



CO-OPERATIVE BANK OF KENYA

The Co-operative Bank of Kenya Limited
Co-operative Bank House
Haile Selassie Avenue
P. O. Box 48231 - 00100 GPO, Nairobi
Tel: (020) 3276100
Fax: (020) 2227747 / 2219831
Website: www.co-opbank.co.ke

8th March 2012

The Chief Executive Officer
Nairobi Securities Exchange Limited
Nation Centre 1st Floor
Kimathi Street
NAIROBI

Dear Sir,

**RE: THE CO-OPERATIVE BANK OF KENYA LIMITED
GROUP FINANCIAL RESULTS
FOR THE YEAR ENDED 31ST DECEMBER 2011**



We enclose the following;

- a) The audited financial statements of the Co-operative Bank Group for the year ended 31st December 2011 together with the disclosures on the earnings per share.
- b) The statement on cash-flows, and changes in equity for the same period.

The Board of Directors have, in their meeting held on 7th March 2012, approved and recommended to the Annual General Meeting to be held on 25th May 2012 payment of a dividend of 40 cents per share for every ordinary share of Kshs.1 held to be paid on or around 22nd June 2012 to the shareholders on the register at the close of business on 28th May 2012. The register will remain closed for one day on 29th May 2012 for the preparation of dividend warrants.

The Board has also approved and recommended to the same Annual General Meeting 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 is proposed to be credited to the shareholders on the register as at close of business on 15th June 2012.

We note that even with the sustained profitability growth the Board of Directors has retained a low dividend payment policy to continue to build the capital base of the bank.

Yours Faithfully

Rosemary Githaiga (Mrs)
Company Secretary

Encl.

The Board of Directors of The Co-operative Bank of Kenya Limited are pleased to announce the Audited results of the Group and the Bank for the Period ended 31 December 2011

	GROUP		BANK	
	31-Dec-11	31-Dec-10	31-Dec-11	31-Dec-10
	KSHS.'000	KSHS.'000	KSHS.'000	KSHS.'000
	Audited	Audited	Audited	Audited
1 BALANCE SHEET				
A ASSETS				
1 Cash (local and foreign)	6,072,339	5,298,211	6,072,333	5,298,211
2 Balances due from Central Bank Of Kenya	8,078,710	8,735,266	8,078,710	8,735,266
3 Kenya Government securities	16,986,558	30,328,966	16,796,156	30,327,210
4 Foreign Currency Treasury bills and bonds	-	-	-	-
5 Deposits and balances due from local banking institutions	1,746,714	1,958,487	1,719,694	1,887,890
6 Deposits and balances due from banking institutions abroad	5,718,021	4,783,367	5,718,021	4,783,367
7 Government and other securities held for dealing purposes	5,219,834	4,030,262	5,218,959	3,938,876
8 Tax recoverable	-	-	-	-
9 Loans and advances to customers (net)	109,408,815	86,618,311	109,408,815	86,618,311
10 Investment Securities	31,029	32,129	31,029	32,129
11 Balances due from group companies	-	-	2,243	21,245
12 Investments in associates	1,028,160	256,441	755,118	121,090
13 Investments in subsidiary companies	-	-	280,000	280,000
14 Investment in joint ventures	-	-	-	-
15 Investment in properties	-	-	-	-
16 Property and equipment	8,683,473	6,355,794	8,672,350	6,345,695
17 Prepaid lease rentals	39,478	40,091	39,478	40,091
18 Intangible assets	613,042	586,939	359,197	333,422
19 Deferred tax asset	844,996	-	844,600	-
20 Retirement benefit asset	-	-	-	-
21 Other assets	3,840,431	5,315,727	3,775,685	5,220,730
22 TOTAL ASSETS	168,311,601	154,339,991	167,772,389	153,983,533
B LIABILITIES				
23 Balances due to Central Bank Of Kenya	-	2,699,244	-	2,699,244
24 Customer deposits	142,632,308	123,878,422	142,704,593	124,012,039
25 Deposits and balances due to local banking institutions	1,881,284	2,649,047	1,881,284	2,649,047
26 Deposits and balances due to foreign banking institutions	-	-	-	-
27 Other money market deposits	-	-	-	-
28 Borrowed funds	227,563	138,556	227,563	138,556
29 Balances due to group companies	-	-	2,986	17,422
30 Tax payable	63,702	175,582	65,054	171,120
31 Dividends payable	-	-	-	-
32 Deferred tax liability	-	134,177	-	132,940
33 Retirement benefit liability	-	-	-	-
34 Other liabilities	1,960,125	4,068,854	1,919,291	3,960,712
35 Total liabilities	146,764,980	133,743,882	146,800,771	133,781,080
C SHAREHOLDERS' EQUITY				
36 Paid up/assigned capital	3,492,370	3,492,370	3,492,370	3,492,370
37 Share premium/(discount)	4,286,736	4,286,736	4,286,736	4,286,736
38 Revaluation reserve	369,514	376,771	339,526	346,783
39 Retained earnings/ Accumulated losses	11,075,778	10,103,975	10,654,898	9,859,051
40 Statutory Loan Loss Reserve	205,978	204,954	205,978	204,954
41 Proposed dividends	1,396,948	1,396,948	1,396,948	1,396,948
42 Capital grants	595,163	615,611	595,163	615,611
43 TOTAL SHAREHOLDERS' FUNDS	21,422,487	20,477,365	20,971,618	20,202,453
43.1 Non-Controlling Interest	124,134	118,744	-	-
44 TOTAL LIABILITIES & SHAREHOLDERS' FUNDS	168,311,601	154,339,991	167,772,389	153,983,533

