



Absa Bank Kenya PLC Financial Statements

The Board of Directors of Absa Bank Kenya PLC is pleased to announce the unaudited group results for the period ended 31 March 2023

	Bank			Group		
	March 2022	December 2022	March 2023	March 2022	December 2022	March 2023
	Shs '000 Unaudited	Shs '000 Audited	Shs '000 Unaudited	Shs '000 Unaudited	Shs '000 Audited	Shs '000 Unaudited
I Statement of financial position						
A Assets						
1 Cash balances (both local and foreign)	6,893,855	11,464,397	13,151,558	6,893,855	11,464,397	13,151,558
2 Balances due from Central Bank of Kenya	12,715,668	12,746,777	13,856,697	12,715,668	12,746,777	13,856,697
3 Kenya Government and other securities held for dealing purposes	48,920,541	42,905,378	47,237,832	48,920,541	42,905,378	47,237,832
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)	87,419,688	90,192,869	86,651,020	87,810,716	90,584,670	87,026,795
a. Kenya Government securities	87,419,688	90,192,869	86,651,020	87,810,716	90,584,670	87,026,795
b. Other securities	-	-	-	-	-	-
6 Deposits and balances due from local banking institutions	-	843,225	1,259,224	-	843,225	1,259,224
7 Deposits and balances due from banking institutions abroad	6,528,744	4,113,673	4,643,518	6,528,744	4,113,673	4,643,518
8 Tax recoverable	-	537,355	-	-	747,970	-
9 Loans and advances to customers(net)	242,672,126	283,578,543	309,973,217	242,672,126	283,578,543	309,973,217
10 Balances due from banking institutions in the group	14,327,127	8,726,287	13,021,919	14,327,127	8,726,287	13,021,919
11 Investment in associates	-	-	-	-	-	-
12 Investment in subsidiary companies	462,751	462,751	462,751	-	-	-
13 Investment in joint ventures	-	-	-	-	-	-
14 Investment properties	-	-	-	-	-	-
15 Property and equipment	2,347,411	2,674,477	2,516,021	2,347,487	2,675,951	2,517,424
16 Prepaid operating rental leases	33,974	32,116	31,855	33,974	32,116	31,855
17 Intangible assets	444,612	461,929	467,517	508,327	515,795	518,594
18 Deferred tax	4,806,292	5,834,288	5,956,746	4,863,381	5,924,099	6,053,091
19 Retirement benefit asset	-	-	12,370	-	-	12,370
20 Other assets	11,145,595	12,716,483	15,575,575	10,877,694	12,375,056	15,299,990
21 Total assets	438,718,384	477,290,548	514,817,820	438,499,640	477,233,937	514,604,084
B Liabilities						
22 Balances due to Central Bank of Kenya	-	-	-	-	-	-
23 Customers' deposits	271,759,616	306,662,590	314,010,528	269,537,302	303,751,003	310,831,231
24 Deposits and balances due to banking institutions (local)	4,010,800	8,375,258	9,099,706	4,010,800	8,375,258	9,099,706
25 Deposits and balances due to banking institutions (foreign)	274,416	642,615	2,264,509	274,416	642,615	2,264,509
26 Other money market deposits	-	-	-	-	-	-
27 Borrowed funds	-	4,266,919	4,226,962	-	4,266,919	4,226,962
28 Balances due to banking institutions in the group	82,112,790	76,303,685	96,362,152	82,112,762	76,303,685	96,362,152
29 Tax payable	3,973,125	-	1,392,026	3,834,895	-	1,268,419
30 Dividends payable	-	-	-	-	-	-
31 Deferred tax liability	-	-	-	-	-	-
32 Retirement benefit liability	234,706	121,000	-	234,706	121,000	-
33 Other liabilities	19,491,042	20,107,180	22,597,096	19,344,722	20,160,439	22,570,096
34 Total liabilities	381,856,495	416,479,247	449,952,979	379,349,603	413,620,919	446,623,075
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
36 Share premium/(discount)	-	-	-	-	-	-
37 Revaluation reserves	108,403	(1,536,412)	(1,588,960)	101,086	(1,551,380)	(1,614,041)
38 Retained earnings/(accumulated losses)	47,910,112	53,163,772	57,291,697	50,205,577	55,980,457	60,432,946
39 Statutory loan loss reserve	-	-	-	-	-	-
40 Other reserves	152,916	221,907	200,070	152,916	221,907	200,070
41 Proposed dividends	5,974,690	6,246,266	6,246,266	5,974,690	6,246,266	6,246,266
42 Capital grants	-	-	-	-	-	-
43 Total shareholders' funds	56,861,889	60,811,301	64,864,841	59,150,037	63,613,018	67,981,009
44 Minority interest	-	-	-	-	-	-
45 Total liabilities and total shareholders funds	438,718,384	477,290,548	514,817,820	438,499,640	477,233,937	514,604,084
II Statement of comprehensive income						
1.0 Interest income						
1.1 Loans and advances to customers	6,325,719	30,681,559	9,576,767	6,325,719	30,681,559	9,576,767
1.2 Government securities	2,201,131	9,375,735	2,406,459	2,213,692	9,420,791	2,417,509
1.3 Deposits and placements with banking institutions	241,800	750,751	149,196	241,800	750,751	149,196
1.4 Other interest income	-	-	-	-	-	-
1.5 Total interest income	8,768,650	40,808,045	12,132,422	8,781,211	40,853,101	12,143,472
2.0 Interest expenses						
2.1 Customer deposits	1,637,143	7,114,100	2,167,288	1,608,271	6,975,120	2,126,823
2.2 Deposits and placements with banking institutions	263,495	1,448,752	630,876	263,495	1,448,752	630,876
2.3 Other interest expenses	27,790	113,871	30,018	27,790	113,871	30,018
2.4 Total interest expenses	1,928,428	8,676,723	2,828,182	1,899,556	8,537,743	2,787,717
3.0 Net interest income	6,840,222	32,131,322	9,304,240	6,881,655	32,315,358	9,355,755
4.0 Non - interest income						
4.1 Fees and commissions income on loans & advances	314,369	1,382,234	329,731	314,369	1,382,234	329,731
4.2 Other fees and commissions	834,061	3,524,336	1,074,349	1,150,900	4,790,442	1,571,252
4.3 Foreign exchange trading income	1,225,291	6,646,031	2,203,917	1,225,290	6,646,029	2,203,915
4.4 Dividend income	-	-	-	-	-	-
4.5 Other income	331,445	871,842	404,554	327,703	853,875	400,077
4.6 Total non-interest income	2,705,166	12,424,443	4,012,551	3,018,262	13,672,580	4,504,975
5.0 Total operating income	9,545,388	44,555,765	13,316,791	9,899,917	45,987,938	13,860,730
6.0 Operating expenses						
6.1 Loan loss provision	1,181,037	6,401,737	2,400,869	1,181,000	6,479,523	2,400,944
6.2 Staff costs	2,200,937	10,226,482	2,626,165	2,256,187	10,487,747	2,681,124
6.3 Directors emoluments	47,271	178,713	29,205	49,322	187,396	31,510
6.4 Rental charge	29,099	113,116	33,938	29,099	113,252	34,073
6.5 Depreciation on property and equipment	175,798	755,924	209,554	175,815	756,025	209,626
6.6 Amortisation charges	28,723	116,220	28,544	31,512	127,377	31,333
6.7 Other operating expenses	1,866,903	6,931,142	2,031,727	1,878,039	6,987,304	2,050,194
6.8 Total operating expenses	5,529,768	24,723,334	7,360,002	5,600,974	25,138,624	7,438,804
7.0 Profit before tax and exceptional items	4,015,620	19,832,431	5,956,789	4,298,943	20,849,314	6,421,926
8.0 Exceptional items	-	-	-	-	-	-
9.0 Profit after exceptional items	4,015,620	19,832,431	5,956,789	4,298,943	20,849,314	6,421,926
10 Current tax	(1,223,579)	(6,255,473)	(1,929,381)	(1,313,904)	(6,576,739)	(2,072,159)
11 Deferred tax	(36,535)	290,928	100,516	(31,470)	314,591	102,720
12 Profit after tax and exceptional items	2,755,506	13,867,886	4,127,924	2,953,569	14,587,166	4,452,487
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	(551,663)	(2,897,985)	(73,140)	(559,131)	(2,916,370)	(87,575)
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	165,499	869,396	21,942	167,739	874,911	26,272
14 Other comprehensive income for the year net of tax	(386,164)	(2,028,589)	(51,198)	(391,392)	(2,041,459)	(61,303)
15 Total comprehensive income for the year	2,369,342	11,839,297	4,076,726	2,562,177	12,545,707	4,391,184
Earnings per share (Shs)	0.51	2.55	0.76	0.54	2.69	0.82
Dividends per share (Shs)	-	1.35	-	-	1.35	-

