

THE CO-OPERATIVE BANK OF KENYA LIMITED

The Board of Directors is pleased to announce the Audited results of the Group and the Bank for the Period ended 31 December 2017

I STATEMENT OF FINANCIAL POSITION

	GROUP		BANK	
	31-Dec-17 KSHS.'000 Audited	31-Dec-16 KSHS.'000 Audited	31-Dec-17 KSHS.'000 Audited	31-Dec-16 KSHS.'000 Audited
A ASSETS				
1 Cash (local and foreign)	8,387,452	8,432,988	7,715,294	8,119,618
2 Balances due from Central Bank Of Kenya	15,872,744	17,249,716	14,826,206	16,338,102
3 Kenya Government and other securities held for dealing purposes				
4 Financial Assets at fair value through profit and loss	639,952	147	150	147
5.a.a Investment Securities: Held to Maturity - Kenya Government Securities	43,983,288	37,158,762	43,827,326	37,003,530
a.b Investment Securities: Available for Sale - Kenya Government Securities	-	-	-	-
b.a Investment Securities: Available for Sale - Kenya Government Securities	25,256,482	20,675,540	25,256,482	20,675,540
b.b Investment Securities: Available for Sale - Other Securities	3,442,283	4,082,606	3,259,183	3,949,256
6 Deposits and balances due from local banking institutions	27,382	703,530	61,650	703,530
7 Deposits and balances due from banking institutions abroad	7,702,972	4,313,773	7,678,182	4,656,363
8 Tax recoverable	156,695	27,674	207,583	-
9 Loans and advances to customers (net)	253,861,644	236,935,564	252,361,773	236,398,405
10 Balances due from banking institutions in the group	-	-	-	352,068
11 Investments in associates	2,143,347	2,409,297	755,118	755,118
12 Investments in subsidiary companies	-	-	2,512,920	2,512,920
13 Investment in joint ventures	-	-	-	-
14 Investment in properties	-	-	-	-
15 Property, plant and equipment	7,493,574	8,308,698	6,811,963	7,817,715
16 Prepaid lease rentals	35,742	36,352	35,742	36,352
17 Intangible assets	2,018,875	1,713,117	1,605,973	1,410,156
18 Deferred tax asset	967,124	1,067,507	1,081,823	1,051,197
19 Retirement benefit asset	-	-	-	-
20 Other assets	14,868,101	8,740,981	14,832,273	8,217,742
21 TOTAL ASSETS	386,857,657	351,856,250	382,829,640	349,997,760
B LIABILITIES				
22 Balances due to Central Bank Of Kenya	3,992,240	-	3,992,240	-
23 Customer deposits	287,371,708	260,153,437	285,566,236	259,471,749
24 Deposits and balances due to local banking institutions	373,464	3,411,977	423,701	3,402,893
25 Deposits and balances due to banking institutions abroad	-	-	-	-
26 Other money market deposits	-	-	-	-
27 Borrowed funds	21,163,814	19,813,260	21,163,814	19,813,260
28 Balances due to banking institutions in the group	-	-	-	-
29 Tax payable	-	1,248,698	-	1,248,698
30 Dividends payable	-	-	-	-
31 Deferred tax liability	-	-	-	-
32 Retirement benefit liability	-	-	-	-
33 Other liabilities	3,663,481	6,109,913	3,456,505	6,015,329
34 TOTAL LIABILITIES	316,564,707	290,737,285	314,602,495	289,951,928
C SHAREHOLDERS' FUNDS				
35 Paid up/Assigned capital	5,867,180	4,889,317	5,867,180	4,889,317
36 Share premium/(discount)	1,911,925	2,889,789	1,911,925	2,889,789
37 Revaluation reserve	1,296,499	1,338,103	1,227,293	1,256,443
38 Retained earnings/ Accumulated losses	55,329,786	48,208,633	53,954,407	46,970,978
39 Statutory Loan Loss Reserve	718,617	736,418	717,844	717,844
40 Other Reserves	(733,149)	(1,158,031)	(625,614)	(1,088,833)
41 Proposed dividends	4,693,744	3,911,453	4,693,744	3,911,453
42 Capital grants	480,365	498,841	480,365	498,841
43 TOTAL SHAREHOLDERS' FUNDS	69,564,967	61,314,523	68,227,145	60,045,832
43.1 Non-Controlling Interest	727,983	(195,558)	-	-
44 TOTAL LIABILITIES & SHAREHOLDERS' FUNDS	386,857,657	351,856,250	382,829,640	349,997,760

