

Co-op Bank Group Plc

H12025 Earnings Update

15TH AUGUST 2025

Co-op Bank Half Year Profits Expand 8.4% in H1-2025

Co-operative Bank plc profits before tax (PBT) hit KES 19.66Bn for the first half of 2025 (H1-2025) financial performance, representing an 8.3% rise from that of KES 18.16Bn reported in H1-2024. The performance was strongly supported by a 23.1% jump in net interest income (NII) which offset the 3.3% reduction in non-funded income (NFI) which was impacted by a stable foreign exchange market. This saw the NII contribution to total income enlarge further from 60.8% to 67.5%. Group profit after tax (PAT) moved up 8.4% to KES 14.08Bn in H1-2025 from KES 12.99Bn in H1-2024.

Quarter on quarter, the Group's PBT grew at a slower pace of 4.3% on a faster decline in interest rates witnessed in the second quarter of 2025.

Subsidiaries' PBT improved faster at 31.0% year on year (Y-Y) to KES 1.91Bn in H1-2025 from that of KES 1.46Bn reported similar period in 2024. This saw subsidiary contribution to total PBT rise from 8.0% in H1-2024 to 9.7% in H1-2025.

The Group's earnings per share (EPS) rose at 5.4% from 2.21 in H1-2024 to 2.41 in 2025, annualized to 4.82 for a price to earnings (P/E) ratio of 3.61 against a sector P/E of 4.18. We retain a HOLD recommendation on the Bank's share price while

reviewing its price target value to KES 18.88 per share, an 8.8% upside from the current price of KES 17.35 per share as of 15th August 2025. We however forecast a first and final dividend of about KES 1.75 per share for 2025, representing a forecasted dividend yield of 10.1% from the current price.

The Bank's Board of Directors did not issue any interim dividend

Income Statement

Co-op Bank Group's net interest income (NII) jumped 23.1% up Y-Y to 29.38Bn accelerated by the Bank's growing interest earnings assets bolstered by a low cost of financing and proper use of its assets. Total interest income was up 12.6% to KES 44.80Bn while the interest expense thinned by 3.3%.

Interest income from loans and advances improved 9.0% to 27.95Bn in H1-2025 from KES 25.64Bn in H1-2024, propped by increased loan disbursements which saw net loan book expand by 4.2% to KES 391.26Bn. The Bank's digital platform (M-Co-op Cash) disbursed KES 36.40Bn loans in H1-2025, out of which KES 5.70Bn were micro-small and medium (MSME) disbursements.

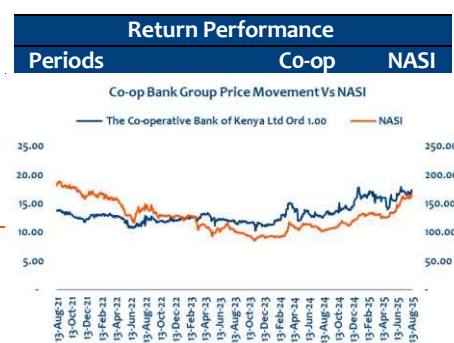
This saw the yield from loans & advances improve from 13.7% in H1-2024 to 14.6% in H1-2025 despite the interest rate cuts that happened in the period.

Interest income from government securities accelerated up 14.9% from KES 12.60Bn to KES 14.47Bn elevated by increased allocations to government securities which saw the securities book expand by KES 50.99Bn or 25.0% to KES 254.97Bn by end of H1-2025.

Interest expense decline 3.3% from KES 15.94Bn to KES 15.42Bn occasioned by low financing interest rates. During the period, the Central Bank Rate (CBR) cut official lending rates from 13.0% in June 2024 to 9.75% in June 2025.

Non-funded income fell 8.2% from KES 15.37Bn in H1-2024 to KES 14.11Bn occasioned by a stable local currency which saw forex income dip 41.6% to KES 1.55Bn. Kenya's

Recommendation:	HOLD
Bloomberg Ticker:	COOP KE
Share Statistics	
Implied Price	18.88
Upside/Downside	8.8%
Current Price	17.35
1-Month Avg. Price	16.86
3-Month Avg. Price	16.86
6-Month Avg. Price	16.25
52-Week Avg Price	15.40
52-Week High - Low	17.90 - 12.70
Issued shares Mn	5,867.17
Free float	35.40%
Market Cap (KES Mn)	101,795.48
Market Cap (USD Mn)	787.65
P/E	3.60
BVPS	26.64
PB	0.65
EPS (H1-2025)	2.41
EPS (Annualized)	4.82



NII +23.1% Y-Y

Provisions +50.5% Y-Y

Opex. +13.0% Y-Y

Opex. Excl. Provisions +6.9% Y-Y

PBT +8.3% Y-Y

PAT +8.4% Y-Y

Govt. Securities +25.0% Y-Y

Loans +4.2% Y-Y

Deposits +7.9% Y-Y

Shareholder's Funds +23.4% Y-Y

Borrowings -30.8% Y-Y

exchange rate stabilized at around KES 129.34 per US dollar in H1-2025 as opposed to the H1-2024 when it was very volatile, hitting a high KES 160 in March 2024 and a low of 129.52 in June 2024.