II PROFIT AND LOSS ACCOUNTS	GROUP		BANK	
	31-Dec-11	31-Dec-10	31-Dec-11	31-Dec-10
	KSHS.'000	KSHS.'000	KSHS.'000	KSHS.'000
	Audited	Audited	Audited	Audited
1.0 INTEREST INCOME				
1.1 Loans and advances	13,292,373	9,274,912	13,292,373	9,274,912
1.2 Government securities	3,005,299	2,519,198	2,988,616	2,509,559
1.3 Deposits and placements with banking Institutions	93,044	32,636	93,044	31,723
1.4 Other Interest Income	-	-	-	-
1.5 Total Interest Income	16,390,715	11,826,746	16,374,032	11,816,194
2.0 INTEREST EXPENSE				
2.1 Customer deposits	3,851,297	2,414,470	3,851,297	2,414,470
2.2 Deposits and placements from banking institutions	457,079	83,769	457,079	83,768
2.3 Other Interest Expenses	197,538	139,893	197,538	139,893
2.4 Total Interest Expenses	4,505,915	2,638,132	4,505,915	2,638,131
3.0 NET INTEREST INCOME/(LOSS)	11,884,801	9,188,614	11,868,118	9,178,063
4.0 NON- OPERATING INCOME				
4.1 Fees and commissions on loans and advances	1,432,047	908,281	1,432,047	908,280
4.2 Other Fees and commissions	4,133,611	3,476,237	3,875,935	3,271,660
4.3 Foreign exchange trading income/(loss)	1,013,213	621,201	1,013,213	621,200
4.4 Dividend income	20,325	6,563	20,325	6,563
4.5 Other income	(148,145)	1,471,019	(138,813)	1,417,782
4.6 Total Non-interest income	6,451,051	6,483,301	6,202,708	6,225,485
5.0 TOTAL OPERATING INCOME	18,335,851	15,671,914	18,070,825	15,403,548
6.0 OTHER OPERATING EXPENSES				
6.1 Loan loss provision	709,903	798,666	709,903	798,666
6.2 Staff costs	5,511,355	4,493,620	5,418,058	4,417,583
6.3 Directors' emoluments	100,472	89,887	81,551	71,619
6.4 Rentals charges	692,363	551,904	683,501	545,761
6.5 Depreciation charge on property and equipment	1,120,187	853,251	1,116,023	849,551
6.6 Armortisation charges	119,099	97,434	117,323	96,140
6.7 Other operating expenses	3,873,854	3,144,511	3,776,698	3,065,200
6.8 Total other operating expenses	12,127,233	10,029,273	11,903,057	9,844,520
7.0 Profit/(Loss) before tax and exceptional items	6,208,618	5,642,641	6,167,769	5,559,028
8.0 Exceptional items-Share of profit of associate	153,943	129,977	-	-
9.0 Profit/(Loss) before tax	6,362,562	5,772,618	6,167,769	5,559,028
10 Current tax	1,206,870	1,045,792	1,188,370	1,034,219
11 Deferred tax	(206,910)	146,128	(206,944)	145,578
12 Profit/(loss) after tax and exceptional items	5,362,602	4,880,698	5,186,343	4,379,231
Basic and diluted Earnings per share (KShs)	1.53	1.31	1.49	1.25

