



## Absa Bank Kenya PLC

The Board of Directors of Absa Bank Kenya PLC is pleased to announce the audited group results for the year ended 31 December 2022

	Bank		Group	
	December 2021 Shs '000 Audited	December 2022 Shs '000 Audited	December 2021 Shs '000 Audited	December 2022 Shs '000 Audited
<b>I Statement of financial position</b>				
<b>A Assets</b>				
1 Cash balances (both local and foreign)	7,730,114	11,464,397	7,730,114	11,464,397
2 Balances due from Central Bank of Kenya	13,279,265	12,746,777	13,279,265	12,746,777
3 Kenya Government and other securities held for dealing purposes	44,195,668	42,905,378	44,195,668	42,905,378
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)	87,972,113	90,192,869	88,380,436	90,584,670
a. Kenya Government securities	87,972,113	90,192,869	88,380,436	90,584,670
b. Other securities	-	-	-	-
6 Deposits and balances due from local banking Institutions	1,113,150	843,225	1,113,150	843,225
7 Deposits and balances due from banking Institutions abroad	1,894,090	4,113,673	1,894,090	4,113,673
8 Tax recoverable	-	537,355	-	747,970
9 Loans and advances to customers(net)	234,234,076	283,578,543	234,234,076	283,578,543
10 Balances due from banking institutions in the group	19,057,979	8,726,287	19,057,979	8,726,287
11 Investment in Associates	-	-	-	-
12 Investment in Subsidiary Companies	462,751	462,751	-	-
13 Investment in joint Ventures	-	-	-	-
14 Investment properties	-	-	-	-
15 Property and equipment	2,416,109	2,674,477	2,416,200	2,675,951
16 Prepaid operating rental leases	33,173	32,116	33,173	32,116
17 Intangible assets	417,271	461,929	480,728	515,795
18 Deferred Tax	4,677,328	5,834,288	4,737,959	5,924,099
19 Retirement benefit asset	-	-	-	-
20 Other assets	11,263,131	12,716,483	11,136,765	12,375,056
<b>21 Total asset</b>	<b>428,746,218</b>	<b>477,290,548</b>	<b>428,689,603</b>	<b>477,233,937</b>
<b>B Liabilities</b>				
22 Balances due to Central Bank of Kenya	-	-	-	-
23 Customers' deposits	270,737,198	306,662,590	268,716,653	303,751,003
24 Deposits and balances due to banking institutions (local)	4,301,166	8,375,258	4,301,166	8,375,258
25 Deposits and balances due to banking institutions (foreign)	507,750	642,615	507,750	642,615
26 Other money market deposits	-	-	-	-
27 Borrowed funds	-	4,266,919	-	4,266,919
28 Balances due to banking institutions in the group	75,647,688	76,303,685	75,647,933	76,303,685
29 Tax payable	2,749,546	-	2,520,991	-
30 Dividends payable	-	-	-	-
31 Deferred tax liability	-	-	-	-
32 Retirement benefit liability	363,000	121,000	363,000	121,000
33 Other liabilities	20,087,231	20,107,180	20,184,718	20,160,439
<b>34 Total liabilities</b>	<b>374,393,579</b>	<b>416,479,247</b>	<b>372,242,211</b>	<b>413,620,919</b>
<b>C Shareholders' Funds</b>				
35 Paid up/Assigned capital	2,715,768	2,715,768	2,715,768	2,715,768
36 Share premium/(discount)	-	-	-	-
37 Revaluation reserves	396,310	(1,536,412)	393,663	(1,551,380)
38 Retained earnings/(Accumulated losses)	45,154,608	53,163,772	47,252,008	55,980,457
39 Statutory loan loss reserve	-	-	-	-
40 Other reserves	111,263	221,907	111,263	221,907
41 Proposed dividend	5,974,690	6,246,266	5,974,690	6,246,266
42 Capital grants	-	-	-	-
<b>43 Total shareholders' funds</b>	<b>54,352,639</b>	<b>60,811,301</b>	<b>56,447,392</b>	<b>63,613,018</b>
44 Minority Interest	-	-	-	-
<b>45 Total liabilities and total shareholders funds</b>	<b>428,746,218</b>	<b>477,290,548</b>	<b>428,689,603</b>	<b>477,233,937</b>
<b>II Statement of comprehensive income</b>				
<b>1.0 Interest income</b>				
1.1 Loans and advances to customers	23,095,489	30,681,559	23,095,489	30,681,559
1.2 Government securities	8,246,019	9,375,735	8,296,579	9,420,791
1.3 Deposits and placements with banking institutions	646,242	750,751	646,242	750,751
1.4 Other interest income	-	-	-	-
<b>1.5 Total interest income</b>	<b>31,987,750</b>	<b>40,808,045</b>	<b>32,038,310</b>	<b>40,853,101</b>
<b>2.0 Interest expenses</b>				
2.1 Customer deposits	6,094,471	7,114,100	5,998,294	6,975,120
2.2 Deposits and placements with banking institutions	653,160	1,448,752	653,160	1,448,752
2.3 Other interest expenses	128,541	113,871	129,944	113,871
<b>2.4 Total interest expenses</b>	<b>6,876,172</b>	<b>8,676,723</b>	<b>6,781,398</b>	<b>8,537,743</b>
<b>3.0 Net interest income</b>	<b>25,111,578</b>	<b>32,131,322</b>	<b>25,256,912</b>	<b>32,315,358</b>
<b>4.0 Non - interest income</b>				
4.1 Fees and commissions income on loans & advances	1,731,947	1,382,234	1,731,947	1,382,234
4.2 Other fees and commissions	3,363,198	3,524,336	4,423,785	4,790,442
4.3 Foreign exchange trading income	4,161,703	6,646,031	4,161,698	6,646,029
4.4 Dividend income	-	-	-	-
4.5 Other income	1,362,065	871,842	1,347,100	853,875
<b>4.6 Total non-interest income</b>	<b>10,618,913</b>	<b>12,424,443</b>	<b>11,664,530</b>	<b>13,672,580</b>
<b>5.0 Total operating income</b>	<b>35,730,491</b>	<b>44,555,765</b>	<b>36,921,442</b>	<b>45,987,938</b>
<b>6.0 Operating expenses</b>				
6.1 Loan loss provision	4,708,276	6,401,737	4,709,210	6,479,523
6.2 Staff costs	9,147,632	10,226,482	9,434,639	10,487,747
6.3 Directors emoluments	148,564	178,713	156,893	187,396
6.4 Rental charge	94,875	113,116	94,875	113,252
6.5 Depreciation on property and equipment	768,840	755,924	768,916	756,025
6.6 Amortisation charges	119,404	116,220	131,335	127,377
6.7 Other operating expenses	6,018,044	6,931,142	6,076,620	6,987,304
<b>6.8 Total operating expenses</b>	<b>21,005,635</b>	<b>24,723,334</b>	<b>21,372,488</b>	<b>25,138,624</b>
<b>7.0 Profit before tax and exceptional items</b>	<b>14,724,856</b>	<b>19,832,431</b>	<b>15,548,954</b>	<b>20,849,314</b>
8.0 Exceptional items	-	-	-	-
<b>9.0 Profit after exceptional items</b>	<b>14,724,856</b>	<b>19,832,431</b>	<b>15,548,954</b>	<b>20,849,314</b>
10 Current tax	(5,547,509)	(6,255,473)	(5,803,620)	(6,576,739)
11 Deferred tax	1,119,868	290,928	1,124,635	314,591
<b>12 Profit after tax and exceptional items</b>	<b>10,297,215</b>	<b>13,867,886</b>	<b>10,869,969</b>	<b>14,587,166</b>
<b>13 Other comprehensive income</b>				
13.1 Gains/(Losses) from translating the financial statements of foreign operations	-	-	-	-
13.2 Fair value changes in FVOCI financial assets	(964,181)	(2,897,985)	(983,238)	(2,916,370)
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	289,254	869,396	294,972	874,911
<b>14 Other comprehensive income for the year net of tax</b>	<b>(674,927)</b>	<b>(2,028,589)</b>	<b>(688,266)</b>	<b>(2,041,459)</b>
<b>15 Total comprehensive income for the year</b>	<b>9,622,288</b>	<b>11,839,297</b>	<b>10,181,703</b>	<b>12,545,707</b>
Earnings per Share (Shs)	<b>1.90</b>	<b>2.55</b>	<b>2.00</b>	<b>2.69</b>
Dividends per share (Shs)	<b>1.10</b>	<b>1.35</b>	<b>1.10</b>	<b>1.35</b>

