



## CO-OP BANK REGISTERS A STRONG 56% PROFIT GROWTH TO KSH 7.78 BILLION IN QUARTER 1 2022

Co-op Bank Group is pleased to report a Profit Before Tax of **Kshs. 7.78 Billion** for the first quarter of 2022, a commendable 56% growth compared to Kshs. 4.98 Billion recorded in the first quarter of 2021. This represents a strong Profit after Tax of **Kshs. 5.8 Billion** compared to Kshs. 3.5 Billion reported in 2021. The performance delivers a competitive Return on Equity of **23.8%** to our shareholders.

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

### Key highlights;

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

- *Total Assets grew to Kshs. 597.0 Billion, a +8% growth from Kshs 552.9 Billion in the same period last year.*
- *Net loans and advances grew to Kshs. 324.5 Billion, a +9% growth from Kshs.298.2 Billion.*
- *Investment in Government securities grew to Kshs. 183.4 Billion, a +10% rise from Kshs. 166.2 Billion in 2021.*
- *Customer deposits grew to Kshs 410.8 Billion, a +4% increase from Kshs. 393.8 Billion.*
- *External funds from development partners stood at Kshs 43.3 Billion from Kshs.46.9 Billion in 2021.*
- *Shareholders' funds grew to Kshs. 102.7 Billion, a +10% increase from Kshs. 93.7 Billion in 2021 enabling us to continue pitching for big ticket deals.*

#### 2. Comprehensive Income

- *Total operating income grew by 17% from Kshs 14.4 Billion to Kshs 16.8 Billion.*
- *Total non-interest income grew by 41.7% from Kshs 4.5 Billion to Kshs 6.4 Billion.*
- *Net interest income grew by 6% from Kshs 9.8 Billion to Kshs 10.4 Billion.*

- *Total operating expenses declined by 3% from Kshs 9.3 Billion to Kshs. 9.0 Billion.*

### 3. Cost Management

Excellent gains from our various initiatives with a Cost Income ratio of 44.6% in Q12022 from 59% in FY2014 when we began our Growth & Efficiency journey.

### 4. Credit Management remains a key focus area by way of the following interventions;

- a. **The Credit Risk Adaptation Project** dubbed ‘Project Kilele’ supported by a Global consulting firm, now in the implementation phase.
- b. **The Decentralization of Loan Portfolio Management** to the Branches, Lending Units and Relationship Management teams. The successful project, aimed at enhancing collection activities, has advanced to **Project Connect & Build (CB)**. The project is aimed at:
  - Identifying more business opportunities for loan book growth.
  - Engaging existing & potential customers with a view to establishing/enhancing their needs and co-create solutions.
  - Increasing customers’ product holding.
  - Sustaining the best practices learnt under the Decentralization of Loan Portfolio Management and Project Kilele above.

The Group prudentially provided **Kshs. 1.5 Billion** compared to Kshs 2.3 billion provided in 2021 indicating improving quality of our asset book as businesses and households continue to recover from the impact of Covid-19 pandemic.

Our Gross Non-Performing Loan (NPL) Book has reduced by 5% from last year, with our NPL ratio improving to 13.3% against 15.2% in a similar period last year. This affirms our Credit Quality and Growth strategies and will continue to improve to single digit pre-pandemic NPL levels.

### 5. A Strong Digital Footprint

- Through our digital channel strategy, the Bank has successfully moved 94% of all customer transactions to alternative delivery channels, an expanded 24-hour contact centre, mobile banking, 541 ATMs, internet banking and over 27,000 Co-op Kwa Jirani agency banking terminals.
- 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.

- A successful Universal Banking model and the implementation of Sales Force Effectiveness has seen the Group serve 9 million Account holders across all sectors.
- Key focus on digital banking, with the all-telco **Mco-op Cash Mobile Wallet** continuing to play a pivotal role in the growth of non-funded income with 5 Million customers registered and loans worth Kshs 19.9 Billion disbursed year-to-date, averaging over Kshs. 6.6 Billion per month.
- Over 151,500 customers have taken up the MSME packages that we rolled out in 2018, and 23,363 have been trained on business management skills. Year to date, we have disbursed Kshs. 4.3 Billion to MSMEs through our Mobile E-Credit solution. MSMEs are a critical part of economic recovery post-covid and contribute up to 16% of our total Loan Book.
- Our unique model of retail banking services through Sacco FOSAs enabled us provide wholesale financial services to over 464 FOSA outlets.

## 6. Subsidiaries

- Co-op Consultancy & Bancassurance Intermediary Ltd posted a Profit Before Tax of Kshs 316.9 Million as at 31<sup>st</sup> March 2022, 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%) returned a profit of Kshs 43.9 Million in Q12022 compared to a loss of Kshs 89.1 million in Q12021.
- Co-op Trust Investment Services contributed Kshs. 53.7 Million in Profit Before Tax in Q12022, with Funds Under Management of Kshs. 190.2 Billion compared to Kshs. 128.4 Billion in March 2021.
- Kingdom Bank Limited (A Niche MSME Bank) has contributed a Profit Before Tax of Kshs. 199.3 Million in Q12022 compared Kshs. 126.7 Million reported last year representing a 57% Growth year on year.

## 7. Long Term Financing: MSME, Sustainable Agriculture & Health sectors.

- In 2020 the Group secured a long-term financing facility from the IFC (International Finance Corporation) amounting to **Kshs. 8.25 Billion** for on-lending at affordable terms to MSMEs involved notably in climate-smart projects, sustainable agricultural practices, and clean energy.
- Partnered in the US\$ 300 million IFC-led Africa Medical Equipment Facility and Philips (a leading health technology company) to support Africa's

health sector operators purchase essential medical equipment and strengthen their response to COVID-19 and other medical technology needs.

- The Group secured a **US\$ 10 Million** credit line in partnership with **Eco.business Fund** to finance Sustainable Agriculture.

## 8. Environmental Social and Governance (ESG)

- The Bank has a dedicated ESG Unit that will see the enhancement of our ESG strategies as we take up emerging opportunities and manage ESG risks. ESG remains a critical pillar of our strategic focus and the Group is determined to make positive contributions to the Economy, Society and Environment.
- Co-operative Bank Foundation, a key social investment vehicle, has provided Scholarships to gifted 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 supported **8,368 students** since the inception of the program.

## Conclusion

The Co-operative Bank Group continues to execute a proactive mitigation strategy anchored on a strong enterprise risk management framework, to enable uninterrupted access to banking services. We shall, riding on the unique synergies in the over 15 million-member co-operative movement that is the largest in Africa, continue to pursue strategic initiatives that focus on resilience and growth in the various sectors as the economy continues to recover.



**DR. GIDEON MURIUKI - CBS, MBS**  
**GROUP MANAGING DIRECTOR & CEO**

26<sup>th</sup> May 2022

## **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; 176 branches in Kenya, 4 in South Sudan, 541 ATMs and over 27,000 Co-op Kwa Jirani agency banking outlets supporting a growing client base now standing at 9 million account-holders.