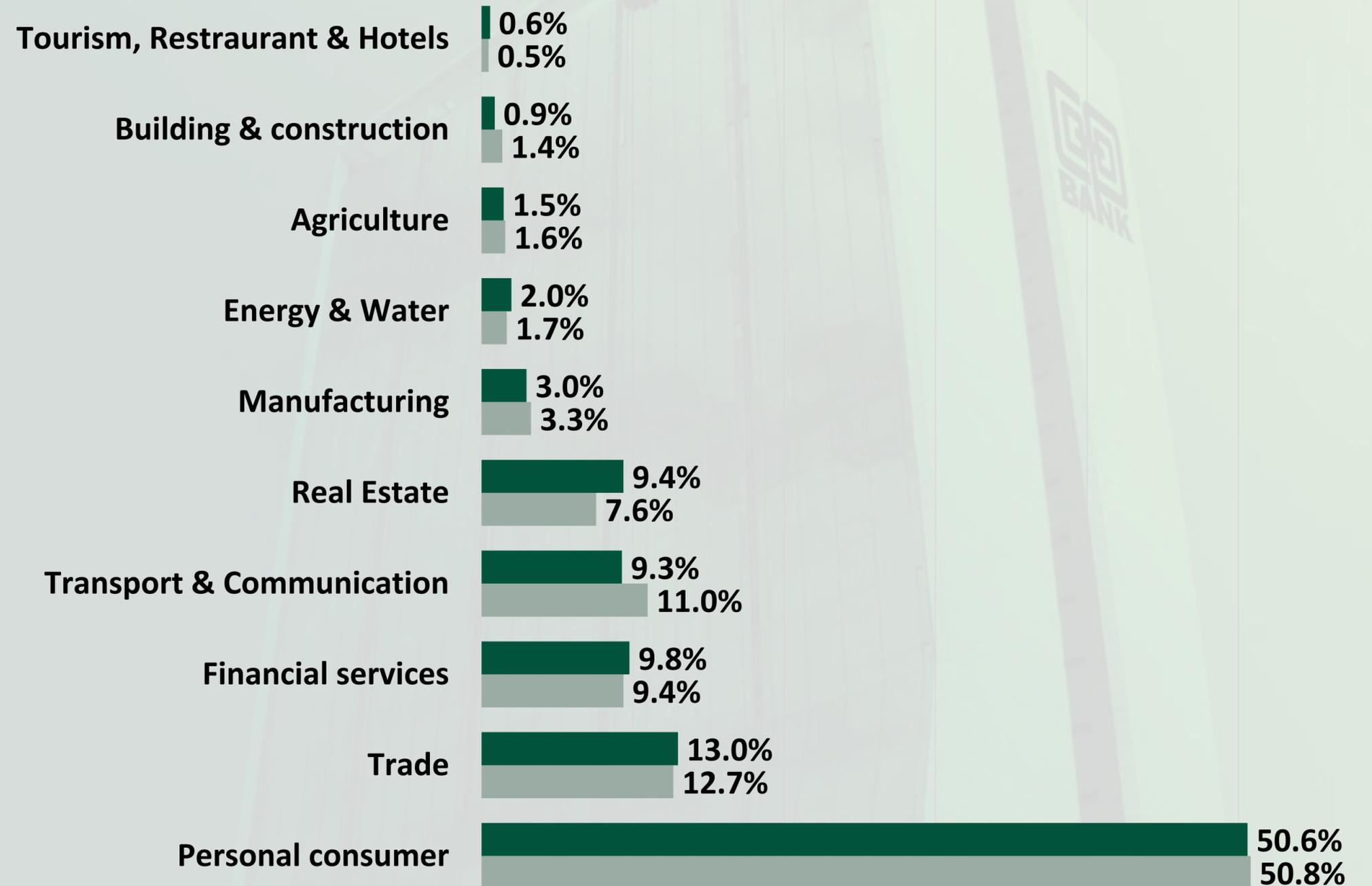
50.6% in Personal consumer which is performing well

Low relative exposure in high-risk sectors

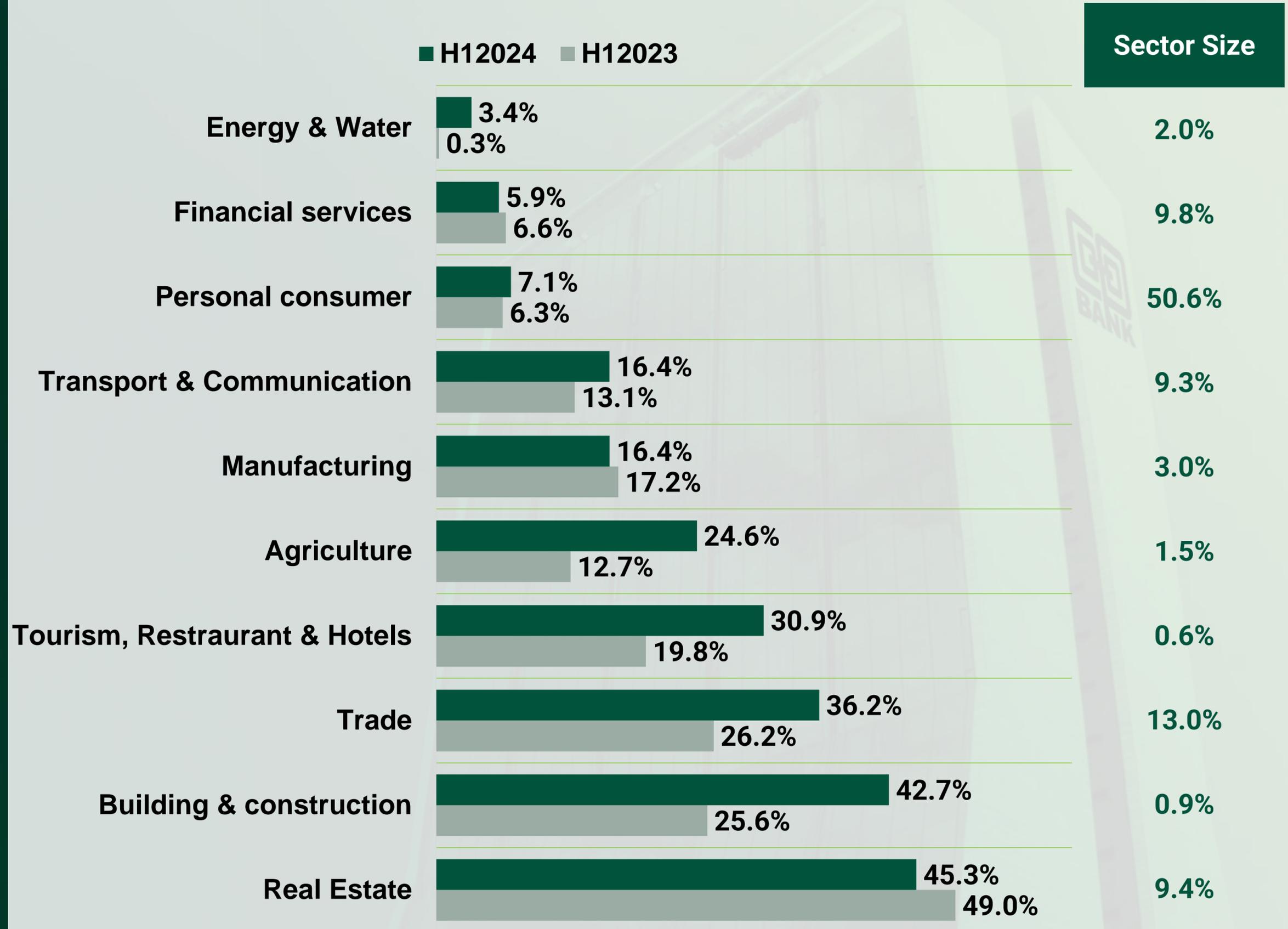
- Building & Construction <1%
- Tourism and Hotels <1%
- Manufacturing 3.0%.

