

# THE CO-OPERATIVE BANK OF KENYA LIMITED

The Board of Directors is pleased to announce the abridged audited group results for the year ended 31 December 2020

## 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 2020, 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 2020.

The summary of the directors' remuneration report is derived from the directors' remuneration report for the year ended 31 December 2020.

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 31 March 2021, 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.

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

22 July 2021

## SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	2020 KShs'000	2019 KShs'000
<strong>ASSETS</strong>		
Cash and balances with Central Bank of Kenya & other banks <sup>1</sup>	43,263,399	38,738,422
Financial investments <sup>2</sup>	163,018,032	119,187,965
Derivative financial instruments	75,549	379,745
Loans and advances to customers	286,634,192	266,712,696
Other assets	18,686,728	12,496,362
Tax recoverable	666,502	-
Investment in associates	1,967,532	2,098,354
Intangible assets and prepaid lease rentals <sup>3</sup>	2,859,013	2,742,540
Property and equipment	7,939,594	6,514,328
Right-of-use assets	4,362,015	4,906,908
Deferred income tax	4,309,763	3,315,666
Goodwill	3,294,000	-
<strong>TOTAL ASSETS</strong>	<strong>537,076,319</strong>	<strong>457,092,986</strong>
<strong>EQUITY AND LIABILITIES</strong>		
<strong>LIABILITIES</strong>		
Deposits from banks and customers <sup>4</sup>	378,852,343	333,000,892
Borrowings	46,026,141	26,424,266
Income tax payable	-	24,353
Other liabilities and provisions <sup>5</sup>	20,018,487	16,685,804
Deferred income tax	131,071	100,778
Government grants	424,941	443,416
<strong>TOTAL LIABILITIES</strong>	<strong>445,452,983</strong>	<strong>376,679,509</strong>
<strong>EQUITY</strong>		
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>	76,654,644	65,245,483
Proposed dividends	5,867,180	5,867,180
Total shareholders' equity	<strong>90,300,930</strong>	<strong>78,891,769</strong>
Non-controlling interest	1,322,406	1,521,708
<strong>TOTAL EQUITY</strong>	<strong>91,623,336</strong>	<strong>80,413,477</strong>
<strong>TOTAL EQUITY &amp; LIABILITIES</strong>	<strong>537,076,319</strong>	<strong>457,092,986</strong>

### EXPLANATORY FOOTNOTES

The following amounts have been extracted from the full set of audited Group Financial Statements for the year ended 31st December 2020 and condensed to arrive at the line items in the summary financial statements as follows:

1. Includes Cash and balances with Central Banks and Deposits and balances due from banks
2. Includes Debt instruments at fair value through other comprehensive income, Equity instruments at fair value through other comprehensive income and Debt instruments at amortised cost
3. Includes Intangible assets and Prepaid lease rentals
4. Includes Deposits and balances due to banks and Customer deposits
5. Includes Provisions and Other liabilities
6. Includes Revaluation reserve, retained earnings, fair value reserve, Statutory reserve, and Foreign currency translation reserve.

## SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 KShs'000	2019 KShs'000
Net interest income	36,049,240	31,986,620
Non-interest income <sup>1</sup>	17,480,724	16,209,911
Share of profit of associates	(149,939)	40,035
<strong>Total income</strong>	<strong>53,380,025</strong>	<strong>48,236,566</strong>
Credit loss expense <sup>2</sup>	(8,697,174)	(2,539,071)
<strong>Income after impairment charges</strong>	<strong>44,682,851</strong>	<strong>45,697,495</strong>
Total operating expenses <sup>3</sup>	(30,400,991)	(24,991,741)
<strong>Profit before taxation</strong>	<strong>14,281,860</strong>	<strong>20,705,754</strong>
Income tax expense	(3,468,985)	(6,394,506)
<strong>Profit for the year</strong>	<strong>10,812,875</strong>	<strong>14,311,248</strong>

### EXPLANATORY FOOTNOTES

The following amounts have been extracted from the full set of the audited Group Financial Statements for the year ended 31st December 2020 and condensed to arrive at the line items in the summary financial statements as follows:

1. Includes Net fees and commission income and Total other Income
2. Includes Credit loss expense on loans and advances and Credit loss expense on other financial assets
3. 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 OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 KShs'000	2019 KShs'000
<strong>Profit for the year</strong>	<strong>10,812,875</strong>	<strong>14,311,248</strong>
<strong>Other comprehensive income, net of income tax</strong>		
Fair value changes on financial assets at FVOCI <sup>4</sup>	730,072	247,961
Exchange differences on translation of a foreign operation	7,823	2,767
Revaluation surplus on building	6,170	167,714
<strong>Other comprehensive income for the year</strong>	<strong>744,065</strong>	<strong>418,442</strong>
<strong>Total comprehensive income for the year</strong>	<strong>11,556,940</strong>	<strong>14,729,690</strong>
Basic and diluted earnings per share (KShs)	1.98	2.48

