

The Board of Directors are pleased to announce the Audited results of the Group and the Bank for the Period ended 31 December 2018

I	STATEMENT OF FINANCIAL POSITION	GROUP		BANK	
		31-Dec-18 KSHS.'000	31-Dec-17 KSHS.'000	31-Dec-18 KSHS.'000	31-Dec-17 KSHS.'000
		Audited	Audited	Audited	Audited
A	ASSETS				
1	Cash (local and foreign)	9,809,390	8,387,452	9,064,099	7,715,294
2	Balances due from Central Bank Of Kenya	22,669,211	15,872,744	20,820,071	14,826,206
3	Kenya Government and other securities held for dealing purposes				
4	Financial Assets at fair value through profit and loss	-	639,952	-	150
	Investment Securities: Held to Maturity- Kenya				
5.a.a	Government Securities	49,701,030	43,983,288	49,544,242	43,827,326
	Investment Securities: Held to Maturity- Other				
a.b	Securities	-	-	-	-
	Investment Securities: Available for Sale- Kenya Government				
b.a	Securities	30,572,358	25,256,482	30,572,358	25,256,482
	Investment Securities: Available for Sale- Other				
b.b	Securities	2,555,201	3,442,283	2,426,271	3,259,183
6	Deposits and balances due from local banking institutions	7,879,632	27,382	6,997,990	61,650
7	Deposits and balances due from banking institutions abroad	10,202,016	7,702,972	10,598,377	7,678,182
8	Tax recoverable	18,173	156,695	-	207,583
9	Loans and advances to customers (net)	245,410,302	253,861,644	243,546,383	252,361,773
10	Balances due from banking institutions in the group	-	-	-	-
11	Investments in associates	2,161,475	2,143,347	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	6,614,048	7,493,574	5,971,546	6,811,963
16	Prepaid lease rentals	35,132	35,742	35,132	35,742
17	Intangible assets	2,497,243	2,018,875	2,093,951	1,605,973
18	Deferred tax asset	2,944,937	967,124	3,129,344	1,081,823
19	Retirement benefit asset	-	-	-	-
20	Other assets	20,343,067	14,868,101	20,235,823	14,832,273
21	TOTAL ASSETS	413,413,215	386,857,657	408,303,625	382,829,640
B	LIABILITIES				
22	Balances due to Central Bank Of Kenya	-	3,992,240	-	3,992,240
23	Customer deposits	306,117,046	287,371,708	303,753,161	285,566,236
24	Deposits and balances due to local banking institutions	443,260	373,464	839,621	423,701
25	Deposits and balances due to banking institutions abroad	-	-	-	-
26	Other money market deposits	-	-	-	-
27	Borrowed funds	23,949,611	21,163,814	23,949,611	21,163,814
28	Balances due to banking institutions in the group	-	-	-	-
29	Tax payable	321,453	-	294,555	-
30	Dividends payable	-	-	-	-
31	Deferred tax liability	-	-	-	-
32	Retirement benefit liability	-	-	-	-
33	Other liabilities	11,364,739	3,663,481	11,147,659	3,456,505
34	TOTAL LIABILITIES	342,196,110	316,564,707	339,984,607	314,602,495
C	SHAREHOLDERS' FUNDS				
35	Paid up/Assigned capital	5,867,180	5,867,180	5,867,180	5,867,180
36	Share premium/(discount)	1,911,925	1,911,925	1,911,925	1,911,925
37	Revaluation reserve	1,292,736	1,296,499	1,198,143	1,227,293
38	Retained earnings/ Accumulated losses	53,976,280	55,329,786	52,376,127	53,954,407
39	Statutory Loan Loss Reserve	1,013,587	718,617	935,514	717,844
40	Other Reserves	(526,771)	(733,149)	(298,942)	(625,614)
41	Proposed dividends	5,867,180	4,693,744	5,867,180	4,693,744
42	Capital grants	461,890	480,365	461,890	480,365
43	TOTAL SHAREHOLDERS' FUNDS	69,864,008	69,564,967	68,319,018	68,227,145
43.1	Non-Controlling Interest	1,353,098	727,983	-	-
44	TOTAL LIABILITIES & SHAREHOLDERS' FUNDS	413,413,215	386,857,657	408,303,625	382,829,640