	March 2022	December 2022	March 2023
	Shs '000 Unaudited	Shs '000 Audited	Shs '000 Unaudited
III Other disclosures			
1) Non-performing loans and advances			
a) Gross non-performing loans and advances	19,498,844	22,519,244	31,142,698
b) Less: Interest in suspense	2,364,684	4,794,156	4,521,938
c) Total non performing loans and advances	17,134,160	17,725,088	26,620,760
d) Less: loan loss provisions	12,489,879	13,344,496	15,368,861
e) Net non performing loans(c-d)	4,644,281	4,380,592	11,251,899
f) Discounted value of securities	3,538,558	3,257,843	8,891,882
g) Net NPLs (excess)/exposure (e-f)	1,105,723	1,122,749	2,360,017
2) Insider loans and advances			
a) Directors ,shareholders and associates	34,658	33,034	33,243
b) Employees	9,848,419	10,258,378	10,226,224
c) Total insider loans and advances	9,883,077	10,291,412	10,259,467
3) Off balance sheet items			
a) Letters of credit, guarantees, acceptances	47,712,808	57,644,594	49,483,405
b) Forwards, swaps and options	93,085,296	141,534,025	158,956,906
c) Other contingent liabilities	-	-	-
d) Total Contingent liabilities	140,798,104	199,178,619	208,440,311
4) Capital strength			
a) Core capital	49,248,127	55,606,048	57,781,106
b) Minimum statutory capital	1,000,000	1,000,000	1,000,000
c) Excess/(deficiency)	48,248,127	54,606,048	56,781,106
d) Supplementary capital	8,644,466	15,505,695	16,646,233
e) Total capital	57,892,593	71,111,743	74,427,339
f) Total risk weighted assets	339,900,958	382,149,724	410,913,245
g) Core capital/total deposit liabilities	18.4%	18.4%	18.6%
h) Minimum statutory ratio	8.0%	8.0%	8.0%
i) Excess/(deficiency)	10.4%	10.4%	10.6%
j) Core capital/total risk weighted assets	14.5%	14.6%	14.1%
k) Minimum statutory ratio	10.5%	10.5%	10.5%
l) Excess/(deficiency)	4.0%	4.1%	3.6%
m) Total capital/total risk weighted assets	17.0%	18.6%	18.1%
n) Minimum statutory ratio	14.5%	14.5%	14.5%
o) Excess/(deficiency)	2.5%	4.1%	3.6%
p) Adjusted core capital/total deposit liabilities*	18.5%	18.4%	18.7%
q) Adjusted core capital/total risk weighted assets*	14.6%	14.6%	14.2%
r) Adjusted total capital/total risk weighted assets*	17.1%	18.6%	18.2%
5 Liquidity			
a) Liquidity ratio	36.7%	33.6%	28.6%
b) Minimum statutory ratio	20.0%	20.0%	20.0%
c) Excess/(deficiency)	16.7%	13.6%	8.6%

