



Absa Bank Kenya PLC Financial Statements

The Board of Directors of Absa Bank Kenya PLC is pleased to announce the audited group results for the year ended 31 December 2021

	Bank		Group	
	December 2020 Shs '000 Audited	December 2021 Shs '000 Audited	December 2020 Shs '000 Audited	December 2021 Shs '000 Audited
I Statement of financial position as at 31 December 2021				
A Assets				
1 Cash balances (both local and foreign)	5,829,269	7,730,114	5,829,269	7,730,114
2 Balances due from Central Bank of Kenya	12,430,538	13,279,265	12,430,538	13,279,265
3 Kenya Government and other securities held for dealing purposes	36,375,211	44,195,668	36,375,211	44,195,668
4 Financial assets at fair value through profit and loss	-	-	-	-
5 Investment securities:	-	-	-	-
a) Held to maturity:	-	-	-	-
a. Kenya Government securities	-	-	-	-
b. Other securities	-	-	-	-
b) Fair value through other comprehensive income (FVOCI):	89,164,217	87,972,113	89,681,995	88,380,436
a. Kenya Government securities	89,164,217	87,972,113	89,681,995	88,380,436
b. Other securities	-	-	-	-
6 Deposits and balances due from local banking Institutions	2,718,500	1,113,150	2,718,500	1,113,150
7 Deposits and balances due from banking Institutions abroad	2,929,648	1,894,090	2,929,648	1,894,090
8 Tax recoverable	773,099	-	993,112	-
9 Loans and advances to customers (net)	208,854,694	234,234,076	208,854,694	234,234,076
10 Balances due from banking institutions in the group	2,933,836	19,057,979	2,675,696	19,057,979
11 Investment in associates	-	-	-	-
12 Investment in subsidiary companies	427,751	462,751	-	-
13 Investment in joint ventures	-	-	-	-
14 Investment properties	-	-	-	-
15 Property and equipment	2,855,402	2,416,109	2,855,555	2,416,200
16 Prepaid operating rental leases	34,236	33,173	34,236	33,173
17 Intangible assets	342,673	417,271	414,449	480,728
18 Deferred tax	3,141,054	4,677,328	3,187,961	4,737,959
19 Retirement benefit asset	71,668	-	71,668	-
20 Other assets	9,053,976	11,263,131	10,388,144	11,136,765
21 Total assets	377,935,772	428,746,218	379,440,676	428,689,603
B Liabilities				
22 Balances due to Central Bank of Kenya	-	-	-	-
23 Customers' deposits	253,630,105	270,737,198	253,630,105	268,716,653
24 Deposits and balances due to banking institutions (local)	3,844,866	4,301,166	3,844,866	4,301,166
25 Deposits and balances due to banking institutions (foreign)	230,900	507,750	230,900	507,750
26 Other money market deposits	-	-	-	-
27 Borrowed funds	-	-	-	-
28 Balances due to banking institutions in the group	58,277,071	75,647,688	58,240,341	75,647,933
29 Tax payable	-	2,749,546	-	2,520,991
30 Dividends payable	-	-	-	-
31 Deferred tax liability	-	-	-	-
32 Retirement benefit liability	-	363,000	-	363,000
33 Other liabilities	16,983,547	20,087,231	16,990,525	20,184,718
34 Total liabilities	332,966,489	374,393,579	332,936,737	372,242,211
C Shareholders' Funds				
35 Paid up/assigned capital	2,715,768	2,715,768	2,715,768	2,715,768
36 Share premium/(discount)	-	-	-	-
37 Revaluation reserves	1,071,236	396,310	1,081,930	393,663
38 Retained earnings/(accumulated losses)	40,999,674	45,154,608	42,523,636	47,252,008
39 Statutory loan loss reserve	-	-	-	-
40 Other reserves	182,605	111,263	182,605	111,263
41 Proposed dividend	-	5,974,690	-	5,974,690
42 Capital grants	-	-	-	-
43 Total shareholders' funds	44,969,283	54,352,639	46,503,939	56,447,392
44 Minority interest	-	-	-	-
45 Total liabilities and total shareholders funds	377,935,772	428,746,218	379,440,676	428,689,603
II Statement of comprehensive income				
1.0 Interest income	-	-	-	-
1.1 Loans and advances to customers	22,303,047	23,095,489	22,303,047	23,095,489
1.2 Government securities	8,924,100	8,246,019	8,970,618	8,296,579
1.3 Deposits and placements with banking institutions	166,428	646,242	166,428	646,242
1.4 Other interest income	-	-	-	-
1.5 Total interest income	31,393,575	31,987,750	31,440,093	32,038,310
2.0 Interest expense	-	-	-	-
2.1 Customer deposits	6,038,015	6,094,471	5,984,154	5,998,294
2.2 Deposits and placements with banking institutions	1,892,645	653,160	1,892,644	653,160
2.3 Other interest expenses	182,041	128,541	182,041	129,944
2.4 Total interest expenses	8,112,701	6,876,172	8,058,839	6,781,398
3.0 Net interest income	23,280,874	25,111,578	23,381,254	25,256,912
4.0 Non-interest income	-	-	-	-
4.1 Fees and commissions income on loans & advances	1,257,897	1,731,947	1,257,897	1,731,947
4.2 Other fees and commissions	3,414,733	3,363,198	4,259,828	4,423,785
4.3 Foreign exchange trading income	4,447,966	4,161,703	4,447,966	4,161,698
4.4 Dividend income	-	-	-	-
4.5 Other income	1,184,513	1,362,065	1,174,613	1,347,100
4.6 Total non-interest income	10,305,109	10,618,913	11,140,304	11,664,530
5.0 Total operating income	33,585,983	35,730,491	34,521,558	36,921,442
6.0 Operating expenses	-	-	-	-
6.1 Loan loss provision	9,026,783	4,708,276	9,026,772	4,709,210
6.2 Staff costs	9,455,599	9,147,632	9,761,649	9,434,639
6.3 Directors emoluments	223,980	148,564	234,214	156,893
6.4 Rental charge	124,499	94,875	124,499	94,875
6.5 Depreciation on property and equipment	987,433	768,840	987,494	768,916
6.6 Amortisation charges	313,771	119,404	323,605	131,335
6.7 Other operating expenses	5,154,058	6,018,044	5,215,105	6,076,620
6.8 Total operating expenses	25,286,123	21,005,635	25,673,338	21,372,488
7.0 Profit before tax and exceptional items	8,299,860	14,724,856	8,848,220	15,548,954
8 Exceptional items	3,201,219	-	3,201,987	-
9 Profit after exceptional items	5,098,641	14,724,856	5,646,233	15,548,954
10 Current tax	(1,757,727)	(5,547,509)	(1,910,289)	(5,803,620)
11 Deferred tax	402,530	1,119,868	426,065	1,124,635
12 Profit after tax and exceptional items	3,743,444	10,297,215	4,162,009	10,869,969
13 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	1,136,914	(964,181)	1,144,020	(983,238)
13.3 Revaluation surplus on property, plant and equipment	-	-	-	-
13.4 Share of other comprehensive income of associates	-	-	-	-
13.5 Income tax relating to components of other comprehensive income	(341,205)	289,254	(343,337)	294,972
14 Other comprehensive income for the year net of tax	795,709	(674,927)	800,683	(688,266)
15 Total comprehensive income for the year	4,539,153	9,622,288	4,962,692	10,181,703
Earnings per share (Shs)	0.69	1.90	0.77	2.00
Dividends per share (Shs)	-	1.10	-	1.10

