

Absa Bank Kenya PLC

The Board of Directors of Absa Bank Kenya PLC is pleased to announce the unaudited group results for the period ended 30 June 2022.

		Ba	nk		Group			
	June	December	March	June	June	December	March	June
	2021 Shs '000	2021 Shs '000	2022 Shs '000	2022 Shs '000	2021 Shs '000	2021 Shs '000	2022 Shs '000	2022 Shs '000
I Statement of financial position	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited
A Assets								
 Cash balances (both local and foreign) Balances due from Central Bank of Kenya 	5,425,405 16,372,581	7,730,114 13,279,265	6,893,855 12,715,668	6,752,477 13,044,351	5,425,405 16,372,581	7,730,114 13,279,265	6,893,855 12,715,668	6,752,477 13,044,351
3 Kenya Government and other securities held for dealing purposes		44,195,668	48,920,541	31,076,657	44,206,563	44,195,668	48,920,541	31,076,657
 Financial assets at fair value through profit and loss Investment securities: 	-		-		-			-
a) Held to maturity:	-	-	-	-	-	-	-	-
a. Kenya Government securities b. Other securities	-	-	-	-	-	-	-	-
 b) Fair value through other comprehensive income (FVOCI) 	- 76,636,504	- 87,972,113	- 87,419,688	- 89,286,448	- 77,064,445	- 88,380,436	- 87,810,716	89,679,257
a. Kenya Government securities	76,636,504	87,972,113	87,419,688	89,286,448	77,064,445	88,380,436	87,810,716	89,679,257
 b. Other securities 6 Deposits and balances due from local banking Institutions 	- 1,736,301	- 1,113,150	-	-	- 1,736,301	- 1,113,150	-	
7 Deposits and balances due from banking Institutions abroad	3,394,934	1,894,090	6,528,744	3,390,256	3,394,934	1,894,090	6,528,744	3,390,256
8 Tax recoverable 9 Loans and advances to customers (net)	- 218 872 997	- 234 234 076	- 242,672,126	623,550 261 535 623	- 218 872 997	- 234 234 076	- 242 672 126	812,692 261,535,623
10 Balances due from banking institutions in the group	12,856,186	19,057,979	14,327,127	18,023,319	12,856,186	19,057,979	14,327,127	18,023,320
11 Investment in associates 12 Investment in subsidiary companies	- 462,751	- 462,751	- 462,751	- 462,751	-	-	-	-
13 Investment in joint ventures	-	-	-	-	-	-	-	-
14 Investment properties 15 Property and equipment	- 2,593,536	- 2,416,109	- 2,347,411	- 2,224,779	- 2,594,893	- 2,416,200	- 2,347,487	- 2,224,840
16 Prepaid operating rental leases	34,236	33,173	33,974	33,710	34,236	33,173	33,974	33,710
17 Intangible assets 18 Deferred tax	311,900 3,824,036	417,271 4,677,328	444,612 4,806,292	431,040 5,601,315	377,333 3,883,601	480,728 4,737,959	508,327 4,863,381	491,966 5,667,144
19 Retirement benefit asset	65,542	4,077,528	4,800,292	- 3,001,313	65,542	4,737,939	4,003,301	3,007,144
20 Other assets	11,097,398	11,263,131		12,687,549		11,136,765	10,877,694	12,556,052
21 Total asset	377,890,870	+20,740,218	438,718,384	++3,1/3,825	320,121,996	420,089,603	+20,499,640	440,288,345
B Liabilities								
22 Balances due to Central Bank of Kenya 23 Customers' deposits	- 265,663 097	- 270,737 198	- 271,759,616	- 284,012 134	263,943 909	- 268,716 653	- 269,537 302	281.668.662
24 Deposits and balances due to Banking institutions (Local)	5,892,426	4,301,166	4,010,800	6,211,655	5,892,426	4,301,166	4,010,800	6,211,655
25 Deposits and balances due to Banking institutions (Foreign) 26 Other money market deposits	791,688	507,750	274,416	558,425	791,688	507,750	274,416	558,425
27 Borrowed funds	-	-	-	1	-	-	-	