Operating expenses were up 13.0% to 24.04Bn largely elevated by loan loss provisions and staff expenses. To cushion the growing loan book, the Lender's provisions rose by half from KES 3.00Bn to 4.52Bn.

Excluding loan loss provisions, the operating expenses were contained at a 6.9% growth from KES 18.27Bn to KES 19.52Bn.

Staff costs were up 8.1% from KES 9.14Bn to KES 9.89Bn on normal annual salary reviews for inflation and some new recruitments.

Balance Sheet

Co-op Bank Group's total assets grew by 13.2% from KES 716.93Bn in H1-2024 to KES 811.91Bn prompted by growths in loan book and government securities.

Total loan book expanded from KES 375.63Bn to KES 391.26Bn, reflecting a 4.2% growth above the industry growth of 2.2% in lending. This was mainly supported by a rise in demand as interest rate cuts.

Government securities ballooned by 25.0% from KES 203.98Bn to KES 254.97Bn to reduce exposure in non-performing loans.

The above asset books were well financed by a 7.9% rise in customer deposits to KES 547.72Bn with an addition financing from borrowings.

Further the expanding assets books saw the Bank's borrowings climb 30.8% to KES 65.67Bn.

Shareholders' funds escalated 23.4% Y-Y from KES 126.70Bn to KES 156.33Bn largely supported by additional retained earnings of KES 18.43Bn.

Key Ratios

Net interest margins (NIMs) enlarged from 7.2% in H1-2024 to 8.1% in H1-2025 supported higher assets yields and low cost of funds.

The Group's cost of risk escalated from 1.6% in H1-2025 to 2.4% on account of higher loan loss provisions.

Return on average assets (ROaA) dropped marginally from 3.7% in H1-2024 to 3.6% in H1-2025 on a faster rise in assets compared to net profits.

Return on average equity (ROaE) declined faster from 21.6% to 18.7% on a faster rise in shareholders' funds in relation to net profits.

Subsidiaries' Performance

Co-op Trust Investment Services limited – Delivered a PBT of KES 360.8Mn (152.8% y-y up)

Co-op Bancassurance
KES 790Mn PBT

Co-op Bank South Sudan
KES 56.9Mn (restated profits)

Kingdom Bank
PBT of KES 455.62Mn

Kingdom Securities –
PBT of KES 63.2Mn (79.4% up)

Profit/Loss Statement (KES Mn)	H1-2024	Q1-2025	H1-2025	%Δ Q-Q	%Δ Y-Y
Interest Income	39,800	22,210	44,799	1.7%	12.6%
Interest Expense	15,943	7,969	15,422	-6.5%	-3.3%

NII	23,858	14,241	29,376	6.3%	23.1%
NFI	15,375	6,941	14,112	3.3%	-8.2%
Total Income	39,232	21,182	43,488	5.3%	10.8%
Loan Loss Provisions	3,002	2,113	4,520	13.9%	50.5%
Operating Expense	21,269	11,749	24,037	4.6%	13.0%
Opex excl Provision	18,267	9,636	19,518	2.5%	6.9%
PBT	18,161	9,627	19,663	4.3%	8.3%
PAT	12,991	6,931	14,079	3.1%	8.4%
EPS	2.21	1.18	2.41	4.2%	9.0%
Annualized EPS (Forecast)	4.33	4.72	4.82	-97.9%	11.3%

Balance Sheet (KES Mn)	H1-2024	Q1-2025	H1-2025	%Δ Q-Q	%Δ Y-Y
Investments	203,977	243,363	254,968	4.8%	25.0%
Loans and Advances	375,629	384,547	391,263	1.7%	4.2%
Total Asset	716,925	774,074	811,905	4.9%	13.2%
Customer Deposit	507,391	525,174	547,724	4.3%	7.9%
Borrowing	50,217	54,770	65,671	19.9%	30.8%
Shareholders' Fund	126,703	155,894	156,325	0.3%	23.4%

Ratios	Q1-2024	FY2024	Q1-2025
NII % of Total Income	60.8%	67.2%	67.5%
NFI % of Total Income	39.2%	32.8%	32.5%
CTI Ratio	54.2%	55.5%	55.3%
CTI exc Provision	46.6%	45.5%	44.9%
Advances/Loans to Deposit Ratio	74.0%	73.2%	71.4%
Investment Securiteis to Assets	28.5%	31.4%	31.4%
Advances to Assets	52.4%	49.7%	48.2%
Debt to Equity	39.6%	35.1%	42.0%
Cost of Funds	5.9%	5.5%	5.5%
cost of deposits	6.6%	6.2%	5.9%
Net Interest Margins	7.2%	8.0%	8.1%
Yield on Advances	13.7%	14.7%	14.6%
Yield on Govt Securities	12.8%	12.2%	12.2%
ROaA	3.7%	3.7%	3.6%
ROaE	21.6%	18.4%	18.7%
Cost of Risk	1.6%	2.2%	2.4%
NPL Ratio	14.9%	15.4%	15.6%

End

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