

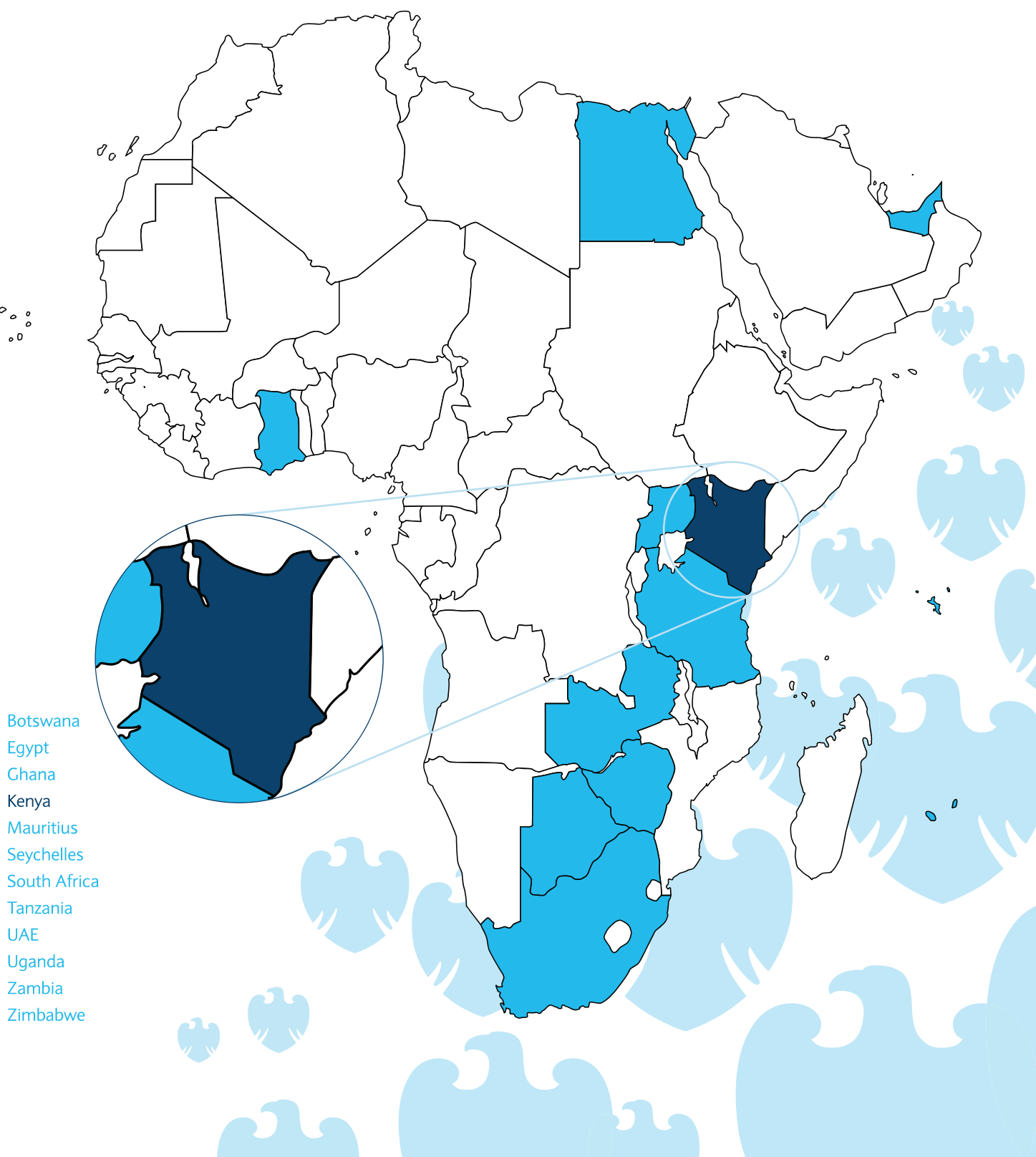
Barclays Bank Kenya Limited

Annual Report 2006



Barclays Africa and Middle East

Kenya



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Barclays Africa Overview

A 100-year African history of innovation, world-class products, services and expertise, continues to fuel our ambition to be the leading contributor to Africa's future. Barclays operates in twelve countries in Sub-Saharan Africa under various brand names, the main ones being Barclays and Absa. A third of all our staff globally are located in Africa – some 41,000 employees – and we have over 10, 000 000 African customers to whom we aim to provide exceptional customer service. During 2006, we realised strong growth across our Africa business and have built a successful platform for future growth in 2007. This will be a year of significant expansion. Through our rich heritage in Africa, we have built strong links with the people of the continent and have continued to invest in the economic and social development of the communities we serve.

Africa is a continent of small-and medium-sized enterprises (SMEs). They represent an exciting and critical pillar of economic growth and sustainability. The banking sector plays a decisive role in supporting small business and we have invested heavily in empowering them - forging partnerships that will encourage entrepreneurial spirit and increased employment.

Our innovative approach to doing business in Africa is rooted in the investment in the skills development of our people. We believe in developing local capabilities and local management. In 2006 we were awarded the 'Best Bank' by Euromoney in Kenya, Zambia and Ghana, 'Bank of the Year' by The Banker in Tanzania and, most recently, the Community Service Volunteer - Make a Difference Day award in Zimbabwe and Uganda. Together we have become an award-winning Bank!

We believe in the future of Africa and are committed to driving an agenda of superior customer service and product delivery to our clients across our footprint. The opportunity for Barclays in Africa is significant and we are excited as we look forward to the future.

Barclays Kenya Overview

Barclays Bank of Kenya

Barclays has operated in Kenya for over 90 years. Financial strength coupled with extensive local and international resources have positioned Barclays Bank of Kenya Limited as a foremost provider of financial services.

The main sectors of the Kenyan economy are agriculture, manufacturing, tourism and financial services. Tea and horticulture are the country's leading exports and the tourism sector continues to play a key role in contributing towards foreign exchange earnings of the country.

Barclays has established an extensive network of 62 outlets with 98 ATMs and a strong customer base of 450,000 customer accounts spread across the country.

The bank's financial performance over the years has built confidence among the 48,000 shareholders, with a reputation as one of the leading blue chip companies on the Nairobi Stock Exchange



Your purchase is your security



With Barclays Vehicle and Asset Finance, you can now purchase your new business equipment knowing that you can use the same purchase as its security. And with its low deposit and longer repayments it helps make growing your business even easier.

- Only 10% deposit.
- Longer repayment plans of up to 60 months.
- Low amounts borrowed of only Kshs 500,000/-.
- A flat processing fee.

Ask our friendly customer service manager to find out which is the perfect loan for you.
*Terms and conditions apply.



We'll help equip your business



With Barclays Vehicle and Asset Finance, you can now purchase your new business equipment knowing that you can use the same purchase as its security. And with its low deposit and longer repayments it helps make growing your business even easier.

- Only 10% deposit.
- Longer repayment plans of up to 60 months.
- Low amounts borrowed of only Kshs 500,000/-.
- A flat processing fee.

Ask our friendly customer service manager to find out which is the perfect loan for you.
*Terms and conditions apply.



We'll help lift your business



With Barclays Vehicle and Asset Finance, you can now purchase your new business equipment knowing that you can use the same purchase as its security. And with its low deposit and longer repayments it helps make growing your business even easier.

- Only 10% deposit.
- Longer repayment plans of up to 60 months.
- Low amounts borrowed of only Kshs 500,000/-.
- A flat processing fee.

Ask our friendly customer service manager to find out which is the perfect loan for you.
*Terms and conditions apply.

Directors' Profiles



Francis Okomo-Okello

Francis Okomo-Okello

Chairman. Joined the Board of Barclays Bank of Kenya in August 2003 and was elected chairman in April 2005. He holds a Bachelor of Laws LLB degree from the University of Dar-es-Salaam. He is a Fellow of the Princeton University, Woodrow Wilson School of Public and International Affairs. He is also a Fellow of the Kenya Institute of Bankers (FKIB). He is currently the Head of Legal & Corporate Affairs at the Industrial Promotion Services Group.



Adan Mohamed



Charles Ongwae

Adan Mohamed

Executive Director. Joined the Board in December 1999. He is a member of the Institute of Chartered Accountants in England and Wales and a graduate of Harvard Business School in the USA. He is currently Regional Managing Director for Barclays East Africa.

Charles Ongwae

Executive Director. Joined the Board in June 2002 and holds an MBA from the University of Nairobi and is a Certified Public Accountant. He is currently the Finance and Planning Director.



Dominic Bruynseels



Paul Chemng'orem

Dominic Bruynseels

Overseas based Non-Executive Director. Joined the Board in January 1999 He is an Associate of the Chartered Institute of Bankers (UK) and holds an MBA degree. He is currently Chief Executive of Barclays Africa and the Middle East.

Paul Chemng'orem

Non- Executive Director. Joined the Board in March 1998. An expert winer, he has extensive experience in the wines and spirits industry and has served as Managing Director of Kenya Wine Agencies Limited (KWAL). He is currently the Chief Executive of Distell (Kenya) Limited.

Directors' Profiles



Rose Ogega



Jane W. Karuku

Rose Ogega

Non- Executive Director. Joined the Board in April 2002 and is a Bachelor of Commerce graduate from the University of Nairobi as well as a Fellow of Certified Public Accountants of Kenya. She has chaired the Institute of Certified Public Accountants of Kenya (ICPAK) and is currently the Finance Director of Skynet Worldwide Express (Kenya).

Jane W. Karuku

Non- Executive Director. Joined the Board in August 2003 and holds an MBA from the National University of California USA. She is currently the Managing Director of Cadbury Kenya Limited.



Brown M'Mbai Ondego



Carol Musyoka

Brown M'Mbai Ondego

Non- Executive Director. Joined the Board in August 2003 and is a graduate of the London Business School. An expert in Transport Logistics specializing in International Sea Transport, Port planning and Management, he is currently undertaking consultancy work in Shipping and Port related Industry. He is the immediate former Managing Director of Kenya Ports Authority.

Carol Musyoka

Executive Director. Joined the Board in November 2005 and holds a Bachelor of Laws LLB degree from University of Nairobi and a Masters of Law LLM from Cornell University, New York. She is currently the Corporate Banking Director.



Wanjiru Nduati

Wanjiru Nduati

Company Secretary. Ms. Nduati was appointed in August 2003. She holds a Bachelor of Laws LLB degree from the University of Leicester. She is an advocate of the High Court of Kenya and a member of the Institute of Certified Public Secretaries.

(All the above directors are below the statutory age limit of 70 years).

Notice of the Annual General Meeting

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Shareholders of Barclays Bank of Kenya Limited will be held in the Tsavo Ballroom, Kenyatta International Conference Centre, Harambee Avenue, Nairobi on Friday 4th May 2007 at 11:00 a.m. to transact the following business:

1. To confirm the Minutes of the Twenty Seventh Annual General Meeting held on 28th April 2006.
2. To receive, consider and if thought fit, adopt the Annual Report and Financial Statements of the year ended 31 December 2006 together with the Directors' and Auditor's reports thereon.
3. To declare a dividend.
4. To elect Directors.
5. To fix the remuneration of the directors.
6. To appoint Auditors.
7. To transact any other business of an Annual General Meeting.

By Order of the Board,
Wanjiru Nduati
Secretary

Note 1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend on his behalf. A proxy need not be a member of the company. To be valid, a form of proxy which is provided with this report must be duly completed by the member and must either be lodged with the Registrar of the Company at Custody & Registrar Services, 1st Floor, Bank House, Moi Avenue, Nairobi or be posted to Custody and Registrar Services on P. O. Box 8484 Nairobi, so as to reach the Company not later than 11.00 a.m. on Friday 27th April 2007.

Note 2. Any member may by notice duly signed by him and delivered to the registered office of the company not less than 7 days and not more than 28 days before the day appointed for this meeting propose any other person for election to the Board. Such notice must be accompanied by a notice signed by the person indicating his willingness to be elected.