II STATEMENT OF COMPREHENSIVE INCOME

	GROUP		BANK	
	31-Dec-17 KSHS.'000 Audited	31-Dec-16 KSHS.'000 Audited	31-Dec-17 KSHS.'000 Audited	31-Dec-16 KSHS.'000 Audited
1.0 INTEREST INCOME				
1.1 Loans and advances	31,942,067	33,378,181	31,724,399	33,261,095
1.2 Government securities	8,213,551	8,495,221	8,196,148	8,478,549
1.3 Deposits and placements with banking Institutions	217,570	391,319	173,122	356,476
1.1 Other Interest Income	-	-	-	-
1.5 Total Interest Income	40,373,188	42,264,721	40,093,669	42,096,119
2.0 INTEREST EXPENSE				
2.1 Customer deposits	10,846,272	11,658,414	10,809,754	11,617,358
2.2 Deposits and placements from banking institutions	226,222	117,980	226,222	117,980
2.3 Other Interest Expenses	1,196,725	991,905	1,196,725	991,905
2.4 Total Interest Expenses	12,269,219	12,768,300	12,232,701	12,727,244
3 NET INTEREST INCOME/(LOSS)	28,103,969	29,496,421	27,860,968	29,368,876
4 NON-INTEREST INCOME				
4.1 Fees and commissions on loans and advances	2,599,698	2,330,859	2,578,367	2,330,859
4.2 Other Fees and commissions	7,215,713	7,456,650	6,056,782	6,487,220
4.3 Foreign exchange trading income/(loss)	2,230,910	1,804,344	1,948,921	1,603,807
4.4 Dividend income	72,876	73,001	72,876	73,001
4.5 Other income	1,372,843	1,109,655	1,438,217	1,147,434
4.6 Total Non-interest income	13,492,040	12,774,510	12,095,163	11,642,323
5.0 TOTAL OPERATING INCOME	41,596,009	42,270,931	39,956,131	41,011,198
6.0 OTHER OPERATING EXPENSES				
6.1 Loan loss provision	3,601,252	2,599,671	3,547,235	2,594,567
6.2 Staff costs	10,100,351	9,399,704	9,614,810	8,941,049
6.3 Directors' emoluments	180,790	163,742	129,422	115,861
6.4 Rentals charges	1,518,200	1,462,440	1,395,356	1,363,794
6.5 Depreciation charge on property and equipment	1,951,040	1,936,699	1,786,069	1,834,722
6.6 Amortisation charges	549,914	486,117	499,937	447,983
6.7 Other operating expenses	7,425,728	8,592,834	6,481,120	7,689,080
6.8 Total other operating expenses	25,327,275	24,641,207	23,453,950	22,987,056
7 Profit/(Loss) before tax and exceptional items	16,268,734	17,629,724	16,502,181	18,024,143
8 Exceptional items-Early Retirement Costs	-	(3,738)	-	(3,738)
8 Exceptional items-Share of profit of associate	129,904	97,546	-	-
9 Profit/(Loss) before tax	16,398,638	17,723,532	16,502,181	18,020,405
10 Current tax	5,062,299	5,595,665	4,884,784	5,511,732
11 Deferred tax	(68,726)	(548,342)	(18,134)	(542,891)
12 Profit/(loss) after tax and exceptional items	11,405,065	12,676,210	11,635,530	13,051,564
13.0 OTHER COMPREHENSIVE INCOME:				
13.1 Gains/(Losses) from translating the financial statements of foreign operations	-	1,859,238	-	-
13.2 Fair value changes in available-for-sale financial assets	512,969	708,015	463,219	754,035
13.3 Revaluation Surplus on property, Plant and Equipment	-	1,227,694	-	1,227,694
13.4 Share of other comprehensive income of associates	(49,758)	7,776	-	-
13.5 Income tax relating to components of other comprehensive income	-	(368,308)	-	(368,308)
14 OTHER COMPREHENSIVE INCOME NET OF TAX	463,211	3,434,415	463,219	1,613,421
15 TOTAL COMPREHENSIVE INCOME	11,868,276	16,110,625	12,098,749	14,664,986
Basic Earnings per share	1.99	2.64	1.98	2.67
Diluted Earnings per share	1.99	2.20	1.98	2.22
Dividend per share	0.80	0.80	0.80	0.80