	December 2020 Shs '000 Audited	December 2021 Shs '000 Audited
III Other disclosures		
1) Non-performing loans and advances		
a) Gross non-performing loans and advances	17,099,144	19,817,024
b) Less: interest in suspense	2,432,972	2,495,443
c) Total non performing loans and advances	14,666,172	17,321,581
d) Less: loan loss provisions	9,722,309	12,908,863
e) Net non performing loans (c-d)	4,943,863	4,412,718
f) Discounted value of securities	3,651,088	3,326,376
g) Net NPLs (excess)/exposure (e-f)	1,292,775	1,086,342
2) Insider loans and advances		
a) Directors, shareholders and associates	37,019	35,033
b) Employees	10,053,555	9,884,384
c) Total insider loans and advances	10,090,574	9,919,417
3) Off balance sheet items		
a) Letters of credit, guarantees, acceptances	32,065,910	41,450,324
b) Forwards, swaps and options	93,379,388	90,454,228
c) Other contingent liabilities	-	-
d) Total contingent liabilities	125,445,298	131,904,552
4) Capital strength		
a) Core capital	43,715,442	47,870,376
b) Minimum statutory capital	1,000,000	1,000,000
c) Excess/(deficiency)	42,715,442	46,870,376
d) Supplementary capital	8,193,742	8,486,247
e) Total capital	51,909,184	56,356,623
f) Total risk weighted assets	297,314,183	328,712,458
g) Core capital/total deposit liabilities	17.3%	17.9%
h) Minimum statutory ratio	8.0%	8.0%
i) Excess/(deficiency)	9.3%	9.9%
j) Core capital/total risk weighted assets	14.7%	14.6%
k) Minimum statutory ratio	10.5%	10.5%
l) Excess/(deficiency)	4.2%	4.1%
m) Total capital / total risk weighted assets	17.5%	17.1%
n) Minimum statutory ratio	14.5%	14.5%
o) Excess/(deficiency)	3.0%	2.6%
p) Adjusted core capital/total deposit liabilities*	17.5%	18.0%
q) Adjusted core capital/total risk weighted assets*	14.8%	14.7%
r) Adjusted total capital/total risk weighted assets*	17.6%	17.2%
5) Liquidity		
a) Liquidity ratio	38.7%	38.3%
b) Minimum statutory ratio	20.0%	20.0%
c) Excess/(deficiency)	18.7%	18.3%

Proposed Dividend

The Board of Directors has recommended a dividend of Kenya Shillings one and ten cents (Kshs 1.10), for each ordinary share on the issued and paid up share capital of the Company for the Financial Year ended 31 December 2021. Subject to Shareholders' approval, the dividend will be payable on or about May 26, 2022, to the members of the Company on the share register of the Company on the closure date of 25 April 2022.