Ilani ya Mkutano Mkuu wa Kila Mwaka

Mnatangaziwa ilani ya Mkutano Mkuu wa Kila Mwaka wa Ishirini na Nane wa Wenyekisa wa Barclays Bank of Kenya Limited utakaofanyiwa katika Tsavo Room, Kenyatta International Conference Centre, Harambee Avenue, Nairobi, mnamo Ijumaa tarehe 4, Mei, 2007 kutekeleza shughuli zifuatazo;

1. Kuthibitisha kumbukumbu za Mkutano Mkuu wa Mwaka wa ishirini na saba uliofanywa Aprili 28, 2006.
2. Kupokea, kujadiliana na ikionekana inafaa, kuidhinisha ripoti ya kila mwaka na taarifa ya kifedha ya mwaka uliokamilika Desemba 31, 2006 pamoja na ripoti za mkurugenzi na Mkaguzi wa Hesabu wakati huohuo.
3. Kutangaza mgawo
4. Kuwachagua Wakurugenzi.
5. Kuamua kiwango cha marupurupu ya Wakurugenzi.
6. Kuwateua Wakaguzi wa Hesabu:
7. Kushughulikia maswala mengine ya Mkutano Mkuu wa mwaka.

Kwa Amri ya Halmashauri
Wanjiru Nduati
Katibu.

Note 1. Mwanachama aliye na haki ya kuhudhuria mkutano na kupiga kura ana haki ya kumchagua mwakilishi wake kuhudhuria kwa niaba yake. Mwakilishi sio lazima awe mwanachama wa kampuni. Kuidhinisha hali hii, fomu maalumu ya kumteua mwakilishi inayotolewa na taarifa hii inapaswa kujazwa na mwanachama kisha ipelekwe kwa Registrar of the Company katika Custody & Registrar Services, Orofa ya kwanza, Bank House, Barabara ya Moi Avenue, Nairobi au itumwe kwa posta kwa Custody and Registrar Services, Sanduku la Posta 8484 Nairobi, ili kufikia kampuni kabla ya saa tano asubuhi iljumaa, 27 Aprili, 2007.

Note 2. Mwanachama ye yote anaweza, kwa kutoa notisi aliyoitia sahihi na kuwasilisha kwa afisi ya kampuni iliyosajiliwa kwa muda usiopungua siku saba au kuzidi siku ishirini na nane kabla ya siku iliyochaguliwa kufanywa mkutano mkuu wa kila mwaka, kupendekeza mtu mwingine ye yote wa kuchaguliwa kwenye halmashauri. Notisi hii lazima iandamane na notisi nyingine iliyotiwa sahihi na mtu aliyependekezwa akionyesha nia yake ya kutaka kuchaguliwa.

Chairman's Statement

“



Francis Okomo-Okello

I am delighted to present the annual report and financial statements of your Bank for the year ended 31st December 2006. During the year, the Bank made remarkable improvements in its performance, achieving outstanding results.

Overview of the Kenyan Economy

The Kenyan economy grew by about 6% during 2006, with its pace marginally slowed down by a dry weather spell experienced in the first half of the year. In September 2006, the country received the first ever credit rating from a global credit rating agency, Standard & Poors. Such a rating offers an easy risk evaluation reference point for international investors as well as serving as a benchmark for future improvements on governance, investment climate and trade.

Inflationary pressures remained high despite a reprieve from falling crude oil prices and heavy short rains during the second half of the year. The drought experienced in the first half of the year and the attendant high food prices drove the 12 months overall inflation at the beginning of the year to a high of 19.1% before closing the year at 15.6% (compared to a lower rate of 7.6% in 2005). The month-on-month underlying inflation, which excludes food and energy, was maintained at 4.3%, (2005: 4.9%) and this fell within the Central Bank of Kenya's target of 5%.

During the year under review, the economy experienced a consistently low interest rates environment. The 91-day rate fell from 8.1% at the beginning of the year to reach a two year low of 5.7% at the end of 2006. The expected outlook for 2007 is for stable interest rates. However, the stability or otherwise of interest rates is dependent on whether the Government will maintain fiscal discipline and avoid unplanned expenditure in the election year.

The Central Bank of Kenya introduced a benchmark rate, the Central Bank Rate (CBR) with the aim of de-linking the setting of interest rates from Government's borrowing requirement by aligning the level of interest rates to relevant macroeconomic variables. This move by the Central Bank is welcomed by the banking industry and we expect future rates to be aligned to the new CBR .

BARCLAYS

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- One free withdrawal every quarter
- Interest paid on all balances
- No monthly account fees
- Interest calculated daily
- Double your interest when you don't withdraw

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The Kenya Shilling strengthened against the US Dollar by 3.9% but depreciated against the Sterling Pound by 9.3%. The closing exchange rates for the shilling against the US Dollar and the UK Pound were Shs. 69.6 and 136.8 compared with the rates in 2005 which had closed at Shs.73.1 and 127.6 respectively. The strengthening of the Kenya Shilling against the US Dollar can be attributed to strong overall balance of payments position and the Dollar's weakness in the international markets.

Chairman's statement

(continued)

Corporate Social Investment

In our continued effort to make a lasting impact in the Communities where we do business and within the context of the on going Corporate Social Responsibility Programmes, we undertook various community development activities across the country which addressed issues within our main areas of focus namely; Education, Public Health, HIV AIDS, Malaria and Entrepreneurship while supporting the Kenya Government in addressing issues on poverty eradication. As a responsible Corporate citizen, Barclays Kenya contributed Shs 52 million in 2006 in support of various community initiatives.

In early 2006, Kenya experienced a serious drought that was declared a national disaster. Barclays intervened, in the collaborative efforts, by donating Shs.13.5 million to buy relief food to feed over 3.5 million Kenyans across the country who had been deprived, by the natural calamities, of their normal food supplies and in co-ordination with the official distributor, Kenya Red Cross Society, reached 124,000 people in ten of the worst hit districts with 300, 000 kilogrammes of relief food.



Barclays Kenya Chairman, Francis Okomo-Okello presents a Shs 13 million cheque to H.E. President Kibaki towards the Famine Relief Fund. On the extreme right is Barclays Kenya Managing Director Adan Mohamed.

The Bank offers employees opportunities to engage in community work through various activities such as "Make A Difference Day" (MADD) and the

Employee Involvement Scheme which entitles every member of staff to two days every calendar year during which they can take time off to participate in community development projects. For their selfless contribution to the development of the various communities, Barclay's employees have been recognised by the Group through the prestigious Barclays Group Chairman's Award where Kenya has clinched the top awards for seven years consecutively. In the 2006 Chairman's Award, Barclays Kenya won 2 Awards, one in the individual category, and the other for the introduction of products in the category of equality and diversity through Islamic banking, the first of its kind in Kenya. The Bank also won awards from other international and local institutions, like the Africa Investor (Employer of the year), the Financial Times (Bank of the year), The Market Intelligence (most innovative Asset Finance and La Riba products) and the Kenya Institute of Management (the best Financial Management practices)

The Board

There was one change to the composition of the Board during the year. One of our Non-executive Directors, Mr. Ayisi Makatiani opted not to offer himself for re-election as a Board Member during the last Annual General Meeting citing pressure of work and numerous other commitments outside the country. On behalf of the Board, I would like to take this opportunity to thank Mr. Ayisi Makatiani for his dedicated services during his tenure of service and to wish him well in all his future endeavours.

As has been the norm over the last 2 years, the Board undertook a conscientious assessment of its performance against the set targets based on a pre-agreed Board Work Plan for the year and a note on this evaluation is contained in the Corporate Governance Statement which also details the composition and role of the various Board Committees.

Chairman's statement

(continued)

Bonus and shares split

The Board appreciates the important role that our shareholders' funds contribute to the stability of the Bank and strength of its balance sheet. In recognition of this, during the year, the Bank capitalised Shs. 679 million out of retained earnings and issued bonus shares in the proportion of three new shares for every one held. In addition, in order to increase liquidity and make our shares more affordable to a wider section of the Kenyan investing public at the Nairobi Stock Exchange, a share split in the ratio of five to one was effected. As a consequence, there has been a remarkable increase in the number of additional Shareholders which rose by 12,500 due to the share split.

Share Registrar Services,

During the year, your Bank exited from its share registrar services, hitherto offered through Barclays Advisory and Registrar Services Ltd (BARS). This followed a detailed strategic review of our operations with the aim of enhancing the Bank's focus on its core business. BARS, together with its staff, has been acquired by CAPSEC Ltd.

Banking Sector Developments

With good economic prospects, the banking sector improved its asset quality and retained high capital adequacy ratios. Total industry assets expanded by 20% to close the year at Shs. 760 billion, with loans

and advances (which amounted to Shs. 390 billion) comprising 50% of the total assets. Capital and reserves of the banking sector increased by 18% to Shs. 95 billion. The increase was as a result of fresh capital injection by some institutions and retention of profits. Total deposits grew by 24% to Shs. 625 billion with the growth being mainly attributed to external donor inflows, remittances by Kenyans living abroad and earnings from tourism.

Conclusion

In conclusion, allow me to take this opportunity to convey my appreciation and gratitude to the Board, Management and Staff of the Bank for the tireless and splendid efforts that have seen Barclays Kenya attain yet again, greater heights of business performance in 2006. In addition, we must acknowledge that without the trust, confidence and passion that our shareholders, customers and communities in which we do business have in us, we would not have achieved such stellar performance.

Finally I would like to thank the Government and regulatory bodies, particularly the Central Bank of Kenya, the Capital Markets Authority and the Nairobi Stock Exchange for their mutual trust, guidance and continued cooperation.

Francis Okomo-Okello
Chairman



Awards won in 2006



Bank of the year



Employer of the year



Excellence in Financial
management



Group chairman's award
for equality & diversity (Ia Riba Account)

Market Intelligence

1. Best Bank in Product Innovation
2. Best Bank in Asset Finance

Taarifa ya mwenyekiti

“



Francis Okomo-Okello

Ninayo furaha kuu ninapowasilisha ripoti hii ya kila mwaka na taarifa za hesabu na fedha za benki yenu za mwaka uliomalizika Desemba 31, 2006. Katika mwaka huo, Benki ilipiga hatua muhimu kuimarisha shughuli zake na kupata matokeo yaliyojipambanua.

Mtazamo wa Uchumi wa Kenya kwa Ujumla

Uchumi wa Kenya ulikua kwa asilimia sita mwaka 2006. huku ukuaji ukififia kidogo kutokana na ukame uliotokea nusu ya kwanza ya mwaka. Kwa mara ya kwanza, mnamo Septemba 2006, Kenya iliorodheshwa na shirika la kimataifa la kupima uwezo wa Taifa kulipa madeni yake, Standard and Poors. Kuorodheshwa huku husaidia waekezaji wa kimataifa kujiamulia iwapo wanahatarisha biashara zao au la na wakati huohuo kutoa mwongozo juu ya uwezo wa taifa hilo kuimarisha utawala, mazingira ya uekezaji na biashara.

Shinikizo zinazotokana kwa kupanda kwa gharama ya maisha ziliendelea kuwa nyingi hata baada ya kuanguka wa bei ya mafuta ghafi na mvua nyingi wakati wa msimu mfupi wa masika katika nusu ya pili ya mwaka huo. Kiangazi kilichokuwepo nusu ya kwanza ya mwaka na kupanda juu sana kwa bei ya vyakula kulifanya miezi 12 ya mwaka kwa ujumla kuanza na kupanda kwa gharama ya maisha kuwa asilimia kumi na tisa nukta moja na kumalizikia kwa asilimia kumi na tano nukta sita (ikilinganishwa na kiwango cha chini cha asilimia saba nukta sita mwaka 2005). Kupanda kwa gharama ya maisha kwa mwezi baada ya mwezi, bila kushrikisha chakula na nishati, kulikwama kwa asilimia nne nukta tatu (2005: asilimia nane nukta tisa). Kiwango hiki kilikuwa chini kikilinganishwa na kile kilichokadiriwa na Benki Kuu ya Kenya cha asilimia tano.