28 Balances due to banking institutions in the group	55,976,238	75,647,688	82,112,790	77,954,402	55,976,238	75,647,933	82,112,762	77,954,402
29 Tax payable 30 Dividends payable	1,104,821	2,749,546	3,973,125	- 1,086,307	958,486	2,520,991	3,834,895	- 1,086,307
31 Deferred tax liability	-	-	-	-	-	-	-	-
32 Retirement benefit liability 33 Other liabilities	- 18,288,981	363,000 20,087,231	234,706 19,491,042	106,413 21,447,035	- 18,622,083	363,000 20,184,718	234,706 19,344,722	106,413 21,462,745
34 Total liabilities			381,856,495					
C Shareholders' funds								
35 Paid up/Assigned capital	2,715,768	2,715,768	2,715,768	2,715,768	2,715,768	2,715,768	2,715,768	2,715,768
36 Share premium/(discount)	-	-	-	-	-	-	-	-
37 Revaluation reserves 38 Retained earnings/(Accumulated losses)	935,123 46,312,702	396,310 45,154,608	108,403 47,910,112	(559,289) 51,469,518	945,821 48,095,551	393,663 47,252,008	101,086 50,205,577	(573,238) 53,925,749
39 Statutory loan loss reserve	-	-	-		-	-	-	-
40 Other reserves 41 Proposed dividend	210,026	111,263 5,974,690	152,916 5,974,690	171,457	210,026	111,263 5,974,690	152,916 5,974,690	171,457
42 Capital grants	-	-	-	-	-	-	-	-
43 Total shareholders' funds 44 Minority interest	50,173,619	54,352,639	56,861,889	53,797,454	51,967,166	56,447,392	59,150,037	56,239,736
45 Total liabilities and total shareholders funds	397,890,870	428,746,218	438,718,384	445,173,825	398,151,996	428,689,603	438,499,640	445,288,345
II Statement of comprehensive income								
1.0 Interest income								
1.1 Loans and advances to customers 1.2 Government securities	11,013,403 4,072,230	23,095,489 8,246,019	6,325,719 2,201,131	13,347,220 4,525,721	11,013,403 4,096,807	23,095,489 8,296,579	6,325,719 2,213,692	13,347,220 4,550,961
1.3 Deposits and placements with banking institutions	80,173	646,242	241,800	528,356	80,173	646,242	241,800	528,356
1.4 Other interest income 1.5 Total interest income	-	-	- 8,768,650	-	-	-	-	10 426 527
2.0 Interest expenses	15,165,806	31,987,750	8,768,650	18,401,297	15,190,383	32,038,310	8,781,211	18,426,537
2.1 Customer deposits	2,979,974	6,094,471	1,637,143	3,363,787	2,937,460	5,998,294	1,608,271	3,303,130
2.2 Deposits and placements with banking institutions 2.3 Other interest expenses	189,506 67,613	653,160 128,541	263,495 27,790	640,246 53,415	189,506 68,327	653,160 129,944	263,495 27,790	640,246 53,415
2.4 Total interest expenses	3,237,093	6,876,172	1,928,428	4,057,448	3,195,293	6,781,398	1,899,556	3,996,791
3.0 Net interest income 4.0 Non - interest income	11,928,713	25,111,578	6,840,222	14,343,849	11,995,090	25,256,912	6,881,655	14,429,746
4.1 Fees and commissions income on loans & advances	877,574	1,731,947	314,369	701,822	877,574	1,731,947	314,369	701,822
4.2 Other fees and commissions4.3 Foreign exchange trading income	1,749,707 2,072,787	3,363,198 4,161,703	834,061 1,225,291	1,741,920 2,988,752	2,238,879 2,072,787	4,423,785 4,161,698	1,150,900 1,225,290	2,339,465 2,988,751
4.4 Dividend income	- 2,012,101	-	-	-	-	-	-	-
4.5 Other income	663,347	1,362,065	331,445	454,509	655,865	1,347,100	327,703	447,038
4.6 Total non-interest income 5.0 Total operating income	5,363,416 17,292,129	10,618,913 35,730,491	2,705,166 9,545,388	5,887,003 20,230,852	5,845,105 17,840,195	11,664,530 36,921,442	3,018,262 9,899,917	6,477,076 20,906,822
6.0 Operating expenses								
6.1 Loan loss provision 6.2 Staff costs	1,941,456 4,267,509	4,708,276 9,147,632	1,181,037 2,200,937	2,955,706 4,684,179	1,942,104 4,414,972	4,709,210 9,434,639	1,393,890 2,301,777	2,955,674 4,807,075
