



# 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 2023

|   | Bank                                    |   | Group                                   |   |
|---|---|---|---|---|
|   | December<br>2022<br>Shs '000<br>Audited | December<br>2023<br>Shs '000<br>Audited | December<br>2022<br>Shs '000<br>Audited | December<br>2023<br>Shs '000<br>Audited |
| <b>I Statement of financial position</b>  |   |   |   |   |
| <b>A Assets</b>   |   |   |   |   |
| 1 Cash balances (both local and foreign)  | 11,464,397                              | 12,692,202                              | 11,464,397                              | 12,692,202                              |
| 2 Balances due from Central Bank of Kenya   | 12,746,777                              | 16,906,714                              | 12,746,777                              | 16,906,714                              |
| 3 Kenya Government and other securities held for dealing purposes                   | 42,905,378                              | 20,446,444                              | 42,905,378                              | 20,446,444                              |
| 4 Financial assets at fair value through profit and loss                            | -                                       | -                                       | -                                       | -                                       |
| 5 Investment securities:  | -                                       | -                                       | -                                       | -                                       |
| a) Held to maturity:  | -                                       | -                                       | -                                       | -                                       |
| a. Kenya Government securities  | -                                       | 1,062,014                               | -                                       | 1,062,014                               |
| b. Other securities   | -                                       | -                                       | -                                       | -                                       |
| b) Fair value through other comprehensive income (FVOCI)                            | 90,192,869                              | 73,273,648                              | 90,584,670                              | 73,644,453                              |
| a. Kenya Government securities  | 90,192,869                              | 73,273,648                              | 90,584,670                              | 73,644,453                              |
| b. Other securities   | -                                       | -                                       | -                                       | -                                       |
| 6 Deposits and balances due from local banking institutions                         | 843,225                                 | 329,506                                 | 843,225                                 | 329,506                                 |
| 7 Deposits and balances due from banking institutions abroad                        | 4,113,673                               | 1,391,125                               | 4,113,673                               | 1,391,125                               |
| 8 Tax recoverable   | 537,355                                 | -                                       | 747,970                                 | -                                       |
| 9 Loans and advances to customers(net)  | 283,578,543                             | 335,713,679                             | 283,578,543                             | 335,713,679                             |
| 10 Balances due from banking institutions in the group                              | 8,726,287                               | 27,204,622                              | 8,726,287                               | 27,204,622                              |
| 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   | 2,674,477                               | 3,329,327                               | 2,675,951                               | 3,331,898                               |
| 16 Prepaid operating rental leases  | 32,116                                  | 31,056                                  | 32,116                                  | 31,056                                  |
| 17 Intangible assets  | 461,929                                 | 658,914                                 | 515,795                                 | 702,881                                 |
| 18 Deferred tax   | 5,834,288                               | 8,631,927                               | 5,924,099                               | 8,724,454                               |
| 19 Retirement benefit asset   | -                                       | -                                       | -                                       | -                                       |
| 20 Other assets   | 12,716,483                              | 18,167,109                              | 12,375,056                              | 17,614,460                              |
| <b>21 Total assets</b>  | <b>477,290,548</b>                      | <b>520,301,038</b>                      | <b>477,233,937</b>                      | <b>519,795,508</b>                      |
| <b>B Liabilities</b>  |   |   |   |   |
| 22 Balances due to Central Bank of Kenya  | -                                       | 13,047,459                              | -                                       | 13,047,459                              |
| 23 Customers' deposits  | 306,662,590                             | 366,903,302                             | 303,751,003                             | 362,749,279                             |
| 24 Deposits and balances due to banking institutions (local)                        | 8,375,258                               | 10,935,164                              | 8,375,258                               | 10,935,164                              |
