



STATEMENT TO SHAREHOLDERS

The Co-operative Bank of Kenya Limited (“Co-op Bank”) notes the key developments in the operating environment that are pertinent to the business, and especially the ongoing Covid-19 pandemic which has continued to cause unprecedented disruption to households, businesses and economies globally.

Co-op Bank remains confident that the business continues to operate on a sound footing, as reflected in the attainment of key performance milestones and implementation of key Transformation Initiatives underpinned under the ongoing “Soaring Eagle” Transformation Agenda that has seen the Group increase its competitive edge in the industry.

Co-op Bank has notably seen sustained Balance Sheet growth with an Asset Book now of over Ksh 510 Billion supported by a loan-book of Ksh 284 Billion, total deposits of over Ksh 380 billion and a thriving Universal Banking model serving over 8.8 million account-holders across all sectors.

A growing leverage on digital platforms has seen the bank successfully move over 90% of all customer transactions to alternative channels, with over 5 million customers registered and loans worth Ksh 42 Billion disbursed on the unique Mcoopcash Mobile Wallet. Notably, the vital MSME client-base has received Ksh 14.8 Billion in loans through the E-Credit solution.

Co-op Bank has recently also successfully concluded the acquisition of Kingdom Bank Limited (formerly Jamii Bora Bank), a fully-fledged Commercial Bank, licensed and regulated by the Central Bank of Kenya, with 17 branches, expanding the opportunity for the Group to cross-sell and deepen product offering to the enhanced customer base. That said, the global character of Covid-19 disruption has occasioned unique and significant challenges to both the bank and customers that calls for innovative mitigation mechanisms. Co-op Bank continues to implement proactive enterprise risk management initiatives in this regard, to ensure uninterrupted business operations.

We continue to actively engage our customers to support them through this difficult period, by re-aligning the servicing of loan facilities, their funding and transactional needs as the situation unfolds. As expected, loan loss provisions have been much higher than in the previous year in appreciation of the challenges that businesses and households continue to grapple with in meeting their obligations to the bank. In addition, Co-op Bank has absorbed currency translation losses in our South Sudan operations due to the hyper-inflation that continues to ravage that country.

In view of the foregoing and pursuant to Regulation G.05(1) (f) and (2) of the Fifth Schedule of the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002, the Board of Directors of Co-op Bank wishes to announce that the bank’s full-year earnings for the 2020 financial year are projected to be materially lower than the earnings reported for the same period in 2019.

Co-op Bank remains confident that the Covid-19 mitigation strategies that have been put in place including a proactive Credit Risk Management Project in liaison with a global consulting firm will give the business the impetus for sustained growth.

Riding notably on the unique synergies in the over 15 Million-member Co-operative movement that is the largest in Africa, Co-op Bank shall continue to pursue strategic initiatives that focus on resilience and growth as the Nation focuses on recovery and as vibrancy returns to the Economy.

SAMUEL KIBUGI
COMPANY SECRETARY
8th January 2021

This announcement has received the consent of the Capital Markets Authority.