III OTHER DISCLOSURES

	GROUP		BANK	
	31-Dec-11	31-Dec-10	31-Dec-11	31-Dec-10
	KSHS.'000	KSHS.'000	KSHS.'000	KSHS.'000
	Audited	Audited	Audited	Audited
1. NON PERFORMING LOANS AND ADVANCES				
a) Gross non-performing loans and advances	5,207,834	4,902,764	5,207,834	4,902,764
Less				
b) Interest in suspense	1,070,677	1,086,219	1,070,677	1,086,219
c) Total Non-performing loans (a-b)	4,137,157	3,816,545	4,137,157	3,816,545
Less				
d) Loan loss provisions	3,827,664	2,343,320	3,827,664	2,343,320
e) Net Non performing loans (c-d)	309,493	1,473,225	309,493	1,473,225
f) Realizable Value of Securities	309,493	1,299,876	309,493	1,299,876
g) Net NPLs Exposure (e-f)	-	173,349	-	173,349
2. Insider loans and advances				
a) Directors, Shareholders and associates	150,036	152,102	150,036	152,102
b) Employees	4,777,870	4,116,202	4,777,870	4,116,202
c) Total insider loans, Advances and Other Facilities	4,927,906	4,268,304	4,927,906	4,268,304
3. Off-Balance Sheet Items				
a) Letters of credit, guarantees, acceptances	14,962,504	15,718,941	14,962,504	15,718,941
b) Other contingent liabilities	-	-	-	-
c) Total contingent liabilities	14,962,504	15,718,941	14,962,504	15,718,941
4. Capital strength				
a) Core capital			22,103,269	17,971,296
b) Minimum Statutory Capital			700,000	500,000
c) Excess/(deficiency)			21,403,269	17,471,296
d) Supplementary capital			518,422	430,205
e) Total capital (a+d)			22,621,691	18,401,501
f) Total risk weighted assets			137,792,005	111,233,493
g) Core capital/total deposit liabilities			15.3%	14.4%
h) Minimum Statutory Ratio			8.0%	8.0%
i) Excess/(deficiency)			7.3%	6.4%
j) Core capital/total risk weighted assets			16.0%	16.2%
k) Minimum Statutory Ratio			8.0%	8.0%
l) Excess/(deficiency)(j-k)			8.0%	8.2%
m) Total capital/total risk weighted assets			16.4%	16.5%
n) Minimum Statutory Ratio			12.0%	12.0%
o) Excess/(deficiency)(m-n)			4.4%	4.5%
4. Liquidity				
a) Liquidity Ratio			27.2%	39.4%
b) Minimum Statutory Ratio			20.0%	20.0%
c) Excess/(deficiency)(a-b)			7.2%	19.4%

THE CO-OPERATIVE BANK OF KENYA LIMITED	
CONSOLIDATED STATEMENT OF CASHFLOWS	
FOR THE YEAR ENDED 31 DECEMBER 2011	
	2011
CASH FLOWS FROM OPERATING ACTIVITIES:-	KShs'000
Profit before tax	6,362,562
Adjustments for:-	
Depreciation	1,120,188
Amortization of prepaid lease rentals	613
Net impairment on property, equipment and intangible assets	2,769
Net gain on acquisition	-
Net movement in revenue grants	352,064
Movement in provisions	345,737
Amortization of intangible assets	118,485
Amortization of capital grants	(20,447)
Gain on disposal of property and equipment	(3,573)
Foreign exchange gain	(947,809)
Changes in fair value of financial instruments held-for-trading	24,853
Share of profit in associate	(153,943)
Amortisation of financial instruments	136,135
Cash flows from operating activities before working capital changes	7,337,634
Advances to customers	(23,136,241)
Other assets	1,665,889
Deposits from customers	18,753,886
Deposits from banks	(3,467,007)
Other liabilities	(2,117,378)
Central Bank of Kenya cash reserve ratio	(2,159,046)
Held-to-maturity investments	1,785,667
Held-for-trading investments	3,785,319
Available-for-sale investments	(7,141,449)
Equity investments held-for-trading	1,100
Cash (used in) / generated by operating activities	(4,691,626)
Tax paid	(1,310,283)
Net cash flows (used in) / from operating activities	(6,001,909)
CASH FLOWS FROM INVESTING ACTIVITIES:-	
Purchase of property and equipment	(3,482,813)
Purchase of software	(118,426)
Proceeds from disposal of property and equipment	9,589
Purchase of additional shares in associate	(634,028)
Dividends from associate	19,854
Net cash flows used in investing activities:-	(4,205,824)
CASH FLOWS FROM FINANCING ACTIVITIES:-	
Loan received	122,000
Dividends paid	(1,396,948)
Loans paid	(32,993)
Net cash flows used in financing activities	(1,307,941)
Net movement in cash and cash equivalents	(11,515,674)
Cash and cash equivalents at the beginning of the year	25,650,222
Foreign exchange gain	947,809
Cash and cash equivalents at 31 December	15,082,357

THE CO-OPERATIVE BANK OF KENYA LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2011

	Share Capital	Share Premium	Revaluation Reserve	Statutory Reserve	Fair value Reserve	Proposed Dividends	Retained Earnings	Attributable to equity holder of the company	Non-controlling Interest	Total equity
Balance at 1 January 2011	3,492,370	4,286,736	346,782	204,954	282,369	1,396,548	9,851,595	19,861,754	118,744	19,980,498
Total comprehensive income	-	-	-	-	(3,071,608)	-	5,357,212	2,285,604	5,390	2,288,994
Reclassification of fair value	-	-	-	-	(282,369)	-	-	(282,369)	-	(282,369)
Realisation of revaluation surplus	-	-	(9,071)	-	-	-	9,071	-	-	-
Deferred tax on realisation of revaluation surplus	-	-	1,814	-	-	-	-	1,814	-	1,814
Net movement in revenue grants for the year	-	-	-	-	-	-	357,509	357,509	-	357,509
Transfers to revenue reserve	-	-	-	1,024	-	-	(1,024)	-	-	-
2010- Dividends paid	-	-	-	-	-	(1,396,548)	-	(1,396,548)	-	(1,396,548)
Proposed dividends	-	-	-	-	-	1,396,548	(1,396,548)	-	-	-
Balance at 31 December 2011	3,492,370	4,286,736	339,525	205,978	(3,071,608)	1,396,548	14,177,415	20,827,364	124,134	20,951,488