

# The Co-operative Bank of Kenya Limited

The Board of Directors of The Co-operative Bank of Kenya Limited are pleased to announce the audited results of the Group and the Bank for the year ended 31 December 2008.

	GROUP		BANK	
	31 Dec '08	31 Dec '07	31 Dec '08	31 Dec '07
	KSHS. '000	KSHS. '000	KSHS. '000	KSHS. '000
<b>I BALANCE SHEET</b>				
<b>A ASSETS</b>				
1 Cash (local and foreign)	3,340,086	2,405,929	3,340,086	2,405,929
2 Items in the course of collection from other Banks	2,273,637	1,341,237	2,273,637	1,341,237
3 Balances due from Central Bank of Kenya	3,172,598	3,619,337	3,172,598	3,619,337
4 Kenya Government securities	9,131,520	9,666,552	9,131,520	9,666,552
5 Foreign Currency Treasury bills and bonds	-	-	-	-
6 Deposits and balances due from local banking institutions	220,000	34,719	220,000	34,719
7 Deposits and balances due from banking institutions abroad	2,763,683	1,738,699	2,763,683	1,738,699
8 Government and other securities held for dealing purposes	3,725,518	3,278,530	3,722,869	3,208,908
9 Tax recoverable	-	-	-	-
10 Loans and advances to customers (net)	53,293,245	38,429,473	53,293,245	38,432,703
11 Investment Securities	55,719	36,819	55,719	36,819
12 Balances due from group companies	-	-	-	-
13 Investments in associates	-	-	-	-
14 Investments in subsidiary companies	-	-	100,000	100,000
15 Investment in joint ventures	-	-	-	-
16 Investment in properties	-	-	-	-
17 Property and equipment	4,052,624	3,107,229	4,047,126	3,102,932
18 Prepaid lease rentals	41,317	41,933	41,317	41,933
19 Intangible assets	249,285	156,335	245,868	156,335
20 Deferred tax asset	69,935	17,620	69,425	17,650
21 Retirement benefit asset	-	-	-	-
22 Other assets	1,481,389	1,834,493	1,440,511	1,793,100
<b>23 TOTAL ASSETS</b>	<b>83,870,556</b>	<b>65,708,905</b>	<b>83,917,604</b>	<b>65,696,853</b>
<b>B LIABILITIES</b>				
24 Balances due to Central Bank of Kenya	-	-	-	-
25 Customer deposits	65,853,725	54,775,390	65,934,453	54,775,390
26 Deposits and balances due to local banking institutions	1,225,427	1,422,611	1,225,427	1,422,611
27 Deposits and balances due to foreign banking institutions	-	-	-	-
28 Other money market deposits	-	-	-	-
29 Borrowed funds	303,193	45,658	303,193	45,658
30 Balances due to group companies	-	-	-	1,250
31 Tax payable	133,790	233,951	133,493	234,067
32 Dividends payable	-	-	-	-
33 Deferred tax liability	-	-	-	-
34 Retirement benefit liability	-	-	-	-
35 Other liabilities	2,360,580	2,375,803	2,387,308	2,410,471
<b>36 Total liabilities</b>	<b>69,876,715</b>	<b>58,853,413</b>	<b>69,983,874</b>	<b>58,889,447</b>
<b>C SHAREHOLDERS' EQUITY</b>				
37 Paid up/assigned capital	3,492,370	2,856,450	3,492,370	2,856,450
38 Share premium	4,286,735	-	4,286,735	-
39 Revaluation reserve	359,943	306,720	359,943	306,706
40 Retained earnings/ Accumulated losses	4,253,642	2,402,152	4,193,531	2,354,080
41 Statutory Loan Loss Reserve	595,409	384,701	595,409	384,701
42 Proposed dividends	349,237	228,516	349,237	228,516
43 Capital grants	656,505	676,953	656,505	676,953
<b>44 TOTAL SHAREHOLDERS' FUNDS</b>	<b>13,993,841</b>	<b>6,855,492</b>	<b>13,933,730</b>	<b>6,807,406</b>
<b>45 TOTAL LIABILITIES &amp; SHAREHOLDERS' FUNDS</b>	<b>83,870,556</b>	<b>65,708,905</b>	<b>83,917,604</b>	<b>65,696,853</b>
<b>II PROFIT AND LOSS ACCOUNTS</b>				
<b>1.0 INTEREST INCOME</b>				
1.1 Loans and advances	5,869,019	4,191,100	5,869,019	4,191,100
1.2 Government securities	1,227,857	1,291,353	1,220,494	1,285,849
1.3 Deposits and placements with banking Institutions	36,258	37,373	36,258	37,373
1.4 Other Interest Income	291,513	330,274	291,513	330,274
<b>1.5 Total Interest Income</b>	<b>7,424,647</b>	<b>5,850,100</b>	<b>7,417,284</b>	<b>5,844,596</b>
<b>2.0 INTEREST EXPENSE</b>				
2.1 Customer deposits	1,530,165	898,415	1,530,165	898,415
2.2 Deposits and placements from banking institutions	159,081	55,998	159,081	55,998
2.3 Other Interest Expenses	39,510	46,019	39,510	46,019
<b>2.4 Total Interest Expense</b>	<b>1,728,756</b>	<b>1,000,432</b>	<b>1,728,756</b>	<b>1,000,432</b>
<b>3.0 NET INTEREST INCOME</b>	<b>5,695,891</b>	<b>4,849,668</b>	<b>5,688,528</b>	<b>4,844,164</b>
<b>4.0 NON-OPERATING INCOME</b>				
4.1 Fees and commissions on loans and advances	524,377	435,719	524,377	435,719
4.2 Other Fees and commissions	2,694,722	2,473,408	2,610,513	2,411,283
4.3 Foreign exchange trading income	493,581	414,221	493,581	414,221
4.4 Dividend income	-	-	-	-
4.5 Other income	241,802	102,840	237,542	91,285
<b>4.6 Total Non-interest income</b>	<b>3,954,482</b>	<b>3,426,188</b>	<b>3,866,013</b>	<b>3,352,508</b>
<b>5.0 TOTAL OPERATING INCOME</b>	<b>9,650,373</b>	<b>8,275,855</b>	<b>9,554,541</b>	<b>8,196,672</b>
<b>6.0 OTHER OPERATING EXPENSES</b>				
6.1 Loan loss provision	403,262	699,891	403,262	699,891
6.2 Staff costs	2,933,547	2,419,776	2,903,461	2,394,659
6.3 Directors' emoluments	70,789	55,678	57,127	48,074
6.4 Rentals charges	342,396	196,207	340,314	194,124
6.5 Depreciation charge on property and equipment	425,419	332,854	423,889	331,675
6.6 Amortisation charges	58,492	56,337	57,966	56,337
6.7 Other operating expenses	2,057,649	2,196,588	2,031,542	2,184,251
<b>6.8 Total other operating expenses</b>	<b>6,291,554</b>	<b>5,957,331</b>	<b>6,217,561</b>	<b>5,909,011</b>
7.0 Profit before tax and exceptional items	3,358,819	2,318,524	3,336,980	2,287,661
8.0 Exceptional items	-	-	-	-
<b>9.0 Profit before tax</b>	<b>3,358,819</b>	<b>2,318,524</b>	<b>3,336,980</b>	<b>2,287,661</b>
10 Current tax	(1,037,496)	(632,241)	(1,030,747)	(625,074)
11 Deferred tax	52,315	(136,678)	51,775	(136,499)
<b>12 Profit after tax and exceptional items</b>	<b>2,373,638</b>	<b>1,549,605</b>	<b>2,358,008</b>	<b>1,526,088</b>

