# Co-operative Group – FY'2025

**19th March, 2026**

Below is a summary of Co-operative Group's FY'2025 performance:

| Balance Sheet Items | FY'2024 | FY'2025 | y/y change |
|---|---|---|---|
| Government Securities | 217.6 | 244.9 | 12.6% |
| Net Loans and Advances | 373.7 | 421.0 | 12.6% |
| **Total Assets** | **743.2** | **827.4** | **11.3%** |
| Customer Deposits | 506.1 | 574.2 | 13.4% |
| Deposits per branch | 2.47 | 2.65 | 7.2% |
| Total Liabilities | 597.6 | 661.3 | 10.7% |
| **Shareholders Funds** | **145.4** | **165.5** | **13.8%** |

| Balance Sheet Ratios | FY'2024 | FY'2025 | % points change |
|---|---|---|---|
| Loan to Deposit Ratio | 73.8% | 73.3% | (0.5%) |
| Government Securities to Deposits Ratio | 43.0% | 42.7% | (0.3%) |
| Return on average equity | 19.7% | 19.1% | (0.5%) |
| Return on average assets | 3.6% | 3.8% | 0.2% |

| Income Statement | FY'2024 | FY'2025 | y/y change |
|---|---|---|---|
| Net Interest Income | 51.5 | 62.9 | 22.0% |
| Non-Interest Income | 29.1 | 29.0 | (0.3%) |
| **Total Operating income** | **80.6** | **91.9** | **13.9%** |
| Loan Loss provision | (8.7) | (9.5) | 9.2% |
| **Total Operating expenses** | **(46.7)** | **(52.0)** | **11.4%** |
| Profit before tax | 34.8 | 40.3 | 15.8% |
| **Profit after tax** | **25.5** | **29.8** | **16.9%** |
| **Core EPS** | **4.3** | **5.1** | **16.9%** |
| **Dividend per Share** | **1.5** | **2.5** | **66.7%** |
| **Dividend Payout Ratio** | **34.6%** | **49.3%** | **14.7%** |
| **Dividend Yield** | **9.1%** | **8.3%** | **(0.9%)** |

| Income Statement Ratios | FY'2024 | FY'2025 | % points change |
|---|---|---|---|
| Yield from interest-earning assets | 13.9% | 13.6% | (0.4%) |
| Cost of funding | 6.4% | 5.0% | (1.3%) |
| Net Interest Spread | 7.6% | 8.5% | 1.0% |
| Net Interest Income as % of operating income | 63.9% | 68.4% | 4.5% |
| Non-Funded Income as a % of operating income | 36.1% | 31.6% | (4.5%) |
| Cost to Income | 57.9% | 56.6% | (1.3%) |
| CIR without provisions | 47.2% | 46.3% | (0.9%) |
| Cost to Assets | 5.1% | 5.1% | 0.0% |
| Net Interest Margin | 8.3% | 9.2% | 0.8% |

| Capital Adequacy Ratios | FY'2024 | FY'2025 | % points change |
|---|---|---|---|
| Core Capital/Total deposit Liabilities | 24.2% | 24.0% | (0.2%) |
| Minimum Statutory ratio | 8.0% | 8.0% | |
| **Excess** | **16.2%** | **16.0%** | **(0.2%)** |
| Core Capital/Total Risk Weighted Assets | 18.3% | 20.3% | 2.0% |

| | | | |
|---|---|---|---|
| Minimum Statutory ratio | 10.5% | 10.5% | |
| **Excess** | **7.8%** | **9.8%** | **2.0%** |
| Total Capital/Total Risk Weighted Assets | 21.2% | 22.6% | 1.4% |
| Minimum Statutory ratio | 14.5% | 14.5% | |
| **Excess** | **6.7%** | **8.1%** | **1.4%** |
| Liquidity Ratio | 59.9% | 60.0% | 0.1% |
| Minimum Statutory ratio | 20.0% | 20.0% | |
| **Excess** | **39.9%** | **40.0%** | **0.1%** |