| 25 Deposits and balances due to banking institutions (foreign)                      | 642,615                                 | 749,867                                 | 642,615                                 | 749,867                                 |
| 26 Other money market deposits  | -                                       | -                                       | -                                       | -                                       |
| 27 Borrowed funds   | 4,266,919                               | 4,294,626                               | 4,266,919                               | 4,294,626                               |
| 28 Balances due to banking institutions in the group                                | 76,303,685                              | 36,053,423                              | 76,303,685                              | 36,053,423                              |
| 29 Tax payable  | -                                       | 792,600                                 | -                                       | 589,397                                 |
| 30 Dividends payable  | -                                       | -                                       | -                                       | -                                       |
| 31 Deferred tax liability   | -                                       | -                                       | -                                       | -                                       |
| 32 Retirement benefit liability   | 121,000                                 | -                                       | 121,000                                 | -                                       |
| 33 Other liabilities  | 20,107,180                              | 22,100,236                              | 20,160,439                              | 22,181,083                              |
| <b>34 Total liabilities</b>   | <b>416,479,247</b>                      | <b>454,876,677</b>                      | <b>413,620,919</b>                      | <b>450,600,298</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   | (1,536,412)                             | (4,721,011)                             | (1,551,380)                             | (4,757,700)                             |
| 38 Retained earnings/(accumulated losses)   | 53,163,772                              | 59,830,614                              | 55,980,457                              | 63,638,152                              |
| 39 Statutory loan loss reserve  | -                                       | -                                       | -                                       | -                                       |
| 40 Other reserves   | 221,907                                 | 266,416                                 | 221,907                                 | 266,416                                 |
| 41 Proposed dividends   | 6,246,266                               | 7,332,574                               | 6,246,266                               | 7,332,574                               |
| 42 Capital grants   | -                                       | -                                       | -                                       | -                                       |
| <b>43 Total shareholders' funds</b>   | <b>60,811,301</b>                       | <b>65,424,361</b>                       | <b>63,613,018</b>                       | <b>69,195,210</b>                       |
| 44 Minority interest  | -                                       | -                                       | -                                       | -                                       |
| <b>45 Total liabilities and total shareholders funds</b>                            | <b>477,290,548</b>                      | <b>520,301,038</b>                      | <b>477,233,937</b>                      | <b>519,795,508</b>                      |
| <b>II Statement of comprehensive income</b>   |   |   |   |   |
| <b>1.0 Interest income</b>  |   |   |   |   |
| 1.1 Loans and advances to customers   | 30,681,559                              | 44,252,616                              | 30,681,559                              | 44,252,616                              |
| 1.2 Government securities   | 9,375,735                               | 9,133,662                               | 9,420,791                               | 9,178,475                               |
| 1.3 Deposits and placements with banking institutions                               | 750,751                                 | 832,141                                 | 750,751                                 | 832,141                                 |
| 1.4 Other interest income   | -                                       | -                                       | -                                       | -                                       |
| <b>1.5 Total interest income</b>  | <b>40,808,045</b>                       | <b>54,218,419</b>                       | <b>40,853,101</b>                       | <b>54,263,232</b>                       |
| <b>2.0 Interest expenses</b>  |   |   |   |   |
| 2.1 Customer deposits   | 7,114,100                               | 12,126,927                              | 6,975,120                               | 11,876,693                              |
| 2.2 Deposits and placements with banking institutions                               | 1,448,752                               | 2,171,427                               | 1,448,752                               | 2,171,427                               |
| 2.3 Other interest expenses   | 113,871                                 | 171,327                                 | 113,871                                 | 171,327                                 |
| <b>2.4 Total interest expenses</b>  | <b>8,676,723</b>                        | <b>14,469,681</b>                       | <b>8,537,743</b>                        | <b>14,219,447</b>                       |
