

# THE CO-OPERATIVE BANK OF KENYA LIMITED AND SUBSIDIARIES

## SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2023

#### 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 2023, 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 2023.

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 2023, 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 28 March 2024. 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 2023. 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 2023, 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

17 April 2024

#### THE CO-OPERATIVE BANK OF KENYA LIMITED AND SUBSIDIARIES SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	2023 Kshs'000	2022 Kshs'000
<b>ASSETS</b>		
Cash and balances with Central Bank of Kenya and other banks <sup>1</sup>	59,767,801	38,090,067
Financial investments <sup>2</sup>	190,823,049	175,152,770
Derivative financial instruments	-	206,725
Loans and advances to customers	374,227,421	339,390,039
Other assets	20,880,479	30,131,635
Income tax recoverable	654,776	330,854
Investment in associates	2,711,086	2,483,303
Intangible assets	2,670,704	2,615,326
Property and equipment	7,048,168	6,795,404
Right-of-use assets <sup>3</sup>	4,111,158	2,663,021
Deferred tax asset	6,338,746	6,044,575
Goodwill	3,294,000	3,294,000
<b>TOTAL ASSETS</b>	<b>672,527,388</b>	<b>607,197,719</b>
<b>EQUITY AND LIABILITIES</b>		
<b>LIABILITIES</b>		
Deposits from banks and customers <sup>4</sup>	456,099,326	424,890,169
Borrowings	67,334,316	48,102,072
Other liabilities and provisions	34,018,540	26,258,294
Government grants	369,513	387,989
Derivative financial instruments	1,396,103	-
<b>TOTAL LIABILITIES</b>	<b>559,217,798</b>	<b>499,638,524</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>5</sup>	96,609,211	90,710,389
Proposed dividends	8,800,770	8,800,770
<b>Total shareholders' equity</b>	<b>113,189,087</b>	<b>107,290,265</b>
Non-controlling interest	120,503	268,930
<b>TOTAL EQUITY</b>	<b>113,309,590</b>	<b>107,559,195</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>672,527,388</b>	<b>607,197,719</b>

##### EXPLANATORY FOOTNOTES

The following amounts have been extracted from the full set of audited Group Consolidated Financial Statements for the year ended 31 December 2023 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 income and debt instruments at amortised cost
- Includes Right-of Use assets and Leasehold land
- Includes deposits and balances due to banks and customer deposits
- Includes revaluation reserve, retained earnings, fair value reserve, statutory reserve, and foreign currency translation reserve

#### THE CO-OPERATIVE BANK OF KENYA LIMITED AND SUBSIDIARIES SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AS AT 31 DECEMBER 2023

	2023 KShs'000	2022 KShs'000
Net interest income	45,221,162	45,324,786
Non-interest income <sup>6</sup>	26,461,748	25,729,935
Share of profit of associates	345,725	416,141
<b>Total income</b>	<b>72,028,635</b>	<b>71,470,862</b>
Credit loss expense <sup>7</sup>	(6,008,158)	(8,547,524)
<b>Income after impairment charges</b>	<b>66,020,477</b>	<b>62,923,338</b>
Total operating expenses <sup>8</sup>	(33,656,629)	(33,496,116)
<b>Profit before taxation</b>	<b>32,363,848</b>	<b>29,427,222</b>
Income tax expense	(9,175,483)	(7,389,055)
<b>Profit for the year</b>	<b>23,188,365</b>	<b>22,038,167</b>

##### EXPLANATORY FOOTNOTES

The following amounts have been extracted from the full set of the audited Group Consolidated Financial Statements for the year ended 31 December 2023 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 assets, employee costs and other operating expenses

#### THE CO-OPERATIVE BANK OF KENYA LIMITED AND SUBSIDIARIES SUMMARY CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 KShs'000	2022 KShs'000
<b>Profit for the year</b>	<b>23,188,365</b>	<b>22,038,167</b>
<b>Other comprehensive income, net of income tax</b>		
Fair value changes on financial assets at FVOCI <sup>9</sup>	(8,361,591)	(8,783,300)
Exchange differences on translation of a foreign operation	-	1,027
Revaluation surplus on building	-	188,981
<b>Other comprehensive income for the year</b>	<b>(8,361,591)</b>	<b>(8,593,292)</b>
<b>Total comprehensive income for the year</b>	<b>14,826,774</b>	<b>13,444,875</b>
Basic and diluted earnings per share (KShs)	3.92	3.72

##### EXPLANATORY FOOTNOTES

The following amounts have been extracted from the full set of audited Group Financial Statements for the year ended 31 December 2023 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.

#### THE CO-OPERATIVE BANK OF KENYA LIMITED AND SUBSIDIARIES SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 KShs'000	2022 KShs'000
Net cash generated from operating activities	41,423,494	3,414,387
Net cash (used in)/generated from investing activities	(19,550,732)	415,468
Net cash (used in) financing activities	(2,632,743)	(4,671,271)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>19,240,019</b>	<b>(841,416)</b>
Currency translation differences	153,195	(274,716)
Cash and cash equivalents at 1 January	20,666,001	21,782,133
<b>Cash and cash equivalents at 31 December</b>	<b>40,059,215</b>	<b>20,666,001</b>

#### THE CO-OPERATIVE BANK OF KENYA LIMITED AND SUBSIDIARIES SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	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 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>
<b>As at 1 January 2023</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>
Total comprehensive income	-	-	14,763,503	-	14,763,503	63,271	14,826,774
Dividend paid in the year	-	-	-	(8,800,770)	(8,800,770)	-	(8,800,770)
Proposed dividend	-	-	(8,800,770)	8,800,770	-	-	-
Other equity components	-	-	(63,911)	-	(63,911)	(211,698)	(275,609)
<b>As at 31 December 2023</b>	<b>5,867,180</b>	<b>1,911,926</b>	<b>96,609,211</b>	<b>8,800,770</b>	<b>113,189,087</b>	<b>120,503</b>	<b>113,309,590</b>

##### SUMMARY OF DIRECTORS' REMUNERATION REPORT

During the year, the Group paid KShs 264.49 million (2022: KShs 235.73 million) as directors' emolument.

