

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 2019

I STATEMENT OF FINANCIAL POSITION

	GROUP		BANK	
	31-Dec-19 KSHS.'000 Audited	31-Dec-18 KSHS.'000 Audited	31-Dec-19 KSHS.'000 Audited	31-Dec-18 KSHS.'000 Audited
A ASSETS				
1 Cash (local and foreign)	8,959,634	9,809,390	8,258,224	9,064,099
2 Balances due from Central Bank Of Kenya	20,069,039	22,669,211	17,135,079	20,820,071
3 Kenya Government and other securities held for dealing purposes	-	-	-	-
4 Financial Assets at Fair Value through profit and loss(FVTPL)	-	-	-	-
5.a.a Investment Securities: Held at Amortised Cost - Kenya Government Securities	76,871,525	49,701,030	76,719,661	49,544,242
a.b Investment Securities: Held at Amortised Cost - Other Securities	-	-	-	-
b.a Investment Securities: Fair Value through other comprehensive income (FVOCI) Kenya Government Securities	40,931,155	30,572,358	40,931,155	30,572,358
b.b Investment Securities: Fair Value through other comprehensive income(FVOCI)-Other Securities	1,385,285	2,555,201	1,277,395	2,426,271
6 Deposits and balances due from local banking institutions	2,587,663	7,879,632	346,404	6,997,990
7 Deposits and balances due from banking institutions abroad	7,122,084	10,202,016	7,679,913	10,598,377
8 Tax recoverable	16,739	18,173	-	-
9 Loans and advances to customers (net)	266,712,696	245,410,302	265,332,776	243,546,383
10 Balances due from banking institutions in the group	-	-	-	-
11 Investments in associates	2,098,354	2,161,475	706,444	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	11,421,236	6,614,048	10,519,106	5,971,546
16 Prepaid lease rentals	34,522	35,132	34,522	35,132
17 Intangible assets	2,708,018	2,497,243	2,242,641	2,093,951
18 Deferred tax asset	3,214,888	2,944,937	3,275,430	3,129,344
19 Retirement benefit asset	-	-	-	-
20 Other assets	12,876,106	20,343,067	12,644,802	20,235,823
21 TOTAL ASSETS	457,008,946	413,413,215	449,616,472	408,303,625
B LIABILITIES				
22 Balances due to Central Bank Of Kenya	-	-	-	-
23 Customer deposits	332,823,917	306,117,046	329,378,392	303,753,161
24 Deposits and balances due to local banking institutions	176,975	443,260	734,804	839,621
25 Deposits and balances due to banking institutions abroad	-	-	-	-
26 Other money market deposits	-	-	-	-
27 Borrowed funds	26,424,266	23,949,611	26,424,266	23,949,611
28 Balances due to banking institutions in the group	-	-	-	-
29 Tax payable	41,092	321,453	29,805	294,555
30 Dividends payable	-	-	-	-
31 Deferred tax liability	-	-	-	-
32 Retirement benefit liability	-	-	-	-
33 Other liabilities	16,685,807	11,364,739	15,961,221	11,147,659
34 TOTAL LIABILITIES	376,152,056	342,196,110	372,528,487	339,984,607
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	1,388,931	1,292,736	1,351,679	1,198,143
38 Retained earnings/ Accumulated losses	62,402,380	53,976,280	60,096,268	52,376,127
39 Statutory Loan Loss Reserve	1,639,892	1,013,587	1,603,621	935,514
40 Other Reserves	(185,720)	(526,771)	(53,282)	(298,942)
41 Proposed dividends	5,867,180	5,867,180	5,867,180	5,867,180
42 Capital grants	443,414	461,890	443,414	461,890
43 TOTAL SHAREHOLDERS' FUNDS	79,335,183	69,864,008	77,087,985	68,319,018
43.1 Non-Controlling Interest	1,521,708	1,353,098	-	-
44 TOTAL LIABILITIES & SHAREHOLDERS' FUNDS	457,008,946	413,413,215	449,616,472	408,303,625