**Income Statement**

- Core earnings per share grew by 16.9% to Kshs 5.1, from Kshs 4.3 in FY'2024, driven by the 13.9% increase in total operating income to Kshs 91.9 bn, from Kshs 80.6 bn in FY'2024. However, the performance was weighed down by a 11.4% increase in total operating expenses to Kshs 52.0 bn from Kshs 46.7 bn in FY' 2024.
- The 13.9% increase in total operating income was mainly driven by a 22.0% growth in Net Interest Income (NII) to Kshs 62.9 bn, from Kshs 51.5 bn in FY'2024. It was however weighed down by a 0.3% decrease in Non-Interest income to Kshs 29.0 bn in FY'2025, from Kshs 29.1 bn in FY'2024.
- Interest income grew by 8.0% to Kshs 93.1 bn from Kshs 86.3 bn in FY'2024, mainly driven by a 7.5% growth in interest income from loans and advances to Kshs 60.1 bn, from Kshs 55.9 bn in FY'2024, coupled with an 8.3% increase in interest income from government securities to Kshs 29.1 bn, from Kshs 26.9 bn in FY'2024. The Yield on Interest-Earning Assets (YIEA) however, decreased by 0.4% points to 13.6% from 13.9% recorded in FY'2024, attributable to the slower 8.0% growth in trailing interest income to Kshs 93.1 bn, from Kshs 86.2 bn in FY'2024, compared to a faster 11.0% increase in average interest earning assets to Kshs 686.4 bn, from Kshs 618.5 bn in FY'2024,
- Interest expenses declined by 12.8% to Kshs 30.3 bn from Kshs 34.7 bn in FY'2024, mainly driven by 14.8% decrease in interest expense on customer deposits to Kshs 25.0 bn from Kshs 29.3 bn in FY'2024, coupled with 51.1% decrease in interest expense from placements to Kshs 0.5 bn, from Kshs 1.1 bn recorded in FY'2024. Consequently, Cost of funds (COF) decreased by 1.3% points to 5.0% from 6.4% recorded in FY'2024, owing to faster 12.8% decrease in trailing interest expense to Kshs 30.3 bn from Kshs 34.7 bn in FY'2024, compared to a 10.6% increase in average interest-bearing liabilities to Kshs 601.3 bn from Kshs 543.9 bn recorded in FY'2024. Trailing interest expense refers to the performance of the interest expense for the past 12 consecutive months. Net Interest Margin (NIM) increased by 0.8% points to 9.2% from 8.3% in FY'2024, attributable to a faster 22.0% increase in trailing net interest income to Kshs 62.9 bn from Kshs 51.5 bn recorded in FY'2024, which outpaced the 11.0% growth in average interest earning assets,
- Non-Funded Income (NFI) decreased by 0.3% to Kshs 29.0 bn from Kshs 29.1 bn in FY'2024, mainly driven by a 26.5% decrease in forex trading income to Kshs 3.7 bn, from Kshs 5.0 bn in FY'2024, highlighting the bank's decreased foreign exchange margins. Total fees and commissions increased by 1.2% to Kshs 23.4 bn from Kshs 23.1 bn in FY'2024. The revenue mix shifted to 68:32, from 64:36 for the funded to Non-funded income owing to the 22.0% growth in Funded Income compared to the 0.3% decrease in the Non-Funded Income,
- Total operating expense increased by 11.4% to Kshs 52.0 bn in FY'2025, from Kshs 46.7 bn in FY'2024, mainly attributable to 13.6% increase in staff costs to Kshs 20.8 bn, from Kshs 18.3 bn in FY'2024, coupled with the 9.2% increase in loan loss provisions to Kshs 9.5 bn from Kshs 8.7 bn in FY'2024. The increase in provisioning

comes despite improved business environment and reduced credit risk as evidenced by the average FY’2025 Purchasing Managers Index (PMI) of 51.0, up from an average of 49.6 in FY’2024,

- Cost to Income Ratio (CIR) decreased by 1.3% points to 56.6% from 57.9% in FY’2024, owing to the slower 11.4% increase in total operating expenses, which was outpaced by the 13.9% increase in total operating income. Notably, CIR without LLP decreased by 0.9% points to 46.3%, from 47.2% recorded in FY’2024,
- Profit before tax increased by 15.8% to Kshs 40.3 bn, from Kshs 34.8 bn recorded in FY’2024, with effective tax rate decreasing to 27.3% in FY’2025, from 28.4% in FY’2024, leading to a 16.9% increase in profit after tax to Kshs 29.8 bn in FY’2025, from Kshs 25.5 bn in FY’2024.
- The Board of Directors recommended a final dividend of Kshs 1.50 per share, in addition to an interim dividend of Kshs 1.0 per share, bringing the total dividend to Kshs 2.50 per share for FY’2025, and translating to a dividend yield and dividend payout ratio of 8.3% and 49.3% respectively.

