

CO-OP BANK 2015 PROFIT BEFORE TAX INCREASES BY 41%

Co-op Bank Group is pleased to report a strong **Profit Before Tax** of **Kshs.15.38 billion** for Year 2015 compared to **Kshs.10.92 Billion** recorded in 2014, an impressive **41%** growth.

Profit after Tax for the Group is at **Kshs 11.7 billion** compared to **Kshs 8.01 billion** in the previous year, representing a commendable **46%** growth.

The excellent performance by the Group is on the back of gains from the bold **‘Soaring Eagle’** transformation project that the Bank started implementing from year 2014 with critical focus on improving operational efficiencies, reduced operating costs and improved customer delivery platforms.

The Bold transformation riding on the strong 5.9 million customer base has opened new exciting frontiers in the growth momentum of the Bank!

Key financial highlights include;-

❖ Balance sheet;

- *The bank’s total assets grew by 20% to **Kshs.342.5 billion** compared to **Kshs 285.4 Billion** in 2014.*
- *Net loans and advances book grew by 16% to **Kshs. 208 billion** from **Kshs. 179 billion**.*
- *Deposits grew by **Kshs.48 billion** to **Kshs.268.8 billion** from **Kshs.220.8 billion** last year, a 22% increase.*
- *Shareholders’ funds grew from **Kshs.43.3 billion** to **Kshs.50.2 billion**, a growth of 16%, supported by steady growth in earnings and a progressive growth dividend policy.*

❖ Profit & Loss;

- *Foreign exchange trading income grew by 125% to Kshs 3.19 billion from Kshs 1.42 billion.*
- *Interest income grew by 25% from Kshs 29.3 billion to Kshs 36.8 billion supported by the growth in loan book.*
- *Operating expenses remained tightly controlled to stand at Kshs 21.4 billion in 2015 from Kshs 20.1 billion in 2014, a marginal 6 % rise.*
- *Interest expense grew by 68% from Kshs 8.08 billion to Kshs 13.6 billion mostly attributable to 22% growth in deposits as well as increased cost of funding in the second half of the year.*

❖ Innovative Customer Delivery Platforms

- The versatile all telco, all products Mco-op Cash Mobile Wallet has continued to support the growth of non-funded income with over 2.7 million active customers.
- Leveraging on the multi-channel strategy that includes 144 Branches, 8,765 Co-op Kwa Jirani Banking Agents and over 570 ATMs, Mco-op cash mobile banking and internet banking, the bank is able to serve over 5.9 million customers across all sectors growing our revenues significantly.
- Through the multi-channel strategy the Bank has successfully reduced the number of customers with one product from 75% to 70% as at the end of 2015 and also ensured 68% of the bank transactions are done through alternative delivery channels.
- Banc assurance has grown tremendously (by +87%) contributing to the non-funded income base.
- Our unique model of retail banking services through Sacco FOSAs enabled us provide wholesale financial services to over 555 FOSA outlets. The bank has currently issued over 888,487 Sacco link cards.

❖ 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%) has successfully contributed to the bottom line having made a Profit before Tax of Kshs.849.7 million in 2015.

The Bank's regional expansion strategy will involve similar Joint Venture models in other countries notably Rwanda, Uganda, Tanzania and Ethiopia in the next 5 years.

❖ Corporate Social Responsibility Programs

- The bank's wholly-owned subsidiary Co-op Consultancy & Insurance Agency continues to carry out capacity building in the Co-operative Movement to enhance financial deepening; the 15 million co-operative movement is the largest in Africa.
- Co-op Bank Foundation has provided Scholarships for bright 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 4,200 bright students.

❖ Dividend;

- The Directors have proposed an enhanced dividend payment of Kshs.=/80 cents per share from Kshs.=/50 cents in year 2014.

❖ Conclusion

- With the ongoing 'Soaring Eagle Transformation Project' leveraging on our strong 5.9 Million customers, multi-channel access and efficient delivery of services, the bank projects to grow and expand in line with its strategic objectives and perform even better in the years to come.

Dr. Gideon Muriuki - MBS
Group Managing Director & CEO

17th March 2016

Editor's 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 and is regulated by the Central Bank of Kenya. The Bank was listed in year 2008 wherein it is now the largest Co-operative Bank in Africa.

The Group is the 3rd largest by Assets in the region and runs 4 subsidiaries namely; Kingdom Securities Ltd, Co-opTrust Investment Services Limited, Co-operative Consultancy Services (K) Limited and Co-operative Bank of South Sudan; The Bank also owns 26% of CIC Insurance Group. The Banks footprint across Kenya and the region includes; 140 branches in Kenya, 4 in South Sudan, 570 ATM service points, and over 8,700 Co-op Kwa Jirani banking agency outlets supporting a growing client base now standing at over 5.9 million account-holders.

Co-op Bank is the 5th largest company by market capitalization on the Nairobi Securities Exchange.

The Bank was awarded the 2015 Global Financial Inclusion Award by the Financial Times of London and the Group MD & CEO Dr. Gideon Muriuki was the CEO of the Year - Africa 2014 in the International Banker Awards.