| <b>3.0 Net interest income</b>  | <b>32,131,322</b>                       | <b>39,748,738</b>                       | <b>32,315,358</b>                       | <b>40,043,785</b>                       |
| <b>4.0 Non - interest income</b>  |   |   |   |   |
| 4.1 Fees and commissions income on loans & advances                                 | 1,382,234                               | 1,543,039                               | 1,382,234                               | 1,543,039                               |
| 4.2 Other fees and commissions  | 3,524,336                               | 4,284,765                               | 4,790,442                               | 5,776,844                               |
| 4.3 Foreign exchange trading income   | 6,646,031                               | 6,510,041                               | 6,646,029                               | 6,510,005                               |
| 4.4 Dividend income   | -                                       | -                                       | -                                       | -                                       |
| 4.5 Other income  | 871,842                                 | 715,564                                 | 853,875                                 | 697,630                                 |
| <b>4.6 Total non-interest income</b>  | <b>12,424,443</b>                       | <b>13,053,409</b>                       | <b>13,672,580</b>                       | <b>14,527,518</b>                       |
| <b>5.0 Total operating income</b>   | <b>44,555,765</b>                       | <b>52,802,147</b>                       | <b>45,987,938</b>                       | <b>54,571,303</b>                       |
| <b>6.0 Operating expenses</b>   |   |   |   |   |
| 6.1 Loan loss provision   | 6,401,737                               | 9,244,514                               | 6,479,523                               | 9,244,453                               |
| 6.2 Staff costs   | 10,226,482                              | 11,484,234                              | 10,487,747                              | 11,725,426                              |
| 6.3 Directors emoluments  | 178,713                                 | 187,249                                 | 187,396                                 | 196,468                                 |
| 6.4 Rental charge   | 113,116                                 | 127,400                                 | 113,252                                 | 127,801                                 |
| 6.5 Depreciation on property and equipment  | 755,924                                 | 850,732                                 | 756,025                                 | 851,035                                 |
| 6.6 Amortisation charges  | 116,220                                 | 127,426                                 | 127,377                                 | 138,583                                 |
| 6.7 Other operating expenses  | 6,931,142                               | 8,520,836                               | 6,987,304                               | 8,609,446                               |
| <b>6.8 Total operating expenses</b>   | <b>24,723,334</b>                       | <b>30,542,391</b>                       | <b>25,138,624</b>                       | <b>30,893,212</b>                       |
| <b>7.0 Profit before tax and exceptional items</b>                                  | <b>19,832,431</b>                       | <b>22,259,756</b>                       | <b>20,849,314</b>                       | <b>23,678,091</b>                       |
| 8.0 Exceptional items   | -                                       | -                                       | -                                       | -                                       |
| <b>9.0 Profit after exceptional items</b>   | <b>19,832,431</b>                       | <b>22,259,756</b>                       | <b>20,849,314</b>                       | <b>23,678,091</b>                       |
| 10 Current tax  | (6,255,473)                             | (8,338,018)                             | (6,576,739)                             | (8,758,969)                             |
| 11 Deferred tax   | 290,928                                 | 1,454,737                               | 314,591                                 | 1,448,207                               |
| <b>12 Profit after tax and exceptional items</b>                                    | <b>13,867,886</b>                       | <b>15,376,475</b>                       | <b>14,587,166</b>                       | <b>16,367,329</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                                   | (2,897,985)                             | (4,488,127)                             | (2,916,370)                             | (4,518,950)                             |
| 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                | 869,396                                 | 1,346,438                               | 874,911                                 | 1,355,685                               |
| <b>14 Other comprehensive income for the year net of tax</b>                        | <b>(2,028,589)</b>                      | <b>(3,141,689)</b>                      | <b>(2,041,459)</b>                      | <b>(3,163,265)</b>                      |
| <b>15 Total comprehensive income for the year</b>                                   | <b>11,839,297</b>                       | <b>12,234,786</b>                       | <b>12,545,707</b>                       | <b>13,204,064</b>                       |
| Earnings per share (Shs)  | 2.55                                    | 2.83                                    | 2.69                                    | 3.01                                    |
| Dividends per share (Shs)   | 1.35                                    | 1.55                                    | 1.35                                    | 1.55                                    |