Mwaka huu tunaoupiga msasa, uchumi ulikuwa katika mazingira ya kiwango cha chini cha riba wakati mwingi. Kiwango cha siku 91 kilianguka kutoka asilimia nane nukta moja mwanzo wa mwaka na kufikia kiwango cha chini sana katika muda wa miaka miwili cha asilimia tano nukta saba ilipofikia mwisho

wa 2006. Inatarajiwa kwamba mwaka 2007 kiwango cha riba kitakuwa imara. Hata hivyo, kutulia au kutotulia kwa riba hutegemea sana nidhamu ya kifedha ya Serikali na iwapo itajiepusha na matumizi yasiyopangiwa mwaka huu wa uchaguzi.

Benki Kuu ya Kenya ilianzisha vipimo maalumu vya riba (CBR), kwa lengo la kutenganisha uwekaji wa kiwango cha riba kutegemea ukopaji wa Serikali. Lengo lake ni kwamba kupanda au kushuka kwa riba kutegemea mikondo mingine mikubwa ya kiuchumi. Hatua ya Benki kuu inakaribishwa na washikadau katika sekta ya Benki na tunatarajia kwamba uamuaaji wa wa kiasi cha riba siku za usoni ielekezwe kwenye mpango mpya wa CBR.

Shilingi ya Kenya iliimarika dhidi ya Dola ya Marekani kwa asilimia tatu nukta tisa lakini ikaanguka dhidi ya Pauni ya Uingereza kwa asilimia tisa nukta tatu. Kiwango cha mwisho katika ubadilishanaji wa pesa za kigeni kwa Dola ya Marekani na Pauni ya Uingereza ilikuwa Shilingi 69.6 na 136.8 ikilinganishwa na viwango vya 2005 vilivyofunga mwaka kwa kiwango cha Shilingi 73.1 na 127.6 mtawalia. Kupanda kwa thamani ya shilingi ya Kenya dhidi ya Dola ya Marekani huenda kunatokana na malipo yote kwa ujumla na pia kudhoofika kwa thamani ya Dola katika masoko ya kimataifa.

Ukekezaji wa kampuni katika maswala ya kijamii

Katika juhudi zetu za kutaka kukumbukwa kwa muda mrefu miongoni mwa jamii ambapo tunafanya biashara na katika muktadha wa maongozi yetu yanayoendelea ya Wajibu wa Maswala ya Kijamii ya Kampuni, tulianzisha miradi kadhaa inayolenga sehemu ambazo tumetilia mkazo kama vile, Elimu, Afya ya Umma na Uanzishaji Biashara. Kwa kufanya hivi tunaunga mkono Serikali ya Kenya katika kuangamiza umaskini. Kama kampuni ya Kenya inayojali maisha ya mwananchi, Barclays Bank, ilitoa Shilingi 52 milioni mwaka 2006 kuunga mkono miradi kadhaa iliyoanzishwa na wananchi. Kama ilivyotajwa hapo awali, miongoni mwa maswala

Taarifa ya Mwenyekiti

(inaendelea)

yanayopewa kipao mbele na kampuni ni Afya, ambapo mkazo unatiliwa kwa Ukimwi na Malaria, na Elimu, hasa ile ya mtoto-msichana.

Mapema mwaka wa 2006, Kenya ilikumbwa na kiangazi, ambacho kilitangazwa kuwa janga la kitaifa. Barclays iliingilia kwa ushirikiano na wengine, kwa kuchanga Shilingi 13.5 milioni zilizotumiwa kununua chakula kuwalisha Wakenya kote nchini waliokuwa wamekumbwa na majanga ya kiasili. Tulishirikina na Chama cha Msalaba Mwekundu, ambacho kilikuwa mgawaji rasmi wa chakula. Chakula kilo 300, 000 kiliwafikia wananchi 124,000 katika Wilaya 10 zilizoathirika zaidi

Benki hutoa nafasi kwa wafanyakazi kushiriki katika miradi ya kijamii kupitia mipango kama siku ya 'make a difference Day' (MADD) na mpango mwingine wa Employee Involvement Scheme ambapo kila mfanya kazi anapewa siku mbili kwa mwaka ambapo mfanyakazi anaweza kuacha kazi siku hizo na badala yake ashiriki katika miradi ya maendeleo katika jamii. Katika kujitolea kwao katika miradi mbalimbali ya maendeleo katika jamii, wafanyakazi wa Barclays wametambuliwa na Makao Makuu ya Barclays kupitia kwa tuzo ya Barclays Group Chairman's Award, ambapo Kenya imeshinda tuzo hilo kwa miaka saba mfululizo.



Nobel Laureate, Prof. Wangari Maathai receives Shs. 1.5 million on behalf of Unjiru Dispensary from the Barclays Operations and Information Technology Director, Joseph Muremwa.

Katika tuzo la 2006 la Chairman's Award, Barclays Kenya ilishinda tuzo mbili, moja ikiwa ya kibinafsi na la pili kwa kuanzisha aina ya biashara yenye hali ya juu na iliyo tofauti sana ya huduma za benki za Kiislamu, aina yake ya kipekee nchini Kenya. Benki pia ilishinda tunzo zingine kutoka kwa taasisi za kimataifa na za nchini kama vile Africa Investor (Mwajiri bora wa mwaka), gazeti la ulaya la Financial Times (Benki Bora ya Mwaka), Jarida la humu nchini la Market Intelligence (Mawazo bora zaidi ya mali kwa fedha na huduma ya La Riba) na kituo cha Kenya Institute of Management (kwa kutumua mbinu bora zaidi za usimamizi wa fedha)

Halmashauri

Kulikuwa na mabadiliko ya mwanachama mmoja katika halmashauri mwaka huo. Mmoja wa Wakurugenzi wetu ambaye si mfanyakazi, Bw Ayisi makatiani, aliamua kutojitolea kuchaguliwa tena kama mwanachama wa halmashauri katika mkutano mkuu wa mwaka na akataja kuwa amezidiwa na kazi na wajibu mwingine nje ya nchi. Kwa niaba ya Halmashauri, ningependa kuchukua nafasi hii kumshukuru Bwana Ayisi Makatiani, kwa huduma yake ya kujitolea wakati alipokuwa mwanachama wa halmashauri na tunamtakia kila la heri katika majukumu yake mapya.

Kama ilivyo kawaida kwa miaka miwili sasa, Halmashauri ilichukua nafasi kujipiga msasa ambapo ililinganisha kazi iliyofanywa dhidi ya malengo ya kazi yaliyowekwa katika Mpango maalumu wa Halmashauri yenyewe. Ukaguzi huu uko katika Taarifa ya maongozi ya Kampuni, ambayo pia inatoa habari kwa undani zaidi kuhusu uundaji na wajibu wa kamati mbalimbali za halmashauri.

Taarifa ya Mwenyekiti

(inaendelea)

Hisa za ziada na Ugawaji wa Hisa

Halmashauri inatambua wajibu muhimu unaotekelezwa na fedha za wenye hisa wetu katika utulivu wa Benki na kiwango cha kuvutia cha pesa tulizo nazo. Kwa kutambua hali hii, mwaka huo, iligeuza kuwa mtaji Shilingi 679 milioni kutoka kwa mapato yaliyobakia na kutoa hisa za ziada tatu kwa kila moja iliyoko. Na pia, katika kuhakikisha kuwa kuwa na hisa za benki zinazoweza kununuliwa kwa urahisi zaidi na Wakenya wengi wanaotaka kukeza katika ununujaji wa hisa katika Soko la Hisa la Nairobi, tuligawa hisa mara tano kwa kila moja. Hatua hii imeongeza idadi ya wenye hisa kufikia wanachama wapya 12,500.



Huduma ya Msajili wa Hisa

Mwaka huu, Benki yenu ilijiondoa katika Huduma ya Msajili wa Hisa, iliyokuwa ikitolewa na Barclays Advisory and Registrar Services Ltd (BARS). Hatua hii ilichukuliwa baada ya kutathmini kwa undani mwongozo wetu wa utendaji kazi kwa lengo la kuimarisha lengo kuu la Benki la biashara. BARS na wafanyikazi wake wamenunuliwa na CAPSEC Ltd.

Ustawishaji wa Sekta ya Benki

Huku kukiwa na matarajio mazuri ya kiuchumi, sekta ya huduma ya benki iliimarisha rasilimali na kudumisha kiwango cha juu cha mtaji (rasilimali). Rasilimali iliongezeka kwa 20% na wakati wa kufunga mwaka ilikuwa imefikia Shilingi 760 Bilioni, pamoja na mikopo na advansi (zilizofikia jumla ya Shilingi 390 Bilioni) ikiwa ni 50% ya rasilimali yote. Rasilimali na mabaki katika sekta ya huduma ya benki ilipanda kwa 18% na kufikia Shilingi 95 Bilioni. Nyongeza hiyo ilitokana na upokeaji wa fedha kutoka kwa taasisi zingine na pia kuendelea kushikilia faida. Jumla ya pesa zilizowekwa zilipanda kwa 24 % na kufikia Shilingi 625 bilioni. Nyongeza hii ilitokana na kuingia kwa pesa kutoka kwa wafadhili wa kutoka nje na pia pesa ambazo Wakenya wanatuma kutoka nje na mapato yanayotokana na biashara za utalii.

Tamati

Nikimalizia, nawaombeni mniruhusu kuchukua nafasi hii kuwasilisha shukrani zangu za dhati kwa Halmashauri, Wasimamizi na wafanyakazi wa Benki kwa bidii na juhudi zao za kujitolea ambazo zimewezesha Barclays Kenya, kufikia upeo wa juu wa biashara mwaka 2006. Na pia, lazima tutambue kuwa bila imani, hali ya kutegemeana na mapenzi waliyo nayo wenye hisa wetu, wateja na jamii tunamofanyia biashara waliyo nayo kwetu, hatungeweza kupata mafanikio haya makubwa.

Mwisho kabisa ningependa kushukuru Serikali na taasisi zote husika, hasa Benki Kuu ya Kenya, Mamlaka ya Capital Market Authority na Soko la Hisa la Nairobi kwa imani yao, uongozi na ushirikiano wao.

Francis Okomo-Okello
Mwenyekiti

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Managing Director's Report

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Adan Mohamed

I am delighted and proud to be part of the 2006 team that delivered record financial results in Kenya's banking sector history. Our efforts were recognised by internationally renowned institutions like Africa Investor who declared Barclays the best employer in the continent, the Kenya Institute of Management for our excellence in financial management for the third year running, the Market Intelligence Magazine for our pioneering and innovative products and the Financial Times as the Bank of the Year. We were also proud recipients of two awards from the Barclays Group Chairman for our exemplary community service.

Financial Review

Barclays Bank of Kenya recorded impressive results with the profit before tax increasing strongly by 19% to Shs. 6,475 million (2005: Shs. 5,427 million), mainly driven by growth in total income of 6% to Shs. 15,123 million (2005: Shs. 14,275 million) and a remarkable 34% reduction in the impairment charge to Shs. 881 million (2005: Shs. 1,329 million). The Balance sheet grew by 13% to reach an all time high of Shs.118 billion. Customer deposits grew strongly by 15% to Shs. 93.8 billion, while loans and advances to customers increased by a considerable 13% to Shs.73.9 billion. All these performance indicators are a reflection of the confidence and trust that our stakeholders have in the operations of the Bank.

The Bank's solid liquidity ratio of 36% has consistently exceeded the requisite minimum prudential requirement for banks in Kenya of 20%. The components of this liquidity include balances held in the statutory cash reserve with the Central Bank, holdings in Treasury Bills and Bonds, placements of foreign currency balances and operating cash balances held at our branches.