## DIVIDEND

The directors have resolved to recommend to members at the forthcoming Annual General Meeting a first and final dividend for the year 2008 of Kshs.10 per share to be paid on or about Monday, 15th June 2009 to shareholders registered at the close of business on Thursday, 4th June 2009. The register of members will be closed for one day on Friday, 5th June 2009 for the purpose of processing the dividend.

## ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the shareholders of The Co-operative Bank of Kenya Limited will be held at the Kasarani Sports Complex on Friday 29th May 2009 at 11.00 a.m.

## MESSAGE FROM THE DIRECTORS

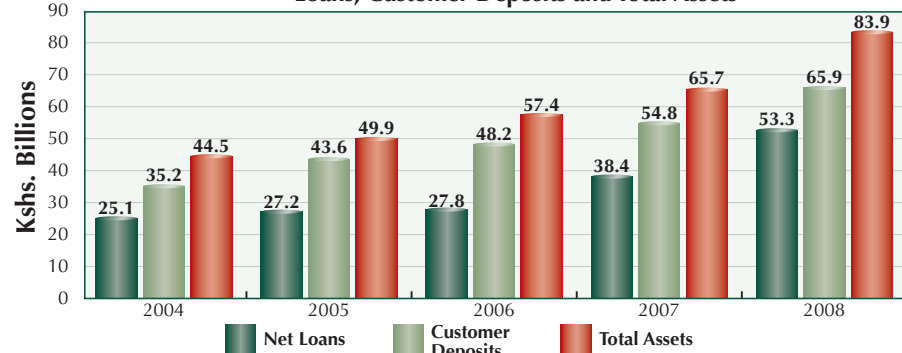
The above Balance Sheet and the Profit and Loss accounts are extracts from the bank's financial statements which have been audited by ERNST & YOUNG and received an unqualified opinion. A full set of the fully published financial statements will be available in our offices and can be viewed by any interested persons after approval by the members at the Annual General Meeting.