|   | Bank                                    |   |
|---|---|---|
|   | December<br>2022<br>Shs '000<br>Audited | December<br>2023<br>Shs '000<br>Audited |
| <b>III Other disclosures</b>                          |   |   |
| <b>1) Non-performing loans and advances</b>           |   |   |
| a) Gross non-performing loans and advances            | 22,519,244                              | 35,254,674                              |
| b) Less: Interest in suspense                         | 4,794,156                               | 5,831,630                               |
| <b>c) Total non performing loans and advances</b>     | <b>17,725,088</b>                       | <b>29,423,044</b>                       |
| d) Less: loan loss provisions                         | 13,344,496                              | 17,373,643                              |
| <b>e) Net non performing loans(c-d)</b>               | <b>4,380,592</b>                        | <b>12,049,401</b>                       |
| f) Discounted value of securities                     | 3,257,843                               | 9,297,549                               |
| <b>g) Net NPLs (excess)/exposure (e-f)</b>            | <b>1,122,749</b>                        | <b>2,751,852</b>                        |
| <b>2) Insider loans and advances</b>                  |   |   |
| a) Directors ,shareholders and associates             | 33,034                                  | 55,981                                  |
| b) Employees  | 10,258,378                              | 10,372,279                              |
| <b>c) Total insider loans and advances</b>            | <b>10,291,412</b>                       | <b>10,428,260</b>                       |
| <b>3) Off balance sheet items</b>                     |   |   |
| a) Letters of credit, guarantees, acceptances         | 57,644,594                              | 54,293,768                              |
| b) Forwards, swaps and options                        | 141,534,025                             | 103,427,258                             |
| c) Other contingent liabilities                       | -                                       | -                                       |
| <b>d) Total Contingent liabilities</b>                | <b>199,178,619</b>                      | <b>157,721,026</b>                      |
| <b>4) Capital strength</b>                            |   |   |
| a) Core capital                                       | 55,606,048                              | 60,169,095                              |
| b) Minimum statutory capital                          | 1,000,000                               | 1,000,000                               |
| <b>c) Excess/(deficiency)</b>                         | <b>54,606,048</b>                       | <b>59,169,095</b>                       |
| d) Supplementary capital                              | 15,505,695                              | 19,729,013                              |
| <b>e) Total capital</b>                               | <b>71,111,743</b>                       | <b>79,898,108</b>                       |
| f) Total risk weighted assets                         | 382,149,724                             | 442,484,634                             |
| g) Core capital/total deposit liabilities             | 18.4%                                   | 16.7%                                   |
| h) Minimum statutory ratio                            | 8.0%                                    | 8.0%                                    |
| <b>i) Excess/(deficiency)</b>                         | <b>10.4%</b>                            | <b>8.7%</b>                             |
| j) Core capital/total risk weighted assets            | 14.6%                                   | 13.6%                                   |
| k) Minimum statutory ratio                            | 10.5%                                   | 10.5%                                   |
| <b>l) Excess/(deficiency)</b>                         | <b>4.1%</b>                             | <b>3.1%</b>                             |
| m) Total capital/total risk weighted assets           | 18.6%                                   | 18.1%                                   |
| n) Minimum statutory ratio                            | 14.5%                                   | 14.5%                                   |
| <b>o) Excess/(deficiency)</b>                         | <b>4.1%</b>                             | <b>3.6%</b>                             |
| p) Adjusted core capital/total deposit liabilities*   | 18.4%                                   | -                                       |
| q) Adjusted core capital/total risk weighted assets*  | 14.6%                                   | -                                       |
| r) Adjusted total capital/total risk weighted assets* | 18.6%                                   | -                                       |
| <b>5 Liquidity</b>                                    |   |   |
| a) Liquidity ratio                                    | 33.6%                                   | 31.1%                                   |
| b) Minimum statutory ratio                            | 20.0%                                   | 20.0%                                   |
| <b>c) Excess/(deficiency)</b>                         | <b>13.6%</b>                            | <b>11.1%</b>                            |

