

# THE CO-OPERATIVE BANK OF KENYA LIMITED AND SUBSIDIARIES

## SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 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

##### Report on the audit of the Summary Consolidated Financial Statements

##### Opinion

The summary consolidated financial statements of The Co-Operative Bank of Kenya Limited and its subsidiaries (together, the "Group"), which comprise the summary consolidated statement of financial position as at 31 December 2022, and 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 audited consolidated financial statements of the Group for the year ended 31 December 2022.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements as at and for the year ended 31 December 2022, in accordance with the basis described in the notes accompanying the summary consolidated financial statements and in accordance with the Kenyan Companies Act, 2015.

##### Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the Kenyan Companies Act, 2015. Reading the summary consolidated financial statements, and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditors' report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

##### The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements of the Group in our report dated 31 March 2022. 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

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the basis described in the notes accompanying the summary consolidated financial statements and in the manner required by the Kenyan Companies Act, 2015.

##### Auditor's responsibility

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

##### Report on other legal requirements

The summary directors' remuneration report is derived from the directors' remuneration report for the year ended 31 December 2022. 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 directors' remuneration report and the auditors' report thereon, therefore, is not a substitute for reading the directors' remuneration report.

We expressed an unmodified audit opinion on the auditable part of the directors' remuneration report which was prepared in accordance with the Kenyan Companies Act, 2015.

In our opinion, the summary directors' remuneration report is consistent, in all material respects, with the directors' remuneration report for the year ended 31 December 2022, in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in the independent auditor's report is CPA Nancy Muhoya, Practising Certificate No. 2158.



For and on behalf of Ernst & Young LLP  
Certified Public Accountants  
Nairobi, Kenya

19 April, 2023

#### SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	2022 Kshs'000	2021 Kshs'000
<b>ASSETS</b>		
Cash and balances with Central Bank of Kenya and other banks <sup>1</sup>	38,090,067	39,364,450
Financial investments <sup>2</sup>	175,152,770	185,762,844
Derivative financial instruments	206,725	199,765
Loans and advances to customers	339,390,039	310,195,297
Other assets	30,131,635	20,535,078
Tax recoverable	330,854	-
Investment in associates	2,483,303	2,146,675
Intangible assets	2,615,326	2,534,335
Property and equipment	6,795,404	6,389,748
Right-of-use assets <sup>3</sup>	2,663,021	3,989,746
Deferred tax asset	6,044,575	5,411,716
Goodwill	3,294,000	3,294,000
<b>TOTAL ASSETS</b>	<b>607,197,719</b>	<b>579,823,654</b>
<b>EQUITY AND LIABILITIES</b>		
<b>LIABILITIES</b>		
Deposits from banks and customers <sup>4</sup>	424,890,169	408,517,867
Borrowings	48,102,072	42,914,622
Income tax payable	-	903,763
Other liabilities and provisions <sup>5</sup>	26,258,294	26,689,799
Deferred tax liability	-	51,669
Government grants/Deferred Tax Liability	387,989	406,465
<b>TOTAL LIABILITIES</b>	<b>499,638,524</b>	<b>479,484,185</b>
<b>EQUITY</b>		
Ordinary share capital	5,867,180	5,867,180
Ordinary share premium	1,911,926	1,911,926
Retained earnings and other reserves <sup>6</sup>	90,710,389	86,169,693
Proposed dividends	8,800,770	5,867,180
Total shareholders' equity	<b>107,290,265</b>	<b>99,815,979</b>
Non-controlling interest	268,930	523,490
<b>TOTAL EQUITY</b>	<b>107,559,195</b>	<b>100,339,469</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>607,197,719</b>	<b>579,823,654</b>

##### EXPLANATORY FOOTNOTES

The following amounts have been extracted from the full set of audited Group Consolidated Financial Statements for the year ended 31st December 2022 and condensed to arrive at the line items in the summary consolidated financial statements as follows:

- Includes cash and balances with central Banks and Deposits and balances due from banks
- Includes debt instruments at fair value through other comprehensive income, equity instruments at fair value through other comprehensive debt instruments at amortised cost
- Includes Right-of Use assets and Prepaid lease rentals
- Includes deposits and balances due to banks and customer deposits
- Includes provisions and other liabilities
- Includes revaluation reserve, retained earnings, fair value reserve, statutory reserve, and foreign currency translation reserve

#### SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share Capital KShs'000	Share Premium KShs'000	Retained earnings and other reserves KShs'000	Proposed dividends KShs'000	Total KShs'000	Non-controlling interest KShs'000	Total equity KShs'000
<b>As at 1 January 2021</b>	<b>5,867,180</b>	<b>1,911,926</b>	<b>76,654,644</b>	<b>5,867,180</b>	<b>90,300,930</b>	<b>1,322,406</b>	<b>91,623,336</b>
Total comprehensive income	-	-	16,122,659	-	16,122,659	(133,931)	15,988,728
Issue of additional shares	-	-	-	-	-	139,096	139,096
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	-	-	(740,429)	-	(740,429)	(804,081)	(1,544,510)
<b>As at 31 December 2021</b>	<b>5,867,180</b>	<b>1,911,926</b>	<b>86,169,694</b>	<b>5,867,180</b>	<b>99,815,980</b>	<b>523,490</b>	<b>100,339,470</b>
<b>As at 1 January 2022</b>	<b>5,867,180</b>	<b>1,911,926</b>	<b>86,169,694</b>	<b>5,867,180</b>	<b>99,815,980</b>	<b>523,490</b>	<b>100,339,470</b>
Total comprehensive income	-	-	13,326,512	-	13,326,512	118,364	13,444,876
Issue of additional shares	-	-	-	-	-	136,774	136,774
Dividend paid in the year	-	-	-	(5,867,180)	(5,867,180)	-	(5,867,180)
Proposed dividend	-	-	(8,800,770)	8,800,770	-	-	-
Other equity components	-	-	14,953	-	14,953	(509,698)	(494,745)
<b>As at 31 December 2022</b>	<b>5,867,180</b>	<b>1,911,926</b>	<b>90,710,389</b>	<b>8,800,770</b>	<b>107,290,265</b>	<b>268,930</b>	<b>107,559,195</b>

#### SUMMARY OF DIRECTORS' REMUNERATION REPORT

During the year, the Group paid KShs 235.73 million (2021: KShs 197.85 million) as directors' emolument.

#### SUMMARY OF KEY AUDIT MATTERS

- The summary key audit matters raised by the Auditors were on -
- Expected Credit Losses (ECL) on loans and advances to customers
  - Reporting in hyperinflationary economies by Co-Operative Bank of South Sudan
  - Impairment of the Goodwill amount recognised in the books on acquisition of Kingdom Bank Limited (formerly Jamii Bora Bank Limited)

#### NOTE TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

This summary consolidated financial statements and summary directors' remuneration report are extracted from the audited consolidated financial statements and directors' remuneration report for the year ended 31 December 2022 and have been prepared in accordance with the criteria applied by the Bank's Directors which is based on the practice in the banking industry. The criteria entails presenting account balances or subtotals as extracted from the audited consolidated financial statements or condensing some of the line items in the audited consolidated financial statements as indicated in the captions used in the summary financial statements and the explanatory footnotes.

A full copy of the Group Financial Statements including explanatory notes is available at our registered office at Co-operative House and online at [www.co-opbank.co.ke](http://www.co-opbank.co.ke).

#### SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 KShs'000	2021 KShs'000
Net interest income	45,524,940	41,036,913
Non-interest income <sup>7</sup>	25,729,935	19,396,355
Share of profit of associates	416,141	305,579
<b>Total income</b>	<b>71,671,016</b>	<b>60,738,847</b>
Credit loss expense <sup>8</sup>	(8,547,524)	(7,929,256)
<b>Income after impairment charges</b>	<b>63,123,492</b>	<b>52,809,591</b>
Total operating expenses <sup>9</sup>	(33,696,270)	(30,160,728)
<b>Profit before taxation</b>	<b>29,427,222</b>	<b>22,648,863</b>
Income tax expense	(7,389,055)	(6,104,960)
<b>Profit for the year</b>	<b>22,038,167</b>	<b>16,543,903</b>

##### EXPLANATORY FOOTNOTES

The following amounts have been extracted from the full set of the audited Group Consolidated Financial Statements for the year ended 31st December 2022 and condensed to arrive at the line items in the summary consolidated financial statements as follows:

- Includes Net fees and commission income and Total other Income
- Includes credit loss expense on loans and advances
- Includes amortisation of intangible assets, amortisation of leasehold land, depreciation of property and equipment, depreciation-right of use asset, employee costs and other operating expenses

#### SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 KShs'000	2021 KShs'000
<b>Profit for the year</b>	<b>22,038,167</b>	<b>16,543,903</b>
<b>Other comprehensive income, net of income tax</b>		
Fair value changes on financial assets at FVOCI <sup>10</sup>	(8,783,300)	(638,109)
Exchange differences on translation of a foreign operation	1,027	79,720
Revaluation surplus on building	188,981	3,214
<b>Other comprehensive income for the year</b>	<b>(8,593,292)</b>	<b>(555,175)</b>
<b>Total comprehensive income for the year</b>	<b>13,444,875</b>	<b>15,988,728</b>
Basic and diluted earnings per share (KShs)	3.72	2.85

##### EXPLANATORY FOOTNOTES

The following amounts have been extracted from the full set of audited Group Financial Statements for the year ended 31st December 2022 and condensed to arrive at the line items in the summary financial statements as follows:

- Includes Changes in fair value of equity instruments at fair value through other comprehensive income and fair value gain on debt instruments at fair value through other comprehensive income

#### SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 KShs'000	2021 KShs'000
Net cash generated from operating activities	3,485,802	7,118,435
Net cash in investing activities	415,468	(1,616,312)
Net cash (used in)/generated from financing activities	(4,671,271)	(10,398,945)
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(770,001)</b>	<b>(4,896,822)</b>
Currency translation differences	(334,612)	(514,145)
Cash and cash equivalents at 1 January	21,782,133	27,193,100
<b>Cash and cash equivalents at 31 December</b>	<b>20,677,520</b>	<b>21,782,133</b>

They were approved by the Board of directors on 15th March 2023 and signed on its behalf by:

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