	December 2021 Shs '000 Audited	December 2022 Shs '000 Audited
<b>III Other disclosures</b>		
<b>1) Non-performing loans and advances</b>		
a) Gross non-performing loans and advances	19,817,024	22,519,244
b) Less: Interest in suspense	2,495,443	4,794,156
<b>c) Total non performing loans and advances</b>	<b>17,321,581</b>	<b>17,725,088</b>
d) Less: loan loss provisions	12,908,863	13,344,496
<b>e) Net non performing loans(c-d)</b>	<b>4,412,718</b>	<b>4,380,592</b>
f) Discounted value of securities	3,326,376	3,257,843
<b>g) Net NPLs (Excess)/Exposure (e-f)</b>	<b>1,086,342</b>	<b>1,122,749</b>
<b>2) Insider loans and advances</b>		
a) Directors ,shareholders and associates	35,033	33,034
b) Employees	9,884,384	10,258,378
c) Total insider loans and advances	<b>9,919,417</b>	<b>10,291,412</b>
<b>3) Off Balance sheet items</b>		
a) Letters of credit, guarantees, acceptances	41,450,324	57,644,594
b) Forwards, swaps and options	90,454,228	141,534,025
c) Other contingent liabilities	-	-
<b>d) Total Contingent liabilities</b>	<b>131,904,552</b>	<b>199,178,619</b>
<b>4) Capital Strength</b>		
a) Core capital	47,870,376	55,606,048
b) Minimum statutory capital	1,000,000	1,000,000
<b>c) Excess/(Deficiency)</b>	<b>46,870,376</b>	<b>54,606,048</b>
d) Supplementary capital	8,486,247	15,505,695
<b>e) Total capital</b>	<b>56,356,623</b>	<b>71,111,743</b>
f) Total risk weighted assets	328,712,458	382,149,724
g) Core capital/total deposit liabilities	17.9%	18.4%
h) Minimum statutory ratio	8.0%	8.0%
<b>i) Excess/(Deficiency)</b>	<b>9.9%</b>	<b>10.4%</b>
j) Core capital/total risk weighted assets	14.6%	14.6%
k) Minimum statutory ratio	10.5%	10.5%
<b>l) Excess/(Deficiency)</b>	<b>4.1%</b>	<b>4.1%</b>
m) Total capital/total risk weighted assets	17.1%	18.6%
n) Minimum statutory ratio	14.5%	14.5%
<b>o) Excess/(Deficiency)</b>	<b>2.6%</b>	<b>4.1%</b>
p) Adjusted Core Capital/Total Deposit Liabilities*	18.0%	18.4%
q) Adjusted Core Capital/Total Risk Weighted Assets*	14.7%	14.6%
r) Adjusted Total Capital/Total Risk Weighted Assets*	17.2%	18.6%
<b>5 Liquidity</b>		
a) Liquidity ratio	38.3%	33.6%
b) Minimum statutory ratio	20.0%	20.0%
<b>c) Excess/(Deficiency)</b>	<b>18.3%</b>	<b>13.6%</b>