### EXPLANATORY FOOTNOTES

The following amounts have been extracted from the full set of audited Group Financial Statements for the year ended 31st December 2020 and condensed to arrive at the line items in the summary financial statements as follows:

4. Includes Changes in fair value of financial assets 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 2020

	2020 KShs'000	2019 KShs'000
Net cash generated from operating activities	19,933,275	20,333,487
Net cash used in investing activities	(25,880,564)	(27,592,940)
Net cash used in financing activities	10,149,209	(4,682,017)
<strong>Net (decrease) / increase in cash and cash equivalents</strong>	<strong>4,201,920</strong>	<strong>(11,941,470)</strong>
Currency translation differences	(86,440)	(154,737)
Cash and cash equivalents at 1 January	23,077,620	35,173,827
<strong>Cash and cash equivalents at 31 December</strong>	<strong>27,193,100</strong>	<strong>23,077,620</strong>

## SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	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
<strong>As at 1 January 2019</strong>	<strong>5,867,180</strong>	<strong>1,911,926</strong>	<strong>55,755,832</strong>	<strong>5,867,180</strong>	<strong>69,402,118</strong>	<strong>1,353,097</strong>	<strong>70,755,215</strong>
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
<strong>As at 31 December 2019</strong>	<strong>5,867,180</strong>	<strong>1,911,926</strong>	<strong>65,245,483</strong>	<strong>5,867,180</strong>	<strong>78,891,769</strong>	<strong>1,521,708</strong>	<strong>80,413,477</strong>
<strong>As at 1 January 2020</strong>	<strong>5,867,180</strong>	<strong>1,911,926</strong>	<strong>65,245,483</strong>	<strong>5,867,180</strong>	<strong>78,891,769</strong>	<strong>1,521,708</strong>	<strong>80,413,477</strong>
Total comprehensive income	-	-	12,338,514	-	12,338,514	(781,573)	11,556,941
Acquisition of a subsidiary	-	-	4,955,396	-	4,955,396	255,000	5,210,396
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	-	-	(17,569)	-	(17,569)	327,271	309,702
<strong>As at 31 December 2020</strong>	<strong>5,867,180</strong>	<strong>1,911,926</strong>	<strong>76,654,644</strong>	<strong>5,867,180</strong>	<strong>90,300,930</strong>	<strong>1,322,406</strong>	<strong>91,623,336</strong>

### SUMMARY OF DIRECTORS' REMUNERATION REPORT

During the year, the Group paid KShs 245.72 million (2019: KShs 201.70 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. Acquisition of Kingdom Bank Limited (formerly, Jamii Bora Bank Limited)

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 2020. 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](http://www.co-opbank.co.ke) for inspection. They were approved by the Board of directors on 17th March 2021 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



## NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of THE CO-OPERATIVE BANK OF KENYA LIMITED will be held via electronic communication on Friday, 20th August, 2021 at 11.00 a.m. for the transaction of the following business: -

