



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 2022 Shs '000 Audited	December 2023 Shs '000 Audited	December 2022 Shs '000 Audited	December 2023 Shs '000 Audited
I Statement of financial position				
A Assets				
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
21 Total assets	477,290,548	520,301,038	477,233,937	519,795,508
B Liabilities				
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
34 Total liabilities	416,479,247	454,876,677	413,620,919	450,600,298
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	(1,536,412)	(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	-	-	-	-
43 Total shareholders' funds	60,811,301	65,424,361	63,613,018	69,195,210
44 Minority interest	-	-	-	-
45 Total liabilities and total shareholders funds	477,290,548	520,301,038	477,233,937	519,795,508
II Statement of comprehensive income				
1.0 Interest income				
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	-	-	-	-
1.5 Total interest income	40,808,045	54,218,419	40,853,101	54,263,232
2.0 Interest expenses				
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
2.4 Total interest expenses	8,676,723	14,469,681	8,537,743	14,219,447
3.0 Net interest income	32,131,322	39,748,738	32,315,358	40,043,785
4.0 Non - interest income				
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
4.6 Total non-interest income	12,424,443	13,053,409	13,672,580	14,527,518
5.0 Total operating income	44,555,765	52,802,147	45,987,938	54,571,303
6.0 Operating expenses				
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
6.8 Total operating expenses	24,723,334	30,542,391	25,138,624	30,893,212
7.0 Profit before tax and exceptional items	19,832,431	22,259,756	20,849,314	23,678,091
8.0 Exceptional items	-	-	-	-
9.0 Profit after exceptional items	19,832,431	22,259,756	20,849,314	23,678,091
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
12 Profit after tax and exceptional items	13,867,886	15,376,475	14,587,166	16,367,329
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	(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
14 Other comprehensive income for the year net of tax	(2,028,589)	(3,141,689)	(2,041,459)	(3,163,265)
15 Total comprehensive income for the year	11,839,297	12,234,786	12,545,707	13,204,064
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 2022 Shs '000 Audited	December 2023 Shs '000 Audited
III Other disclosures		
1) Non-performing loans and advances		
a) Gross non-performing loans and advances	22,519,244	35,254,674
b) Less: Interest in suspense	4,794,156	5,831,630
c) Total non performing loans and advances	17,725,088	29,423,044
d) Less: loan loss provisions	13,344,496	17,373,643
e) Net non performing loans(c-d)	4,380,592	12,049,401
f) Discounted value of securities	3,257,843	9,297,549
g) Net NPLs (excess)/exposure (e-f)	1,122,749	2,751,852
2) Insider loans and advances		
a) Directors, shareholders and associates	33,034	55,981
b) Employees	10,258,378	10,372,279
c) Total insider loans and advances	10,291,412	10,428,260
3) Off balance sheet items		
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	-	-
d) Total Contingent liabilities	199,178,619	157,721,026
4) Capital strength		
a) Core capital	55,606,048	60,169,095
b) Minimum statutory capital	1,000,000	1,000,000
c) Excess/(deficiency)	54,606,048	59,169,095
d) Supplementary capital	15,505,695	19,729,013
e) Total capital	71,111,743	79,898,108
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%
i) Excess/(deficiency)	10.4%	8.7%
j) Core capital/total risk weighted assets	14.6%	13.6%
k) Minimum statutory ratio	10.5%	10.5%
l) Excess/(deficiency)	4.1%	3.1%
m) Total capital/total risk weighted assets	18.6%	18.1%
n) Minimum statutory ratio	14.5%	14.5%
o) Excess/(deficiency)	4.1%	3.6%
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%	-
5 Liquidity		
a) Liquidity ratio	33.6%	31.1%
b) Minimum statutory ratio	20.0%	20.0%
c) Excess/(deficiency)	13.6%	11.1%

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