

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 2016

I STATEMENT OF FINANCIAL POSITION

	GROUP		BANK	
	31-Dec-16 KSHS:'000 Audited	31-Dec-15 KSHS:'000 Audited	31-Dec-16 KSHS:'000 Audited	31-Dec-15 KSHS:'000 Audited
A ASSETS				
1 Cash (local and foreign)	8,432,988	9,057,746	8,119,618	8,880,989
2 Balances due from Central Bank of Kenya	17,249,716	20,397,945	16,338,102	18,292,656
3 Kenya Government and other securities held for dealing purposes	-	-	-	-
4 Financial Assets at fair value through profit and loss	147	206	147	149
5.a.a Investment Securities: Held to Maturity - Kenya Government Securities	37,158,762	36,154,555	37,003,530	35,999,971
a.b Investment Securities: Held to Maturity - Other Securities	-	-	-	-
b.a Investment Securities: Available for Sale - Kenya Government Securities	20,675,540	23,955,077	20,675,540	23,824,739
b.b Investment Securities: Available for Sale - Other Securities	4,082,606	4,816,792	3,949,256	4,816,792
6 Deposits and balances due from local banking institutions	703,530	9,878,262	703,530	9,770,382
7 Deposits and balances due from banking institutions abroad	4,313,773	4,098,975	4,656,363	4,098,891
8 Tax recoverable	27,674	18,380	-	-
9 Loans and advances to customers (net)	236,935,564	213,383,555	236,398,405	212,886,148
10 Balances due from banking institutions in the group	-	507,137	352,068	550,768
11 Investments in associates	2,409,297	2,267,230	755,118	755,118
12 Investments in subsidiary companies	-	-	2,512,920	2,207,370
13 Investment in joint ventures	-	-	-	-
14 Investment in properties	-	-	-	-
15 Property, plant and equipment	8,308,698	8,020,778	7,817,715	7,812,740
16 Prepaid lease rentals	36,352	36,964	36,352	36,964
17 Intangible assets	1,713,117	1,605,068	1,410,156	1,461,590
18 Deferred tax asset	1,067,507	886,055	1,051,197	876,614
19 Retirement benefit asset	-	-	-	-
20 Other assets	8,740,981	7,433,464	8,217,742	7,277,927
21 TOTAL ASSETS	351,856,250	342,518,187	349,997,760	339,549,808
B LIABILITIES				
22 Balances due to Central Bank of Kenya	-	-	-	-
23 Customer deposits	260,153,437	265,398,587	259,471,749	263,709,415
24 Deposits and balances due to local banking institutions	3,411,977	2,914,082	3,402,893	2,905,405
25 Deposits and balances due to banking institutions abroad	-	507,137	-	-
26 Other money market deposits	-	-	-	-
27 Borrowed funds	19,813,260	19,271,212	19,813,260	19,271,212
28 Balances due to banking institutions in the group	-	-	-	-
29 Tax payable	1,248,698	189,707	1,248,698	157,596
30 Dividends payable	-	-	-	-
31 Deferred tax liability	-	-	-	-
32 Retirement benefit liability	-	-	-	-
33 Other liabilities	6,109,913	4,416,895	6,015,329	4,195,406
34 TOTAL LIABILITIES	290,737,285	292,697,620	289,951,928	290,239,033
C SHAREHOLDERS' FUNDS				
35 Paid up/Assigned capital	4,889,317	4,889,317	4,889,317	4,889,317
36 Share premium/(discount)	2,889,789	2,889,789	2,889,789	2,889,789
37 Revaluation reserve	1,338,103	(488,797)	1,256,443	397,057
38 Retained earnings/Accumulated losses	48,208,633	39,574,445	46,970,978	37,830,867
39 Statutory Loan Loss Reserve	736,418	784,381	717,844	717,844
40 Other Reserves	(1,158,031)	(1,870,841)	(1,088,833)	(1,842,869)
41 Proposed dividends	3,911,453	3,911,453	3,911,453	3,911,453
42 Capital grants	498,841	517,317	498,841	517,317
43 TOTAL SHAREHOLDERS' FUNDS	61,314,523	50,207,064	60,045,832	49,310,775
43.1 Non-Controlling Interest	(195,558)	(386,497)	-	-
44 TOTAL LIABILITIES & SHAREHOLDERS' FUNDS	351,856,250	342,518,187	349,997,760	339,549,808