II STATEMENT OF COMPREHENSIVE INCOME

	GROUP		BANK	
	31-Dec-19 KSHS.'000 Audited	31-Dec-18 KSHS.'000 Audited	31-Dec-19 KSHS.'000 Audited	31-Dec-18 KSHS.'000 Audited
1.0 INTEREST INCOME				
1.1 Loans and advances	31,778,944	32,946,490	31,512,218	32,597,365
1.2 Government securities	11,354,128	9,789,407	11,331,331	9,769,263
1.3 Deposits and placements with banking Institutions	506,406	288,966	414,183	218,057
1.1 Other Interest Income	-	-	-	-
1.5 Total Interest Income	43,639,479	43,024,863	43,257,731	42,584,684
2.0 INTEREST EXPENSE				
2.1 Customer deposits	10,661,045	10,890,477	10,621,407	10,851,097
2.2 Deposits and placements from banking institutions	110,551	133,813	110,551	133,813
2.3 Other Interest Expenses	1,564,552	1,215,825	1,564,552	1,215,825
2.4 Total Interest Expenses	12,336,147	12,240,115	12,296,510	12,200,735
3 NET INTEREST INCOME/(LOSS)	31,303,331	30,784,748	30,961,222	30,383,949
4 NON-INTEREST INCOME				
4.1 Fees and commissions on loans and advances	3,228,648	575,852	3,177,370	575,852
4.2 Other Fees and commissions	9,588,986	8,941,686	8,139,026	7,569,878
4.3 Foreign exchange trading income/(loss)	2,148,844	2,284,887	1,933,761	2,052,864
4.4 Dividend income	86,755	83,288	86,755	83,288
4.5 Other income	2,103,429	1,007,790	2,029,739	879,936
4.6 Total Non-interest income	17,156,662	12,893,502	15,366,652	11,161,817
5.0 TOTAL OPERATING INCOME	48,459,993	43,678,250	46,327,874	41,545,767
6.0 OTHER OPERATING EXPENSES				
6.1 Loan loss provision	2,539,071	1,840,728	2,459,898	1,825,313
6.2 Staff costs	12,374,217	11,449,964	11,847,149	10,953,108
6.3 Directors' emoluments	201,701	198,843	150,487	150,169
6.4 Rentals charges	721,910	1,711,800	707,561	1,602,542
6.5 Depreciation charge on property and equipment	2,645,291	1,817,946	2,482,465	1,612,198
6.6 Amortisation charges	595,085	562,938	568,654	489,001
6.7 Other operating expenses	8,717,000	8,110,316	7,785,594	7,326,679
6.8 Total other operating expenses	27,794,275	25,692,535	26,001,809	23,959,011
7 Profit/(Loss) before tax and exceptional items	20,665,718	17,985,715	20,326,064	17,586,756
8 Exceptional items-Early Retirement Costs	-	-	-	-
8 Exceptional items-Share of profit of associate	40,035	171,416	-	-
9 Profit/(Loss) before tax	20,705,753	18,157,131	20,326,064	17,586,756
10 Current tax	6,547,494	5,943,318	6,282,523	5,688,303
11 Deferred tax	(152,988)	(518,673)	(211,887)	(510,622)
12 Profit/(loss) after tax and exceptional items	14,311,247	12,732,487	14,255,428	12,409,075
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	225,020	253,869	245,660	326,672
13.3 Revaluation Surplus on property, Plant and Equipment	153,536	-	153,536	-
13.4 Share of other comprehensive income of associates	39,886	(39,609)	-	-
13.5 Income tax relating to components of other comprehensive income	-	-	-	-
14 OTHER COMPREHENSIVE INCOME NET OF TAX	418,442	214,260	399,196	326,672
15 TOTAL COMPREHENSIVE INCOME	14,729,689	12,946,747	14,654,623	12,735,747
Basic Earnings per share	2.48	2.18	2.43	2.11
Diluted Earnings per share	2.48	2.18	2.43	2.11
Dividend per share	1.00	1.00	1.00	1.00