6.3 Directors emoluments	81,210	148,564	47,271	114,076	85,655	156,893	51,086	118,178
6.4 Rental charge 6.5 Depreciation on property and equipment	45,905 404,670	94,875 768,840	29,099 175,798	35,316 359,172	45,905 406,991	94,875 768,916	8,473 212,559	35,316
6.6 Amortisation charges	404,670 53,610	768,840 119,404	1/5,/98 28,723	359,172 60,382	406,991 59,576	768,916 131,335	212,559 28,032	359,204 65,961
6.7 Other operating expenses	2,919,924	6,018,044	1,866,903	3,423,955	2,939,744	6,076,620	1,411,906	3,452,313
6.8 Total operating expenses 7.0 Profit before tax and exceptional items	9,714,284	21,005,635 14,724,856	5,529,768 4,015,620	11,632,786 8,598,066	9,894,947 7,945,248	21,372,488 15,548,954	5,407,723 4,492,194	11,793,721 9,113,101
	7,577,845		-	-	-	-	-	9,113,101
8.0 Exceptional items	-	-	4					u 113 101
9.0 Profit after exceptional items 10 Current tax	- 7,577,845	- 14,724,856 (5,547,509)	4,015,620 (1,223,579)	8,598,066 (3,136,231)	7,945,248 (3,010,666)	15,548,954 (5,803,620)	4,492,194 (1,313,904)	
9.0 Profit after exceptional items 10 Current tax 11 Deferred tax	- 7,577,845 (2,889,465) 624,648	(5,547,509) 1,119,868	(1,223,579) (36,535)	(3,136,231) 473,376	(3,010,666) 637,333	(5,803,620) 1,124,635	(1,313,904) (31,470)	(3,303,396) 484,336
9.0 Profit after exceptional items 10 Current tax 11 Deferred tax 12 Profit after tax and exceptional items	- 7,577,845 (2,889,465)	(5,547,509) 1,119,868	(1,223,579)	(3,136,231)	(3,010,666) 637,333	(5,803,620)	(1,313,904)	(3,303,396)
9.0 Profit after exceptional items 10 Current tax 11 Deferred tax 12 Profit after tax and exceptional items 13 Other comprehensive income 13.1 Gains/(losses) from translating the financial statements of	- 7,577,845 (2,889,465) 624,648	(5,547,509) 1,119,868	(1,223,579) (36,535)	(3,136,231) 473,376	(3,010,666) 637,333	(5,803,620) 1,124,635	(1,313,904) (31,470)	(3,303,396) 484,336
9.0 Profit after exceptional items 10 Current tax 11 Deferred tax 12 Profit after tax and exceptional items 13 Other comprehensive income 13.1 Gains/(losses) from translating the financial statements of foreign operations	- 7,577,845 (2,889,465) 624,648 5,313,028	(5,547,509) 1,119,868 10,297,215	(1,223,579) (36,535) 2,755,506	(3,136,231) 473,376 5,935,211	(3,010,666) 637,333 5,571,915	(5,803,620) 1,124,635 10,869,969	(1,313,904) (31,470) 3,146,820	(3,303,396) 484,336 6,294,041
9.0 Profit after exceptional items 10 Current tax 11 Deferred tax 12 Profit after tax and exceptional items 13 Other comprehensive income 13.1 Gains/(losses) from translating the financial statements of	- 7,577,845 (2,889,465) 624,648	(5,547,509) 1,119,868	(1,223,579) (36,535)	(3,136,231) 473,376	(3,010,666) 637,333	(5,803,620) 1,124,635	(1,313,904) (31,470)	(3,303,396) 484,336
9.0 Profit after exceptional items 10 Current tax 11 Deferred tax 12 Profit after tax and exceptional items 13 Other comprehensive income 13.1 Gains/(losses) from translating the financial statements of foreign operations 13.2 Fair value changes in FVOCI financial assets 13.3 Revaluation surplus on property, plant and equipment 13.4 Share of other comprehensive income of associates	- 7,577,845 (2,889,465) 624,648 5,313,028	(5,547,509) 1,119,868 10,297,215	(1,223,579) (36,535) 2,755,506	(3,136,231) 473,376 5,935,211	(3,010,666) 637,333 5,571,915	(5,803,620) 1,124,635 10,869,969	(1,313,904) (31,470) 3,146,820	(3,303,396) 484,336 6,294,041