Annual General Meeting

A virtual general meeting will be held on 26th May 2022

Message from the Directors:

In the year 2021, we delivered a strong performance largely driven by growth in interest income particularly in the small and medium enterprises segment as we supported businesses to drive economic growth. The performance was also supported by a significant reduction in impairments related to improving macro-economic variables.

The outcomes of 2021 are a validation that our Growth, Transformation and Returns strategy is working and delivering value for our stakeholders.

On Growth: Revenue increased by 7% to KES 36.9 billion and customer assets increased by 12% to KES 234 billion, total assets increased by 13% to KES 429 billion with customer deposits growing by 6% to KES 269 billion. This has supported a strong growth in profit after tax of 161% and demonstrates a revamped business which is performing better than pre-COVID19 period.

On Transformation: The efficiency efforts paid off with operating expenses reducing and has resulted into a cost to income ratio of 45%. The efficiency ratio demonstrates pay-offs being realized from our transformational investments of over KES 5 billion in the recent past. Our customers are transacting more on alternate channels where we are serving approximately 90% of all our transactions.

On Returns: Return on equity has materially recovered to 19% and we are pleased to resume dividend payment demonstrating recovery of our business and strength of our capital. The Board has recommended dividend per share payment of KES 1.1 which is at the same level as 2019.

The evolving operating environment required us to take decisive actions towards capital and liquidity preservation, supporting our customers through various interventions, capacity building for SMEs among other Force-for-Good initiatives in 2020. These decisions are paying off; our customer operations are resilient as we have seen improvements in quality of our credit book and strength of our balance sheet.

We remain optimistic of improving macro-economic conditions and our business remains well positioned to help our customers manage through the coming quarters. Equally, our outlook on our business performance is positive and with the improved efficiency levels and returns, the bank aims to accelerate re-investments for growth in order to gain market share.

We would like to thank our customers, our staff and all stakeholders for their support as we continue contributing to national economic growth.

The statement of financial position, the statement of comprehensive income and the disclosures presented above have been prepared from the financial records of the bank and its subsidiaries which have been audited by Ernst & Young LLP. These published statements are also available on the bank's website www.absabank.co.ke and at its headquarters on Waiyaki Way, Nairobi.

The board approved them on Tuesday, 15 March 2022 and signed on its behalf by:

Charles Muchene Chairman	Jeremy Awori Managing Director	Yusuf Omari Chief Financial Officer
-----------------------------	-----------------------------------	--



Summarised Statement of Cash Flows
For the year ended 31 December 2021

	2021	2020
	Shs million	Shs million
Net cash generated/(used in) from operating activities	462	(2,253)
Cash flows from investing activities		
Payments for property and equipment	(420)	(555)
Payments for intangible assets	(201)	(120)
Net cash used in investing activities	(621)	(675)
Cash flows from financing activities		
Repayment of principal portion of lease liabilities	(374)	(412)
Dividends paid to owners of the company	-	(3,663)
Net cash used in financing activities	(374)	(4,075)
Net decrease in cash and cash equivalents	(533)	(7,003)
Cash and cash equivalents at 1 January	13,129	20,132
Cash and cash equivalents at 31 December	12,596	13,129
Cash and cash equivalents		
Cash in hand	7,730	5,829
Non-cash reserve ratio balances with CBK	1,859	1,652
Loans and advances to banks	3,007	5,648
	12,596	13,129



Summary Consolidated Statement of Changes in Equity

	Share capital	Other Reserves	Retained earnings	Proposed dividends	Total
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
As at 1 January 2021	2,715,768	1,264,535	42,523,636	-	46,503,939
Profit for the year	-	-	10,869,969	-	10,869,969
Other comprehensive income	-	(688,266)	(296,253)	-	(984,519)
Total comprehensive income for the year	-	(688,266)	10,573,716	-	9,885,450
Recognition of share-based payments	-	58,003	-	-	58,003
Reclassification to retained earnings	-	(129,346)	129,346	-	-
Proposed final dividend 2021	-	-	(5,974,690)	5,974,690	-
Balance as at 31 December 2021	2,715,768	504,926	47,252,008	5,974,690	56,447,392