III OTHER DISCLOSURES

	GROUP		BANK	
	31-Dec-17 KSHS.'000 Audited	31-Dec-16 KSHS.'000 Audited	31-Dec-17 KSHS.'000 Audited	31-Dec-16 KSHS.'000 Audited
1. NON PERFORMING LOANS AND ADVANCES				
a) Gross non-performing loans and advances	18,761,317	11,274,174	18,713,757	11,273,048
Less				
b) Interest in suspense	948,481	1,128,934	948,481	1,128,934
c) Total Non-performing loans and advances (a-b) Less	17,812,836	10,145,240	17,765,276	10,144,114
d) Loan loss provisions	6,102,049	3,868,538	6,075,833	3,867,412
e) Net Non performing loans (c-d)	11,710,787	6,276,702	11,689,443	6,276,702
f) Discounted Value of Securities	7,762,660	6,276,702	7,762,660	6,276,702
g) Net NPLs Exposure (e-f)	3,948,127	-	3,926,783	-
2. Insider loans and advances				
a) Directors, shareholders and associates	1,710,045	1,320,278	1,710,045	1,320,278
b) Employees	7,769,502	7,681,221	7,769,502	7,681,221
c) Total insider loans, advances and other facilities	9,479,547	9,001,499	9,479,547	9,001,499
3. Off-Balance Sheet Items				
a) Letters of credit, guarantees, acceptances	17,455,140	12,465,919	17,455,140	12,465,919
b) Forwards, swaps and options	16,999,006	6,913,880	16,999,006	6,913,880
c) Other contingent liabilities	-	-	-	-
d) Total contingent liabilities	34,454,145	19,379,799	34,454,145	19,379,799
4. Capital strength				
a) Core capital	56,873,853	51,382,064	58,859,134	51,924,808
b) Minimum Statutory Capital	1,000,000	1,000,000	1,000,000	1,000,000
c) Excess/(deficiency)	55,873,853	50,382,064	57,859,134	50,924,808
d) Supplementary capital	22,188,481	20,880,527	22,188,481	20,845,215
e) Total capital	79,062,334	72,262,591	81,047,615	72,770,022
f) Total risk weighted assets	359,980,732	318,532,396	357,310,063	319,614,654
g) Core capital/total deposit liabilities	20.0%	19.7%	20.8%	20.0%
h) Minimum Statutory Ratio	10.5%	10.5%	10.5%	10.5%
i) Excess/(deficiency)	9.5%	9.2%	10.3%	9.5%
j) Core capital/total risk weighted assets	15.8%	16.1%	16.5%	16.2%
k) Minimum Statutory Ratio	10.5%	10.5%	10.5%	10.5%
l) Excess/(deficiency)(j-k)	5.3%	5.6%	6.0%	5.7%
m) Total capital/total risk weighted assets	22.0%	22.7%	22.7%	22.8%
n) Minimum Statutory Ratio	14.5%	14.5%	14.5%	14.5%
o) Excess/(deficiency)(m-n)	7.5%	8.2%	8.2%	8.3%
5. Liquidity				
a) Liquidity Ratio	33.8%	33.7%	33.5%	33.2%
b) Minimum Statutory Ratio	20.0%	20.0%	20.0%	20.0%
c) Excess/ (deficiency)(a-b)	13.8%	13.7%	13.5%	13.2%

Key Highlights

1. Strong group performance with a Profit before Tax of Kshs. 16.4 Billion in 2017
2. A strong balance sheet growth with an asset base of Kshs. 387 Billion
3. Key gains from continued implementation of the "Soaring Eagle" Transformation Agenda focusing on Improved operational efficiencies, Cost Management and Innovative delivery systems
4. Overall Winner of the Kenya Bankers Association Sustainable Finance Catalyst Awards 2017

PROPOSED DIVIDEND:

The Directors recommend to the Members at the forthcoming Annual General Meeting, the payment of a first and final dividend for the year 2017 of 80 cents per ordinary share held (2016-80 cents) to be paid on or about 31st May 2018 to the shareholders registered on the Bank's Register at the close of business on 4th May 2018. The register will remain closed for one day on 7th May 2018 for the preparation of dividend warrants.

ANNUAL GENERAL MEETING:

Notice is hereby given that the Tenth (10th) Annual General Meeting of The Co-operative Bank of Kenya Limited will be held on Friday 25th May 2018 at the Bomas of Kenya.

MESSAGE FROM THE DIRECTORS:

The above Consolidated Statement of Comprehensive Income and Statement of Financial Position are extracts from the Bank's Financial Statements which have been audited by Ernst & Young and have received an unqualified opinion. A full set of these Financial Statements will be available at our registered office at Co-operative House and online at www.co-opbank.co.ke for inspection after approval by members at the Annual General Meeting.

The financial statements were approved by the Directors on 14th March 2018 and signed on its behalf by:

Signed: Mr. John Murugu, OGW
Chairman

Signed: Dr. Gideon Muriuki, CBS
Group Managing Director & CEO



The Co-operative Bank of Kenya is regulated by Central Bank of Kenya