##### SUMMARY OF KEY AUDIT MATTERS

- The summary key audit matters raised by the Auditors were on:-
- Expected Credit Losses (ECLs) on loans and advances to customers
  - Cessation of reporting in hyperinflationary economies by Co-operative Bank of South Sudan (CBOS)
  - 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 2023 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).

They were approved by the Board of directors on 20 March 2024 and signed on its behalf by:

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

**NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of THE CO-OPERATIVE BANK OF KENYA LIMITED will be held via electronic communication on Friday, 17 May, 2024 at 11.00 a.m. for the transaction of the following business: -**

**ORDINARY BUSINESS**

1. To read the notice convening the meeting and determine if a quorum is present.
2. To receive and consider, and, if approved adopt the Audited Consolidated Financial Statements of the Company for the financial year ended 31 December 2023 together with the Directors' and Auditors' report thereon.
3. To approve and declare a first and final dividend of Kshs. 1.50 per share in respect of the year ended 31 December 2023, to be paid to the shareholders on the register as at the close of business on 29 April 2024.
4. Election of Directors.
  - i) 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, are retiring by rotation and being eligible offer themselves for re-election in accordance with Article 100 of the Company's Articles of Association.  
  
Co-opholdings Co-operative Society Limited has already nominated them for re-election.
  - ii) In accordance with Article 100 of the Company's Articles of Association, Mr. John Murugu is due for retirement by rotation and being eligible for re-election offers himself for re-election.
  - iii) 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.
  - iv) In accordance with the provisions of Section 769 of the Companies Act, 2015, the following directors being members of the Board Audit Committee be elected to continue to serve as members of the said Committee: -
    - i) Mrs. Weda Welton.
    - ii) Mr. Patrick K. Githendu.
    - iii) Mr. Lawrence Karissa.
    - iv) Mr. Benedict Simiyu
    - v) Mr. Mwambia Wanyambura.
5. To approve the remuneration of the Directors for the year ended 31 December 2023 and to authorize the Board to fix the remuneration of Directors
6. To re-appoint Ernst and Young, Auditors of the Company, having expressed their willingness to continue in office and to authorize the directors to fix their remuneration
7. Transact any other business, which may be properly transacted at an Annual General Meeting.

Dated at Nairobi this 18th day of April, 2024

By Order of the Board

**SAMUEL M. KIBUGI**  
**COMPANY SECRETARY**

**NOTE**

1. The Co-operative Bank of Kenya Limited has convened and will conduct its Sixteenth Annual General Meeting via virtual/electronic means in line with The Companies Act, 2015.
2. Shareholders wishing to participate in the meeting should register for the AGM by doing the following:
  - a) dialing \*483\*809# for all Kenyan telephone networks and following the various registration prompts; or
  - b) Send an email request to be registered to **co-opbankagm@image.co.ke**
  - c) Shareholders with email addresses will receive a registration link via email through which they can use to register

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/ 709 170 000 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.
3. Registration for the AGM opens on 18th day of April 2024 at 9:00 am and will close on 15th day of May, 2024 at 11.00 a.m.
4. In accordance with Section 283 (2) (c) of the Companies Act, the following documents may be viewed on the Company's website **www.co-opbank.co.ke** (i) a copy of this Notice and the proxy form; and (ii) the Company's audited financial statements for the year ended 31 December 2023.  
  
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.
5. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:
  - a) sending their written questions by email to **agm2024questions@co-opbank.co.ke**;
  - b) 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 (Ask Question) on the prompts;
  - c) 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;
  - d) 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.

Shareholders must provide their full details (full names, ID/Passport Number/CDSC Account Number) when submitting their questions and clarifications.

The Company's Directors will provide responses to questions received via the channel used by shareholders to send their questions i.e SMS (for USSD option), Email, Letters or Telephone call. Questions will also be responded to during the meeting.

A full list of all questions received and the answers thereto will be published on the Company's website not later than 24 hours following the conclusion of the meeting.

6. 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: <http://www.co-opbank.co.ke>. 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 **info@image.co.ke** 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 15th May, 2024 at 11.00 a.m. Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than 15 May, 2024 at 11.00 a.m. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than 15 May, 2024 at 2.00pm to allow time to address any issues.
7. 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.
8. Shareholders and proxies who have registered to attend the AGM may follow the proceedings using the live stream platform, access the agenda and vote (when prompted via SMS) via the USSD prompts or using the "VOTE" tab on the livestream link.
9. A poll shall be conducted for all the resolutions put forward in the notice.
10. Results of the AGM shall be published on the Company's website within 24 hours following conclusion of the Annual General Meetings.

Shareholders are encouraged to continuously monitor the Company's website, **www.co-opbank.co.ke** for updates relating to the AGM.