Diversified Loan Book

■ H12024 ■ H12023

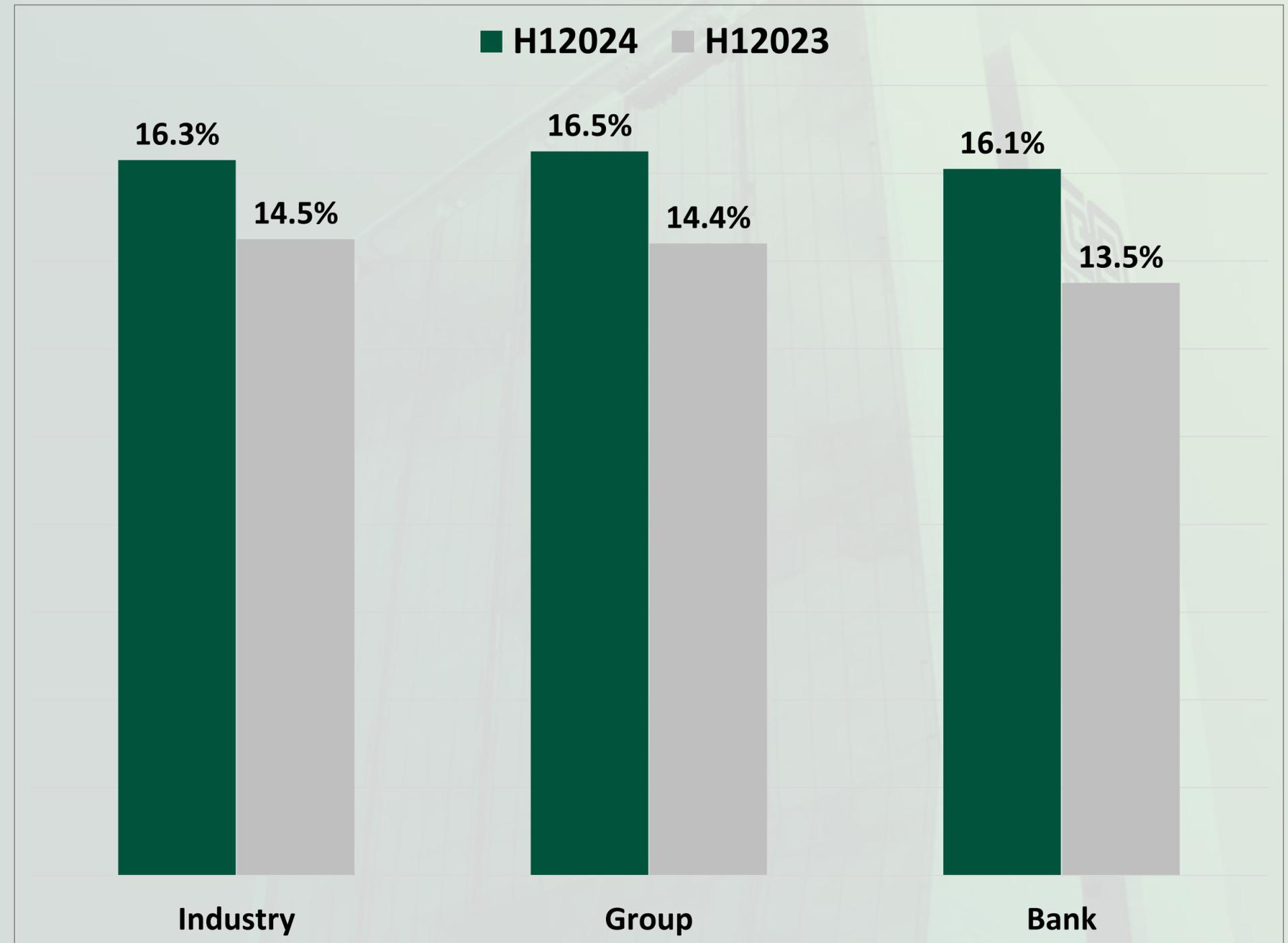


Portfolio Trends – Sector NPL

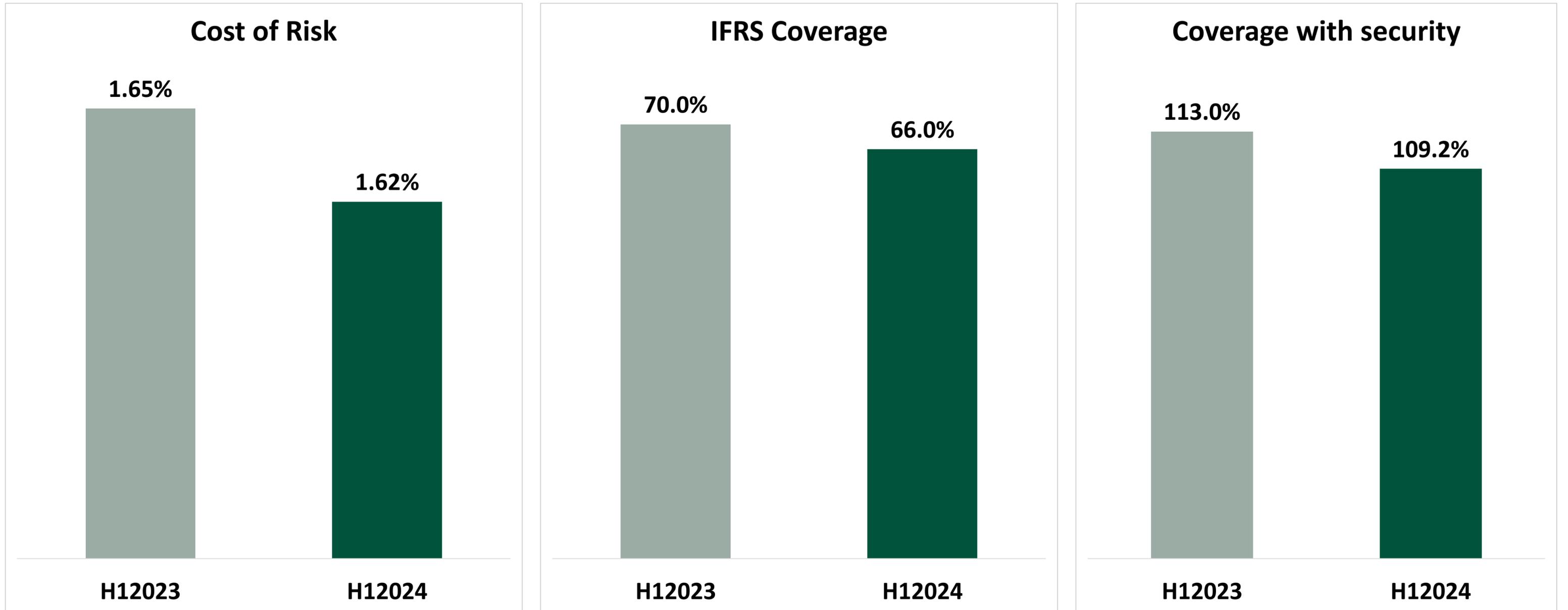


Supporting NPL Management;

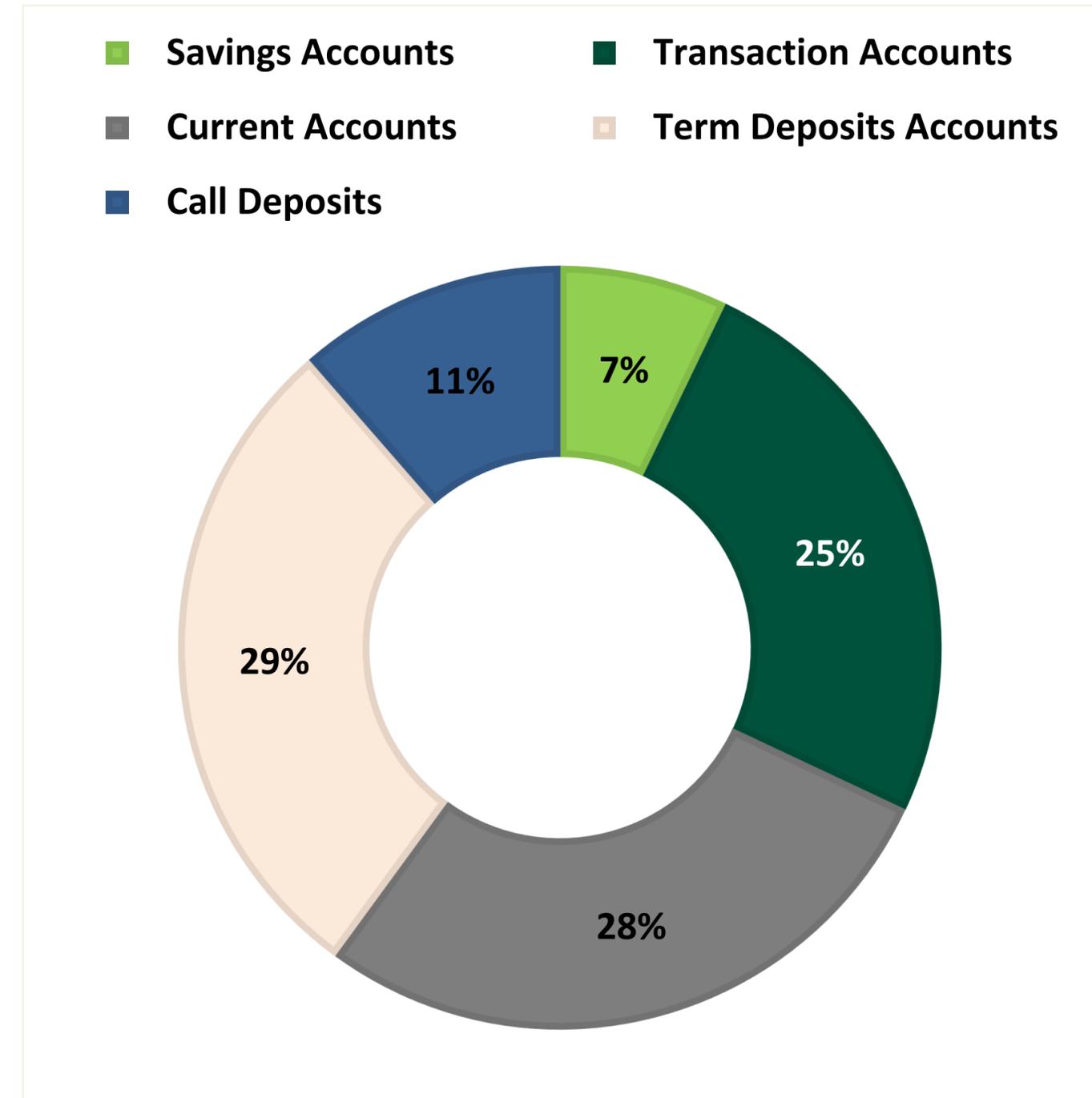
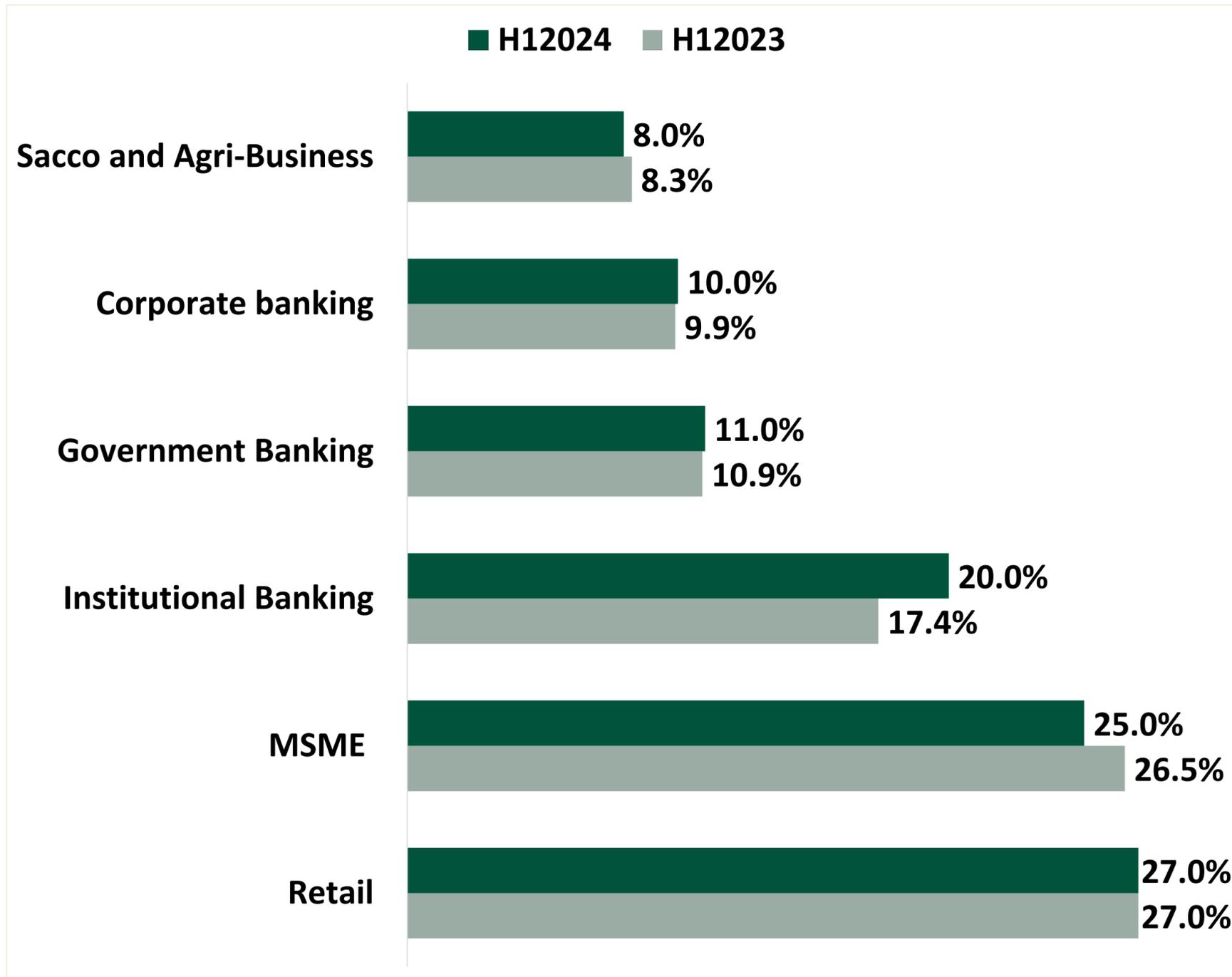
- Proactive Credit Management Strategies.
- Business Growth.
- Consumers and Businesses resilience amid tight economic environment.