## III OTHER DISCLOSURES

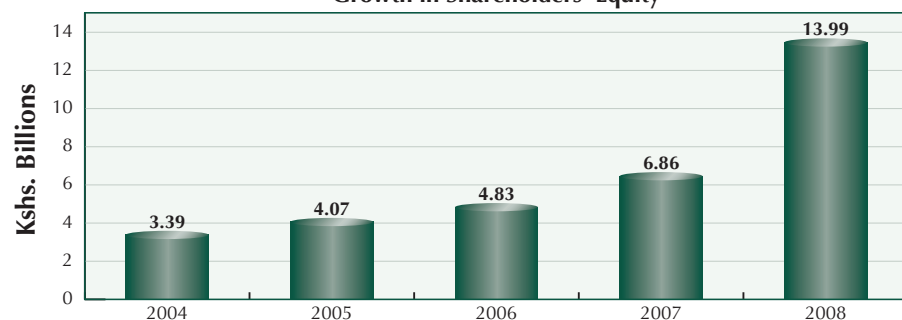
### 1. NON PERFORMING LOANS AND ADVANCES

	GROUP	BANK	GROUP	BANK
	31 Dec '08	31 Dec '07	31 Dec '08	31 Dec '07
	KSHS. '000	KSHS. '000	KSHS. '000	KSHS. '000
<b>a) Gross non-performing loans and advances</b>	<b>9,433,591</b>	<b>8,725,712</b>	<b>9,433,591</b>	<b>8,725,712</b>
Less				
b) Interest in suspense	2,828,162	2,795,015	2,828,162	2,795,015
<b>c) Total Non-performing loans (a-b)</b>	<b>6,605,429</b>	<b>5,930,697</b>	<b>6,605,429</b>	<b>5,930,697</b>
Less				
d) Loan loss provisions	4,296,093	4,075,665	4,296,093	4,075,665
e) Net Non performing loans (c-d)	2,309,336	1,855,032	2,309,336	1,855,032
f) Realizable Value of Securities	2,118,081	1,855,032	2,118,081	1,855,032
<b>g) Net NPLs Exposure (e-f)</b>	<b>191,255</b>	<b>-</b>	<b>191,255</b>	<b>-</b>
<b>2. Insider loans and advances</b>				
a) Directors, Shareholders and associates	148,834	128,847	148,834	128,847
b) Employees	2,575,090	1,769,491	2,575,090	1,769,491
<b>c) Total insider loans, Advances and Other Facilities</b>	<b>2,723,924</b>	<b>1,898,338</b>	<b>2,723,924</b>	<b>1,898,338</b>
<b>3. Off-Balance Sheet Items</b>				
a) Letters of credit, guarantees, acceptances	5,135,206	2,083,413	5,135,206	2,083,413
b) Other contingent liabilities	-	-	-	-
<b>c) Total contingent liabilities</b>	<b>5,135,206</b>	<b>2,083,413</b>	<b>5,135,206</b>	<b>2,083,413</b>
<b>4. Capital strength</b>				
a) Core capital			12,613,191	5,881,761
b) Minimum Statutory Capital			250,000	250,000
c) Excess			12,363,191	5,631,761
d) Supplementary capital			842,359	122,336
e) Total capital (a+d)			13,455,550	6,004,097
f) Total risk weighted assets			57,313,137	41,369,150
g) Core capital/total deposit liabilities			18.9%	10.5%
h) Minimum Statutory Ratio			8.0%	8.0%
i) Excess			10.9%	2.5%
j) Core capital/total risk weighted assets			22.0%	14.3%
k) Minimum Statutory Ratio			8.0%	8.0%
l) Excess (j-k)			14.0%	6.3%
m) Total capital/total risk weighted assets			23.5%	14.5%
n) Minimum Statutory Ratio			12.0%	12.0%
o) Excess (m-n)			11.5%	2.5%
<b>5. Liquidity</b>				
a) Liquidity Ratio			33.1%	33.5%
b) Minimum Statutory Ratio			20.0%	20.0%
c) Excess (a-b)			13.1%	13.5%

## Loans, Customer Deposits and Total Assets



## Growth in Shareholders' Equity



## Growth in Profits



The financial statements were approved by the Board of Directors on 3rd March 2009, and were signed on its behalf by;

**S.C. Muchiri, EBS** - Chairman  
**J. Riungu** - Vice Chairman  
**G.M. Muriuki, OGW** - Managing Director  
**R.M. Githaiga (Mrs)** - Secretary