 9.0 Profit after exceptional items 10 Current tax 11 Deferred tax 12 Profit after tax and exceptional items 13 Other comprehensive income 13.1 Gains/(losses) from translating the financial statements of foreign operations 13.2 Fair value changes in FVOCI financial assets 13.3 Revaluation surplus on property, plant and equipment 	7,577,845 (2,889,465) 624,648 5,313,028 (194,447)	(5,547,509) 1,119,868 10,297,215 - (964,181) -	(1,223,579) (36,535) 2,755,506	(3,136,231) 473,376 5,935,211 (1,502,038)	(3,010,666) 637,333 5,571,915 - (194,442) -	(5,803,620) 1,124,635 10,869,969 (983,238) -	(1,313,904) (31,470) 3,146,820 (559,131) -	(3,303,396) 484,336 6,294,041 (1,518,988
 9.0 Profit after exceptional items 10 Current tax 11 Deferred tax 12 Profit after tax and exceptional items 13 Other comprehensive income 13.1 Gains/(losses) from translating the financial statements of foreign operations 13.2 Fair value changes in FVOCI financial assets 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 14 Other comprehensive income for the year net of tax 	- 7,577,845 (2,889,465) 624,648 5,313,028 - (194,447) - - - - - - - - - - - - - - - - - - -	(5,547,509) 1,119,868 10,297,215 (964,181) - 289,254 (674,927)	(1,223,579) (36,535) 2,755,506 (551,663) - 165,499 (386,164)	(3,136,231) 473,376 5,935,211 (1,502,038) - - 450,611 (1,051,427)	(3,010,666) 637,333 5,571,915 (194,442) - 58,333 (136,109)	(5,803,620) 1,124,635 10,869,969 (983,238) - 294,972 (688,266)	(1,313,904) (31,470) 3,146,820 (559,131) - - 167,739 (391,392)	(3,303,396) 484,336 6,294,041 (1,518,988) - - 455,696 (1,063,292)
9.0 Profit after exceptional items 10 Current tax 11 Deferred tax 12 Profit after tax and exceptional items 13 Other comprehensive income 13.1 Gains/(losses) from translating the financial statements of foreign operations 13.2 Fair value changes in FVOCI financial assets 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	- 7,577,845 (2,889,465) 624,648 5,313,028 - (194,447) - - 58,334	(5,547,509) 1,119,868 10,297,215 - (964,181) - - 289,254	(1,223,579) (36,535) 2,755,506 (551,663) - 165,499	(3,136,231) 473,376 5,935,211 - (1,502,038) - - 450,611	(3,010,666) 637,333 5,571,915 - (194,442) - - 58,333	(5,803,620) 1,124,635 10,869,969 (983,238) - 294,972 (688,266)	(1,313,904) (31,470) 3,146,820 - (559,131) - - 167,739	(3,303,396) 484,336 6,294,041 (1,518,988) - 455,696
 9.0 Profit after exceptional items 10 Current tax 11 Deferred tax 12 Profit after tax and exceptional items 13 Other comprehensive income 13.1 Gains/(losses) from translating the financial statements of foreign operations 13.2 Fair value changes in FVOCI financial assets 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 14 Other comprehensive income for the year net of tax 	- 7,577,845 (2,889,465) 624,648 5,313,028 - (194,447) - - - - - - - - - - - - - - - - - - -	(5,547,509) 1,119,868 10,297,215 (964,181) - 289,254 (674,927)	(1,223,579) (36,535) 2,755,506 (551,663) - 165,499 (386,164)	(3,136,231) 473,376 5,935,211 (1,502,038) - - 450,611 (1,051,427)	(3,010,666) 637,333 5,571,915 (194,442) - 58,333 (136,109)	(5,803,620) 1,124,635 10,869,969 (983,238) - 294,972 (688,266)	(1,313,904) (31,470) 3,146,820 (559,131) - - 167,739 (391,392)	(3,303,396) 484,336 6,294,041 (1,518,988) - - 455,696 (1,063,292)