Cost of risk has improved to 1.62% in H12024

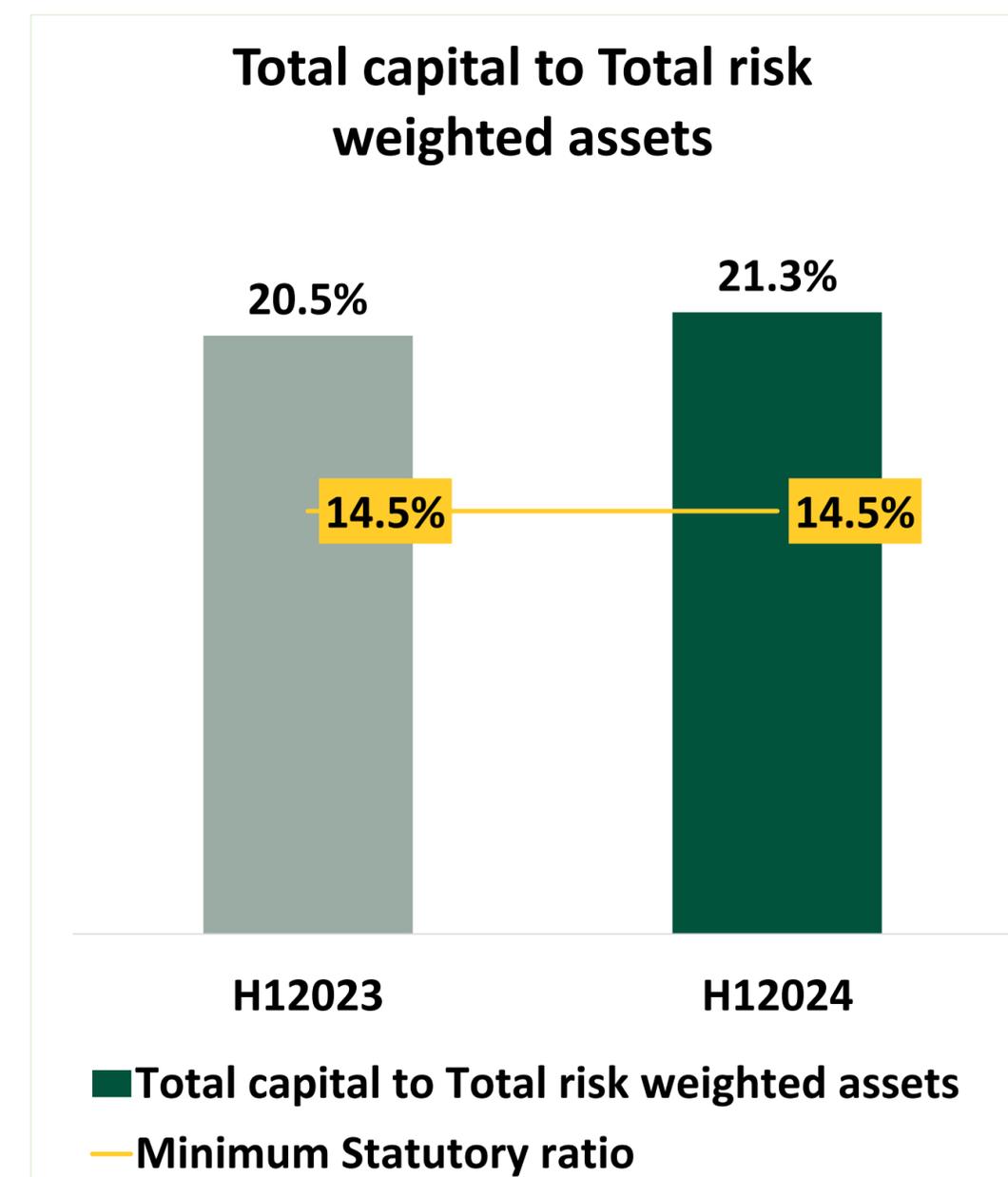
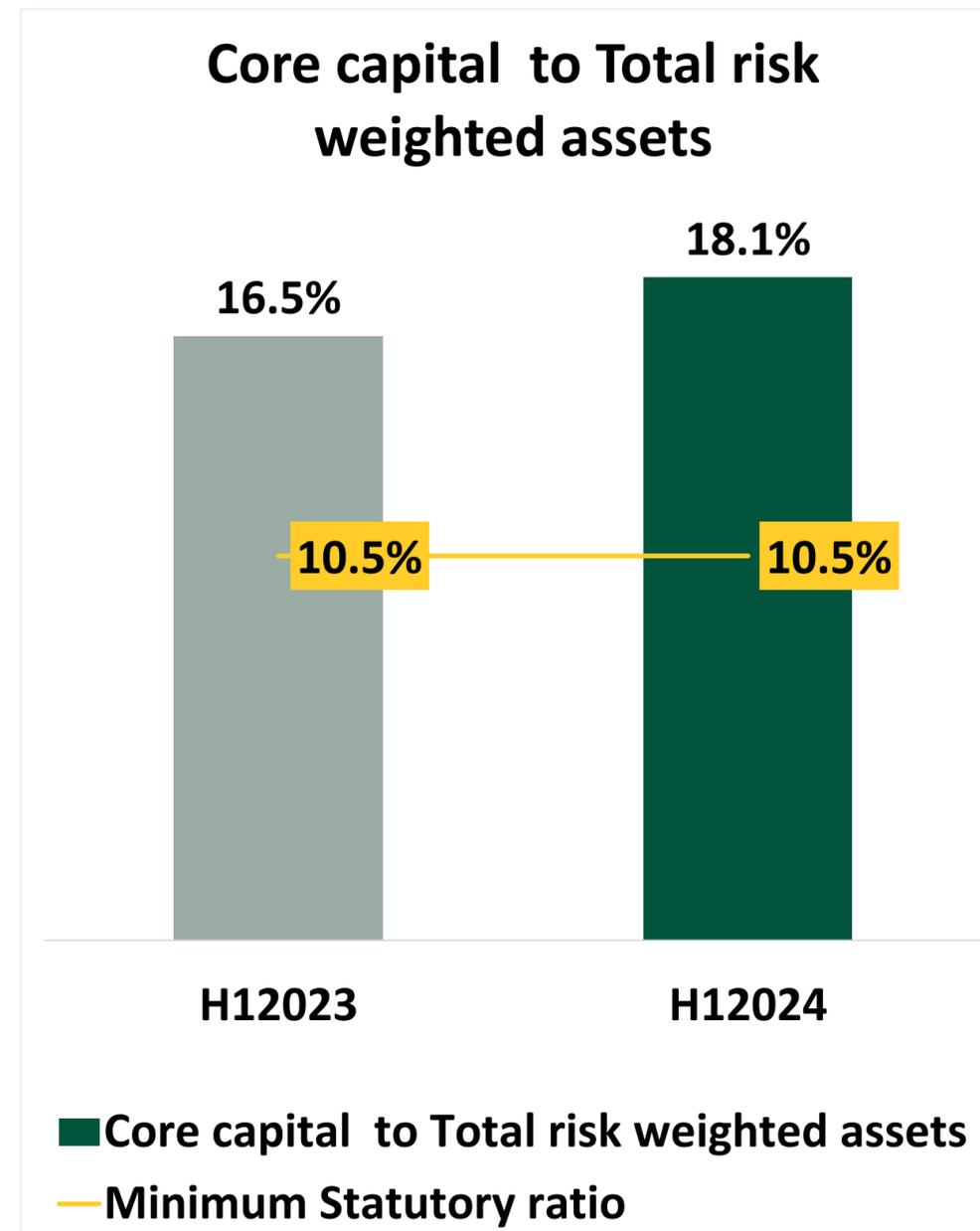
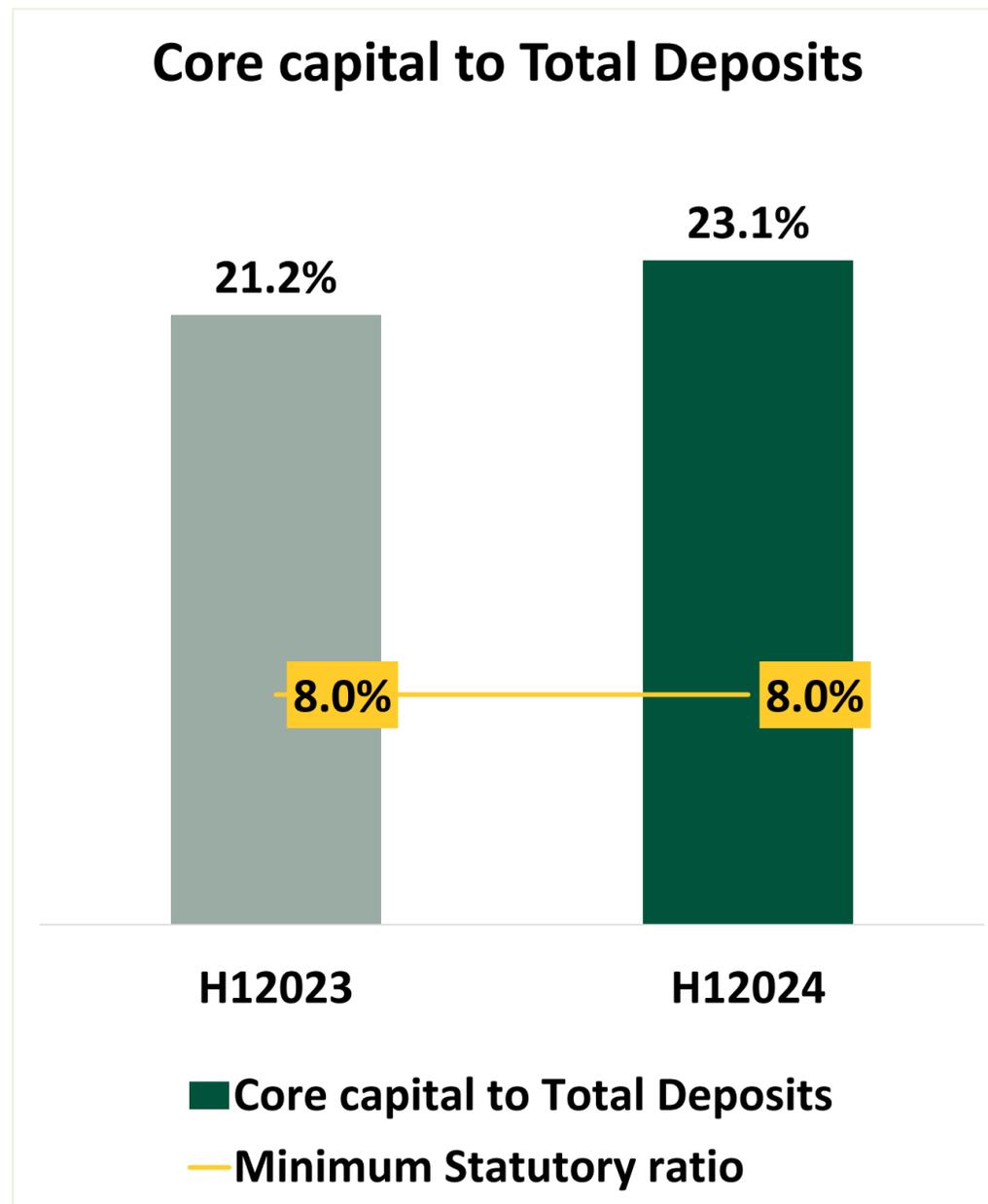