II STATEMENT OF COMPREHENSIVE INCOME

	GROUP		BANK	
	31-Dec-16 KSHS:'000 Audited	31-Dec-15 KSHS:'000 Audited	31-Dec-16 KSHS:'000 Audited	31-Dec-15 KSHS:'000 Audited
1.0 INTEREST INCOME				
1.1 Loans and advances	33,378,181	30,039,822	33,261,095	29,845,776
1.2 Government securities	8,495,221	6,086,562	8,478,549	6,069,362
1.3 Deposits and placements with banking institutions	391,319	664,820	356,476	604,321
1.4 Other Interest Income	-	-	-	-
1.5 Total Interest Income	42,264,721	36,791,204	42,096,119	36,519,458
2.0 INTEREST EXPENSE				
2.1 Customer deposits	11,658,414	12,183,736	11,617,358	12,161,604
2.2 Deposits and placements from banking institutions	117,980	232,602	117,980	232,602
2.3 Other Interest Expenses	991,905	1,170,573	991,905	1,170,573
2.4 Total Interest Expenses	12,768,300	13,586,911	12,727,244	13,564,779
3.0 NET INTEREST INCOME/(LOSS)	29,496,421	23,204,293	29,368,876	22,954,679
4.0 NON-INTEREST INCOME				
4.1 Fees and commissions on loans and advances	2,330,859	2,339,680	2,330,859	2,339,680
4.2 Other Fees and commissions	7,456,650	7,162,155	6,487,220	6,308,056
4.3 Foreign exchange trading income/(loss)	1,804,344	3,192,469	1,603,807	1,880,617
4.4 Dividend income	73,001	69,407	73,001	69,407
4.5 Other income	1,109,655	421,775	1,147,434	475,679
4.6 Total Non-interest income	12,774,510	13,185,486	11,642,323	11,073,438
5.0 TOTAL OPERATING INCOME	42,270,931	36,389,778	41,011,198	34,028,117
6.0 OTHER OPERATING EXPENSES				
6.1 Loan loss provision	2,599,671	2,019,295	2,594,567	2,007,357
6.2 Staff costs	9,399,704	8,925,220	8,941,049	8,408,222
6.3 Directors' emoluments	163,742	148,257	115,861	107,181
6.4 Rentals charges	1,462,440	1,395,950	1,363,794	1,236,484
6.5 Depreciation charge on property and equipment	1,936,699	1,923,609	1,834,722	1,795,458
6.6 Amortisation charges	486,117	434,016	447,983	378,169
6.7 Other operating expenses	8,592,834	6,543,423	7,689,080	6,021,880
6.8 Total other operating expenses	24,641,207	21,389,770	22,987,056	19,954,752
7 Profit/(Loss) before tax and exceptional items	17,629,724	15,000,008	18,024,143	14,073,365
8 Exceptional items-Early Retirement Costs	(3,738)	(1,908)	(3,738)	(1,908)
8 Exceptional items-Share of profit of associate	97,546	384,991	-	-
9 Profit/(Loss) before tax	17,723,532	15,383,092	18,020,405	14,071,457
10 Current tax	5,595,665	3,944,959	5,511,732	3,867,317
11 Deferred tax	(548,342)	(267,426)	(542,891)	(267,457)
12 Profit/(Loss) after tax and exceptional items	12,676,210	11,705,558	13,051,564	10,471,597
13.0 OTHER COMPREHENSIVE INCOME:				
13.1 Gains/(Losses) from translating the financial statements of foreign operations	1,859,238	(1,890,682)	-	-
13.2 Fair value changes in available-for-sale financial assets	708,015	(1,026,494)	754,035	(1,048,807)
13.3 Revaluation Surplus on property, Plant and Equipment	1,227,694	-	1,227,694	-
13.4 Share of other comprehensive income of associates	7,776	(40,270)	-	-
13.5 Income tax relating to components of other comprehensive income	(368,308)	54,042	(368,308)	-
14 OTHER COMPREHENSIVE INCOME NET OF TAX	3,434,415	(2,903,404)	1,613,421	(1,048,807)
15 TOTAL COMPREHENSIVE INCOME	16,110,625	8,802,154	14,664,986	9,422,790
Basic Earnings per share	2.64	2.31	2.67	2.14
Diluted Earnings per share	2.20	1.92	2.22	1.78
Dividend per share	0.80	0.80	0.80	0.80