		Ba	nk	
	June	December	March	June
	2021	2021	2022	2022
	Shs '000	Shs '000	Shs '000	Shs '000
	Unaudited	Audited	Unaudited	Unaudited
III Other disclosures				
1) Non-performing loans and advances				
a) Gross non-performing loans and advances	18,346,771	19,817,024	19,498,844	19,792,505
b) Less: Interest in suspense	2,408,728	2,495,443	2,364,684	2,433,135
c) Total non-performing loans and advances	15,938,043	17,321,581	17,134,160	17,359,370
d) Less: loan loss provisions	10,592,395	12,908,863	12,489,879	13,112,358
e) Net non performing loans (c-d)	5,345,648	4,412,718	4,644,281	4,247,012
f) Discounted value of securities	3,291,141	3,326,376	3,538,558	3,158,189
g) Net NPLs (excess)/exposure (e-f) 2) Insider loans and advances	2,054,507	1,086,342	1,105,723	1,088,823
a) Directors, shareholders and associates	35,725	35,033	34,658	34,293
b) Employees	35,725 9,817,299	9,884,384	34,058 9,848,419	34,293 9,926,528
c) Total insider loans and advances	9,817,299	9,004,304	9,848,419	9,920,520
3) Off Balance sheet items	9,033,024	<i>,,,,,</i> ,,,,,,/	5,005,077	5,500,821
a) Letters of credit, guarantees, acceptances	45,011,575	41,450,324	47,712,808	71,804,441
b) Forwards, swaps and options	97,781,958	90,454,228	93,085,296	98,030,550
c) Other contingent liabilities	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			
d) Total contingent liabilities	142 793 533	131,904,552	140 798 104	169 834 991
4) Capital strength	142,7 73,333	131,704,331	140,7 50,204	10,004,771
a) Core capital	46,370,849	47,870,376	49,248,127	50,738,134
b) Minimum statutory capital	1,000,000	1,000,000	1,000,000	1,000,000
c) Excess/(deficiency)	45,370,849	46,870,376	48,248,127	49,738,134
d) Supplementary capital	8,096,251	8,486,247	8,644,466	8,872,278
e) Total capital	54,467,100	56,356,623	57,892,593	59,610,412
f) Total risk weighted assets	314,494,821			363,421,230
g) Core capital/total deposit liabilities	17.7%	17.9%	18.4%	18.1%
h) Minimum statutory ratio	8.0%	8.0%	8.0%	8.0%
i) Excess/(Deficiency)	9.7%	9.9%	10.4%	10.1%
j) Core capital/total risk weighted assets	14.7%	14.6%	14.5%	14.0%
k) Minimum statutory ratio	10.5%	10.5%	10.5%	10.5%
) Excess/(Deficiency)	4.2%	4.1%	4.0%	3.5%
m) Total capital/total risk weighted assets	17.3%	17.1%	17.0%	16.4%
n) Minimum statutory ratio	14.5%	14.5%	14.5%	14.5%
o) Excess/(Deficiency)	2.8%	2.6%	2.5%	1.9%
p) Adjusted Core Capital/Total Deposit				
Liabilities*	17.8%	18.0%	18.5%	18.2%
q) Adjusted Core Capital/Total Risk				
Weighted Assets*	14.8%	14.7%	14.6%	14.0%
r) Adjusted Total Capital/Total Risk				
Weighted Assets*	17.4%	17.2%	17.1%	16.5%
5) Liquidity				
A MARKET AND A MAR	38.1%	38.3%	36.7%	30.3%
a) Liquidity ratio		20.0%	20.0%	20.0%
a) Liquidity ratio b) Minimum statutory ratio c) Excess/(Deficiency)	20.0%	20.070	20.070	20.070