Proposed Dividend:

The Board of Directors has recommended a final dividend of Kenya Shillings one and fifteen cents (Kshs 1.15), for each ordinary share on the issued and paid up share capital of the Company for the Financial Year ended 31 December 2022. Subject to Shareholders' approval, the dividend will be payable on or about May 25, 2023, to the members of the Company on the share register of the Company on the closure date of 28 April, 2023.

Message from the Directors:

We are pleased to release our full year 2022 results which demonstrate remarkable success in executing the concluded horizon of our strategy from the year 2017 to 2022; on three key priorities- Growth, Transformation and Returns, and its positive impact on our financial performance.

**On Growth:** Compared to the same period last year, revenue increased by 25% to KES 46 billion driven by strong organic growth as well as strategic investments in new growth areas. Customer assets increased by 21% to KES 284 billion with total assets at KES 477 billion and customer deposits growing by 13% to KES 304 billion. This has supported a strong growth of 34% in Profit after Tax compared to the same period last year, and further demonstrates the continued resilience of our business.

**On Transformation:** The bank further improved its efficiency ratio (Cost to Income Ratio) to 41%, 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 and customer experience. 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 92% of all transactions now taking place outside the branch.

**On Returns:** The bank's Return on Equity grew to 23% in the period under review, having improved from 19.3% the same period last year. The improvement in returns and profitability supported a total dividend per share of KES 1.35, an increase of 23% over the previous year.

Our capital position remains strong allowing us to continue supporting our customers, and we remain cognizant of the challenges and opportunities presented by our operating environment.

We have reached the logical end of our second strategic horizon in 2022 by implementing Growth, Transformation, and Returns strategy (GTR) where we made significant transformation investments to support our growth ambition. The next strategic horizon from 2023 and beyond is premised on "out-performance" through a transformed organization anchored in our purpose.

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 and comprehensive income, 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.ke](http://www.absabank.co.ke) and at the institution's head office at Absa Headquarters, Waiyaki Way, Nairobi. They were approved by the Board on Tuesday 14 March, 2023 and signed on its behalf by:

<b>Charles Muchene</b> Chairman	<b>Yusuf Omari</b> Interim Managing Director
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