**<u>Balance Sheet</u>**

- The balance sheet recorded an expansion as total assets increased by 11.3% to Kshs 827.4 bn, from Kshs 743.2 bn in FY’2024, mainly driven by a 12.6% increase in net loans and advances and governments securities holdings to Kshs 421.0 bn and Kshs 244.9 bn, from Kshs 373.7 bn and 217.6 bn in FY’2024 respectively. Total liabilities increased by 10.7% to Kshs 661.3 bn from Kshs 597.6 bn in FY’2024, mainly driven by a 13.4% increase in customer deposits to Kshs 574.2 bn, from Kshs 506.1 bn in FY’2024, coupled with the 11.4% increase in borrowings to Kshs 61.7 bn, from Kshs 55.4 bn in FY’2024. With 205 branches, compared to 189 branches in FY’2024, deposits per branch increased by 7.2% to Kshs 2.7 bn, from Kshs 2.5 bn in FY’2024,
- The 13.4% increase in customer deposits, compared to the 12.6% increase in net loans led to a decrease in the loan to deposits ratio to 73.3%, from 73.8% in FY’2024,
- The bank’s Asset Quality improved slightly, with Gross NPL ratio decreasing to 15.7% in FY’2025, from 17.0% in FY’2024, attributable to a slower 3.4% increase in Gross non-performing loans to Kshs 73.5 bn, from Kshs 71.1 bn in FY’2024, relative to the 12.0% increase in gross loans to Kshs 469.5 bn, from Kshs 419.2 bn recorded in FY’2024,
- General Provisions (LLP) increased by 8.9% to Kshs 43.9 bn in FY’2025 from Kshs 40.3 bn in FY’2025. The NPL coverage increased to 66.0% in FY’2025, from 63.9% in FY’2024, attributable to the 8.9% increase in general provisions coupled with the 10.3% decrease in interest in suspense to Kshs 4.6 bn from 5.1 bn in FY’2024 which outpaced the 3.4% increase in Gross Non-performing Loans to Kshs 73.5 bn, from Kshs 71.1 bn in FY’2024.
- Shareholders’ funds increased by 13.8% to Kshs 165.5 bn in FY’2025, from Kshs 145.4 bn in FY’2024, this was supported by a 11.8% increase in retained earnings to Kshs 143.7 bn, from Kshs 128.6 bn in FY’2024,
- Cooperative Bank Group remains capitalized with a core capital to risk-weighted assets ratio of 20.3%, 9.8% points above the statutory requirement of 10.5%. In addition, the total capital to risk-weighted assets ratio came in at 22.6%, exceeding the statutory requirement of 14.5% by 8.1% points, and,
- The bank currently has a Return on Average Assets (ROaA) of 3.8%, and a Return on Average Equity (ROaE) of 19.1%.

**<u>Key Take-Outs:</u>**

1. **Increased earnings -** Core earnings per share grew by 16.9% to Kshs 5.1, from Kshs 4.3 in FY’2024, driven by the 13.9% increase in total operating income to Kshs 91.9 bn, from Kshs 80.6 bn in FY’2024. However,

the performance was weighed down by a 11.4% increase in total operating expenses to Kshs 52.0 bn from Kshs 46.7 bn in FY’2024,

2. **Improved asset quality –** The bank’s Asset Quality improved, with Gross NPL ratio decreasing to 15.7% in FY’2025, from 17.0% in FY’2024, attributable to a 3.4% increase in Gross non-performing loans to Kshs 73.5 bn, from Kshs 71.1 bn in FY’2024, relative to the 12.0% increase in gross loans to Kshs 469.5 bn, from Kshs 419.2 bn recorded in FY’2024,
3. **Expanded Balanced sheet** - The balance sheet recorded an expansion as total assets increased by 11.3% to Kshs 827.4 bn, from Kshs 743.2 bn in FY’2024, mainly driven by a 12.6% increase in net loans and advances and governments securities holdings to Kshs 421.0 bn and Kshs 244.9 bn, from Kshs 373.7 bn and 217.6 bn in FY’2024.

Going forward, the factors that would drive the bank’s growth would be:

- **Strong Customer Base** – Cooperative Bank still retains a loyal yet diverse customer base that includes cooperatives, SMEs, retail customers, and government institutions. We anticipate that the bank will keep leveraging on this base to improve its loan book which this year expanded by 12.6% to Kshs 421.0 bn from Kshs 373.7 bn in FY’2024.

- **Diversified products** – The bank has in recent days launched a number of products and continues to simultaneously offer differentiated products for diaspora bankers, micro and small enterprises, home and vehicle insurance, bancassurance and the Sacco Mco-op cash. This diversification is expected to continue improving the Non-funded Income of the bank which came in at 29.0 bn, an 0.3% decrease from Kshs 29.1 bn in FY’2024

**Valuation Summary**

- We are of the view that Cooperative Bank is a “Buy” with a target price of Kshs 36.4 representing an upside of 29.9%, from the current price of 30.0 as of 19th March 2026, inclusive of a dividend yield of 8.3%.

- Co-operative Bank is currently trading at a P/TBV of 1.1x and a P/E of 5.9x vs an industry average of 1.2x and 6.1x respectively.