

## CO-OP BANK REGISTERS A STRONG 30% PROFIT GROWTH TO KSH 29.4 BILLION FOR FULL-YEAR 2022

Co-op Bank Group is pleased to report a Profit Before Tax of **Kshs. 29.4 Billion** for Full Year 2022, a commendable **30%** growth compared to Kshs. 22.6 Billion recorded in Full Year 2021. This represents a strong Profit after Tax of **Kshs. 22.0 Billion** compared to Kshs. 16.5 Billion reported in 2021. The strong performance by the Bank is in line with the Group's strategic focus on sustainable growth, resilience, and agility.

### Dividends

The strong performance has led to a sustained increase in shareholder value as reflected in the competitive Return on Equity of **21.2%**. The Board of Directors has recommended a dividend of **Kshs 1.50 per share**, subject to approval by the regulators and shareholders. The proposed dividend represents a 50 per cent enhancement on the Kshs 1.00 per share paid out last year. A virtual Annual General Meeting will be held on Friday, 19<sup>th</sup> May 2023.

### Key Performance highlights:

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

- *Total Assets grew to Kshs. 607.2 Billion, a 4.7% growth from Kshs 579.8 Billion in the same period last year.*
- *Net loans and advances grew to Kshs. 339.4 Billion, a 9.4% growth from Kshs.310.2 Billion in 2021.*
- *Customer deposits grew to Kshs 423.8 Billion, a 3.9% increase from Kshs. 407.7 Billion.*
- *External funds from development partners stands at Kshs 48.1 Billion from Kshs.42.9 Billion in 2021.*
- *Shareholders' funds have grown to Kshs. 107.7 Billion, a 7.4% increase from Kshs. 100.2 Billion in 2021.*

#### 2. Comprehensive Income

- *Total operating income grew by 17.9% from Kshs 60.4 Billion to Kshs 71.3 Billion.*
- *Total non-interest income grew by 32.7% from Kshs 19.4 Billion to Kshs 25.7 Billion.*

- *Net interest income grew by 10.9% from Kshs 41.0 Billion to Kshs 45.5 Billion.*
- *Total operating expenses increased by 10.9% from Kshs 38.1 Billion to Kshs. 42.2 Billion.*

### 3. Cost Management

The Group reports excellent efficiency gains from the various initiatives to record a Cost-to-Income Ratio of **47.1%** in FY2022 from 59% in FY2014 when we began our Growth & Efficiency journey.

4. **Credit Management** remains a key focus area, with the Group prudentially making provisions of **Kshs. 8.7 Billion** which has enhanced the Bank's Loan Loss Reserve/Coverage levels to **74%** from 69% in 2021.

### 5. A Strong Digital Footprint

- Through our digital channel strategy, the Bank has successfully moved **92%** of all customer transactions to alternative delivery channels, a 24-hour contact centre, 542 ATMs, mobile & internet banking and over 17,000 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.
- 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 84.2 Billion** disbursed year-to-date, averaging over **Kshs. 7 Billion** per month.
- Over 170,000 customers have taken up the MSME packages that we rolled out in 2018, and 33,673 have been trained on business management skills. Year to date, we have disbursed **Kshs. 25.4 Billion** to MSMEs through our Mobile E-Credit solution. MSMEs are a critical part of economic recovery post-covid and contribute up to **16.9%** of our total Loan Book.
- Our unique model of retail banking services through Sacco FOSAs enabled us provide wholesale financial services to over 484 FOSA outlets.

## 6. Subsidiaries

- Co-op Consultancy & Bancassurance Intermediary Ltd posted a Profit Before Tax of **Kshs 1.01 Billion** in FY2022, 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 132.7 Million** in FY2022 compared to a loss of Kshs 421.7 million in FY2021, a 131% growth.
- Co-op Trust Investment Services contributed **Kshs. 208.1 Million** in Profit Before Tax in FY2022, with Funds Under Management of **Kshs. 196.6 Billion** compared to Kshs. 189.2 Billion in December 2021.
- Kingdom Bank Limited (A Niche MSME Bank) has contributed a Profit before Tax of **Kshs. 803.8 Million** in FY2022.

## 7. Environmental Social and Governance (ESG)

In 2022, the Bank embarked on an enhanced ESG roadmap to integrate ESG considerations into its operations with several key milestones achieved.

- Enhanced ESG governance to ensure that the Bank has effective policies, procedures, and practices in place to identify, manage, monitor, and report on environmental, social, and governance (ESG) matters that may impact the Bank's operations and stakeholders.
- Appointment of an ESG Champions Committee and establishment of a dedicated ESG Unit.
- Appointment of ESG champions across the entire Group, representing all Divisions, Subsidiaries and Control Functions.
- Approved ESG policy framework.

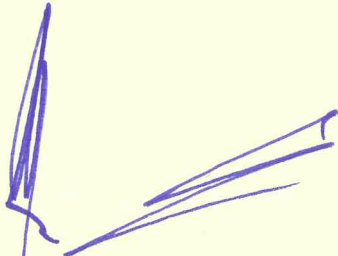
**Co-op Bank Foundation**, the Group's social investment vehicle, continues to provide Scholarships to gifted but needy students from all regions of Kenya. The sponsorship includes fully paid secondary education, full fees for University education, Internships and career openings for beneficiaries. The foundation is fully funded by the bank and has supported **9553** students since the inception of the program.

## 8. Accolades

The Bank was recognized as '***Best Overall in Satisfactory Customer Experience***' following a customer survey conducted by the Kenya Bankers' Association (KBA). This Award was based on a survey where 33,000 customers of all 38 member banks of KBA were asked to rank overall experience with their main bank. In addition, the Bank was similarly recognised with the '***Excellence in Customer Experience in Digital Banking***' award at the Digibanking Event held in Nairobi. The two awards re-affirm the bank as the financial institution offering the most fulfilling customer experience in the industry.

## 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 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**

16<sup>th</sup> March 2023

## 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: 180 branches in Kenya, 4 in South Sudan, 542 ATMs and over 17000 Co-op Kwa Jirani agency banking outlets supporting our growing client base.