III OTHER DISCLOSURES

	GROUP		BANK	
	31-Dec-16 KSHS:'000 Audited	31-Dec-15 KSHS:'000 Audited	31-Dec-16 KSHS:'000 Audited	31-Dec-15 KSHS:'000 Audited
1. NON PERFORMING LOANS AND ADVANCES				
a) Gross non-performing loans and advances	11,274,174	8,189,196	11,273,048	8,189,196
Less	-	-	-	-
b) Interest in suspense	1,128,934	1,058,631	1,128,934	1,058,631
c) Total Non-performing loans and advances (a-b)	10,145,240	7,130,565	10,144,114	7,130,565
Less	-	-	-	-
d) Loan loss provisions	3,868,538	3,577,424	3,867,412	3,577,424
e) Net Non performing loans (c-d)	6,276,702	3,553,141	6,276,702	3,553,141
f) Discounted Value of Securities	6,276,702	3,553,141	6,276,702	3,553,141
g) Net NPLs Exposure (e-f)	-	-	-	-
2. Insider loans and advances				
a) Directors, shareholders and associates	1,320,278	302,146	1,320,278	302,146
b) Employees	7,681,221	6,596,839	7,681,221	6,596,839
c) Total insider loans, advances and other facilities	9,001,499	6,898,985	9,001,499	6,898,985
3. Off-Balance Sheet Items				
a) Letters of credit, guarantees, acceptances	12,465,919	12,509,752	12,465,919	12,509,752
b) Forwards, swaps and options	6,913,880	14,655,575	6,913,880	14,655,575
c) Other contingent liabilities	-	-	-	-
d) Total contingent liabilities	19,379,799	27,165,327	19,379,799	27,165,327
4. Capital strength				
a) Core capital	51,382,064	46,984,813	51,924,808	43,283,305
b) Minimum Statutory Capital	1,000,000	1,000,000	1,000,000	1,000,000
c) Excess/(deficiency)	50,382,064	45,984,813	50,924,808	42,283,305
d) Supplementary capital	20,880,527	19,933,394	20,845,215	20,088,320
e) Total capital	72,262,591	66,918,207	72,770,022	63,371,625
f) Total risk weighted assets	318,532,396	299,184,957	319,614,654	298,137,367
g) Core capital/total deposit liabilities	19.7%	17.5%	20.0%	16.2%
h) Minimum Statutory Ratio	10.5%	10.5%	10.5%	10.5%
i) Excess/(deficiency)	9.2%	7.0%	9.5%	5.7%
j) Core capital/total risk weighted assets	16.1%	15.7%	16.2%	14.5%
k) Minimum Statutory Ratio	10.5%	10.5%	10.5%	10.5%
l) Excess/(deficiency)(j-k)	5.6%	5.2%	5.7%	4.0%
m) Total capital/total risk weighted assets	22.7%	22.4%	22.8%	21.3%
n) Minimum Statutory Ratio	14.5%	14.5%	14.5%	14.5%
o) Excess/(deficiency)(m-n)	8.2%	7.9%	8.3%	6.8%
5. Liquidity				
a) Liquidity Ratio	33.7%	37.1%	33.2%	36.1%
b) Minimum Statutory Ratio	20.0%	20.0%	20.0%	20.0%
c) Excess/(deficiency)(a-b)	13.7%	17.1%	13.2%	16.1%

OVERALL PERFORMANCE:

The bank reported a Profit Before Tax of **KShs. 17.7 Billion** a **15% growth** over 2015 performance.

PROPOSED DIVIDEND AND BONUS SHARE ISSUE:

The Directors recommend to the Members at the forthcoming Annual General Meeting, the payment of a first and final dividend for the year 2016 of 80 cents per ordinary share held (2015-80 cents) to be paid on or about 30 June 2017 to the shareholders registered on the Bank's Register at the close of business on 26 May 2017. The register will remain closed for one day on 29th May 2017 for the preparation of dividend warrants.

The Directors have also approved and recommend a bonus share issue of, one (1) share for every five (5) ordinary shares held. The bonus issue is subject to Capital Markets Authority approval and will be credited to the shares on the register at the close of business on 30th June 2017.

ANNUAL GENERAL MEETING:

Notice is hereby given that the Ninth (9th) Annual General Meeting of The Co-operative Bank of Kenya Limited will be held on Friday 26th May 2017 at Safari Park Hotel from 11a.m.

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 15th March 2017 and signed on its behalf by:

Signed: Mr. Stanley Muchiri, EBS
Group Chairman

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



CO-OPERATIVE BANK
We are you

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