

THE CO-OPERATIVE BANK OF KENYA LIMITED AND SUBSIDIARIES

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2019

THE CO-OPERATIVE BANK OF KENYA LIMITED AND SUBSIDIARIES
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FOR THE YEAR ENDED 31 DECEMBER 2019

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REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY DIRECTORS' REMUNERATION REPORT TO THE SHAREHOLDERS OF THE CO-OPERATIVE BANK OF KENYA LIMITED

Opinion

The summary consolidated financial statements of The Co-Operative Bank of Kenya Limited and Subsidiaries (together, the "Group"), which comprise the summary consolidated statement of financial position as at 31 December 2019, the summary consolidated statement of profit or loss, the summary consolidated statement of other comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year then ended, are derived from the complete audited consolidated financial statements of the Group for the year ended 31 December 2019.

The summary of the directors' remuneration report is derived from the directors' remuneration report for the year ended 31 December 2019.

In our opinion, the accompanying summary consolidated financial statements and summary directors' remuneration report are consistent, in all material respects, with the audited consolidated financial statements and directors' remuneration report respectively which are prepared in accordance with International Financial Reporting Standards and the Kenyan Companies Act, 2015.

Summary consolidated financial statements and summary directors' remuneration report

The summary consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and in the manner required by Kenyan Companies Act, 2015. In addition, the summary directors' remuneration report does not contain all disclosures required by Kenyan Companies Act, 2015, (General) (Amendment) (No.2) Regulations 2017. Reading the summary consolidated financial statements, the summary directors' remuneration report and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements, the directors' remuneration report and the auditors' report thereon. The summary consolidated financial statements, the summary directors' remuneration report and the complete audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the complete audited consolidated financial statements.

The audited consolidated financial statements, directors' remuneration report and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements of the Group in our report dated 18 March 2020, and also that the auditable part of the directors' remuneration report was prepared in accordance with the Kenya Companies Act, 2015. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group financial statements of the current period.

Directors' responsibility for the summary consolidated financial statements and summary directors' remuneration report

The directors are responsible for the preparation of the summary consolidated financial statements and summary directors' remuneration report in accordance with the International Financial Reporting Standards and Kenyan Companies Act, 2015.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements and summary directors' remuneration report are consistent, in all material respects, with the audited consolidated financial statements and directors' remuneration report based on our procedures, which were conducted in accordance with International Standards on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

The engagement partner responsible for the audit resulting in the independent auditor's report is CPA Michael Kimoni Practicing Certificate No. 1586.

Certified Public Accountants
P.O Box 44286-00100
Nairobi

Date: 29th April 2020

THE CO-OPERATIVE BANK OF KENYA LIMITED AND SUBSIDIARIES
SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	2019 KShs'000	2018 KShs'000
ASSETS		
Cash and balances with Central Bank of Kenya	38,738,422	50,560,249
Financial investments	119,187,965	82,828,589
Derivative financial instruments	379,745	664,514
Loans and advances to customers	266,712,696	245,410,302
Other assets	12,496,362	19,696,724
Investment in associates	2,098,354	2,161,475
Intangible assets and prepaid lease rentals	2,742,540	2,532,375
Property and equipment	6,514,328	6,614,048
Right-of-use assets	4,906,908	-
Deferred income tax	<u>3,315,666</u>	<u>3,202,434</u>
TOTAL ASSETS	<u>457,092,986</u>	<u>413,670,710</u>
EQUITY AND LIABILITIES		
LIABILITIES		
Deposits from banks and customers	333,000,892	306,560,306
Borrowings	26,424,266	23,949,611
Income tax payable	24,353	321,453
Other liabilities	16,685,804	11,364,737
Deferred income tax	100,778	257,496
Government grants	<u>443,416</u>	<u>461,892</u>
TOTAL LIABILITIES	<u>376,679,509</u>	<u>342,915,495</u>
EQUITY		
Ordinary share capital	5,867,180	5,867,180
Ordinary share premium	1,911,926	1,911,926
Revenue and other reserves	65,245,483	55,755,832
Proposed dividends	<u>5,867,180</u>	<u>5,867,180</u>
Total shareholders' equity	78,891,769	69,402,118
Non-controlling interest	<u>1,521,708</u>	<u>1,353,097</u>
TOTAL EQUITY	<u>80,413,477</u>	<u>70,755,215</u>
TOTAL EQUITY & LIABILITIES	<u>457,092,986</u>	<u>413,670,710</u>