Well-diversified Liability Portfolio



Strong capital to support future growth

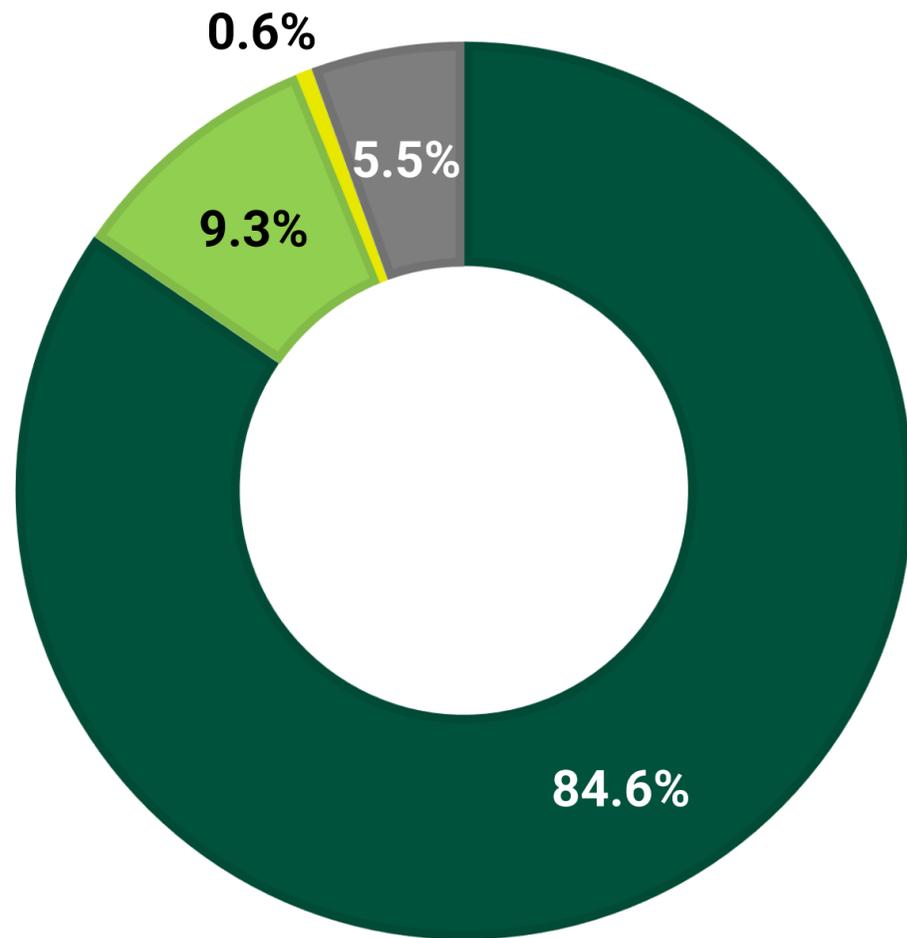
Capital buffers for sustainable growth



An Optimally balanced Kenya Shilling Asset & Funding book

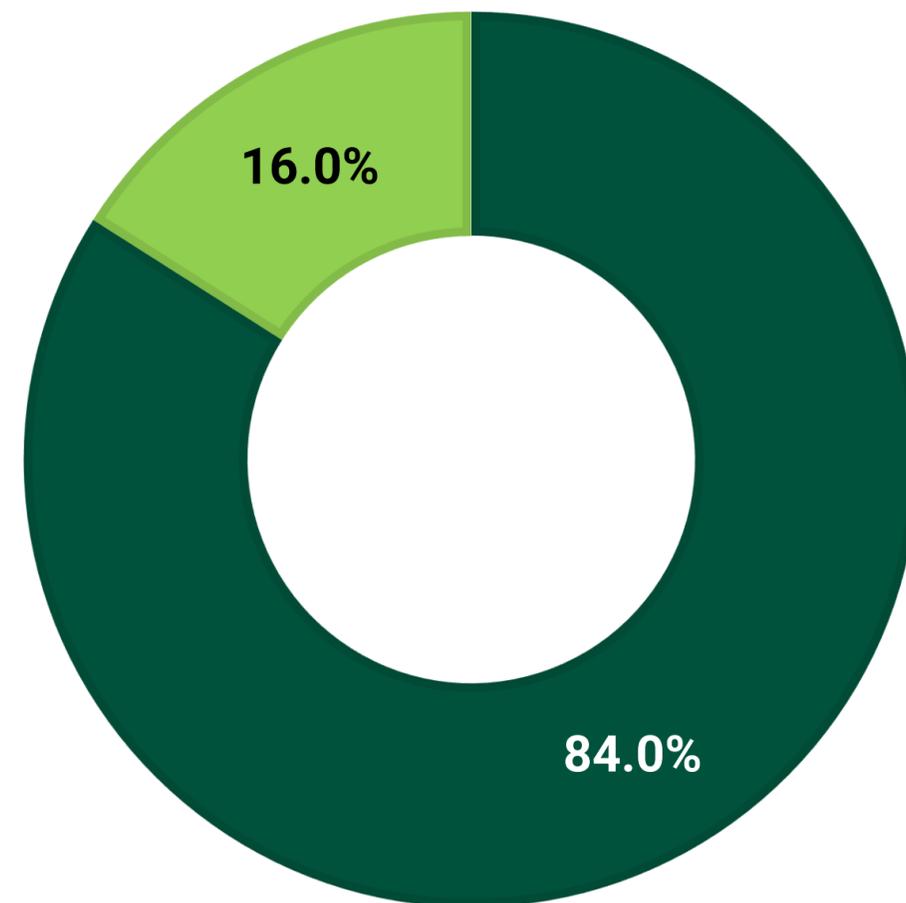
Funding: Local vs. Foreign Currency