II	STATEMENT OF COMPREHENSIVE INCOME	31-Dec-18 KSHS.'000	31-Dec-17 KSHS.'000	31-Dec-18 KSHS.'000	31-Dec-17 KSHS.'000
		Audited	Audited	Audited	Audited
1.0	INTEREST INCOME				
1.1	Loans and advances	32,946,490	31,942,067	32,597,365	31,724,399
1.2	Government securities	9,789,407	8,213,551	9,769,263	8,196,148
1.3	Deposits and placements with banking Institutions	288,966	217,570	218,057	173,122
1.1	Other Interest Income	-	-	-	-
1.5	Total Interest Income	43,024,863	40,373,188	42,584,684	40,093,669
2.0	INTEREST EXPENSE				
2.1	Customer deposits	10,890,477	10,846,272	10,851,097	10,809,754
2.2	Deposits and placements from banking institutions	133,813	226,222	133,813	226,222
2.3	Other Interest Expenses	1,215,825	1,196,725	1,215,825	1,196,725
2.4	Total Interest Expenses	12,240,115	12,269,219	12,200,735	12,232,701
3	NET INTEREST INCOME/(LOSS)	30,784,748	28,103,969	30,383,949	27,860,968
4	NON- OPERATING INCOME				
4.1	Fees and commissions on loans and advances	575,852	2,599,698	575,852	2,578,367
4.2	Other Fees and commissions	8,941,686	7,215,713	7,569,878	6,056,782
4.3	Foreign exchange trading income/(loss)	2,284,887	2,230,910	2,052,864	1,948,921
4.4	Dividend income	83,288	72,876	83,288	72,876
4.5	Other income	1,007,790	1,372,843	879,936	1,438,217
4.6	Total Non-interest income	12,893,502	13,492,040	11,161,817	12,095,163
5.0	TOTAL OPERATING INCOME	43,678,250	41,596,009	41,545,767	39,956,131
6.0	OTHER OPERATING EXPENSES				
6.1	Loan loss provision	1,840,728	3,601,252	1,825,313	3,547,235
6.2	Staff costs	11,449,964	10,100,351	10,953,108	9,614,810
6.3	Directors' emoluments	198,843	180,790	150,169	129,422
6.4	Rentals charges	1,711,800	1,518,200	1,602,542	1,395,356
6.5	Depreciation charge on property and equipment	1,817,946	1,951,040	1,612,198	1,786,069
6.6	Armortisation charges	562,938	549,914	489,001	499,937
6.7	Other operating expenses	8,110,316	7,425,728	7,326,679	6,481,120
6.8	Total other operating expenses	25,692,535	25,327,275	23,959,011	23,453,950
7	Profit/(Loss) before tax and exceptional items	17,985,715	16,268,734	17,586,756	16,502,181
8	Exceptional items-Early Retirement Costs	-	-	-	-
8	Exceptional items-Share of profit of associate	171,416	129,904	-	-
9	Profit/(Loss) before tax	18,157,131	16,398,638	17,586,756	16,502,181
10	Current tax	5,943,318	5,062,299	5,688,303	4,884,784
11	Deferred tax	(518,673)	(68,726)	(510,622)	(18,134)
12	Profit/(loss) after tax and exceptional items	12,732,487	11,405,065	12,409,075	11,635,530
13.0	OTHER COMPREHENSIVE INCOME:				
13.1	Gains/(Losses) from translating the financial statements of foreign operations	-	-	-	-
13.2	Fair value changes in available-for-sale financial assets	253,869	512,969	326,672	463,219
13.3	Revaluation Surplus on property, Plant and Equipment	-	-	-	-
13.4	Share of other comprehensive income of associates	(39,609)	(49,758)	-	-
13.5	Income tax relating to components of other comprehensive income	-	-	-	-
14	OTHER COMPREHENSIVE INCOME NET OF TAX	214,260	463,211	326,672	463,219
15	TOTAL COMPREHENSIVE INCOME	12,946,747	11,868,276	12,735,747	12,098,749
	Basic Earnings per share	2.18	1.99	2.11	1.98
	Diluted Earnings per share	2.18	1.99	2.11	1.98
	Dividend per share	1.00	0.80	1.00	0.80