THE CO-OPERATIVE BANK OF KENYA LIMITED AND SUBSIDIARIES
SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 KShs'000	2018 KShs'000
Net interest income	31,986,620	31,300,453
Non-interest income	16,209,911	12,259,236
Share of profit of associates	<u>40,035</u>	<u>171,416</u>
Total Income	48,236,566	43,731,105
Credit loss expense on loans and advances	<u>(2,539,071)</u>	<u>(1,722,167)</u>
Income after impairment charges	45,697,495	42,008,938
Total operating expenses	<u>(24,991,741)</u>	<u>(23,851,807)</u>
Profit before tax	20,705,754	18,157,131
Income tax expense	<u>(6,394,506)</u>	<u>(5,424,645)</u>
Profit for the year	<u>14,311,248</u>	<u>12,732,486</u>

THE CO-OPERATIVE BANK OF KENYA LIMITED AND SUBSIDIARIES
SUMMARY CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 KShs'000	2018 KShs'000
Profit for the year	<u>14,311,248</u>	<u>12,732,486</u>
Other comprehensive Income, net of income tax		
Fair value changes on financial assets at FVOCI	247,961	278,888
Exchange differences on translation of a foreign operation	2,767	(78,094)
Revaluation surplus on buildings	<u>167,714</u>	<u>13,467</u>
Other comprehensive Income for the year	<u>418,442</u>	<u>214,261</u>
Total comprehensive income for the year	<u>14,729,690</u>	<u>12,946,747</u>
Basic and diluted earnings per share (KShs)	<u>2.48</u>	<u>2.18</u>

THE CO-OPERATIVE BANK OF KENYA LIMITED AND SUBSIDIARIES
SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital KShs'000	Share premium KShs'000	Revenue and other reserves KShs'000	Proposed dividends KShs'000	Total KShs'000	Non-controlling interest KShs'000	Total equity KShs'000
As at 1 January 2018	5,867,180	1,911,926	56,611,752	4,693,744	69,084,602	727,983	69,812,585
Impact of adopting IFRS 9			(8,302,566)	-	(8,302,566)	(159,988)	(8,462,554)
Total comprehensive income	-	-	13,005,810	-	13,005,810	(59,062)	12,946,748
Dividend paid in the year	-	-		(4,693,744)	(4,693,744)	-	(4,693,744)
Proposed dividend	-	-	(5,867,180)	5,867,180	-	-	-
Other equity components	-	-	308,016	-	308,016	844,164	1,152,180
As at 31 December 2018	5,867,180	1,911,926	55,755,832	5,867,180	69,402,118	1,353,097	70,755,215
As at 1 January 2019	5,867,180	1,911,926	55,755,832	5,867,180	69,402,118	1,353,097	70,755,215
Total comprehensive income	-	-	14,947,969	-	14,947,969	(218,279)	14,729,690
Dividend paid in the year	-	-		(5,867,180)	(5,867,180)	-	(5,867,180)
Proposed dividend	-	-	(5,867,180)	5,867,180	-	-	-
Other equity components	-	-	408,862	-	408,862	386,890	795,752
As at 31 December 2019	5,867,180	1,911,926	65,245,483	5,867,180	78,891,769	1,521,708	80,413,477

THE CO-OPERATIVE BANK OF KENYA LIMITED AND SUBSIDIARIES
SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	KShs'000	KShs'000
Net cash generated from operating activities	20,333,487	33,085,558
Net cash used in investing activities	(27,592,940)	(10,505,365)
Net cash used in financing activities	<u>(4,682,017)</u>	<u>(4,956,071)</u>
Net (decrease) / increase in cash and cash equivalents	(11,941,470)	17,624,122
Currency translation differences	(154,737)	42,489
Cash and cash equivalents at 1 January	<u>35,173,827</u>	<u>17,507,216</u>
Cash and cash equivalents at 31 December	<u>23,077,620</u>	<u>35,173,827</u>

SUMMARY OF DIRECTORS' REMUNERATION REPORT

During the year, the Group paid KShs 201.70 million (2018: KShs 198.84 million) as directors' emolument

SUMMARY OF KEY AUDIT MATTERS

The summary key audit matters raised by the Auditors were on: -

- i. Expected Credit Losses (ECL) on loans and advances to customers
- ii. Reporting in hyperinflationary economies by Co-Operative Bank of South Sudan
- iii. Adoption of IFRS 16- Leases, effective 1 January 2019

These summary group financial statements and summary director's remuneration report are extracts from the audited group financial statements and directors' remuneration report for the year ended 31 December 2019. A full set of the Group Financial Statements will be available at our registered office at Co-operative House and online at www.co-opbank.co.ke for inspection.

They were approved by the Board of directors on 18 March 2020 and signed on its behalf by:

J. K. Murugu, OGW	-	Chairman
M. Malonza, HSC	-	Vice Chairman
Dr. G. Muriuki, CBS, MBS	-	Group Managing Director & CEO
S. M. Kibugi	-	Company Secretary