- LCY Deposits ■ FCY Deposits
- LCY Borrowing ■ FCY Borrowing



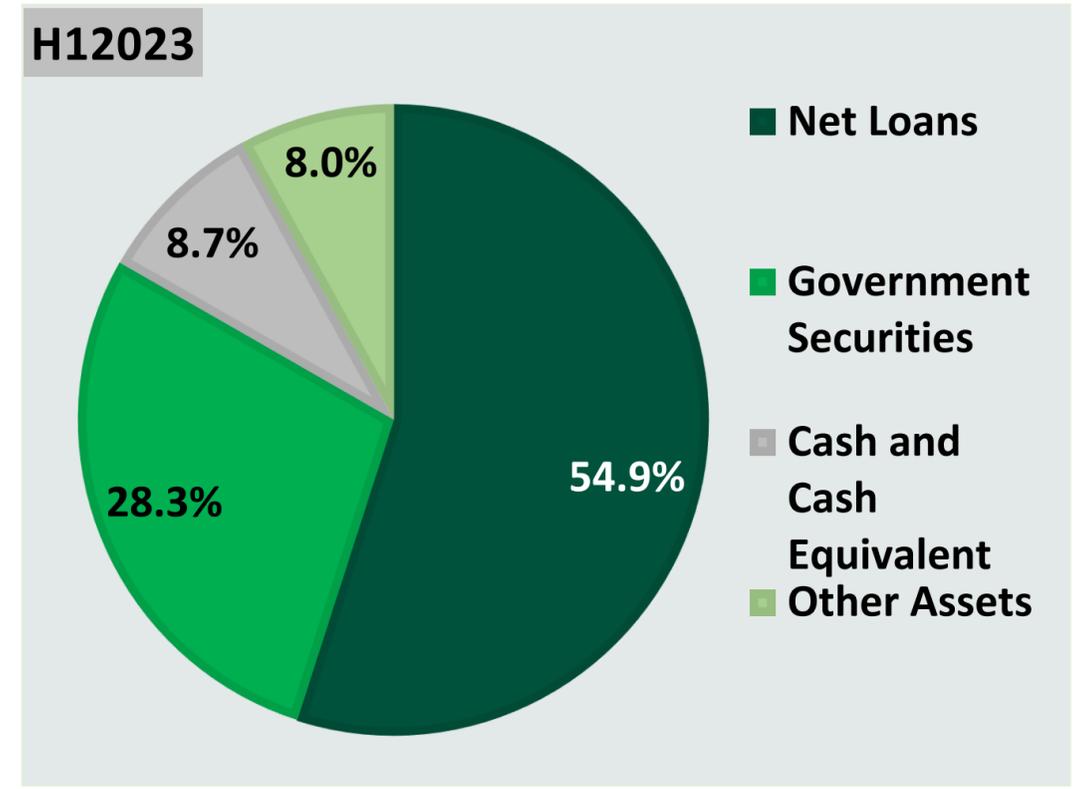
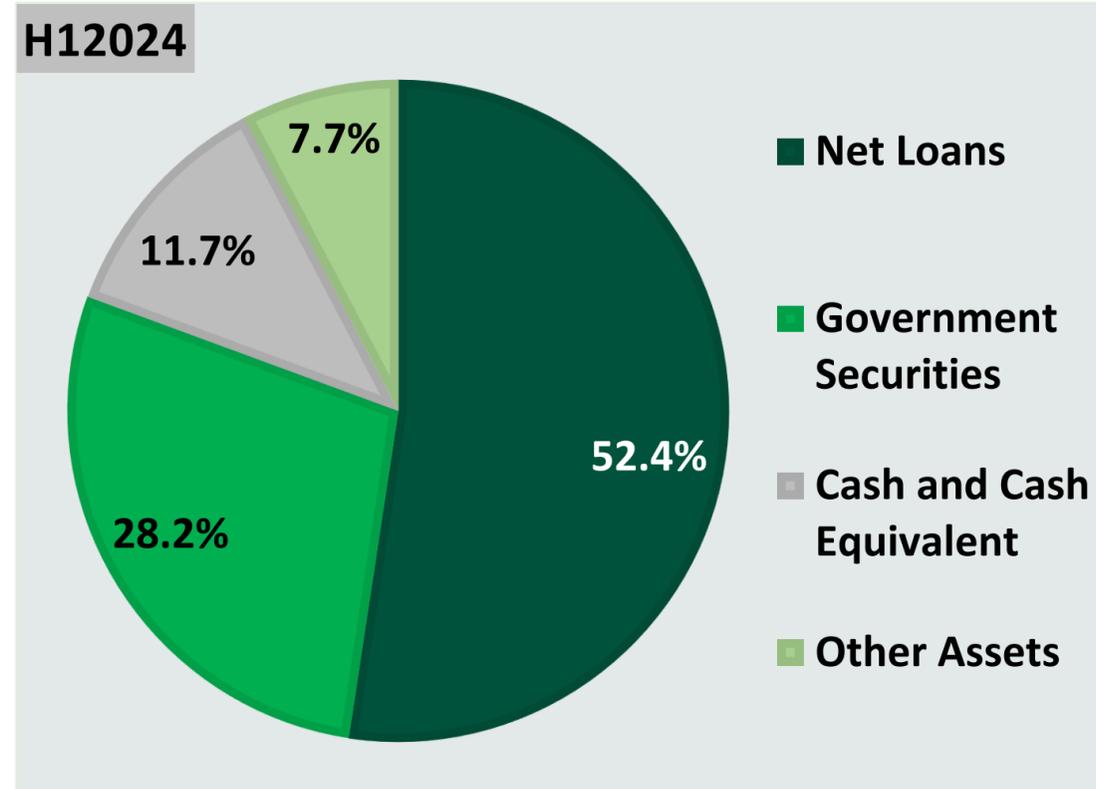
Assets: Local Vs. Foreign Currency

- Local Currency
- Foreign Currency

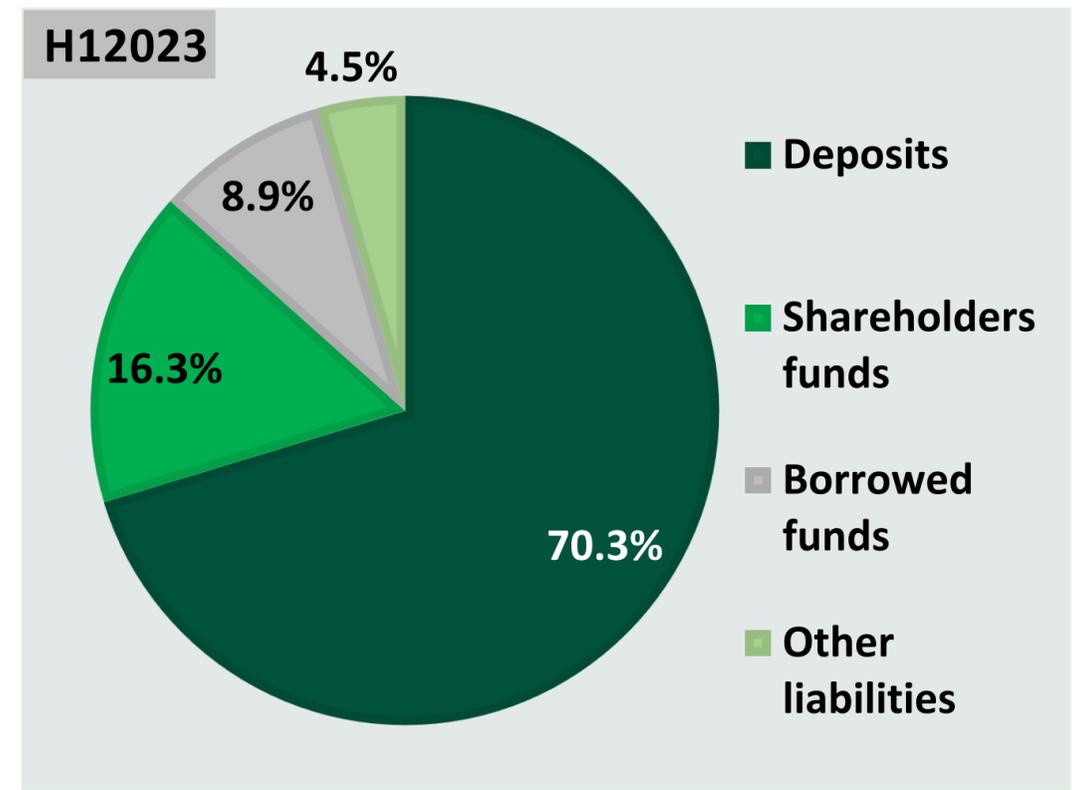
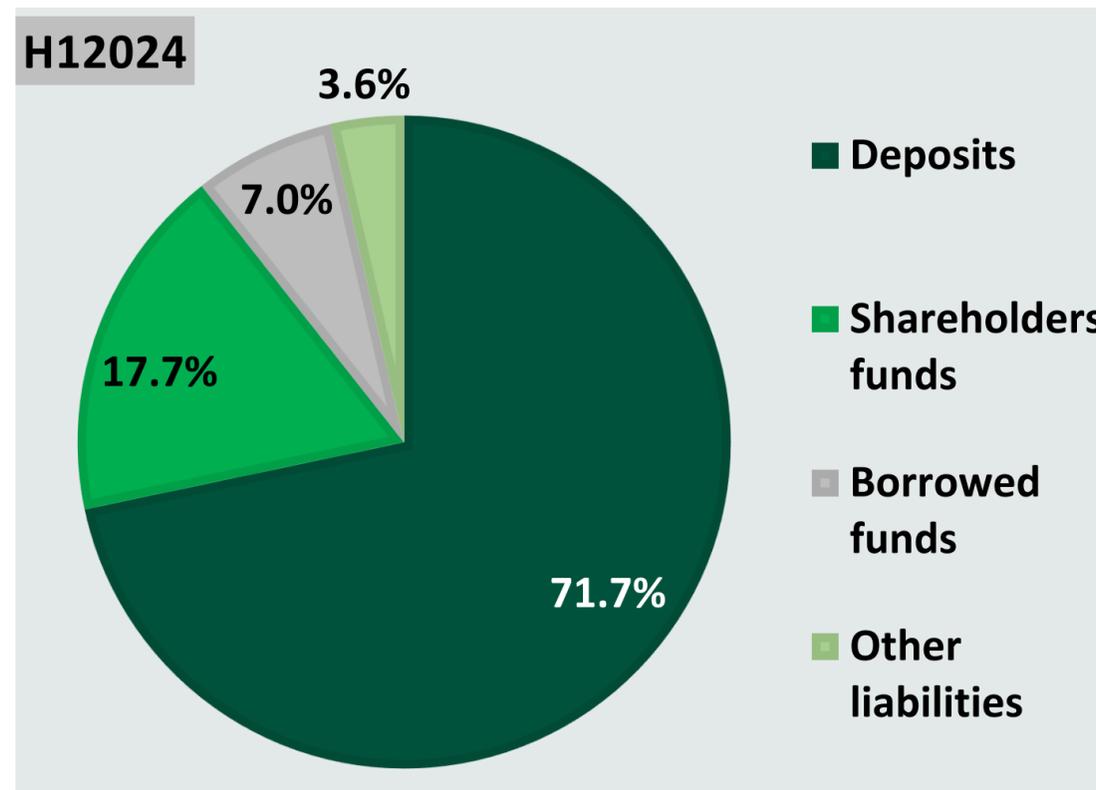