Shareholders funds have risen by Shs. 1.7 billion to Shs. 14.9 billion and on the basis of our capital strength, the directors have recommended a final dividend of Shs. 1.20 per share which translates to

Shs. 1.6 billion thereby making a total for the year 2006 of Shs. 2.2 billion, after an interim dividend of Shs. 611 million was paid in October 2006. It is worth noting that the final dividend is based on a substantially large number of shares held which now stand at an all-time high of 1.4 billion (2005: 204m shares) after the recent issuance of a bonus of 1 share for every 3 held and a share split that created 5 new shares for every 1 share hitherto held. Out of the record 2006 profits, your bank has retained Shs. 2.5 billion to finance future business growth.

Products

In our endeavour to meet our customer expectations, we launched the Bouquet group of accounts- Everyday bouquet, Current account bouquet and Prestige bouquet. These accounts attract one fee per month, making it simple for customers to plan their banking costs with certainty. We also re-launched the Student account which has proved to be very popular with the student

Managing Director's statement

(continued)

population across the country. This was in line with our commitment to nurture and develop long term relationships with our customers from their formative years. As market leaders, we shall continue to introduce new and innovative retail products to the Kenyan market.

Retail Banking

In 2006 the Banking sector realised increased competition in growth of the personal customer account base and personal loans. We faced this challenge with confidence leveraging on the strength of our Brand, a diverse and superior product set and the wide variety of customer solutions that we provide to all our customers.

Channels

In order to improve on our customer service, we installed another 15 ATMs in our network to make a total of 98 ATMs countrywide, and opened 4 branches during the year under review thus increasing our network of branches to 62 outlets. Customers in Mbale, Voi, Garissa and Ngong can expect much better service from Barclays.

Service

To serve our customers with greater flexibility and convenience, we extended our opening hours in prestige centres located in shopping malls like Sarit, Yaya and Village Market to close at 2 pm on Saturdays. The Local Business customer has longer access to banking services in specific sites from 8 am to 5 pm to accommodate their cash transaction needs and can become a member of the Business Club which offers a whole range of growing and support incentives such as borrowing at discount, quarterly seminars on tax management, pension for SME's, marketing and investing.

As a responsible corporate, Barclays looks to the financial service needs of the community with the aim of providing all with appropriate financial

services. One key area is the support for the Small and Medium Enterprises where as a bank we recognise that it is our job to provide customer-centric and innovative solutions that help our customers manage and grow their businesses. Our philosophy with this unique segment considered to be a key contributor to economic development is one of 'Partnership for Growth' - for Barclays to be successful- our SME customers must be successful. The terms are easier and product offerings tailored to suit this segment.

During the year, we installed electronic touch pads that give our esteemed customers an opportunity to give feedback on the nature, quality and speed of service that they receive from our branches. We have used our customer's feedback to 'shine' and leverage on the provision of splendid service.



Newly installed Electronic Touch-pads to capture customer feedback.

Barclays made further strides in providing customers with appropriate financial services with the strengthening of the La Riba current account offering to include Local Business and the appointment of a Shariah Advisory Committee. In 2006 Barclays Kenya was recognised for its La Riba account offering winning Best Bank in Product Innovation: Market Intelligence Awards and top recognition in the Equality and Diversity category for customers at the prestigious Barclays Group Chairman's Awards ceremony held in London.

Managing Director's statement

(continued)

Our ever popular trips abroad by the business club customers continued during the year and over 1,000 customers visited Singapore, Japan and Dubai. These trips have become a "can't miss" for the business club members and more trips are planned for the New Year.



We engage and support our stakeholders: a donation of Shs. 10 million to the Aga Khan Foundation for a rural development programme in Kwale and Kilifi.

Looking forward, 2007 is expected to be an exciting year for Retail banking. During the year under review, we rolled-out an aggressive expansion programme that will enable us to significantly increase our branch network to over 100 retail branches and the ATM channels to over 150 units, as well as introducing a new sales culture in the organisation. The expansion programme will cost the Bank some Shs. 2 billion.

Corporate Banking

The Corporate Banking performance in 2006 reflected the strong economic growth in Kenya as we witnessed increased financial demands from the various sectors of the economy. Key drivers of our interest income were the manufacturing, agricultural, construction and telecommunications sectors on the back of robust domestic demand for the goods and services within these areas. On the liabilities side, we enjoyed an impressive growth of our deposits by over Shs.10 billion. January 2006 set the scene for the continued entrenchment of

Barclays Bank as a market leader in corporate finance transactions, when Barclays was appointed the sole financier for the US\$20M Kenya Airways Pre Delivery Payment for a Boeing 777 plane. We were also Mandated Co-Lead Arranger in the Shs. 12 Billion Safaricom Medium Term Loan as well as the Magadi Soda Company US\$24M transactions.

Our regional East African presence also ensured that Corporate Banking in Barclays Kenya was able to provide seamless financial solutions for our corporate customers and we were mandated as the sole Lead Arranger in the \$33M acquisition of the Government of Uganda's shareholding in Kinyara Sugar Company by Rai Holdings.

Our Vehicle and Asset Finance team continued to set the pace in the market by providing innovative solutions to our customers with large motor vehicle fleets as well as those who were upgrading computer networks. The tax efficient leasing solutions that we provide as well as mainstream hire purchase products for movable assets showed strong growth in 2006 with at least Shs. 2.5 billion in new assets written during the year. Our custodial services also received significant visibility to the market and were the proud recipients yet again of a Domestic Custody rating of A- rating by Thomas Murray, the specialist custody rating, risk management and research firm. We were also Top Rated by the Global Custodian Magazine in 2006.

In response to growing customer demand for an internet based electronic banking product, we were able to roll out Integrator to our corporate clients. While a public launch is slated for later in 2007, we successfully piloted to a number of our customers in both Nairobi and upcountry locations and have continued to sign up more customers as news of the success spreads. Integrator now enables our corporate customers to view their Barclays accounts in any country within Africa where Barclays is represented, and enables customers to move funds into and out of accounts in these countries from the comfort of their desk tops.

Managing Director's statement

(continued)

The ongoing branch expansion in 2007 is expected to continue to cement our role as the leading bank for corporates looking for a large payment and collection network.

Treasury Services

Our Treasury unit recorded a very strong performance in 2006 supported by a stable macro-economic environment. The bank benefited from continued economic growth that was driven by good performance in tourism, telecommunications, energy and construction and underpinned by a stable interest rate environment. The short-term capital flows went to offset the growing current account deficit sparking currency rate volatility that favoured the local unit propelling it to record an all-time high against the major hard currencies.

We continued to demonstrate market leadership by winning the mandate for being the only treasury transaction that facilitated settlement of the largest privatisation deal in one of the East African countries. Drawing synergies from the various sections of the Bank and especially the closer cooperation between the Corporate and Treasury sales teams continued to bear fruit as a focused Treasury offering to our corporate customers delivered value adding solutions growing foreign exchange income by 13% and the fixed income interest income growing almost 40% from the previous year.

During the year, the Monetary Policy Advisory Committee which had been set up by the Minister for Finance in the previous year to advise the Central Bank on monetary matters worked closely with the Central Bank to develop a framework for the Central Bank rate. This rate was launched on 31st May, 2006 as a basis for determining market rates and was a welcomed development by the market.

The bank's Treasury team will continue expanding our product base to match the changing sophisticated needs of our customers by leveraging

on our global enterprise-wide expertise in foreign exchange and interest rate derivatives to provide appropriate products, making it the natural treasury solutions provider for all our customers.

Card Business

In the early part of 2006, we started the deployment of new Point of Sale terminals (POS) at Merchant sites to replace the old bulky terminals which had been there for a long time. The new POS terminals apart from having a better look and feel do offer better connectivity with the bank and we are committed to improving the infrastructure for our merchants.

On Cardholder business, we successfully launched our Direct Sales channel and this has contributed to improving our penetration of cards in the marketplace. In 2007 we shall be developing more channels to drive card sales as we look at increasing competition with ten new players entering into the Card Issuing business during 2006.



Our newly launched Barclays Premiership card

Managing Director's statement

(continued)

An area of major success in 2006 is how well Barclaycard controlled card debt through implementation of new credit monitoring systems and adoption of much more modern techniques to manage cardholder debt. We were able to build on the improved performances achieved in 2005 and as result controlled exceptionally well, the level of impairment against a growing credit book. However, we have seen an increase in fraud activity and this has been much more sophisticated type of fraud with international rackets targeting the Kenyan market. Against this background the Card business has still performed well through improving our monitoring and early detection of fraud activity methods and a lot more is to be done in this area in 2007.

In 2007 the real differentiator will remain customer service and our entire service proposition becomes a major focus area. Significant progress has already been made to avail access to our Card systems at key branches so that staff on the ground can now respond more immediately to customer enquiries/requests. We are going to develop a differentiated service offering in Barclaycard which specifically addresses the needs of our Merchant clientele separate from cardholders and for the latter, we will tailor Gold card and Prestige customer service propositions to greatly improve the customer experience. Thus it is with great enthusiasm that we look ahead to what we expect will be a challenging year full of opportunities for the card business.




Credit Risk Management

We had a remarkable year that saw the efforts put into creating a robust credit risk management framework during previous years bearing fruit. The improvement in the overall quality of the lending book and the vigorous focus on unlocking value from the stock of non-performing debts resulted in a 34% reduction in impairment charges for the year compared to the previous year, as well as a 22% reduction in non-performing loans. This was achieved through robust monitoring and control

practices, as well as some wonderful recovery and turnaround work done by our Business Support and Corporate Recovery department.

The new Retail Credit Risk structure introduced towards the end of 2005 was fully embedded resulting in a remarkable improvement in the control environment within that section, as well as a razor sharp focus on collections and recovery activities. Defaulting Bank customers were aggressively pursued for repayment whilst customers who met their obligations with the Bank were generously rewarded with various offers including guaranteed loans at lower interest rates.

The year also saw the introduction of a Customer Value Management approach to credit risk management within the retail segment. This approach relies on sophisticated statistical modelling and analysis to accurately segment customers according to risk profile, thus enabling the deployment of risk-based pricing models and other tools that reward good behaviour and discourage bad behaviour among customers. As a result of this, our lower risk customers will be able to enjoy much lower rates of interest on their borrowings.

BARCLAYS	BARCLAYS	BARCLAYS
<p>Business Solutions</p> <p>Take the guesswork out of bank charges</p> 	<p>Business Solutions</p> <p>Take the guesswork out of bank charges</p> 	<p>Business Solutions</p> <p>Take the guesswork out of bank charges</p> 
<p>We have the current account to suit your business.</p> <p>900/- per month package</p> <ul style="list-style-type: none"> • Account maintenance fee • Free cheque book • Free transaction fee • Free ATM fee where applicable • Free cash handling 	<p>We have the current account to suit your business.</p> <p>750/- per month package</p> <ul style="list-style-type: none"> • Account maintenance fee • Free cheque book • Free transaction fee • Free ATM fee where applicable • Cash handling fee applicable 	<p>We have the current account to suit your business.</p> <p>450/- per month package</p> <ul style="list-style-type: none"> • Account maintenance fee • Free cheque book • Cash handling fee applicable
<p><small>For further information on our business packages please ask one of our business customer advisers.</small></p> <p><small>*Terms and conditions apply. Please refer to our self guide. 2.2% cash handling fee.</small></p>	<p><small>For further information on our business packages please ask one of our business customer advisers.</small></p> <p><small>*Terms and conditions apply. Please refer to our self guide. 2.2% cash handling fee.</small></p>	<p><small>For further information on our business packages please ask one of our business customer advisers.</small></p> <p><small>*Terms and conditions apply. Please refer to our self guide. 2.2% cash handling fee.</small></p>

Managing Director's statement

(continued)

Our People

The bank's objective in 2006 was to drive the strategy of sustaining a High Performance Organisation through development and implementation of a superior employer brand proposition that demonstrably attracts and retains diversity of talent at all levels, including alignment of reward to the delivery of shareholder performance.



We value our employees: Elizabeth Njoroge receives a Long Service Award from Managing Director, Adan Mohamed.

