



CO-OP BANK RECORDS KSH 32.4 BILLION PROFIT IN FULL-YEAR 2023

Co-op Bank is pleased to report a Profit Before Tax of **Kshs. 32.4 Billion** for Full Year 2023, a commendable 10% growth compared to Kshs. 29.4 Billion recorded in Full Year 2022. This represents a Profit after Tax of **Kshs. 23.2 Billion** compared to Kshs. 22.0 Billion reported in 2022. 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 **21.0%**. The Board of Directors has recommended a dividend payment of **Kshs 8.8 Billion**, being a payout of **Kshs 1.50 per share**, subject to approval by the regulators and shareholders. The Annual General Meeting (virtual) will be held on Friday, 17th May 2024.

Key Performance highlights:

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

- *Total Assets grew to Kshs. 671.1 Billion, a 10.5% growth from Kshs 607.2 Billion in the same period last year.*
- *Net loans and advances grew to Kshs. 374.2 Billion, a 10.3% growth from Kshs.339.4 Billion in 2022.*
- *Customer deposits grew to Kshs 451.6 Billion, a 6.6% increase from Kshs. 423.8 Billion.*
- *External funds from development partners stands at Kshs 67.3 Billion from Kshs.48.1 Billion in 2022.*
- *Shareholders' funds have grown to Kshs. 113.6 Billion, a 5.5% increase from Kshs. 107.7 Billion in 2022.*

2. Comprehensive Income

- *Total operating income grew by 0.6% from Kshs 71.3 Billion to Kshs 71.7 Billion.*
- *Total non-interest income grew by 2.8% from Kshs 25.7 Billion to Kshs 26.5 Billion.*
- *Net interest income remained stable to stand at Kshs 45.2 Billion as compared to Kshs 45.5 Billion in 2022.*
- *Total operating expenses decreased by 6.1% from Kshs 42.2 Billion to Kshs. 39.7 Billion, with a critical focus on Cost Management.*

3. Cost Management

The Group reports excellent efficiency gains from the various initiatives to record a Cost-to-Income Ratio of **47.0%** in FY2023 from 59% in FY2014 when we began our Growth & Efficiency journey.

4. A Strong Digital Footprint

- **New Core Banking System goes Live**

The Bank in June 2023 successfully upgraded the core banking system to the latest version of Finacle from Infosys, one of the best-rated platforms globally, marking a critical milestone in the bank's digitization journey to enhance service excellence and provide the most innovative and advanced banking solutions.

In addition, the Co-operative Bank of South Sudan successfully went Live on the new Finacle system on 17th March 2024, concluding the full migration of the Group to the new system thereby enabling the Group's digital synergy.

- Through our digital channel strategy, the Bank has successfully moved over **91%** of all customer transactions to alternative delivery channels, a 24-hour contact centre, 599 ATMs & Cash Deposit Machines (CDMs), mobile & internet banking and over 17,000 network of Co-op kwa Jirani agents.
- Our **Omni-channel platform** continues to offer users accessibility and enhanced experience. The platform 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.
- **Mco-op Cash Mobile wallet** continues to drive substantial non-funded income streams with **5 Million** customers registered and **Kshs 75.3 Billion** in loans disbursed in 2023, averaging **Kshs. 6.3 Billion** per month.
- Over 208,000 customers have taken up the MSME packages we rolled out in 2018, and 58,850 have been trained on business management skills. In 2023, we disbursed **Kshs. 18.6 Billion** to MSMEs through our Mobile E-Credit solution. MSMEs make up **15.8%** 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.

5. Wide and Expanding Branch Network

The Branch network has expanded to a total of 194 outlets (4 in South Sudan). We have planned 15 additional outlets this year, with 2 at Imaara Mall on Mombasa Road, Nairobi and Ugunja in Siaya already opened. Eight new branches namely Nakuru Bahati Road, Kimana - Kajiado, Matuu, Thika Kwame

Nkrumah, Greenwood Mall - Meru, Kenol - Makuyu, Hindi - Lamu and Bamburi - Mombasa) were opened in 2023.

6. A Growing Team

The Bank continues to invest in a competitive team set to serve at existing functions at the same time tap new growth opportunities across all areas of the business. Staff Numbers have grown from 4,864 as at the close of 2022 to **5,400** as at year 2023 close, creating job opportunities for over **530** young people.

7. Subsidiaries

- Co-op Consultancy & Bancassurance Intermediary Ltd posted a Profit Before Tax of Kshs 877.1 Million in FY2023, 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 291.3 Million in FY2023 compared to Kshs. 132.7 million in 2022, a 119.5% growth
- Co-op Trust Investment Services Ltd contributed Kshs. 226.0 Million Profit Before Tax in FY2023, an 8.6% growth. The Subsidiary has Funds Under Management of **Kshs. 218.4 Billion**.
- Kingdom Bank Limited (A niche MSME Bank) contributed a Profit Before Tax of **Kshs. 1.08 Billion** in FY2023, a remarkable growth of 36.4% from Kshs. 792.6 Million reported in FY2022.

8. Commitment to Sustainability

In 2022, the Bank embarked on an enhanced Environmental, Social and Governance (ESG) roadmap to integrate ESG considerations into its operations with several key milestones achieved. The Bank's commitment to ESG excellence was celebrated at the 2023 Kenya Bankers' Sustainable Finance Catalyst Awards, with the bank emerging as the **Overall Award Winner**. This was the fourth win by the Bank since the inception of the award six years ago.

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 the inception of the program.

9. Accolades

The Bank was named the **Overall Winner** of the just concluded Banking Industry Customer Satisfaction Survey conducted by the Kenya Bankers' Association (KBA). Co-op Bank was also named the winner in the Tier One Bank Category. This is the second consecutive win, having also won the overall title for year 2022. The survey was conducted by interviewing over 30,000 banking customers across the country.

Other key awards in year 2023;

- At the CIO 100 Awards, the Bank's Chief Information Officer Charles Washika was named the ***CIO of the Year in Africa, Banking Sector Award***.
- At the IFC Global SME Awards held in Mumbai India, the Bank won the ***SME Financier of The Year in Africa - Gold Award***.

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**

20th March 2024

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: 194 branches in Kenya, 4 in South Sudan, 599 ATMs & Cash Deposit Machines (CDMs), and over 17000 Co-op Kwa Jirani agency banking outlets supporting our growing client base.