Optimal Asset and Funding Mix

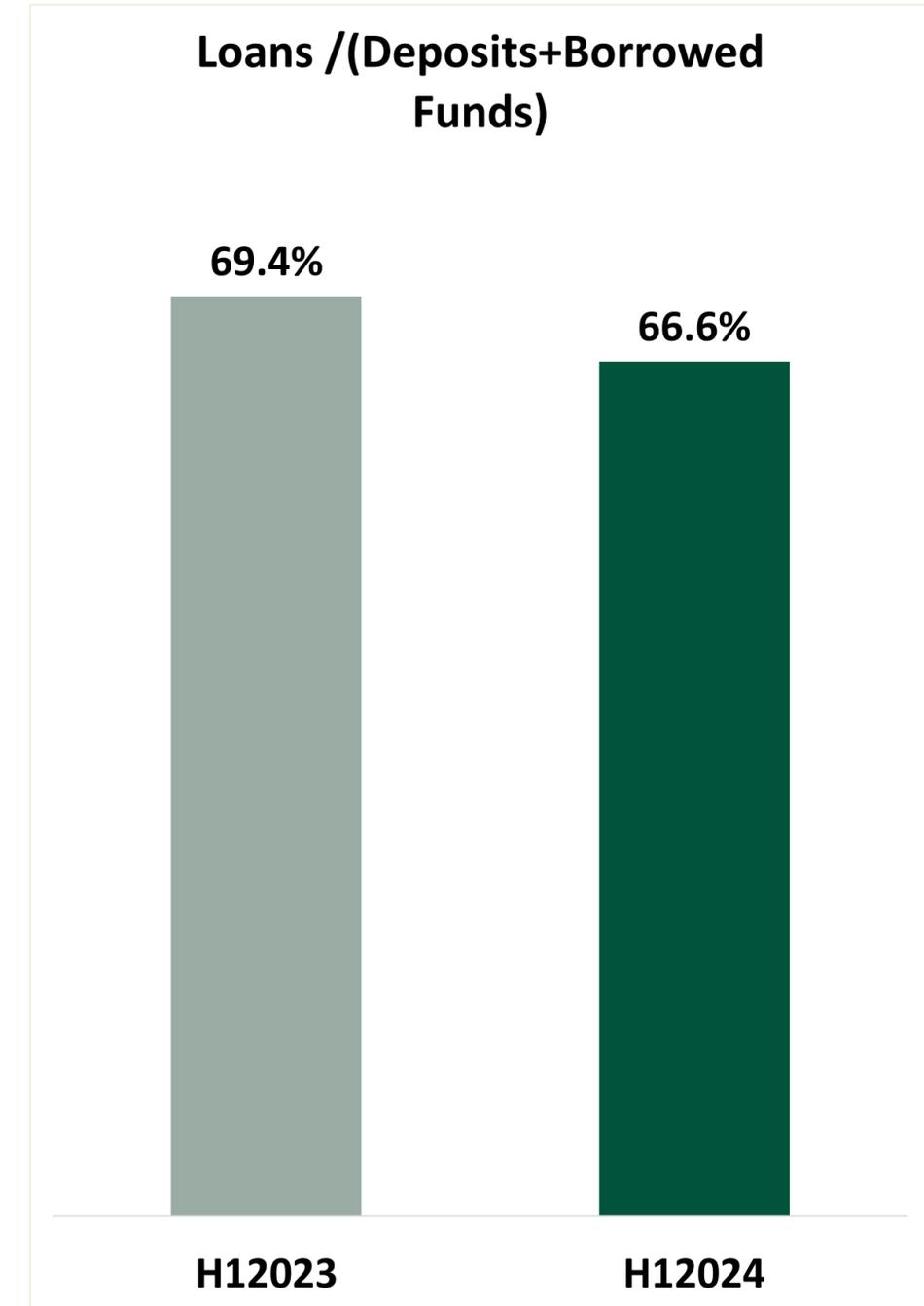
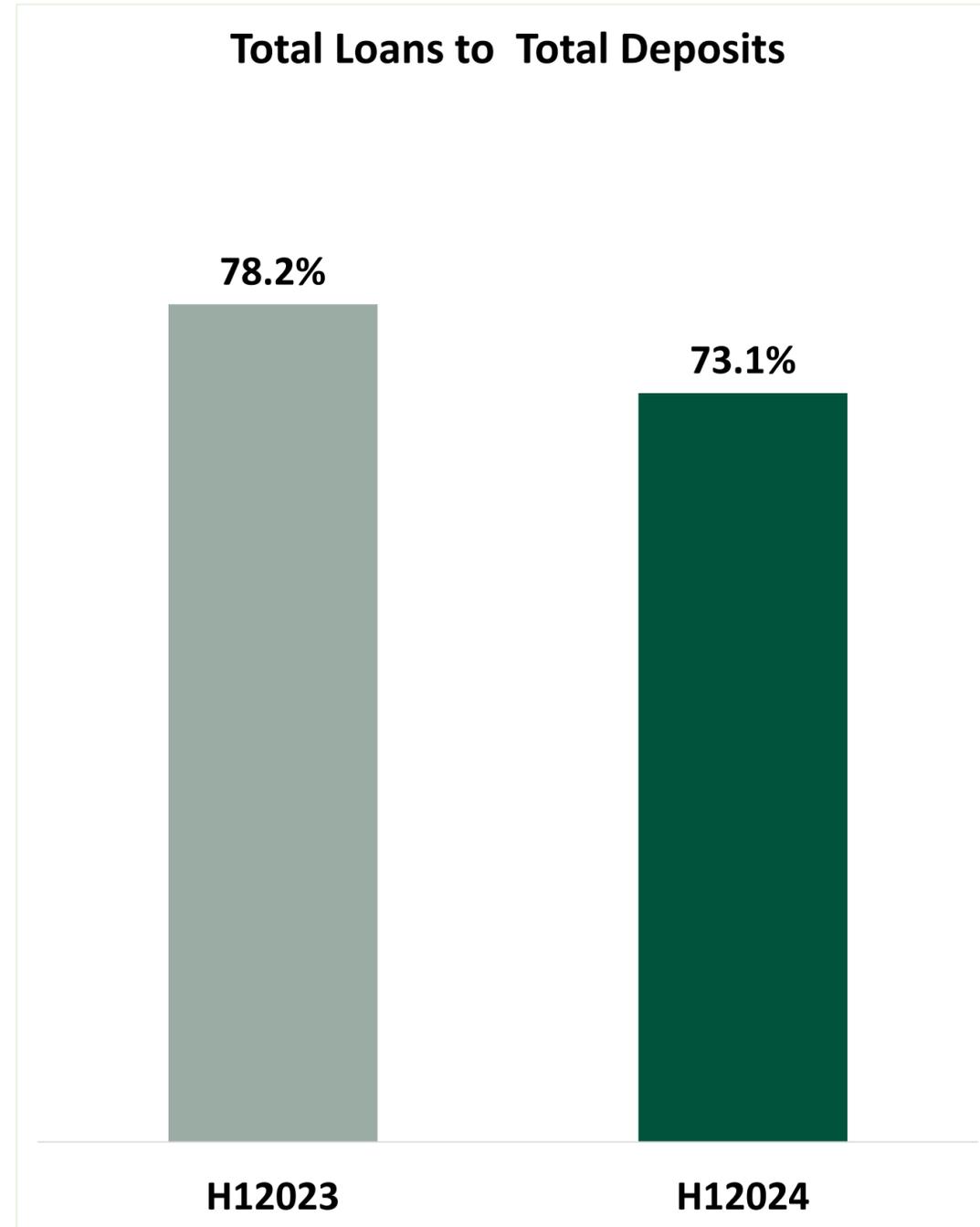
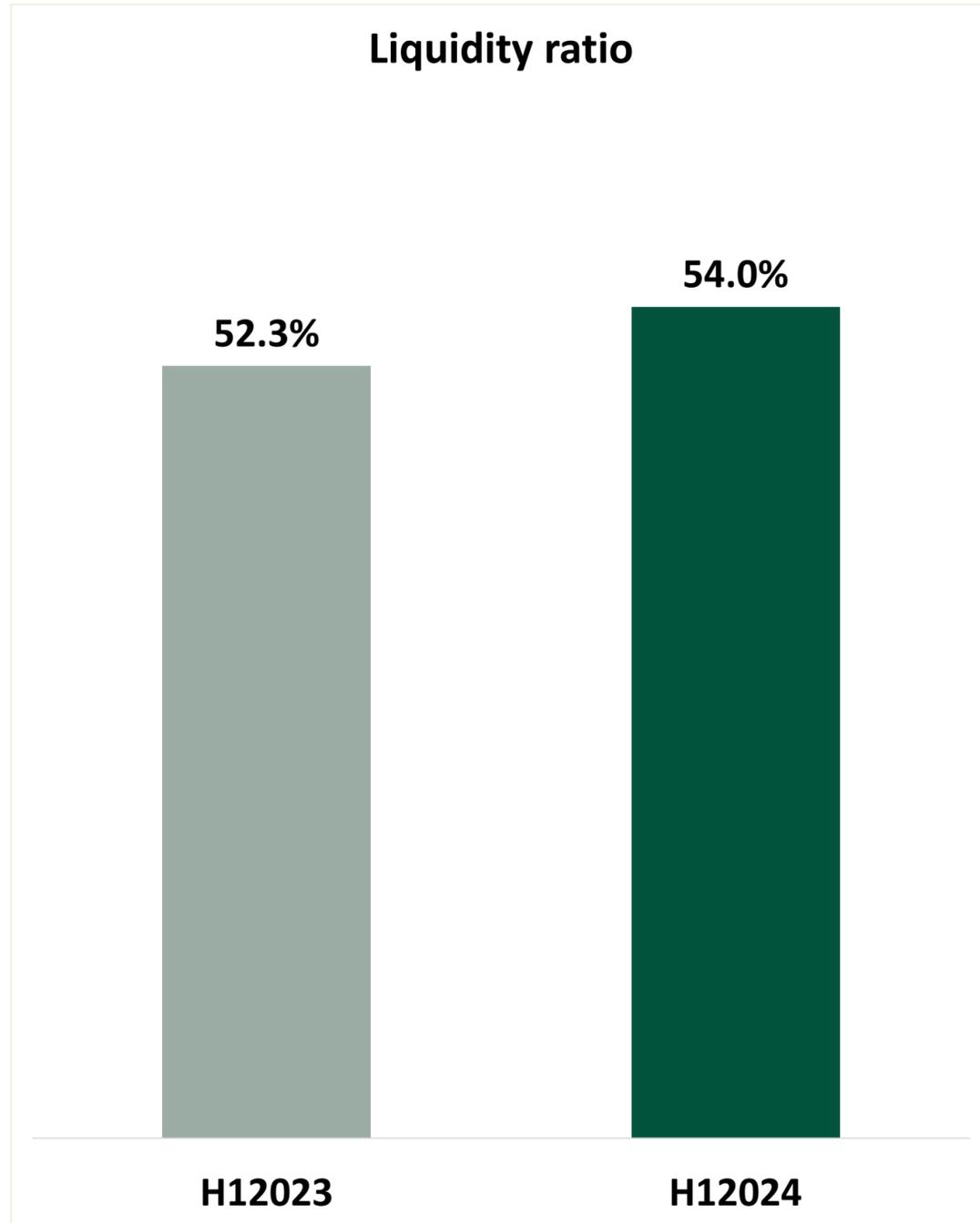
Asset Categories