ORDINARY BUSINESS	Note	
<ol style="list-style-type: none"> <li>To read the notice convening the meeting and determine if a quorum is present.</li> <li>To ratify the Audited Consolidated Financial Statements of the Company for the financial year ended 31st December 2020 together with the Directors' and Auditors' report thereon.</li> <li>To ratify a first and final dividend of Kshs. 1.00 per share in respect of the year ended 31st December, 2020.</li> <li>Ratification of Election of Directors. <ol style="list-style-type: none"> <li>Mr. Patrick K. Githendu, Mr. Julius Sitienei and Mr. Godfrey K. Mburia being directors appointed under Article 104A of the Company's Articles under which the majority and strategic shareholder of the Company, Co-opholdings Co-operative Society Limited, nominates to the Board of the Company seven (7) directors, retired by rotation and being eligible offered themselves for re-election in accordance with Article 100 of the Company's Articles of Association. Co-opholdings Co-operative Society Limited had already nominated them for re-election.</li> <li>In accordance with Article 100 of the Company's Articles of Association, Mr. John Murugu was due for retirement by rotation and being eligible for re-election offered himself for re-election.</li> <li>Mr. John Murugu an independent director having attained the age of 70 years, a vote of extension of his service as a director of the Company in accordance with guideline 2.5.1 of the Capital Markets Code of Corporate Governance practices for Issuers of Securities to the Public, 2015 is sought.</li> <li>In accordance with the provisions of Section 769 of the Companies Act, 2015, the following directors being members of the Board Audit Committee continue to serve as members of the said Committee: - <ol style="list-style-type: none"> <li>Mrs. Weda Welton.</li> <li>Mr. Patrick K. Githendu.</li> <li>Mr. Benedict Simiyu.</li> <li>Mr. Lawrence Karissa.</li> <li>Mr. Mwambia Wanyambura.</li> </ol> </li> </ol> </li> <li>To ratify the remuneration of the Directors for the year ended 31st December, 2020 and to authorize the Board to fix the remuneration of Directors.</li> <li>To ratify the re-appointment of Ernst and Young, Auditors of the Company, having expressed their willingness to continue in office and to authorize the directors to fix their remuneration.</li> <li>Transact any other business, which may be properly transacted at an Annual General Meeting.</li> </ol>	<ol style="list-style-type: none"> <li>The Co-operative Bank of Kenya Limited has convened and will conduct its Thirteenth Annual General Meeting via virtual/electronic means in line with The Companies Act, 2015.</li> <li>Shareholders wishing to participate in the meeting should register for the AGM by doing the following: <ol style="list-style-type: none"> <li>Dialing *483*809# for all Kenyan telephone networks and following the various registration prompts; or</li> <li>Send an email request to be registered to co-opbankagm@image.co.ke</li> <li>Shareholders with email addresses will receive a registration link via email through which they can use to register</li> </ol> <p>In order to complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number at hand. For assistance shareholders should dial the following helpline number: (+254) 709 170 037/ 709 170000 from 9:00 a.m. to 5:00 p.m. from Monday to Friday. Any shareholder outside Kenya should dial the helpline number to be assisted to register.</p> </li> <li>Registration for the AGM opens on 28th day of July, 2021 at 9:00 am and will close on 18th day of August, 2021 at 11.00 a.m.</li> <li>In accordance with Section 283 (2) (c) of the Companies Act, the following documents may be viewed on the Company's website <a href="http://www.co-opbank.co.ke">www.co-opbank.co.ke</a> (i) a copy of this Notice and the proxy form; and (ii) the Company's audited financial statements for the year ended 31st December, 2020.</li> </ol> <p>The reports may also be accessed upon request by dialing the USSD code above and selecting the Reports option. The reports and agenda can also be accessed on the livestream link.</p> <ol style="list-style-type: none"> <li>Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by: <ol style="list-style-type: none"> <li>Sending their written questions by email to agm 2021 questions@co-opbank.co.ke;</li> <li>Shareholders who will have registered to participate in the meeting shall be able to ask questions via sms by dialing the USSD code above and selecting the option (ask Question) on the prompts;</li> <li>To the extent possible, physically delivering their written questions with a return physical address or email address to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, Nairobi, or;</li> <li>Sending their written questions with a return physical address or email address by registered post to the Company's address at P. O. Box 48231 - 00100 Nairobi.</li> </ol> </li> </ol> <p>Shareholders must provide their full details (full names, ID/Passport Number/CDSC Account Number) when submitting their questions and clarifications.</p> <p>All questions and clarification must reach the Company on or before 18th August, 2021 at 11:00 am.</p>	<p>Following receipt of the questions and clarifications, the directors of the Company shall provide written responses to the questions received to the return physical address or email address provided by the Shareholder no later than 12 hours before the start of the general meeting. A full list of all questions received and the answers thereto will be published on the Company's website not later than 12 hours before the start of the general meeting.</p> <ol style="list-style-type: none"> <li>In accordance with Section 298(1) of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company but if not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone. A proxy form is available on the Company's website via this link: <a href="http://www.co-opbank.co.ke">http://www.co-opbank.co.ke</a>. Physical copies of the proxy form are also available at the following address: Image Registrars Limited offices, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street and at all the branches of the Company. A proxy must be signed by the appointer or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be under the hand of an officer or duly authorized attorney of such body corporate. A completed form of proxy should be emailed to <a href="mailto:info@image.co.ke">info@image.co.ke</a> or delivered to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Box 9287 – 00100 GPO, Nairobi, so as to be received not later than 18th August, 2021 at 11.00 a.m. Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than 18th August, 2021 at 11.00 a.m. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than 18th August, 2021 at 2.00pm to allow time to address any issues.</li> <li>The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the general meeting. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hours' time and providing a link to the live stream.</li> <li>Duly registered shareholders and proxies may follow the proceedings of the AGM using the live stream platform, and may access the Agenda as well as Vote using the "VOTE" tab when prompted. Shareholders and proxies can also vote by dialling the USSD code above and the following prompts.</li> <li>A poll shall be conducted for all the resolutions put forward in the notice.</li> <li>Results of the AGM shall be published on the Company's website within 24 hours following conclusion of the Annual General Meetings.</li> </ol> <p>Shareholders are encouraged to continuously monitor the Company's website, <a href="http://www.co-opbank.co.ke">www.co-opbank.co.ke</a> for updates relating to the AGM.</p>

Dated at Nairobi this 23rd day of July, 2021

By order of the Board

**SAMUEL M. KIBUGI**  
COMPANY SECRETARY