III OTHER DISCLOSURES

	GROUP		BANK	
	31-Dec-19 KSHS.'000 Audited	31-Dec-18 KSHS.'000 Audited	31-Dec-19 KSHS.'000 Audited	31-Dec-18 KSHS.'000 Audited
1. NON PERFORMING LOANS AND ADVANCES				
a) Gross non-performing loans and advances	31,618,456	29,401,544	31,155,503	28,952,802
Less				
b) Interest in suspense	5,103,895	4,199,519	5,033,184	4,199,519
c) Total Non-performing loans and advances (a-b)	26,514,561	25,202,025	26,122,319	24,753,283
Less				
d) Loan loss provisions	11,262,003	9,945,260	11,150,017	9,820,074
e) Net Non performing loans (c-d)	15,252,558	15,256,765	14,972,302	14,933,209
f) Discounted Value of Securities	15,252,558	13,797,738	14,972,302	13,797,738
g) Net NPLs Exposure (e-f)	-	1,459,027	-	1,135,471
2. Insider loans and advances				
a) Directors, shareholders and associates	6,454,598	2,396,946	6,454,598	2,396,946
b) Employees	9,117,557	8,425,634	9,117,557	8,425,634
c) Total insider loans, advances and other facilities	15,572,155	10,822,580	15,572,155	10,822,580
3. Off-Balance Sheet Items				
a) Letters of credit, guarantees, acceptances	25,276,943	19,633,909	25,276,943	19,633,909
b) Forwards, swaps and options	6,812,807	8,425,708	6,812,807	8,425,708
c) Other contingent liabilities	-	-	-	-
d) Total contingent liabilities	32,089,750	28,059,617	32,089,750	28,059,617
4. Capital strength				
a) Core capital	67,310,007	59,272,338	62,770,438	55,214,858
b) Minimum Statutory Capital	1,000,000	1,000,000	1,000,000	1,000,000
c) Excess/(deficiency)	66,310,007	58,272,338	61,770,438	54,214,858
d) Supplementary capital	1,987,124	1,336,771	1,941,541	1,235,050
e) Total capital	69,297,131	60,609,109	64,711,979	56,449,909
f) Total risk weighted assets	413,660,438	370,529,016	410,346,536	367,430,410
g) Core capital/total deposit liabilities	20.2%	19.3%	19.0%	18.1%
h) Minimum Statutory Ratio	8.0%	8.0%	8.0%	8.0%
i) Excess/(deficiency)	12.2%	11.3%	11.0%	10.1%
j) Core capital/total risk weighted assets	16.3%	16.0%	15.3%	15.0%
k) Minimum Statutory Ratio	10.5%	10.5%	10.5%	10.5%
l) Excess/(deficiency)(j-k)	5.8%	5.5%	4.8%	4.5%
m) Total capital/total risk weighted assets	16.8%	16.4%	15.8%	15.4%
n) Minimum Statutory Ratio	14.5%	14.5%	14.5%	14.5%
o) Excess/(deficiency)(m-n)	2.3%	1.9%	1.3%	0.9%
p) Adjusted Core Capital/Total Deposit Liabilities	20.2%	20.3%	19.0%	19.1%
q) Adjusted Core Capital/Total Risk Weighted Assets	16.3%	16.8%	15.3%	15.8%
r) Adjusted Total Capital/Total Risk Weighted Assets	16.8%	17.2%	15.8%	16.2%
5. Liquidity				
a) Liquidity Ratio	46.2%	41.1%	44.8%	41.5%
b) Minimum Statutory Ratio	20.0%	20.0%	20.0%	20.0%
c) Excess/ (deficiency)(a-b)	26.2%	21.1%	24.8%	21.5%

*The adjusted capital ratios include the expected credit loss provisions added back to capital in line with the CBK guidance note issued in April 2018 on implementation of IFRS9.

Key Highlights

- Strong group performance with Profit Before Tax of Kshs.20.7 Billion in 2019.
- A strong balance sheet growth with an asset base of Kshs.457 Billion.
- Key gains from continued implementation of the 'Soaring Eagle' Transformation Agenda focussing on improved operational efficiencies; Cost Management and Innovative delivery Systems.
- The Bank was recognized both locally and internationally with below awards. Best Bank in Sustainable Finance in Kenya - 2019 EmeaFinance Banking Awards 2019 - Best Bank in Kenya.

MESSAGE FROM THE DIRECTORS:

The Directors recommend to the shareholders at the forthcoming Annual General Meeting, the payment of a first and final dividend for the year 2019 of Ksh 1.00 per ordinary share held (2018-Ksh1.00). In view of the Capital Markets Authority (CMA) order to suspend Annual General Meetings planned for the period April and May 2020, other details will be advised later.

ANNUAL GENERAL MEETING:

The date of the Annual General Meeting to be separately advised.

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 LLP. 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 18th March 2020 and signed on its behalf by:

Signed: Mr. John Murugu, OGW
Chairman

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



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