During the year, we continued to deploy talent where it will maximise value for the organisation and improved the effectiveness of performance management in order to drive performance by introducing an enhanced Performance Development process. As we continue to build a pipeline of talent, the bank has improved on its Graduate Recruitment Programme which now attracts thousands of applications every year. Several initiatives were also put in place last year to embed a high performance culture and these included revamping the training

agenda by increasing the number of trainers and the introduction of functional talent assessments in different sections of the Bank. The Bank further celebrated the gender diversity within the organisation by dedicating the month of March as a 'Women's Month' and used this opportunity to emphasise on the importance of equality and diversity among individuals.

After the rolling out of the Wellness Programme in 2005 which support employees and their dependants in achieving optimal mental and physical health, the Bank put in a lot of effort and investment in educating its employees on HIV/AIDS awareness as well as providing Voluntary Counselling and Testing.

Going forward, Barclays will continue to focus on developing leadership capability by providing learning opportunities at an international level and putting talent in value adding roles in our bid to remain competitive and the employer of choice.

Operations and Support

During 2006 we continued to transform our business to cope with our customers' needs and be ahead of the competition. We automated the processing of swift outward transfers from branches and this resulted in faster turnaround times, efficiency and controls. We also managed to achieve a faster turnaround time for loans fating where our Retail branches and Corporate service centres are able to know the fate of customers' loan applications within 24 hours.

We enhanced the capacity of our processing and established a new – International Processing Centre (IPC) to handle back office services for operations across Africa. In response to our retail expansion programme we have set up a new Loan Operations Centre that would handle increased volume of customer loans. In 2007 we expect to improve our communication, connectivity and infrastructure across branch network to allow for implementation of automation of e- banking based products.

Managing Director's statement

(continued)

Conclusion

We certainly had a memorable year, 2006. We sought opportunities for growth by putting our shareholders and customers at the heart of the business and offering appropriate products and services that are good value and meet their needs. To continue with this momentum, Barclays has embarked on a challenging road of expanding its retail branch network and distribution channels. This will enable us to further grow our balance sheet, enhance shareholder return, improve customer service and make a higher contribution to the exchequer. We will continue to judge our success through sustainable financial performance

and consistently delivering results in line with expectations. We will also focus on delivering a balanced contribution from our portfolio of businesses and excellent risk management practices.

May I conclude by extending my gratitude and appreciation to the Board, the Management team and all the Barclays staff who continue to contribute to the success of the business and we reiterate that we value the continued support of our shareholders and customers.

ADAN MOHAMED
Managing Director

”



We celebrate with our customers: It was 90 years since the oldest Barclays branch along Nkrumah Road, Mombasa was first opened for business

Ripoti ya Mkurugenzi Mkuu

“



Adan Mohamed

Nafurahi sana kuwa miongoni mwa kundi la mwaka 2006 lililochangia pakubwa kuzalisha matokeo ya kifedha ya kufana na ya kihistoria katika sekta ya benki nchini Kenya. Juhudi zetu zilitambuliwa kimataifa na taasisi kama vile Africa Investor iliyotangaza Barclays kuwa mwajiri bora zaidi katika Bara hili, Kenya Institute of Management kwa usimamizi bora zaidi wa kifedha kwa mwaka wa tatu mfululizo, jarida la Market Intelligence Magazine kwa kuwa Benki ya Mwaka. Tulijivunia pia kupokea tuzo mbili kutoka kwa Mwenyekiti Mkuu.

Tathmini ya kifedha

Barclays Bank of Kenya ilipata matokeo ya kuridhisha huku faida kabla ya kutozwa ushuru kupanda kwa asilimia kumi na tisa kufikia Shilingi 6,475 milioni (2005: Shilingi 5,427 milioni). Hii ilitokana na ongezeko la mapato kwa asilimia sita kufikia Shilingi 15,123 milioni (2005: Shilingi. 14,275 milioni), na kiasi cha kutia fora cha kupunguza kiasi cha kudhoofisha mapato kwa asilimia thelathini na tatu kufikia Shilingi 118 milioni (2005: Shilingi. 1, 329 milioni).

Mabaki yalipanda kwa asilimia kumi na tatu na kufikia kiwango cha juu sana cha Shilingi 118 bilioni. Uwekaji wa wateja ulipanda kwa kiasi kikubwa kwa asilimia kumi na tano hadi Shilingi 93.8 bilioni, nayo mikopo na advansi kwa wateja ikapanda kwa kiasi cha kuvutia cha asilimia kumi na tatu hadi Shilingi 73.9 bilioni. Ishara hizi zote za utekelezaji zinaonyesha imani na mategemeo makubwa waliyo nayo wenye hisa wetu kwetu. Uwezo thabiti wa kifedha wa Benki wa kiwango cha asilimia thelathini na sita umeendelea kutosheleza mahitaji ya kiwango cha chini sana cha pesa cha asilimia 20%. Kiasi hiki cha fedha ni pamoja na pesa zinazoshikiliwa na Benki Kuu kisheria, na hawala za Serikali, mabaki ya pesa za kigeni na pesa tunazofanyia katika katika matawi yetu.

Pesa za wenye hisa zimepanda kwa shilingi 1.7 bilioni na kufikia Shilingi 14.9 bilioni. Kutokana na uwezo wetu wa kifedha, wakurugenzi wamependekeza mgao wa faida wa mwisho wa Shilingi 1.20 kwa hisa; ambacho ni kaisi cha 1.6 bilioni ambapo jumla yake

inafikia Shilingi 2.2 bilioni kwa mwaka wa 2006, baada ya mgao wa muda wa Shilingi 611 milioni kulipwa mnamo Oktoba 2006. Ni muhimu kufahamu kuwa mgao wa mwisho unatolewa kutokana na kiasi kikubwa sana cha hisa kilichokofikia upeo wa juu sana wa 1.4 bilioni baada ya kutoa hivi majuzi bonasi ya hisa moja kwa kila hisa tatu alizo nazo mwanachama na ugawaji wa hisa ambapo kila hisa 1 aliyokuwa nayo mwanachama iligawanywa katika hisa 5 mpya. Kutoka kwa faida kubwa ya mwaka 2006, benki yako imebakia na shilingi 2.5 bilioni zitakazotumika kuimarisha biashara siku za usoni.

Bidhaa

Katika juhudi za kutosheleza matarajio ya wateja wetu, tulianzisha akaunti aina tatu zilizobandikwa majina ya maua (kutegemea ufahari wake) - Everyday bouquet, Current account bouquet and Prestige bouquet. Akaunti hizi hutozwa ada mara moja kwa mwezi, jambo ambalo linamrahisishia mteja kupanga gharama za huduma zake za benki kwa uhakika zaidi. Tulianzisha upya akaunti ya mwanafunzi – Student Account – ambayo imeanza kuwa maarufu sana miongoni mwa wanafunzi nchini. Hii ilitokana na ahadi yetu ya kujitolea kukuza na kuimarisha uhusiano wa muda mrefu na wateja wetu kuanzia wakati wangali wachanga. Kama watu tulio mstari wa mbele katika sekta hii, tutaendelea kuanzisha bidhaa nyingine mpya katika soko la Kenya.

Huduma za reja reja

Mnamo 2006 sekta ya benki ilikabiliana na ushindani mkali katika akaunti za kibinafsi na mikopo ya kibinafsi. Tulikabiliana na ushindani kwa ujasiri; tegemeo letu kubwa likiwa jina letu, huduma aina mbalimbali na ubora wa bidhaa zetu; na pia suluhu mbalimbali tunazotoa kwa wateja wetu..

Ripoti ya Mkurugenzi Mkuu

(inaendelea)

Njia za usambazaji

Ili kuimarisha huduma kwa wateja wetu, tuliweka ATM zingine 15, na kufanya idadi zilizoko kwenye mtandao wetu kufikia 98 kote nchini. Tulifungua matawi manne mwaka huu tunaoutathmini na kuongeza matawi yetu kufikia 62. Wateja katika Mbale, Voi, Garissa and Ngong watarajie kupata huduma bora zaidi kutoka kwetu.



Huduma

Ili kutoa huduma zetu kwa urahisi na kuwafaa wateja wetu zaidi tuliongeza muda wa kutoa huduma katika vituo vya Prestige vilivyoko kwenye maduka makubwa kama vile Sarit, Yaya na Village Market ambapo Jumamosi wanafunga saa nane alasiri. Mteja mfanyabiashara ana muda mrefu zaidi wa kupata huduma katika maeneo Fulani yaliyowekwa kuanzia saa mbili asubuhi hadi saa kumi na tano jioni. Mteja kama huyu pia anaweza kuwa mwanachama wa Business Club (kilabu cha Kibiashara) ambapo anaweza kunufaika na huduma na vishawishi vingi kama vile kukopa kwa riba ya chini, semina kila baada ya miezi mitatu juu ya ulipaji wa kodi, pensheni kwa waekezaji wadogo na wa kadri, uuzaji na uekezaji.

Kama shirika linaloheshimika, Barclays hutilia mkazo mahitaji ya kifedha ya jamii kwa lengo la kutoa huduma za kifedha kwa mahitaji yao yote. Eneo moja tunalotilia mkazo ni kuunga mkono biashara ndogo ndogo na zile za kadiri, ambapo tunatambua kuwa, kama benki ni wajibu wetu kutoa suluhu za dhati kuwasaidia kuanzisha na kukuza biashara zao. Filosofia yetu juu ya huduma hii ya kipekee ni kutambua kuwa inachangia kimsingi katika "Partnership for Growth" – Pamoja Tutakuza. Kwa Barclays kukua lazima wateja wetu wa miradi midogo na ile ya kadri wafaulu. Masharti ni rahisi na yameundwa maksudi kutosheleza kundi hili la wateja.

Mwaka huu tuliweka vifaa maalumu vya mawasiliano vya elektroniki (touch pads) ambavyo vinawapa wateja wetu nafasi ya kuwasiliana nasi ili

kutueleza juu ya aina, hali na kasi wanayohudumiwa nayo katika matawi yetu. Tumetumia ujumbe tunaopokea kutoka kwa wateja wetu "kungara" na kuimarisha huduma yetu murwa.



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Let your biggest purchase be your smallest worry

We'll make the process even simpler with our great benefits:

13.5% interest rate, the term is 20 yrs

10% deposit, down from 15%

Interest on a reducing balance

Borrow 2 million, pay KShs. 24,148 monthly, including interest, over 20 yrs.

Visit your Barclays branch today and talk to a Home Loan Advisor or call Nairobi 020 218407, Kisumu 057 2023244, Mombasa 0723 786510, Eldoret 053 2030645 or Nakuru 051 2211825/6. We'll make you feel at home.
Terms and conditions apply. Interest rates are correct at the time of going to press (January 2007).

Ziara zetu za ngambo ambazo zinaendelea kuwa maarufu kwa wateja wetu wanachama wa Business Club ziliwavutia wateja ambapo wanachama 1,000 walizuru Singapore, Japan na Dubai. Ziara hizi zimewavutia wengi hivi kwamba wanachama wengi wa Business Club hawataki ziwapite. Ziara zaidi zimepangwa mwaka huu.

Barclays pia ilipiga hatua nyingine kwa kutoa huduma inayofaa kwa kuimarisha akaunti ya CURRENT ya La Riba kushirikisha biashara za nchini na pia kuunda kamati ya ushauri ya Shariah. Mnamo 2006 Barclays ilitambuliwa kwa sababu ya akaunti yake ya La Riba, katika kiwango cha Benki Bora Zaidi kwa kuwa na Huduma yenye uvumbuzi zaidi (Innovation) na tuzo za utoaji wa Habari inayofaa Zaidiza Masoko na kutambuliwa zaidi katika sehemu

Ripoti ya Mkurugenzi Mkuu

(inaendelea)

ya Usawa na Tofauti miongoni mwa wateja katika sherehe ya Tunzo maarufu ya Mwenyekiti Mkuu wa Barclays ulimwenguni iliyofanyiwa mjini London.