Funding Categories



Strong Liquidity to Support Investments

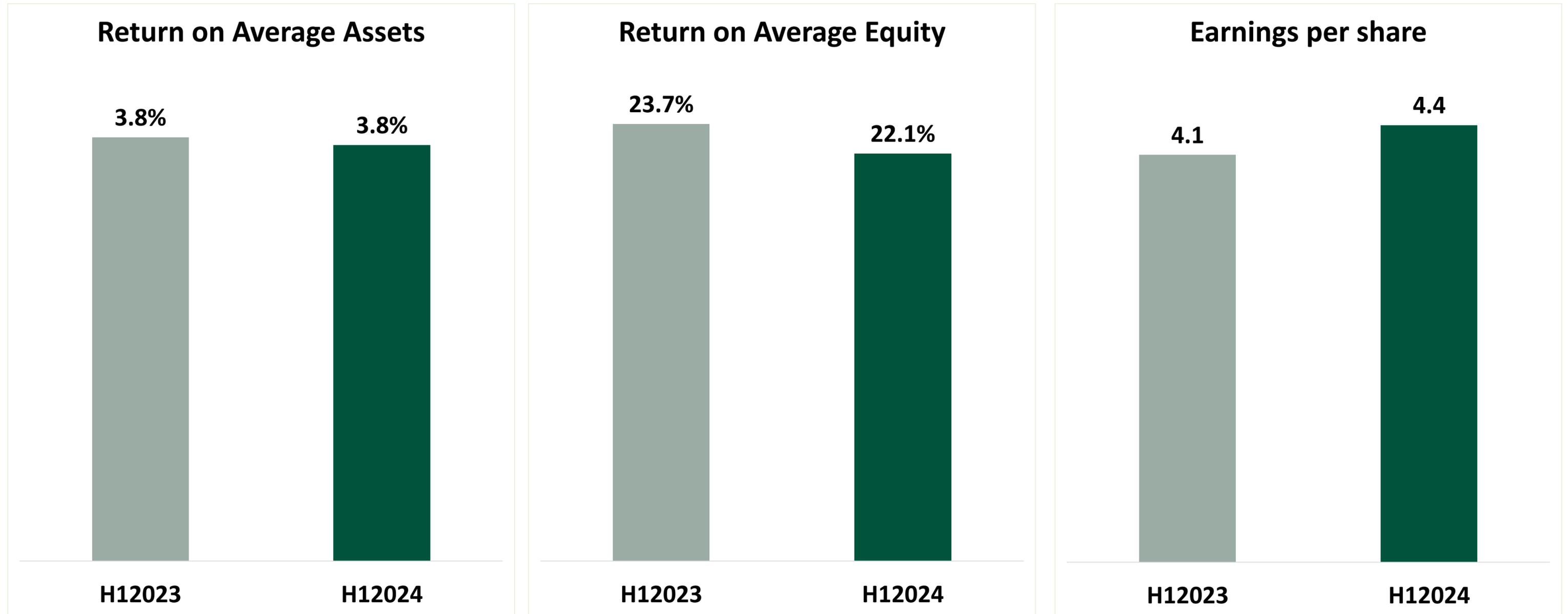


Sustainable Profitability Growth

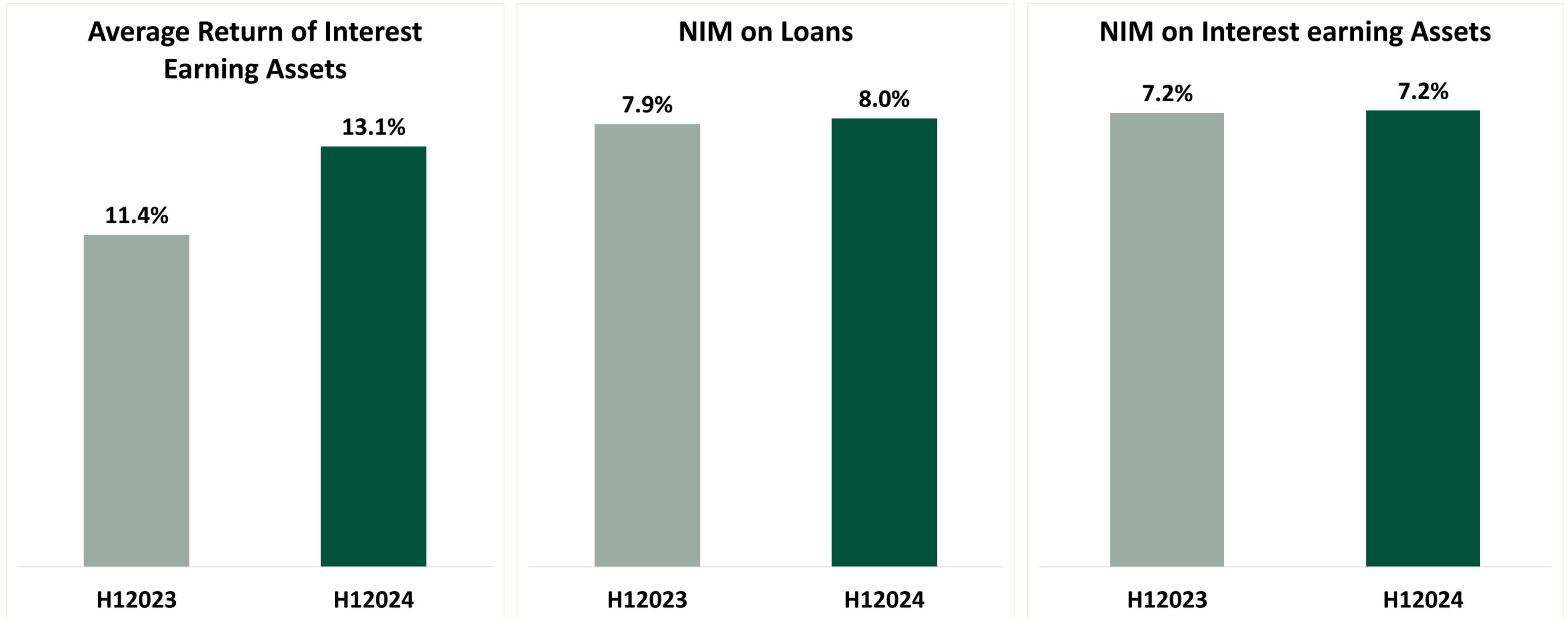
Kshs. Billions	H12024	H12023	YoY Change	
Total Interest Income	39.8	32.0	24.4%	↑
Total Interest Expenses	15.9	10.4	52.6%	↑
Net Interest Income	23.9	21.5	10.7%	↑
Fees and commissions on loans and advances	6.0	6.2	-3.5%	↓
Other Fees and commissions	6.3	5.6	13.3%	↑
Foreign exchange trading income	2.6	1.8	50.1%	↑
Other income	0.4	0.2	59.3%	↑
Total Operating Income	39.2	35.4	10.9%	↑
Loan loss provision	3.0	2.9	4.9%	↑
Staff costs	9.1	8.0	14.8%	↑
Other operating expenses	9.1	8.3	9.8%	↑
Total Operating expenses	21.3	19.1	11.1%	↑
Profit before tax and exceptional items	18.0	16.2	10.7%	↑
Exceptional items-Share of profit of associate	0.20	0.17	14.1%	↑
Profit Before Tax	18.2	16.4	10.7%	↑
Income tax	5.2	4.3	21.2%	↑
Profit After Tax	13.0	12.1	7.0%	↑

	H12024	H12023	Growth	Growth
	KShs '000'	KShs '000'	KShs '000'	%
Co-operative Bank of Kenya Ltd	16,704,469	15,125,220	1,579,249	10.44%
Co-operative Bank of South Sudan	(252,362)	(36,495)	(215,867)	(591.51%)
Co-opTrust Investment Services Ltd	142,727	106,773	35,955	33.67%
Co-op Bancassurance Intermediary Ltd	682,659	591,273	91,386	15.46%
Kingdom Securities Ltd	35,620	7,765	27,855	358.71%
Kingdom Bank Ltd	650,470	525,199	125,271	23.85%
Co-op Bank and Subsidiaries Total	17,963,584	16,319,735	1,643,849	10.07%
Associates share of profit	197,412	87,392	110,020	125.89%
Group Profit before Tax	18,160,996	16,407,127	1,753,869	10.69%
Income Tax Expense	5,170,359	4,266,281	904,078	21.19%
Group Profit after Tax	12,990,634	12,140,845	849,789	7.00%