III OTHER DISCLOSURES		31-Dec-18 KSHS.'000	31-Dec-17 KSHS.'000	31-Dec-18 KSHS.'000	31-Dec-17 KSHS.'000
		Audited	Audited	Audited	Audited
1	NON PERFORMING LOANS AND ADVANCES				
a)	Gross non-performing loans and advances	29,401,544	18,761,317	28,952,802	18,713,757
	Less				
b)	Interest in suspense	4,199,519	948,481	4,199,519	948,481
c)	Total Non-performing loans and advances (a-b)	25,202,025	17,812,836	24,753,283	17,765,276
	Less				
d)	Loan loss provisions	9,945,260	6,102,049	9,820,074	6,075,833
e)	Net Non performing loans (c-d)	15,256,765	11,710,787	14,933,209	11,689,443
f)	Discounted Value of Securities	13,797,738	7,762,660	13,797,738	7,762,660
g)	Net NPLs Exposure (e-f)	1,459,027	3,948,127	1,135,471	3,926,783
2	Insider loans and advances				
a)	Directors, shareholders and associates	2,396,946	1,710,045	2,396,946	1,710,045
b)	Employees	8,425,634	7,769,502	8,425,634	7,769,502
c)	Total insider loans, advances and other facilities	10,822,580	9,479,547	10,822,580	9,479,547
3	Off-Balance Sheet Items				
a)	Letters of credit, guarantees, acceptances	19,633,909	17,455,140	19,633,909	17,455,140
b)	Forwards, swaps and options	8,425,708	16,999,006	8,425,708	16,999,006
c)	Other contingent liabilities	-	-	-	-
d)	Total contingent liabilities	28,059,617	34,454,145	28,059,617	34,454,145
	Capital strength				
a)	Core capital	59,272,338	56,873,853	55,214,858	58,859,134
b)	Minimum Statutory Capital	1,000,000	1,000,000	1,000,000	1,000,000
c)	Excess/(deficiency)	58,272,338	55,873,853	54,214,858	57,859,134
d)	Supplementary capital	1,336,771	22,188,481	1,235,050	22,188,481
e)	Total capital	60,609,109	79,062,334	56,449,909	81,047,615
f)	Total risk weighted assets	370,529,016	359,980,732	367,430,410	357,310,063
g)	Core capital/total deposit liabilities	19.3%	20.0%	18.1%	20.8%
h)	Minimum Statutory Ratio	8.0%	8.0%	8.0%	8.0%
i)	Excess/(deficiency)	11.3%	12.0%	10.1%	12.8%
j)	Core capital/total risk weighted assets	16.0%	15.8%	15.0%	16.5%
k)	Minimum Statutory Ratio	10.5%	10.5%	10.5%	10.5%
l)	Excess/(deficiency)(j-k)	5.5%	5.3%	4.5%	6.0%
m)	Total capital/total risk weighted assets	16.4%	22.0%	15.4%	22.7%
n)	Minimum Statutory Ratio	14.5%	14.5%	14.5%	14.5%
o)	Excess/(deficiency)(m-n)	1.9%	7.5%	0.9%	8.2%
p)	Adjusted Core Capital/Total Deposit Liabilities	20.3%		19.1%	
q)	Adjusted Core Capital/Total Risk Weighted Assets	16.8%		15.8%	
r)	Adjusted Total Capital/Total Risk Weighted Assets	17.2%		16.2%	
5	Liquidity				
a)	Liquidity Ratio	41.1%	33.8%	41.5%	33.5%
b)	Minimum Statutory Ratio	20.0%	20.0%	20.0%	20.0%
c)	Excess/ (deficiency)(a-b)	21.1%	13.8%	21.5%	13.5%

MESSAGE FROM THE DIRECTORS:

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 2018 of Kshs.1.00 per ordinary share held (2017-80 cents) to be paid on or about 7th June 2019 to the shareholders registered on the Bank's Register at the close of business on 29th April 2019. The register will remain closed for one day on 30th April 2019 for the preparation of dividend warrants.

ANNUAL GENERAL MEETING:

Notice is hereby given that the Eleventh (11th) Annual General Meeting of The Co-operative Bank of Kenya Limited will be held on Thursday 23rd May 2019 at the Bomas of Kenya.

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 Board of Directors on 20th March 2019 and signed on its behalf by:

Signed: John Murugu ,OGW
Chairman

Dr.Gideon Muriuki-CBS,MBS
Group Managing Director & CEO

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

THE CO-OPERATIVE BANK OF KENYA LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Attributable to the equity holders of the parent										
	Share capital KShs'000	Share premium KShs'000	Revaluation reserve KShs'000	Statutory reserve KShs'000	Fair value re: KShs'000	Foreign cu KShs'000	Proposed dividends KShs'000	Retained earnings KShs'000	Total KShs'000	Non-controlling interest KShs'000	Total equity KShs'000
At 1 January 2017	4,889,317	2,889,789	1,338,103	736,418	(1,158,031)	-	3,911,453	48,208,633	60,815,682	(195,557)	60,620,125
Profit / (loss) for the year	-	-	-	-	-	-	-	11,693,958	11,693,958	(288,893)	11,405,065
Other comprehensive income	-	-	15,185	-	424,882	-	-	-	440,068	23,144	463,211
Total comprehensive income	-	-	15,185	-	424,882	-	-	-	440,068	23,144	463,211
Transfer of excess depreciation	-	-	(29,150)	-	-	-	-	11,693,958	12,134,025	(265,749)	11,868,276
Deferred tax on excess depreciation	-	-	-	-	-	-	-	29,150	-	-	-
Exchange difference on hyperinflationary economy	-	-	(27,640)	(17,801)	-	-	-	12,493	12,493	-	12,493
Issue of bonus shares	977,863	(977,863)	-	-	-	-	-	79,296	33,854	221,515	255,370
Issue of additional shares	-	-	-	-	-	-	-	-	-	967,774	967,774
2016- Dividends paid	-	-	-	-	-	-	(3,911,453)	-	(3,911,453)	-	(3,911,453)
Proposed dividends	-	-	-	-	-	-	4,693,744	(4,693,744)	-	-	-
At 31 December 2017	5,867,180	1,911,926	1,296,498	718,617	(733,149)	-	4,693,744	55,329,786	69,084,602	727,983	69,812,585
At 1 January 2018	5,867,180	1,911,926	1,296,499	718,617	(733,149)	-	4,693,744	55,329,786	69,084,603	727,983	69,812,586
Impact of adopting IFRS 9 (Note 2(bb))	-	-	-	-	-	-	-	(8,187,361)	(8,187,361)	(194,777)	(8,383,138)
Restated opening balance under IFRS 9	5,867,180	1,911,926	1,296,499	718,617	(733,149)	-	4,693,744	47,142,425	60,897,242	533,206	61,430,448
Issue of additional shares	-	-	-	-	-	-	-	-	-	672,927	672,927
Profit / (loss) for the year	-	-	-	-	-	-	-	12,788,882	12,788,882	(56,396)	12,732,486
Other comprehensive income	-	-	10,549	-	294,987	(88,609)	-	-	216,927	(2,666)	214,261
Total comprehensive income	-	-	10,549	-	294,987	(88,609)	-	-	216,927	(2,666)	214,261
Transfer of excess depreciation	-	-	(29,150)	-	-	-	-	29,150	-	(59,062)	12,946,747
Deferred tax on excess depreciation	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	291,875	-	-	-	12,493	12,493	-	12,493
Exchange difference on hyperinflationary economy	-	-	14,838	3,095	-	-	-	(291,875)	-	-	-
2017- Dividends paid	-	-	-	-	-	-	(4,693,744)	162,385	180,318	206,026	386,344
Proposed dividends	-	-	-	-	-	-	5,867,180	(5,867,180)	(4,693,744)	-	(4,693,744)
At 31 December 2018	5,867,180	1,911,926	1,292,736	1,013,587	(438,162)	(88,609)	5,867,180	53,976,280	69,402,117	1,353,098	70,755,215

THE CO-OPERATIVE BANK OF KENYA LIMITED
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	KShs'000	KShs'000
Profit before tax	17,586,758	16,502,181
Cash flows from operating activities before working capital changes	17,503,414	20,099,221
Cash generated from / (used in) operating activities	35,398,307	12,409,916
Tax paid	<u>(5,186,166)</u>	<u>(6,341,065)</u>
Net cash flows from /(used in) operating activities	<u>30,212,141</u>	<u>6,068,851</u>
Net cash flows used in investing activities	<u>(8,875,456)</u>	<u>(8,327,432)</u>
Cash Flows from Financing Activities:		
Proceeds from borrowings	7,638,458	9,669,984
Repayment of borrowings	(8,562,857)	(3,755,281)
Dividends paid	<u>(4,693,744)</u>	<u>(3,911,453)</u>
Net cash flows from financing activities	<u>(5,618,143)</u>	<u>2,003,250</u>
Net movement in cash and cash equivalents	15,718,542	(255,331)
Cash and cash equivalents at the beginning of the year	16,381,621	16,636,952
Net foreign exchange differences	<u>-</u>	<u>-</u>
Cash and cash equivalents at 31 December	<u>32,100,163</u>	<u>16,381,622</u>
Cash on hand	9,064,099	7,715,294
Cash with Central Bank of Kenya	20,820,071	14,826,206
Deposits and balances due from banking institutions	17,590,314	7,739,831
Items in the course of collection from other Banks	<u>450,856</u>	<u>804,779</u>
	47,925,340	31,086,110
Less: CBK Cash ratio	<u>(15,825,177)</u>	<u>(14,704,488)</u>
Cash and cash equivalents	<u>32,100,163</u>	<u>16,381,622</u>