

CO-OP BANK REPORTS A KSH 8.15 BILLION PROFIT IN QUARTER ONE OF 2023

Co-op Bank Group is pleased to report a Profit Before Tax of **Kshs. 8.15 Billion** for the first quarter of 2023, representing a 4.67% growth compared to Kshs. 7.78 Billion recorded in the first quarter of 2022. This represents a Profit after Tax of **Kshs. 6.1 Billion** compared to Kshs. 5.8 Billion reported in 2022, a 5.2% growth. The strong performance by the Bank is in line with the Group's strategic focus on sustainable growth, resilience, and agility.

Key Performance highlights:

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

- *Total Assets grew to Kshs. 631.1 Billion, a 5.7% growth from Kshs 597.0 Billion in the same period last year.*
- *Net loans and advances grew to Kshs. 360.1 Billion, an 11% growth from Kshs.324.5 Billion in 2022.*
- *Customer deposits grew to Kshs 419.8 Billion, a 2.2% increase from Kshs. 410.8 Billion.*
- *External funds from development partners have increased by 12% to Kshs.48.4 Billion from Kshs. 43.3 Billion in 2022.*
- *Shareholders' funds have grown to Kshs. 112.6 Billion, a 9.7% increase from Kshs. 102.7 Billion in 2022.*

2. Comprehensive Income

- *Total operating income grew by 6.5% from Kshs. 16.8 Billion to Kshs. 17.9 Billion.*
- *Total non-interest income grew by 10.8% from Kshs. 6.4 Billion to Kshs. 7.1 Billion.*
- *Net interest income grew by 3.9% from Kshs 10.4 Billion to Kshs 10.8 Billion.*
- *Total operating expenses increased by 8.8% from Kshs. 9.0 Billion to Kshs. 9.8 Billion.*

3. Cost Management

The Group reports considerable efficiency gains from the various initiatives to record a Cost-to-Income Ratio of **46.3%** in Q12023, a remarkable improvement 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. 1.5 Billion** which has enhanced the Bank's Loan Loss Reserve/Coverage levels to a high of **72%** from 69% in 2021.

5. A Strong Digital Footprint

- Through our digital channel strategy, the Bank has successfully moved **91%** of all customer transactions to alternative delivery channels, a 24-hour contact centre, 543 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 19.2 Billion** disbursed in quarter one of 2023, averaging over **Kshs. 6.4 Billion** per month.
- Over 174,000 customers have taken up the MSME packages that we rolled out in 2018, and 36,517 have been trained on business management skills. Year to date, we have disbursed **Kshs. 5.6 Billion** to MSMEs through our Mobile E-Credit solution. MSMEs are a critical part of economic recovery post-Covid and contribute up to **15.9%** of our total Loan Book.
- Our unique model of retail banking services avails access to cash for FOSA operations, enabling 484 FOSA outlets to support over 15 Million Sacco members access banking services even in rural/remote areas.

6. Wide Branch Network

The Bank has strategically grown its branch network to 187 Branches (4 in South Sudan). Three new branches (Kenol Makuyu, Hindi and Bamburi) have been opened in 2023, whereas 5 Branches (Kabarnet, Iten, Kasarani, Kamakis and Chwele) were opened last year.

7. Subsidiaries

- Co-op Consultancy & Bancassurance Intermediary Ltd posted a Profit Before Tax of **Kshs 336.4 Million** in Q12023, 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%) made a Profit before tax of Kshs 110 Million in Q12023. This performance however translated to a monetary loss of Kshs 71.3 Million attributable to hyperinflation accounting occasioned by currency devaluation of the South Sudanese pound.
- Co-op Trust Investment Services Ltd contributed **Kshs. 51.2 Million** in Profit Before Tax in Q12023, with Funds Under Management of **Kshs. 194 Billion** compared to Kshs. 190.2 Billion in Q12022.
- Kingdom Bank Limited (A Niche MSME Bank) has contributed a Profit before Tax of **Kshs. 256.3 Million** in Q12023.

8. External funds from development partners

The Bank signed a **KShs. 12.6 Billion** long-term Credit Agreement with global institutional investors led by the German fund, Deutsche Investitions - und Entwicklungsgesellschaft (DEG). The fund will strengthen the bank's capital base and support lending to MSMEs. The facility was drawn in April 2023.

9. Robust Environmental Social and Governance (ESG) Practice

The Bank continues to implement a state-of-the-art ESG policy framework leveraging on an enhanced ESG implementation roadmap, groupwide ESG champions and ESG Governance.

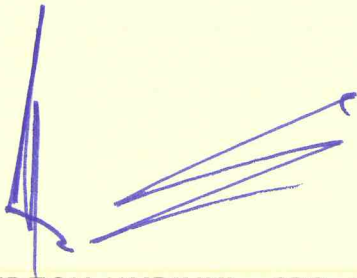
Co-op Bank Foundation, the Group's social investment vehicle, continues to provide Scholarships to gifted but needy students from all regions of Kenya. The sponsorship includes fully paid secondary education, full fees for University education, Internships, and career openings for beneficiaries. The foundation is fully funded by the bank and has supported **10,264** students since inception.

Co-op Bank Capacity-building & Technical Assistance Fund for Farmers' Co-operatives

The Bank has established a dedicated **Kshs. 100 Million Fund** is aimed at capacity-building, technical support and digitization for farmers' co-operatives. Under the auspices of the Fund, the Bank has carried out capacity-building for 30 Co-operatives in six Agri-sectors namely, coffee, dairy, potatoes, poultry, cotton, and cereals. The initiative will impact **over 50,000 individual farmers**.

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**

18th May 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 holds a 24.8 per cent stake in CIC Insurance Group and a 25% equity stake in Co-op Bank Fleet Africa Leasing Limited. The Bank's footprint across Kenya and the region includes: 183 branches in Kenya, 4 in South Sudan, 543 ATMs and over 17000 Co-op Kwa Jirani agency banking outlets supporting our growing client base.