

CO-OP BANK REGISTERS A STRONG 45% PROFIT GROWTH TO KSH 15.3 BILLION IN QUARTER 2 2022

Co-op Bank Group is pleased to report a Profit Before Tax of **Kshs. 15.3 Billion** for the second quarter of 2022, a commendable 45% growth compared to Kshs. 10.5 Billion recorded in the second quarter of 2021. This represents a strong Profit after Tax of **Kshs. 11.5 Billion** compared to Kshs. 7.4 Billion reported in 2021. The performance delivers a competitive Return on Equity of **24.2%** 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. 603.9 Billion, a +5.4% growth from Kshs 573 Billion in the same period last year.*
- *Net loans and advances grew to Kshs. 330 Billion, a +9.6% growth from Kshs.301.2 Billion.*
- *Investment in Government securities was Kshs. 183.2 Billion, compared to Kshs. 182 Billion in 2021.*
- *Customer deposits grew to Kshs 423 Billion, a +4% increase from Kshs. 407.7 Billion.*
- *External funds from development partners stood at Kshs 41.4 Billion from Kshs.44.4 Billion in 2021.*
- *Shareholders' funds grew to Kshs. 96.7 Billion, a +4.4% increase from Kshs. 92.6 Billion in 2021.*

2. Comprehensive Income

- *Total operating income grew by 17.8% from Kshs 29.2 Billion to Kshs 34.4 Billion.*
- *Total non-interest income grew by 29% from Kshs 10.3 Billion to Kshs 13.3 Billion.*

- *Net interest income grew by 11.8% from Kshs 18.8 Billion to Kshs 21.1 Billion.*
- *Total operating expenses increased marginally by 2.5% from Kshs 18.7 Billion to Kshs. 19.2 Billion.*

3. Cost Management

Excellent gains from our various initiatives with a Cost to Income ratio of 46% in Q22022 from 59% in FY2014 when we began our Growth & Efficiency journey.

4. **Credit Management** remains a key focus area as we continue to execute our Credit Quality and Growth strategies that have registered progressive improvement in loan book quality.

The Group prudentially provided **Kshs. 3.3 Billion** compared to Kshs 4.2 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.

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, 558 ATMs, internet banking and a countrywide network of Co-op Kwa Jirani agents.
- 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 40.8 Billion** disbursed year-to-date, averaging over Kshs. 6.8 Billion per month.
- Over 162,000 customers have taken up the MSME packages that we rolled out in 2018, and 26,943 have been trained on business management skills. Year to date, we have disbursed **Kshs. 12.6 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 466 FOSA outlets.

6. Subsidiaries

- Co-op Consultancy & Bancassurance Intermediary Ltd posted a Profit before Tax of **Kshs 593.3 Million** in the second quarter of 2022, riding on strong penetration of Bancassurance business.
- Co-operative Bank of South Sudan, a unique joint venture (JV) partnership with Government of South Sudan (Co-op Bank 51% and GOSS 49%), returned a profit of Kshs 55.5 Million in the quarter compared to a loss of Kshs 290.1 million in a similar period a year ago.
- Co-op Trust Investment Services contributed **Kshs. 85.7 Million** in Profit before Tax in the second quarter of 2022, with Funds Under Management of **Kshs. 196.4 Billion** compared to Kshs. 179.4 Billion in June 2021.
- **Kingdom Bank Limited** (a niche MSME Bank) has contributed a Profit before Tax of **Kshs. 405.9 Million** in the second quarter of 2022 compared Kshs. 275 Million reported last year representing a 48% Growth year on year.

7. 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.
- Co-operative Bank Foundation 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 **9,553 students** since the inception of the program.

Conclusion

The Co-operative Bank Group continues to pursue strategic initiatives that focus on resilience and growth in the various economic sectors. This is anchored on a successful universal banking model supported by an innovative digital presence, a wide physical footprint, 9 Million customers and the unique synergies in the over 15 million-member co-operative movement that is the largest in Africa.



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

25th August 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; 177 branches in Kenya, 4 in South Sudan, 558 ATMs and a wide network of Co-op Kwa Jirani agency banking outlets supporting a growing client base now standing at 9 million account-holders.