Matarajio ya 2007 ni kwamba utakuwa mwaka wa kusisimua kwa huduma ya reja reja. Katika mwaka huu tunaoutathmini, tulianzisha mpango kambambe wa kupanua huduma zetu, ambao utatuwezesha kupanua mtandao wetu ili kuzidi matawi 100 na kuongeza mitambo ya ATM kuzidi 150 na wakati huohuo kuanzisha mfumo mpya wa mauzo katika shirika letu. Upanuzi huo utagharimu benki takriban Shilingi 2 bilioni.

Huduma za Benki kwa Makampuni za Mashirika

Utekelezaji wa huduma ya benki ya shirika letu mwaka 2006 ulimulika kukua kwa mapana kwa uchumi wa Kenya na tumeshuhudia kuongezeka kwa mahitaji ya kifedha kutoka sekta mbali mbali za kiuchumi. Kilichoongoza mapato yetu ya riba ni sekta za viwanda, kilimo, ujenzi na mawasiliano; ambazo zilichangia mahitaji ya mali ghafi na huduma husika katika sehemu hizo. Kwa upande wa kuwajibika, tulinufaika kutokana na ongezeko la uwekaji uliofikia Shilingi 10 bilioni. Januari ilianza kwa kishindo kwa kuonekana wazi kuwa mwaka 2006 Barclays Bank ilikuwa ikiongoza katika shughuli za kifedha kwa mashirika mbali mbali, wakati Barclays Bank ilichaguliwa kama shirika la pekee la kifedha la kugharamia malipo ya awali ya Dola za Marekani 20 milioni kabla ndege aina ya Boeing 777 kuwasilishwa kwa Kenya Airways. Sisi pia tulishirikishwa katika mpango wa mkopo wa muda mfupi wa zaidi ya Shilingi 12 bilioni kwa Safaricom na mwingine wa zaidi ya Dola za Marekani 24 milioni kwa kampuni ya Magadi Soda.

Kuwepo kwetu katika eneo la Afrika Mashariki kulihakikisha kwamba Barclays Bank iliweza kutatua shinda nyingi za kifedha za mashirika mengi wateja wetu na pia tuliidhinishwa kama Mpangaji wa kipekee wa kusaidia kampuni ya Rai Holdings kununua hisa za Serikali ya Uganda katika Kinyara Sugar Company kwa gharama ya Dola za Marekani 33 milioni.

Kundi letu la kutoa Fedha za Magari na Rasilmali zingine liliendelea kuwa mstari wa mbele katika kuwasaidia wateja wetu walio na magari mengi kwa kutoa suluhu zinazofaa kwa matatizo yao na kwa wale ambao walikuwa wakiimarisha mitandao yao ya computer. Huduma ya kukodisha suluhu za kodi thabiti tunazotoa kwa wateja na huduma za kuwasaidia watu kununua bidhaa zinazoweza kusogezeka kwa malipo ya pole pole ziliimarika sana mwaka 2006 ambapo jumla ya Shilingi 2.5 bilioni zilitumiwa kununua mali mwaka huo. Huduma zetu za usimamizi pia ziliongezeka katika soko na tulijivunia kuweza kuorodheshwa kiwango cha A- na Thomas Murray, shirika la taaluma ya kuweka vigezo vya usimamizi, kuchunguza hatari na pia utafiti. Na pia tuliorodheshwa kwa ngazi ya juu na jarida la Global Custodian Magazine kwa mwaka wa 2006.

Kutokana na mahitaji ya wateja wetu ya kutaka huduma ya benki kupitia kwa mtandao, tulianzisha Integrator kwa wateja wetu wa mashirika. Ingawa kuanzishwa rasmi kwa huduma hiyo kutazinduliwa baadaye 2007, tulifaulu kuutumia kwa majaribio kwa wateja wetu wa Nairobi na maeneo ya sehemu za mashambani na tunaendelea kuwasajili wateja wengi, kila wakati habari kuhusu mpango huo zinaposambaa. Integrator kwa sasa inawezesha wateja wetu wa mashirika makubwa kujionea akaunti katika nchi ye yote katika Bara la Afrika, ambako kuna benki ya Barclays. Inawawezesha pia kuweka au kuhamisha pesa kutoka akaunti hizi wakiwa wameketi starehe mbele ya kompiuta zao ko kote waliko.

Upanuzi wa matawi yetu 2007 unatarajiwa kuendelea kuweka msingi wetu kama benki inayoongoza kwa mashirika makubwa yanayotafuta mtandao mkubwa wa kuweka na kutoa pesa.

Huduma za Hazina

Sehemu yetu ya Hazina ilionyesha hatua kubwa iliyoonyesha kuchukua hatua kubwa mwaka 2006 katika mazingira tulivu ya uchumi mkubwa. Benki ilinufaika kutokana na kukua kuzuri kwa uchumi kulikotokana na biashara zilizofanywa za kitalii, mawasiliano, nishati na ujenzi na kuchochewa zaidi na mazingira ya riba thabiti. Upokeaji wa pesa kwa

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(inaendelea)

muda mfupi ulisaidia kujaza pengo liloachwa wazi na kupanda na kushuka kwa thamani ya pesa za kigeni ambako si thabiti.

Tuliendelea kuthibitisha uongozi wetu katika masoko ya kifedha kwa kupata idhini ya kufanya shughuli kubwa zaidi ya Hazina ya kubinafsisha katika mojawapo ya mashirika makubwa zaidi katika mojawapo ya mataifa ya Afrika Mashariki.

Ushirikiano kati ya Makundi ya uuzaji kwa Mashirika na Hazina Kuu yaliendelea kuzalisha matokeo. Hazina ilitoa huduma muhimu kwa wateja wetu wa mashirika na kuwasaidia kutatua maswala mengine kukuza mapato ya pesa za kigeni kwa asilimia kumi na tatu na kufunga mwaka kwa Shilingi 1,195 milioni na riba iliyopatikana kutoka kwa pesa zilizowekewa muda kwenye benki yaliyongezeka kwa karibu asilimia arobaini kutoka mwaka uliopita.

Katika mwaka huu tunaoutathmini, Kamati ya Ushauri Juu ya Fedha, iliyobuniwa na Waziri wa Fedha, mwaka uliopita kushauri Benki Kuu juu ya maswala ya kifedha ilifanya kazi kwa karibu sana na Benki Kuu kuunda utaratibu utakaotumiwa katika kiasi cha riba cha ya Benki Kuu. Utaratibu huo wa riba ulianza kutumiwa Mei 31, 2006 na umeimarika kutokana na msukumano sokoni. Hata hivyo ni muhimu kuhakikisha kuwa vipimo vinaingiliana na msukumano wa soko na kutiririka hadi kufikia kiasi cha riba kilichoko.

Kundi letu linalohusiana na maswala ya Hazina litaendelea kupanua bidhaa zetu ili kufungamana na matakwa ya wateja wetu yanayobadilika kila wakati. Tutafanya hivyo kwa kutumia ujuzi wetu wa kimataifa kuhusiana na maswala ya ubadilishanaji wa fedha za kigeni na kuzalisha bidhaa zinazofaa na kiwango cha riba kinavyoendelea. Hii itahakikisha kuwa wateja wetu kadhaa wanatutumia kusuluhisha maswala yao na Hazina.

Biashara ya Kadi

Mapema mwaka wa 2006, tulianza kuweka mitambo mipya (POS) katika maeneo ya Biashara kuchukua nafasi ya ile mingine iliyokuwa mizito ambayo imekuwepo kwa muda mrefu. Mbali na kuonekana maridadi zaidi mitambo hiyo mipya ya POS hutoa

huduma bora zaidi ya kuunganisha benki na tunaendelea kuimarisha vikorombwezo kwa manufaa ya wafanyabiashara wanachama wetu.

Juu ya biashara zetu za Wenye Kadi, tulianzisha mpango wa moja kwa moja, hatua ambao imetusaidia kupenyeza kadi zetu katika soko. Mwaka 2007 tutaanzisha mbinu nyingi zaidi kuongeza idadi ya kadi tunazouza ili kukabiliana na washindani 10 wapya waliojitosa katika kinyang'anyiro cha kuuza kadi mwaka 2006.

Eneo lililokuwa na mafanikio makubwa mwaka 2006 ni jinsi Barclaycard ilivyoweza kusimamia kikamilifu madeni kwa kutumia mpango mpya wa kuchunguza madeni na kutumia mbinu bora zaidi za kisasa za kusimamia deni la wenye kadi. Tuliweza kutumia ufanisi wetu wa 2005 kuweza kupunguza kikamilifu deni katika sehemu hii ya biashara. Hata hivyo tumegundua ulaghai mwingi na umekuwa wa hali ya juu ambapo magenge ya walaghai ya kimataifa yamelenga soko la Kenya. Biashara hii imekuwa nzuri, ikikumbukwa kwamba ulaghai huo umekuwepo. Mafanikio haya yametokana na kuimarishwa kwa mbinu za kuchunguza na kugundua mapema wakati ulaghai unapoanza na hali hii itaimarishwa zaidi 2007.

Katika mwaka wa 2007 jambo litakaloleta ufanisi litakuwa huduma kwa mteja na kwa hivyo tutatilia mkazo zaidi mfumo wetu wote sehemu hii. Hatua muhimu tayari zimechukuliwa kuhakikisha kuwa kadi zetu zinawafikia wateja katika matawi yetu muhimu ambapo sasa wafanyakazi wetu wanayajibu maswali ya wateja kwa upesi zaidi juu ya huduma hii. Tutabuni huduma tofauti katika Barclaycard ambayo itawahudumia wafanyabiashara na tofauti na wenye kadi wa kawaida. Tutakuwa na wateja wa Gold na wale wa Prestige ili kuimarisha hali ya wateja wetu wanapopata huduma. Hii ndiyo sababu tunaauona mwaka huu kama changamoto iliyojaa fursa ya kupanua biashara ya kadi.

Bima ya Mikopo

Tulikuwa na mwaka wa mafaniko makubwa ambapo tulishuhudia mbinu tulizokuwa tumebuni miaka iliyopita za kukabiliana na hatari ya kupoteza pesa za mikopo zikifaulu. Ufanisi wetu kwa ujumla

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(inaendelea)

unaonyesha kuwa hali bora ya ukopeshaji na juhudi zilizochukuliwa kuhakikisha kuwa mikopo iliyokuwa haizalishi cho chote inarekebisha na kuwa na thamani zilihakikisha kuwa tunapunguza ada ya madeni yasiyozalisha cho chote kwa asilimia thelathini na nne kwa mwaka huo ikilinganishwa na mwaka uliopita, na wakati huohuo kupunguza kwa asilimia ishirini na mbili mikopo isiyozalisha cho chote. Mafanikio haya yalitokana na uchunguzi na usimamizi wa utekelezaji, na bidii iliyofanywa na idara yetu ya Udumishaji Biashara na Ukombozi kwa Mashirika.

Mpango mpya wa kusimamia Hatari ya Mkopo wa Reja Reja uliobuniwa mwisho wa mwaka 2005 ulikita mizizi jambo ambalo liliwezesha uimarishaji wa mazingira ya usimamizi katika idara hiyo, pamoja na kutilia mkazo ukusanyaji na shughuli za ukombozi. Wateja wanaokwepa kulipa benki walisukumwa vilivyo kulipa na wale walioendelea kulipa kikamilifu walitunzwa na vishawishi mbalimbali kukiwemo uhakika wa kupata mikopo kwa riba ya viwango vya chini zaidi.

Mwaka huo pia ulishuhudia kuanzishwa kwa Usimamizi wa Ukadiriaji kwa Mteja kwa kuchunguza uwezo wa mteja kulipa katika kitengo cha reja reja. Mpango huu unatumia mchoro wa takwimu za hali ya juu ili kumworodhesha mteja katika kiwango Fulani kulingana na uwezo wake wa kulipa au kutolipa. Matokeo haya yanatumiwa kupanga wateja katika hali ambayo inajulikana mteja anayehatarisha pesa na wakati huohuo kumtunza mteja mzuri. Wateja ambao wanajulikana hawahatarishi sana mikopo watanufaika na kuwa na riba ya kiwango cha chini zaidi katika mikopo yao.

