

 Early Warning System

IFC-49430

Coop Bank Senior Loan



Quick Facts

Countries	Kenya
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2024-06-27
Borrower	THE CO-OPERATIVE BANK OF KENYA LIMITED
Sectors	Finance, Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	\$ 140.00 million



Project Description

According to the Bank's website, the proposed Project consists of a seven-year senior unsecured loan (with a two-year grace period) of up to US\$140 million to the Co-operative Bank of Kenya, a systemic bank in Kenya and an existing IFC client. IFC expects to share up to 50% of the risk, on an unfunded basis, with private sector credit insurers under IFC's Managed Co-Lending Portfolio Program (MCP). The Project will support the Bank in expanding access to its lending program for micro, small and medium enterprises (MSMEs), with a 25 percent carve-out for women-owned MSMEs (WMSMEs).



Early Warning System Project Analysis

The Project entails a senior loan to Co-operative Bank of Kenya to support eligible MSMEs. The MSME sectors supported by the Bank include trade, financial services, agriculture, real estate, building, and construction, and transport and logistics. The E&S risks and impacts associated with the supported MSME activities are considered limited and readily addressed through mitigation measures. The overall portfolio risk is considered medium. Thus, the Project has been categorized as FI-2 in accordance with IFC's Sustainability Policy. The Project will not support coal-related activities, or higher risk business activities that may include: a) involuntary resettlement, b) risk of adverse impacts on indigenous peoples, c) significant risks to or impacts on the environment, community health and safety, biodiversity, cultural heritage, or d) significant occupational health and safety risks. The key E&S risks and impacts derive from the subsidiaries' capacity to identify and manage the potential environmental and social risks associated with the MSMEs supported under this transaction. These risks are typically associated with occupational health and safety, waste and wastewater management, and labor and working conditions, among others.



Investment Description

- International Finance Corporation (IFC)

The Project consists of an up to US\$140 million “A” loan, of which IFC expects to share the risk, on an unfunded basis, of up to 50 percent with private credit insurers under IFC’s MCPP. This will result in a potential net exposure of US\$70 million for IFC, where IFC’s nominal exposure in respect of the “A” loan for its own account would remain US\$70 million. IFC will seek to mobilize up to US\$40 million from “B” lenders on a best-effort basis. The proceeds will support the Bank’s lending program to expand access to finance for MSMEs, with a 25 percent carve-out for WMSMEs.

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- [The Co-operative Bank of Kenya Limited](#) (Financial Intermediary)



Private Actors Description

Established as a cooperative in 1965, Co-op Bank has evolved to become a systemic bank. It is Kenya's largest bank in terms of number of clients and the fourth-largest bank in terms of total assets with a market share of around 10 percent. Co-op has an extensive nationwide presence, including outside the main urban areas. Through its network of 193 branches, 608 ATMs, and over 5,000 staff and 18,000 banking agents, the Bank serves more than 9 million customers in the country.

The Bank's largest shareholder is Co-op Holdings Co-operative Society Limited. Over 3,800 cooperative societies and unions own Co-op Holdings, which has a 64.6 percent stake in the Bank. The Bank's managing director is the second-largest shareholder, with a 2 percent stake. No other individual shareholder at this time holds more than 2 percent of the shares in the Bank. Co-op Bank has been listed on the Nairobi Securities Exchange since 2008.



Contact Information

Cooperative Bank of Kenya

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www.co-opbank.co.ke

ACCESS TO INFORMATION

You can submit a request for information disclosure at: <https://disclosures.ifc.org/#/inquiries>

If you believe that your request for information from IFC has been unreasonably denied, or that this Policy has been interpreted incorrectly, you can submit a complaint at the link above to IFC's Access to Information Policy Advisor, who reports directly to IFC's Executive Vice President.

ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org You can learn more about the CAO and how to file a complaint at <http://www.cao-ombudsman.org>