

CO-OP BANK REGISTERS A STRONG 59% PROFIT GROWTH TO KSH 22.6 BILLION FOR YEAR 2021

Co-op Bank Group is pleased to report a Profit Before Tax of **Kshs. 22.6 Billion** for the full year 2021, a strong 59% growth compared to Kshs. 14.3 Billion recorded in Full Year 2020. This represents a commendable Profit After Tax of **Kshs. 16.5 billion** compared to Kshs. 10.8 Billion reported in 2020.

This is the BEST PERFORMANCE ever by the Bank, and is in line with the Group's strategic focus on Sustainable Growth and Transformation.

Key highlights;

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

- *Total Assets grew to Kshs. 579.8 Billion, a +8% growth from Kshs 536.9 Billion in year 2020*
- *Net loans and advances book grew to Kshs. 310.2 Billion, a +8% growth from Kshs.286.6 Billion in year 2020*
- *Investment in Government securities grew to Kshs. 184.1 Billion from Kshs. 161.9 Billion in 2020, a +14% growth.*
- *Customer deposits grew to Kshs 407.7 Billion, a +8% growth from Kshs. 378.6 Billion.*
- *Borrowed funds from development partners stood at Kshs 42.9 Billion from Kshs.46.0 Billion in 2020.*
- *Shareholders' funds grew to Kshs. 100.2 Billion (+10%) from Kshs. 90.7 Billion in 2020 enabling us to continue pitching for big ticket deals.*

2. Comprehensive Income

- *Total operating income grew by 12% from Kshs 53.8 Billion to Kshs 60.4 Billion.*
- *Total non-interest income grew by 11% from Kshs 17.5 Billion to Kshs 19.4 Billion.*
- *Net interest income grew by 13% from Kshs 36.3 Billion to Kshs 41.0 Billion.*
- *Total operating expenses improved by 3% from Kshs 39.4 Billion to Kshs. 38.1 Billion.*

3. Increased Market Dominance

- A successful Universal Banking model and the implementation of Sales Force Effectiveness has seen the Group serve over **9 million** Account holders across all sectors.
- Through our multi-channel strategy, the Bank has successfully moved 94% of all customer transactions to alternative delivery channels, an expanded 24-hour contact centre, mobile banking, 561 ATMs, internet banking and over 26,000 Co-op Kwa Jirani agency banking terminals.
- 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 **5.3 Million customers** registered and loans worth **Kshs 71.2 Billion** disbursed year-to-date, averaging **Kshs. 6 Billion per month**.
- Over 144,000 customers have taken up the MSME packages that we rolled out in 2018, and 19,963 have been trained on business management skills. To date, we have disbursed **Kshs. 42.5 Billion** to MSMEs through our E-Credit solution.
- Our unique model of retail banking services through Sacco FOSAs enabled us provide wholesale financial services to over 464 FOSA outlets.

4. Proactive Credit Management remains a key focus area supporting Loan Assets growth;

- a. **The Credit Risk Adaptation Project** dubbed ‘Project Kilele’ supported by a Global consulting firm, now in the **implementation phase**.
- b. **The Decentralization of Loan Portfolio Management** to the Branches, Lending Units and Relationship Management teams. The successful project, aimed at enhancing collection activities, has advanced to **Project Connect & Build (CB)**. The project is aimed at:
 - Identifying more business opportunities for loan book growth.
 - Engaging existing & potential customers with a view to establishing/enhancing their needs and co-create solutions.
 - Increasing customers’ product-holding.
 - Sustaining the best practices learnt under the Decentralization of Loan Portfolio Management and Project Kilele above.

The Group prudentially provided **Kshs. 7.9 Billion** in loan loss provisions compared to Kshs 8.1 billion provided in 2020 indicating improving quality of our asset book as businesses and households continue to recover from the impact of Covid-19 pandemic.

5. Subsidiaries

- Co-op Consultancy & Bancassurance Intermediary posted a Profit Before Tax of **Kshs 803.9 Million** as at 31st December 2021, 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 monetary loss of Kshs 421.7 Million in FY2021 attributable to hyperinflation accounting due to currency devaluation of the South Sudanese pound.
- Co-op Trust Investment Services contributed **Kshs. 140.4 Million** in Profit Before Tax in FY2021, with Funds Under Management of **Kshs. 189.2 Billion** compared to Kshs. 127.5 Billion in December 2020.
- **Kingdom Bank Limited (former Jamii Boar Bank) has contributed a Profit Before Tax of Kshs. 512.4 Million in FY2021.**

6. Long Term Financing: MSME, Sustainable Agriculture & Health sectors.

- In 2020 the Group secured a long-term financing facility from the IFC (International Finance Corporation) amounting to **Kshs. 8.25 Billion** for on-lending at affordable terms to MSMEs involved notably in **climate-smart** projects, sustainable agricultural practices and clean energy.
- Partnered in the US\$ 300 million IFC-led Africa Medical Equipment Facility and Philips (a leading health technology company) to support Africa's health sector operators purchase essential medical equipment and strengthen their response to COVID-19 and other medical technology needs.
- The Group secured a **US\$ 10 Million** credit line in partnership with **Eco.business Fund** to finance Sustainable Agriculture.

7. Corporate Social investment

Co-operative Bank Foundation has continued to provide annually over 650 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 so far supported **8,842 students** since the inception of the program.

8. Accolades

The Group appreciates the recognition and Awards received in 2021, notably the following *EMEA Awards (African Banking Awards)*;

1. The *Best Bank CEO in Africa Award*, awarded to Dr Gideon Muriuki, Group Managing Director & CEO, Co-op Bank with the following citation;

The Board of Directors' bold decision to sustain the same level of dividend payments to shareholders despite the Covid-19 crisis offered a most timely relief, especially to the over 15 Million-Member Co-operative Movement, whose livelihoods would have been severely impaired had the dividend been withheld.

The Bank notably also sustained a relentless focus on Staff Wellness with the unprecedented challenges occasioned by the Covid-19 pandemic; notably it undertook a bank-wide analysis to identify and address manpower inefficiencies spurred by the disruption, with a critical focus on staff redeployment/retention other than redundancies.

2. The *Best Bank in Kenya* Award, and as *Best Bank in Financial Inclusion - Africa*, with the citation;
3. Bank subsidiary Co-optrust Investments Services was named *Best Asset Manager in Kenya*; now has an Asset Base of over Kshs. 189.2 Billion under management.

Dr. Gideon Muriuki the Group Managing Director & CEO received his 2nd Honorary Doctorate in February 2022 from the Co-operative University of Kenya.

Dividend Payment

The Board of Directors has recommended subject to shareholders approval at the next AGM on 27th May 2022, a dividend payment of Ksh. 1/= per share (Kshs. 5.9 Billion payment).

Conclusion

The Co-operative Bank Group continues to execute a proactive growth strategy anchored on a strong enterprise risk management framework, and deepening of our market dominance. We shall, riding on the unique synergies in the over 15 million-member co-operative movement that is the largest in Africa, continue to pursue strategic initiatives that focus on resilience and growth in the various sectors of the economy.

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

17th March 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 banking groups in the region and has 5 subsidiaries namely; Kingdom Securities Ltd, Co-optrust Investment Services Limited, Co-operative 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; 174 branches in Kenya, 4 in South Sudan, 561 ATMs and over 26,000 Co-op Kwa Jirani agency banking outlets supporting a growing client base now standing at over 9 million account-holders.