Message from the Directors:

A strong and resilient performance

We are delighted to present to you our financial results for the year ended 31 December 2023, the inaugural year of executing our ambitious five-year strategy. Anchored in our corporate purpose of "Empowering Africa's tomorrow, together, one story at a time," our strategy is intricately designed to win market share and to further solidify Absa's position as the preferred growth partner for all our stakeholders. 2023 was a transition year in the leadership of our business. We onboarded a new managing director, who was hired through a rigorous, competitive, and transparent process. That the transition took place seamlessly and the business continued on its growth trajectory is a testament to the resilience and commitment of the management team.

During the year, Absa continued to deliver on its commitments to customers and communities by expanding access to capital and entrepreneurial mentorship. Notably, customer loans and advances surged by 18% to Kshs. 336 billion, with a strategic emphasis on vital economic sectors like the Small and Medium Enterprises (SMEs), which is pivotal to Kenya's economic dynamism. The Bank continues to make significant investments in digital transformation initiatives to enhance customer experience and achieve greater efficiency.

Moreover, Absa intensified its efforts in revenue diversification, leading to remarkable growth across new business lines such as bancassurance, asset management, and Timiza, all witnessing double-digit growth in the year. Consequently, revenues surged by 19% to Kshs. 54.6 billion, propelling a 12% growth in our profit after tax to Kshs. 16.4 billion. Owing to a tough macroeconomic environment, and the Bank's principles of prudence in risk management, impairment increased by 43% to Kshs 9.2 billion in the period. This performance translated into an impressive return on equity at 23.7%, delivering on our commitment to continue enhancing value to our shareholders.

During the year, we made significant strides in our sustainability agenda, underpinned by a resolute commitment to ensure that our operations, and those of our customers, are attuned to environmental and social imperatives. In that regard, we channelled over Kshs. 22 billion into sustainability-linked loans, financing projects in renewable energy, green construction, and climate-smart agriculture. This remains a focal point as we persist in our commitment to be an active 'force for good' in everything we do.

The Board expresses its satisfaction with the Bank's progress in executing its strategy, evident through the robust financial performance achieved during the year. This commendable outcome, realised amidst a challenging macro-economic environment, underscores the efficacy of Absa's growth strategy and our unwavering dedication to providing tailor-made financial solutions that address the diverse needs of individuals, enterprises, and communities.

Delivering shareholder value

Based on our improved profitability, and the Company's need to continue investing into the future, the Board of Directors is pleased to propose to shareholders a final dividend payout of Kshs.7.3 billion, translating to Kshs. 1.35 per ordinary share. Taken together with the interim dividend of Kshs. 0.20 per share paid in October 2023, the total dividend for the year amounts to Kshs. 8.42 billion, representing a 14.8% increase compared to last year. Subject to shareholders' approval, the dividend will be disbursed on or around 23 May 2024, to the members of the Company listed on the share register as of the closure date, 30 April 2024.

A positive outlook

Looking ahead, we are confident in our ability to accelerate growth momentum and sustainably create value for all our stakeholders. With the guidance and oversight of the Board, our management team will continue to diligently execute our strategy, aiming to position Absa as a modern and innovative consumer financial services provider, a leading partner for small and medium businesses, and a powerhouse in corporate and investment banking.

We remain steadfast in our digitalisation efforts towards enhancing customer experience while leveraging the strong market presence and reputation the Absa brand enjoys. Furthermore, we are committed to continue enriching our employee value proposition through investments in training, future skills, and wellbeing, appreciating that our people are the cornerstone of our success.

Absa is well positioned for growth. With our robust balance sheet and a strong capital position, we will continue to invest in relevant initiatives that empower our customers and stakeholders to pursue and achieve their aspirations, while adeptly navigating external challenges.

Appreciation

We extend our gratitude to our customers, shareholders, colleagues, and all stakeholders for their unwavering support, a critical enabler of our impressive performance and overall organisational success.

Publication

These published statements of our financial position and comprehensive income are extracts from the audited financial statements while the disclosures in section III are derived from the financial records of Absa and its subsidiaries. These statements and disclosures are available on the Bank's website www.absabank.co.ke and at our headquarters, Absa Headquarters, located along Waiyaki Way, Nairobi. They were duly approved by the Board on Monday, 18 March 2024, and signed on its behalf by:

Charles Muchene  
Chairman

Abdi Mohammed  
Managing Director

Yusuf Omari  
Chief Financial Officer