Message from the Directors:

We are pleased to release our quarter one 2023 results which demonstrate that we are sustaining outstanding business performance anchored on our new strategy.

The Bank's revenue grew by 40% to Shs 13.9 billion supported by strong growth in balance sheet. The Bank grew customer assets by 28% to Shs 309.9 billion and customer deposits by 15% to Shs 310.8 billion. Our diversification and multi-year transformative investments of over KES 5 billion continue to deliver desired results which has led to 49% growth in our non-funded income. Our subsidiaries continue to contribute and diversify group revenue.

Our underlying costs increased by 14% in line with our investments and prevailing inflationary environment. However, our efficiency levels (cost-to-income ratio) improved from 45% to 36%. Impairment increased by 103% compared to the same period last year in line with our principles of prudence in risk management given balance sheet growth and tough operating environment.

The Bank reported a strong 51% year-on-year growth in profit after tax to Shs 4.5 billion and significantly improved our return-on-equity to 27%. The Bank closed the quarter at a strong total capital position of 18.1% which is significantly above regulatory minimum and better than the same period last year.

We have commenced executing our next strategic horizon which is focused on building a modern-day Consumer Financial Services Business, be a market leader in Business Banking and building a leading Corporate & Investment Bank in Connecting Client Ecosystems. We have made positive progress under these priorities in the last quarter. For instance, we have significantly enhanced our digital onboarding with more rewarding savings accounts. In alignment to the government's commitment to deliver affordable housing, we have enhanced our mortgage proposition to 100% financing with extended repayment of 25 years. We continue to provide our SME customers access to both financial and non-financial support as we help them navigate through a tough business environment through our Wezesha Biashara drive as well as revamping our Islamic and Agriculture propositions.

In our Corporate and Investment Banking business, we introduced China Desk to primarily support the growing community of Chinese investors and business people operating in Kenya and the East African region. This will significantly support growth of key sectors of our economy, building strong partnerships with our clients and connecting clients to larger markets through our regional and global footprint.

We have a long-term commitment to nurture sports in the country because of the important role it plays in our society, more so in helping young people bring their possibilities to life. This year, we supported the Magical Kenya Open tournament with an overall investment of KES70 million which put our brand in over five million homes worldwide through international broadcast.