

CO-OP BANK REGISTERS A STRONG 38% PROFIT GROWTH TO KSH 22.7 BILLION IN QUARTER 3 2022

Co-op Bank Group is pleased to report a Profit Before Tax of **Kshs. 22.7 Billion** for the third quarter of 2022, a commendable **38%** growth compared to Kshs. 16.5 Billion recorded in the third quarter of 2021. This represents a strong Profit after Tax of **Kshs. 17.1 Billion** compared to Kshs. 11.6 Billion reported in 2021. The performance delivers a competitive Return on Equity of 23% to our shareholders.

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

Support to the Fundraising Appeal to Fight Hunger

Co-op Bank Group wishes to join other Kenyans and indeed the global community of goodwill in fully supporting the Fundraising Appeal initiated by His Excellency the President, with a key contribution of **Kshs. 150 Million** to support relief efforts aimed at assisting families affected by the severe drought ravaging various parts of the Country.

Key Performance highlights;

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

- *Total Assets grew to Kshs. 622.1 Billion, a 5% growth from Kshs 592.9 Billion in the same period last year.*
- *Net loans and advances grew to Kshs. 335.2 Billion, a 9.4% growth from Kshs.306.3 Billion in 2021.*
- *Customer deposits grew to Kshs 432.0 Billion, a 3% increase from Kshs. 420.4 Billion.*
- *External funds from development partners stands at Kshs 41.9 Billion from Kshs.43.8 Billion in 2021.*
- *Shareholders' funds have grown to Kshs. 100.9 Billion, a 6.2% increase from Kshs. 95.0 Billion in 2021.*

2. Comprehensive Income

- *Total operating income grew by 17.6% from Kshs 44.4 Billion to Kshs 52.2 Billion.*
- *Total non-interest income grew by 28.3% from Kshs 15.7 Billion to Kshs 20.2 Billion.*
- *Net interest income grew by 11.7% from Kshs 28.7 Billion to Kshs 32.0 Billion.*
- *Total operating expenses increased by 6% from Kshs 28.0 Billion to Kshs. 29.6 Billion.*

3. Cost Management

Excellent gains from our various initiatives with a Cost to Income ratio of **45.8%** in Q32022 from 59% in FY2014 when we began our Growth & Efficiency journey.

4. **Credit Management** remains a key focus area that has achieved key milestones. The Group prudentially provided **Kshs. 5.7 Billion** compared to Kshs 6.0 billion provided in 2021, pointing to an improvement in the quality of the asset book.

5. A Strong Digital Footprint

- Through our digital channel strategy, the Bank has successfully moved **94%** of all customer transactions to alternative delivery channels, a 24-hour contact centre, mobile banking, 550 ATMs, internet banking and a wide 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 62.5 Billion** disbursed year-to-date, averaging over **Kshs. 6.9 Billion** per month.
- Over 165,000 customers have taken up the MSME packages that we rolled out in 2018, and 30,723 have been trained on business management skills. Year to date, we have disbursed **Kshs. 18.8 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 772 Million** in Q32022, 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 190 Million** in Q32022 compared to a loss of Kshs 104 million in Q32021.
- Co-op Trust Investment Services contributed **Kshs. 141 Million** in Profit Before Tax in Q32022, with Funds Under Management of **Kshs. 202.6 Billion** compared to Kshs. 187.1 Billion in September 2021.
- Kingdom Bank Limited (A Niche MSME Bank) has contributed a Profit before Tax of **Kshs. 609.2 Million** in Q32022 compared to Kshs. 413.1 Million reported last year representing a 47% Growth year-on-year.

7. Environmental Social and Governance (ESG)

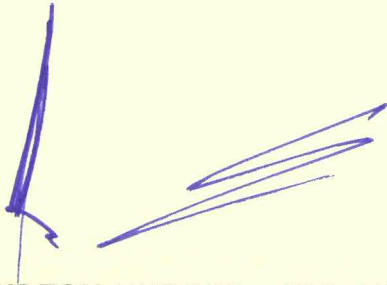
- The Group was named **Overall Winner** at the Kenya Bankers Association Catalyst Awards held in September 2022. The awards recognize organizations that exemplify their sustainability prowess through promoting catalytic finance that impacts industry, economy and society. This latest win is the third in five years, having won in 2017 and 2019, ranking Co-op Bank as **Industry Leader in Sustainable Finance** in Kenya.
- **Co-op Bank Foundation**, the Group's social investment vehicle, continues to provide 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 9553 students since the inception of the program.

8. Accolades

The Group Managing Director & CEO Dr. Gideon Muriuki was honoured with the award of a third Doctorate degree by the Africa International University in November 2022. The Citation for the degree award noted his illustrious career in banking, his historic turnaround of Co-op Bank, his destiny-defining contribution to the co-operative movement and his enduring commitment to sustainable finance in Africa.

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 customer base 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**

17th November 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; 181 branches in Kenya, 4 in South Sudan, 550 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.