Summary Consolidated Statement of Changes in Equity

	Share capital	Other Reserves	Retained profit	Proposed dividends	Total equity
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
As at 1 January 2022	2,715,768	504,926	47,252,008	5,974,690	56,447,392
Profit for the year	-	-	6,294,041	-	6,294,041
Other comprehensive income	-	(1,063,292)	-	-	(1,063,292)
Total comprehensive income for the year	-	(1,063,292)	6,294,041	-	5,230,749
Recognition of share-based payments	-	60,194	-	-	60,194
Impairment on government securities	-	96,391	-	-	96,391
Final dividend for 2021 paid	-	-	-	(4,508,683)	(4,508,683)
Interim dividend	-	-	(1,086,307)	-	(1,086,307)
Dividend waived	-	-	1,466,007	(1,466,007)	-
Balance as at 30 June 2022	2,715,768	(401,781)	53,925,749	-	56,239,736

	June 2021 Unaudited Shs '000	Dec 2021 Audited Shs '000	June 2022 Unaudited Shs '000	
Net cash generated from operating activities Net cash used in investing activities	3,004,956 (230,533)		1,995,687 (132,224)	
Net cash used in financing activities	(193,325)	(374,217)	(3,243,458)	
Net decrease in cash and cash equivalents	2,581,098	(532,519)	(1,379,995)	
Cash and cash equivalents at 1 January	13,128,679	13,128,679	12,596,160	
Cash and cash equivalents at 30 June	15,709,777	12,596,160	11,216,165	

Message from the Directors:

We are pleased to release our 2022 first half results which show our continued progress on executing the 2018 to 2023 horizon of our strategy and its positive impact on our financial performance.

We are continuing to execute the current horizon of strategy which is built on three key priorities- Growth, Transformation and Returns. We have made significant progress and achieved success in all the three pillars of our strategy.

On Growth: Compared to the same period last year, revenue increased by 17% to KES 20.9 billion which is the highest in over a decade, driven by strong organic growth as well as strategic investments in new growth areas. Customer assets increased by 19% to KES 262 billion, white customer deposits grew by 7% to KES 282 billion. This has supported a strong growth in Profit after Tax of 13% and pre-provision Profit of 22% compared to the same period last year and demonstrates the continued resilience of our business and customers.

On Transformation: The bank further improved its efficiency ratio (Cost to Income Ratio) to 42%, demonstrating the ongoing payoffs from previous transformational investments. Furthermore, we have consistently re-invested the capacity generated by increased efficiencies to support our growth strategy. Our transformation is focused on the customer, ensuring that their interactions with our channels are seamless. This has resulted in a significant adoption of our alternative channels, with more than 90% of all transactions now taking place outside the branch. Our brand building efforts continue to bear fruit, with Absa now ranked as the most reputable financial institution in the country by GlobeScan Brand Reputation Tracker.

On Returns: The bank's Return on Equity is at 23% in the period under review, having improved from 19% compared to the same period last year. The Board has recommended an interim dividend of KES0.2 per share in line with our strategy of delivering returns to our shareholders. This will be paid on or about Wednesday, October 12, 2022 to shareholders registered at close of business on Wednesday, September 21, 2022.

We remain cognizant of the challenges and opportunities presented by our operating environment. Our capital position remains strong, allowing us to support our growth ambitions while responding appropriately to any events in the external environment. We would like to thank our customers, colleagues, shareholders and all our stakeholders for their support as we continue supporting the growth and development of our nation.

The statements of financial position, comprehensive income, cash flow, and changes in equity as well as the disclosures presented above have been prepared from the financial records of the bank and its subsidiaries. These published statements and disclosures are available on the bank's website **www.absabank.co.k**e and at the institution's head office at Absa Headquarters, Waiyaki Way. They were approved by the board on Thursday 25th August, 2022 and signed on its behalf by:

Charles Muchene

Yusuf Omari Chief Financial Officer

Jeremy Awori Managing Director

Absa Bank Kenya PLC company registration no.C18208 is regulated by the Central Bank Of Kenya.