Wafanyakazi Wetu

Tuliendelea na malengo yetu ya kuifanya Barclays iwe mwajiri bora zaidi ambako watu wanajisikia sifa kufanya kazi kwenye benki hii. Hatua kadhaa zilitekelezwa ili kuendelea kuwaweka kazini wafanyakazi wenye vipawa mbalimbali katika ngazi zote, kukiwemo kuwatunza wale wanaowavutia wenye hisa wengi.

Mwaka huu tuliendelea kuwatuma wafanyakazi

wenye vipawa katika maeneo ambayo wangeweza kutoa huduma muhimu na bora zaidi kwa shirika letu na kuboresha hali ya usimamizi ili kutekeleza kazi kwa kuanzisha utaratibu bora wa usimamizi. Huku tunapendelea kukuza kundi la wafanyakazi wenye vipawa, Benki imeimarisha Mpango wake wa Kuwaajiri Watu wenye Shahada, ambao kwa sasa unawavutia maelfu ya vijana kutuma maombi kila mwaka. Mikakati kadhaa pia ilianzishwa mwaka huo kuanzisha utamaduni wa kufanya kazi kwa hali ya juu na hii ilihusisha mpango mpya wa kutoa mafunzo ambapo idadi ya wakufunzi iliongezwa na pia utaratibu wa kupiga msasa aina ya vipawa vilivyoko katika idara mbali mbali za Benki. Benki pia ilitambua tofauti iliyopo katika jinsia ambapo Mwezi wa Machi ulitangazwa kama “Mwaka wa Mwanamke”. Mwezi huu ulitumiwa kutukuza usawa na tofauti zilizopo kati ya watu tofauti. Baada ya kuanzisha Mpango wa Wellness Programme, mwaka 2005, unaowasaidia wafanyakazi na jamaa zao kuimarisha afya yao ya kiakili na kimwili, Benki ilijitahidi kwa hali na mali kutoa mafunzo kwa wafanyakazi wake juu ya HIV/AIDS na wakati huo huo kutoa ushauri fasaha na kupimwa kote nchini.

Siku za usoni, Barclays itaendelea kutilia mkazo uimarishaji wa vipawa vya uongozi kwa kutoa nafasi za mafunzo katika ngazi ya kimataifa na kuwawezesha wafanyakazi wetu kuwa hali ya juu ili tuendelea kushikilia nafasi ya kuwa baadhi ya waajiri wa kuwavutia wengi.

Utekelezaji na Uungaji Mkono

Mwaka 2006 tuliendelea kufanyia mabadiliko biashara zetu ili kutosheleza mahitaji ya wateja wetu na kuwa mbele ya washindani wetu. Tulianzisha mpango wa computer wa kuhamisha pesa kutoka matawi yetu na hii iliwezesha biashara kubadilika kwa ubora, uadilifu na uthibiti. Na pia tulianzisha mpango wa mtu kuweza kujua kama ombi la mkopo wake limefaulu. Matawi ya reja reja na vituo vinavyohudumia mashirika vingeweza kujua hali ya mkopo wa mteja katika muda usiozidi masaa 24.

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(inaendelea)

Tuliboresha uwezo wetu wa kushughulikia maswala mbalimbali kwa kuanzisha kituo kipya kijulikanacho kama – International Processing Centre – (Kituo cha Kimataifa cha Kushughulikia maswala mbalimbali). Kituo hiki kinashughulikia maswala katika Bara la Afrika. Na kuambatana na mpango wetu wa kupanua huduma zetu za rejareja tumefungua kituo kipya cha Loan Operations Centre, ambacho kitaweza kushughulikia haraka zaidi kiwango kikubwa cha maombi ya mikopo ya wateja. Mnamo 2007 tunatarajia kuimarisha mawasiliano yetu, uwiano wa matawi na vifaa vyote vya mawasiliano katika mtandao wa matawi yetu ili kuwezesha utekelezaji wa kutuma vitu moja kwa moja hasa huduma za benki kwa elektroni.

Hitimisho

Mwaka wa 2006 ni wa kukumbukwa kwa sababu ya mafanikio yake. Tulitafuta fursa ya kukua kwa kuwafikiria kwanza wenyehisa na wateja wetu katika biashara zetu na kutoa bidhaa zinazofaa na huduma zinazotosheleza mahitaji yao. Ili kuendelea na kasi hiyo, Barclays imeanza mpango wenye changamoto kubwa wa kupanua matawi yake ya reja reja na njia za utoaji. Hii itatuwezesha kukuza mapato yetu zaidi, kuongeza kiwango cha wenyehisa wetu, kuimarisha huduma kwa wateja na kuchagua kiasi kikubwa kwa mapato ya Serikali. Tutaendelea kupima kazi yetu kupitia kwa usimamizi bora wa kifedha unaoweza kujisimamia na pia kwa kuendelea kuonyesha matokeo yanayotosheleza matarajio ya wateja. Tutatilia mkazo mchango wa kipimo kutoka kwa biashara zetu na kufuata njia bora za kukabiliana na hatari ya kupoteza pesa. Ningependa kumaliza kwa kuwapongeza na kuwapa shukrani Halmashauri, kundi la wasimamizi na wafanyakazi wote wa Barclays ambao wanaendelea kuchangia ufanisi wa biashara. Tunatambua pia umuhimu wa wenye hisa na wateja wetu.

ADAN MOHAMED
Mkurugenzi Mkuu



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Report of the Directors for the Year Ended 31 December 2006

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2006.

Principal activities

The Bank provides in its own name and through subsidiary companies an extensive range of banking, financial and related services, and is licensed under the Banking Act.

Results

The results for the year are set out on page 41 to 77.

Dividends

An interim dividend of Shs 3 per share of Shs. 611 million was paid in 2006. Subject to the approval of the shareholders, the Directors recommend a final dividend for the year of Shs. 1.20 per share. This will be paid on or about May 4 2007 to shareholders registered at close of business on March 23 2007. This distribution would leave a balance of retained group profit for the year of Shs 2.5 billion which is carried to group revenue reserves so as to finance the Retail expansion programme.

Financial statements

At the date of this report, the directors were not aware of any circumstance, which would have rendered the values attributed to the assets in the financial statements of the group misleading.

Directors

The following Directors are due to retire from the board by rotation under Articles 94, 95 and 96 of the Company's Articles of Association at the forthcoming Annual General Meeting and being eligible offer themselves for re-election.

Rose Ogega
Francis Okello
Dominic Brunyseels

Directors benefits

Since the last Annual General Meeting of the Company to the date of this report, no director has received or become entitled to receive any benefit other than director's fees and amounts received under employment contracts for executive directors. The aggregate amount of emoluments for director's services rendered in the financial year is disclosed on page 76.

Neither at the end of the financial year nor at any time during the year did there exist any arrangement whereby Directors might acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

Auditor

The auditor, PricewaterhouseCoopers has indicated their willingness to continue in office in accordance with the provisions of Section 159(2) of the Companies Act (Cap 486) and Section 24(1) of the Banking Act (Cap 488).

By order of the Board.
Wanjiru Nduati
Company Secretary
Nairobi

Report of the Directors for the Year Ended 31 December 2006

(continued)

The members of the Board of Directors who served during the year and to the date of this report are shown below.

Directors

Francis Okomo-Okello	Chairman
Adan Mohamed	Managing Director
Charles Ongwae	
Carol Musyoka	
Paul Chemngore	
Rose Ogega	
Brown Ondego	
Jane Karuku	
Dominic Bruynseels	(Alternate- Andy Bainbridge)

Company Secretary

Wanjiru Nduati.

Auditor

PricewaterhouseCoopers
Rahimtulla
Upper Hill
P.O. Box 41968 Code 00100
Nairobi

Registered Office

Barclays Plaza
Loita Street
P.O. Box 30120 Code 00100
Nairobi

Registrar

Custody and Registrar Services Ltd
Bank House, Moi Avenue, 1st Floor
P.O. Box 8484
Nairobi

Taarifa ya Wakurugenzi kwa mwaka uliokamilika Desemba 31, 2006.

Wakurugenzi wana furaha kuwasilisha ripoti yao pamoja na taarifa za kifedha kwa mwaka uliokamilika tarehe 31 Desemba 2006.

Shughuli Muhimu

Benki hii hutoa, kwa jina lake na kwa kupitia kwa kampuni tanzu, huduma mbalimbali za benki, fedha na huduma nyingine zinazohusiana, na imesajiliwa chini ya sheria ya Benki.

Matokeo

Matokeo ya mwaka yamechapishwa katika ukurasa wa arobaini na nne hadi themanini.

Mgao wa faida

Mgao wa faida wa muda wa Shilingi 3 kwa hisa wa Shilingi 611 milioni ulilipwa mwaka 2006. Iwapo wenye hisa wataidhinisha, wakurugenzi wanapendekeza mgao wa faida wa mwisho wa Shilingi 1.20 kwa kila hisa. Mgao huu utalipwa tarehe 4 Mei, 2007 kwa wenyehisa waliokuwa wamesajiliwa kufikia mwisho wa biashara mnamo 23 Machi, 2007. Malipo hayo yakitolewa, yatabakisha Shilingi 2.5 bilioni za faida itakayohifadhiwa ili kutumiwa katika upanuzi wa Mpango wa biashara ya reja reja.

Taarifa za Kifedha

Kufikia tarehe ya ripoti hii, wakurugenzi hawakufahamu hali yo yote, ambayo ingefanya thamani za rasilimali zilizopo kwenye taarifa za hesabu na fedha za kampuni hii kuwa za kupotosha.

Wakurugenzi

Wakurugenzi wafuatao wanatarajiwa kustaaifu kwa zamu kutoka kwa Halmashauri kuambatana na vifungu 94,95 na 96 vya Kanuni za Kampuni (Articles of Association) kwenye mkutano mkuu wa mwaka na wanahitimu tena kuchaguliwa.

Rose Ogega
Francis Okello
Dominic Brunyseels

Marupurupu ya Wakurugenzi

Tangu Mkutano Mkuu wa Mwaka uliopita wa kampunii hadi kufikia tarehe ya ripoti, hakuna mkurugenzi ye yote aliyepokea au kustahili kupokea marupurupu yo yote, ila tu ada za wakurugenzi na malipo yanayopokewa kuambatana na kandarasi za uajiri za wakurugenzi wakuu walioajiriwa na kampuni.

Jumla ya marupurupu ya wakurugenzi kwa huduma walizotoa katika mwaka huo wa matumizi ya kifedha, imeelezwa katika ukurasa wa 76.

Hakujakuwepo mipango yo yote kufikia mwisho wa mwaka wa matumizi ya kifedha au wakati mwingine wo wote katika kipindi cha mwaka huo ambapo kampuni ilihusishwa na ambapo wakurugenzi wangepata manufaa kwa njia ya kujipatia hisa au dhamana za mikopo ya benki au taasisi nyingine yo yote ile..

Wakaguzi wa Hesabu

Wakaguzi wa hesabu ya pesa, PriceWaterhouseCoopers wameeleza waziwazi kwamba wako tayari kuendelea na jukumu hilo kuambatana na sehemu 159 (2) ya Sheria ya Kampuni (Cap 486 na sehemu 24(1) ya Sheria ya Benki (Cap 488).