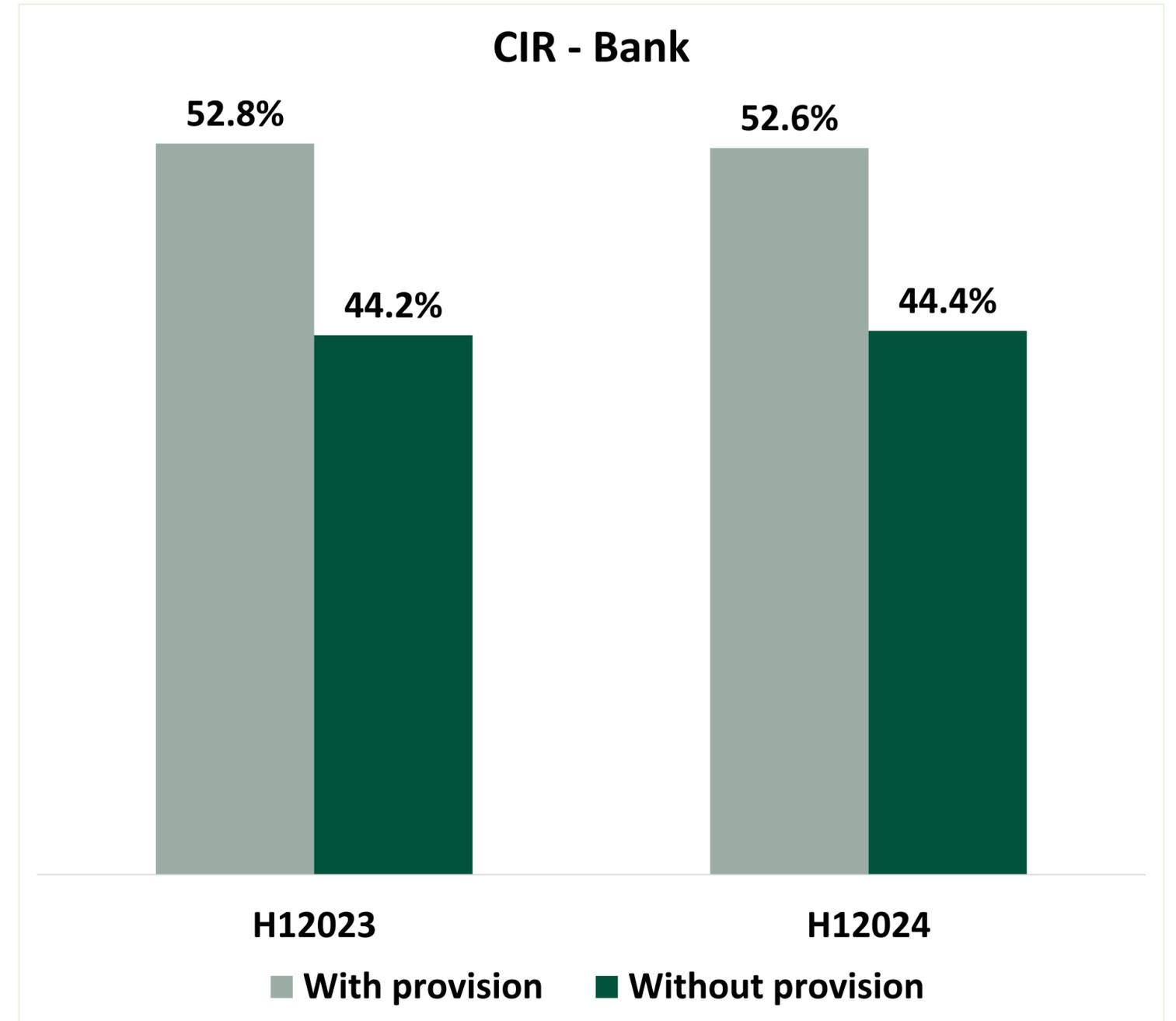
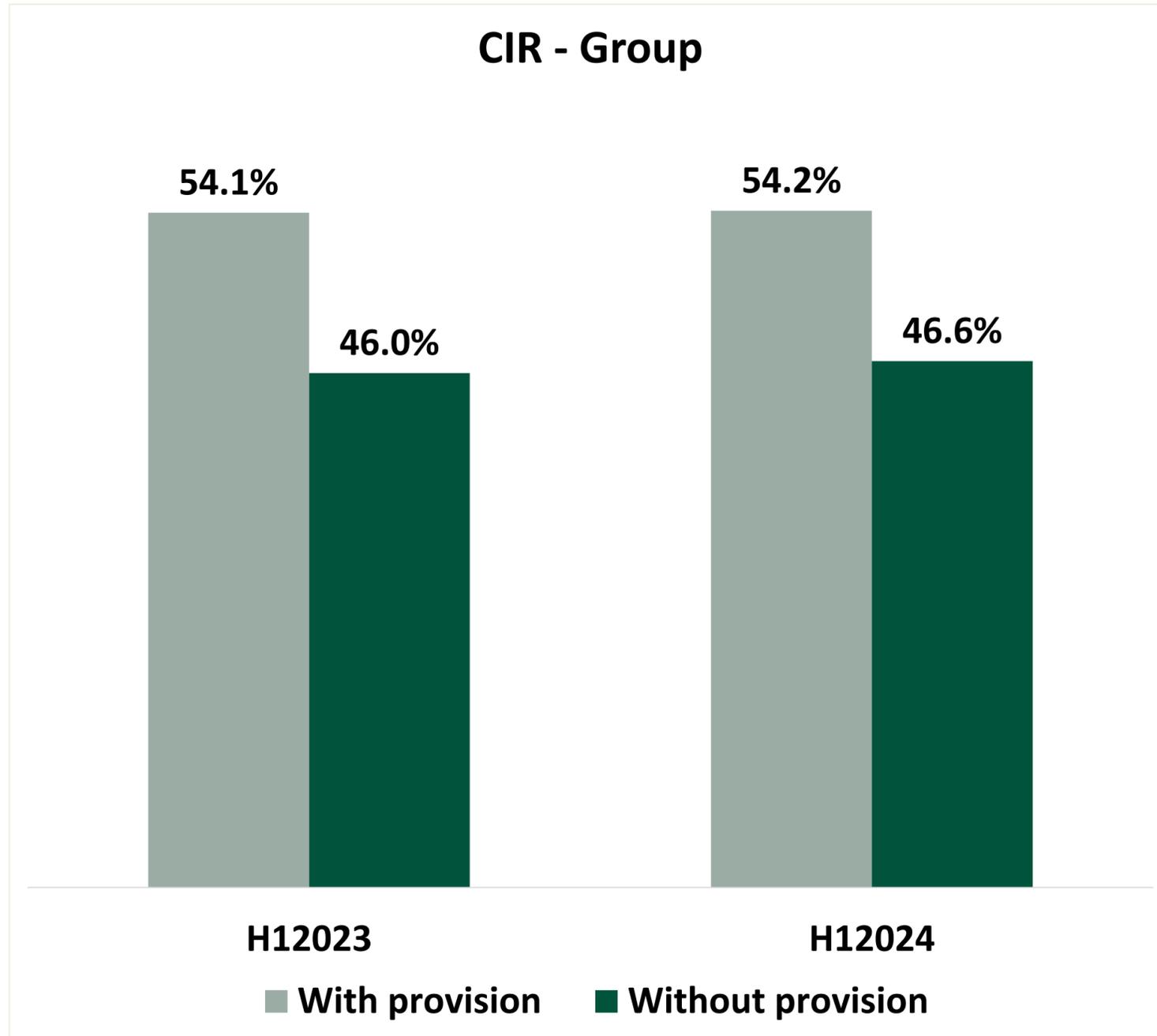
Competitive returns



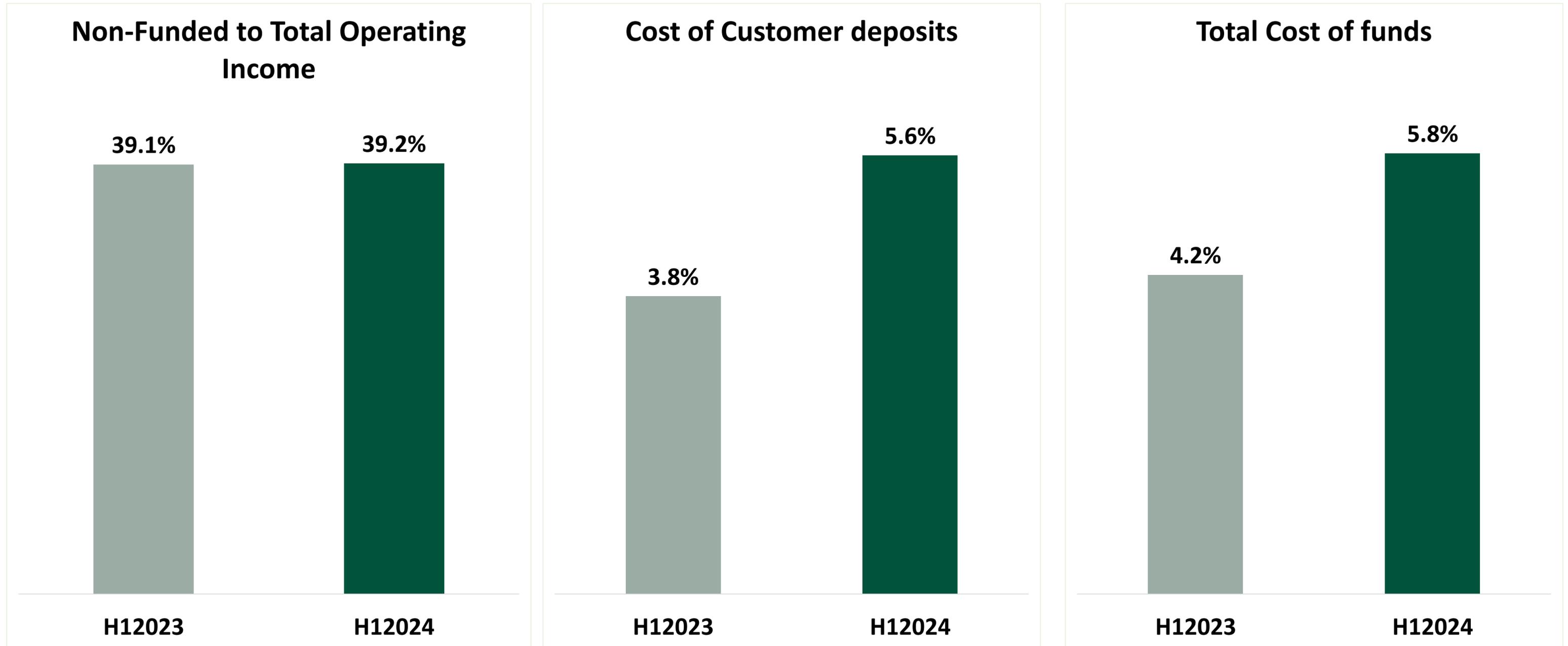
Higher average returns on interest earning assets



Efficient operations



Sustained revenue from non-funded income. Increasing cost of funding due to the interest rate environment in the market





THANK YOU

 **CO-OPERATIVE BANK**
We are you