Kwa Agizo la Halmashauri
Wanjiru Nduati
Katibu wa Kampuni
Nairobi

Taarifa ya Wakurugenzi kwa mwaka uliokamilika Desemba 31, 2006 (inaendelea)

Halmashauri na wakurugenzi waliohudumu mwaka wa 2006 na kufikia wakati wa ripoti hii wameorodheshwa hapo chini:

Wakurugenzi

Francis Okomo-Okello	Mwenyekiti
Adan Mohamed	Mkurugenzi Mkuu
Charles Ongwae	
Carol Musyoka	
Paul Chemngore	
Rose Ogega	
Brown Ondego	
Jane Karuku	
Dominic Bruynseels	(Anayefanya kwa zamu-Andy Bainbridge)

Katibu wa Kampuni

Wanjiru Nduati

Wakaguzi wa Hesabu

PriceWaterhouseCoopers
Rahimtulla
Upper Hill
P.O. Box 41968 Code 00100
Nairobi

Afisi iliyosajiliwa

Barclays Plaza
Loita Street
P.O. Box 30120 Code 00100
Nairobi

Msajili

Custody and Registrar Services Ltd
Bank House, Moi Avenue, 1st Floor
P.O. Box 8484
Nairobi

Corporate Social Responsibility Report

Barclays participates proactively and demonstrates leadership on social, environmental and economic issues. One of the pillars of this leadership is Barclays Corporate Social Investment programme which is highly regarded and appreciated by our partners in the communities where we do business.

As a corporate citizen, Barclays contributed over Shs. 52 million towards various community and corporate sponsorship initiatives. Through its collaborative partnerships and participatory approach Barclays has focused on entrepreneurship development, health with special attention to HIV/AIDS and Malaria, provision of education as well as addressing disability issues. Barclays has continued to offer employees the opportunity to engage in community work through various activities such as "Make A Difference Day" (MADD), the Shilling for Shilling programme where the Bank matches amounts raised by staff for community activities and the Employee Involvement scheme which entitles all members of staff to two days each year during which they can take time off to participate in community projects of their choice. Various community projects across the country benefited from these staff initiated schemes, with the monetary value being about Shs. 10 million.

Barclays Kenya sponsors 'Enterprise Kenya' a TV programme on national television providing both Barclays SME's and other Kenyan entrepreneurs with a channel to have their voices heard in mainstream media.



Dominic Bruynseels and Kariuki Ngari at Eldoville Farm during a tour at Eldoville. The farm was featured on Enterprise Kenya.

These are usually inspirational stories of success against all odds and the programme is popular among viewers. It has also provided a great marketing tool and boosted the businesses of those featured.

In 2006 Barclays continued to make a lasting impact in the communities where we do business through various initiatives across the country.

Education.

For the fourth consecutive year, Barclays committed substantial amounts of money in support of the Ministry of Education and the Millennium Development Goals. Barclays invested Shs. 10 million in the construction of 4 science laboratories, 2 dormitories, 35 toilets, 40 classrooms, provision of 400 computers and 300 students' desks in 15 public primary and secondary schools countrywide.



Tinet Primary in Kericho. One of the schools funded by Barclays.

Corporate Social Responsibility Report (continued)

Public Health with special attention to HIV/AIDs.

Buoyed by the success of our partnership with Pathfinder International in mitigating the effects of HIV/AIDs on orphans and vulnerable children, we donated a further Shs1 million towards the same cause. This time, the beneficiaries were 42



Health Minister Hon. Charity Ngilu flags off the International Womens' AIDS Run sponsored by Barclays Bank.

orphaned- Thika based youths who were provided with vocational training and the tools to start off with business after graduation.

Barclays also sponsored the International Women's AIDS Run. 8,000 people registered for the 10 kilometre race that was run simultaneously in key towns around the country, raising Shs. 4 million in support of women and children affected by the HIV/AIDS pandemic.

Youth Entrepreneurship

The Barclays Pan-African partnership with Junior Achievement continued in a bid to further empower the youth. The programme aims to expose high school students to the excitement of market driven economies, the role of business in a global economy, the commitment of business to social and environment issues, the commitment of business to operate in an ethical manner, the relevance of education in the workplace and the impact of economics to their futures. This is mainly

undertaken through an in-school mentoring programme and in 2006, 122 Barclays staff volunteered their skills and knowledge in moulding Kenya's future.

Employee involvement:

One of the better Barclays Kenya stories is the increased participation of both our staff members and our customers in 'Make A Difference Day-MADD' activities. This is an annual dedicated day when all staff members spread some sunshine in charities of their choice. More than 2,000 participants gave motivational sessions to examination candidates in public schools and provided them with stationery; gave face lifts to public health centres through renovations, painting and general cleaning and spent time with orphaned children playing, cleaning, painting and cooking in many areas.

Another popular and well utilised staff scheme is one whereby Barclays encourages staff members to fundraise for charities of their choice and matches to the tune of Shs.100,000/= per person per event. A total of Shs.10 million was donated to about 34 different charities across the country in 2006.

Barclays is committed to sustainable community



Renato D'Souza of Asset Finance takes students through some work place experience during the Job Shadow day.

social investment and encourages pro-active corporate citizenry by its staff to constantly engage with stakeholders to understand their issues and concerns.

Corporate Governance Statement

The Board and the management are bound by the highest standards of integrity in carrying out their responsibilities and in the relationship of Barclays with stakeholders. In addition to the code of governance prescribed by the Central Bank of Kenya Prudential Guidelines, the Capital Markets Authority and the Barclays Group, Barclays Kenya is proud of its own stringent standards of governance and control as is evident by the governance framework outlined below.

The Bank has three key Board committees (Audit, Advances and External Relations) supported by three Management committees (CMC, ALCO and GCC).

Audit Committee

The Audit Committee plays a vital role in ensuring the integrity of the financial statements. It is also responsible for continually evaluating the effectiveness of the internal control systems and regularly receives reports from the internal and external auditors. The Committee has direct access to the Assurance function, Company Secretary and Legal Counsel as well as the authority to engage external professional advisors.

Advances Committee

The Advances committee plays a critical role in the formulation of lending policies and ensuring that such policies are in compliance with Regulatory Requirements. It assess the credit quality and risk profile of the Bank's lending book and makes recommendations to the Board on remedial actions or on matters that may enhance the quality of the lending book.

External Relations Committee

This Committee has been tasked with advising and supporting the Management of Barclays in the conduct of its relationship with key stakeholders. It has been instrumental in guiding the Bank's policies on communication and is a vital component of Barclays' strategy to promote and enhance its Brand.

Country Management Committee (CMC)

The Committee meets twice every month. It is responsible for the implementation of strategy and driving the financial performance of the Bank. CMC works in tandem with the board to formulate strategy and policy for the Bank.

Assets & Liabilities Committee (ALCO)

ALCO is tasked with managing financial risk specifically liquidity, interest rates, market risk, capital management and balance sheet structure. The Committee meets once a month and is instrumental in ensuring that sustainable and stable returns are obtained within a framework of financial risks and controls.

Governance and Control Committee (GCC)

To maximise the benefits of information and expertise sharing in risk management and controls, the Committee's mandate covers the East Africa region incorporating both Barclays Bank of Uganda Limited and Barclays Bank of Tanzania Limited in addition to its existing role in Barclays Bank of Kenya Limited. It is responsible for monitoring the regulatory and internal control environment. The committee meets quarterly with at least one meeting in each of the three countries.

Board Performance in 2006

The board has been keenly monitoring financial performance, advising on regulatory relationships and compliance, reviewing external audit performance and overseeing strategic planning. The Board's input has been essential to the formulation and streamlining of the Retail expansion strategy.

As part of a continuous review of its mix of skills and experience, Board members refreshed their skills in Credit Risk Policy and Framework and familiarised themselves with the requirements of the Sarbanes Oxley Act 2002 in July 2006.

Corporate Governance Statement (continued)

In December 2006, the Board evaluated its performance against objectives set out in its Work Plan agreed earlier in the year. The evaluation confirmed that the Board had been successful in achieving the objectives that it set for itself for 2006. During the year, the Board convened and held four (4) ordinary meetings and 4 (four) special meetings. The Advances Committee and the External Relations Committee convened and held four (4) meetings each and the Audit Committee convened and held six (6) meetings. All the meetings convened had sufficient quorum and an average of 90% of the board members required to attend were present at each meeting. A similar proportion attended the training sessions held during the year.

Directors' emoluments, loans and conflicts of interest

The aggregate amount of emoluments and fees paid to directors during the year are disclosed in note 35 of the financial statements. No member of the Board indicated any willingness to acquire shares of the company. Directors are required to disclose all areas of conflict of interest to the Board and are excluded from voting on such areas.

21 February 2007

Statement of Directors' Responsibilities

The Companies Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and the company as at the end of the financial year and of the group's profit or loss. It also requires the directors to ensure that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable, prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act. The directors are of the opinion that the

financial statements give a true and fair view of the state of the financial affairs of the group and of the company and of the group's profit in accordance with international Financial Reporting Standards. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Nothing has come to the attention of the directors to indicate that the company and its subsidiaries will not remain a going concern for at least the twelve months from the date of this statement.

Francis Okomo-Okello
Chairman

Adan Mohamed
Managing Director

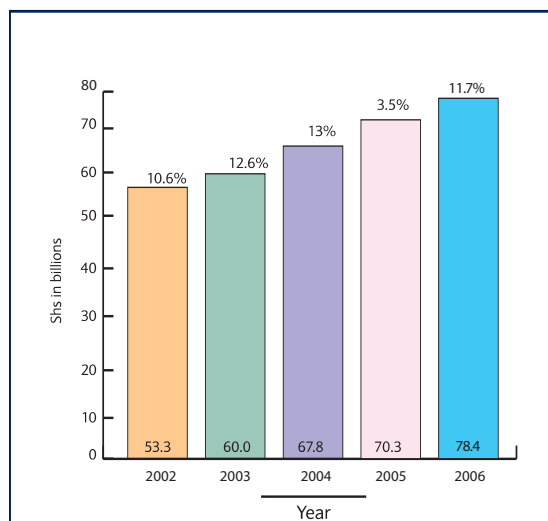
21 February 2007

Five Year Group Review

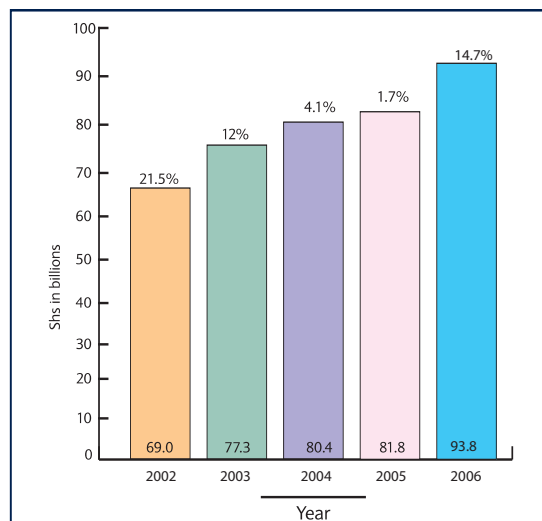
	2002 Shs. Million	2003 Shs. Million	2004 Shs. Million	2005 Shs. Million	2006 Shs. Million
Operating Income	11,494	13,942	13,953	14,275	15,123
Operating expenses	(7,431)	(7,539)	(6,471)	(7,519)	(7,767)
Impairment losses on loans and advances	(1,513)	(1,613)	(1,913)	(1,329)	(881)
Profit before tax	2,550	4,790	5,569	5,427	6,475
Net profit	1,783	3,367	3,820	3,729	4,492
Earnings per share (Shs) - restated	1.3	2.5	2.8	2.7	3.3
Dividends per share (Shs) - restated	3	3	3	3	3
Loans and advances to customers (gross)	53,335	60,038	67,940	70,220	78,412
Provision for loan impairment	(2,664)	(3,568)	(4,718)	(4,658)	(4,505)
Cash and short term funds	15,187	13,816	16,062	15,663	11,869
Government securities	16,189	22,885	21,470	15,767	25,484
Property and Equipment	1,427	1,411	1,580	1,503	1,613
Other assets	2,440	2,073	3,861	5,731	4,849
Total Assets	85,914	96,655	106,195	104,226	117,722
Customer deposits	69,023	77,266	80,449	81,800	93,837
Other liabilities	6,902	8,367	13,271	9,249	9,023
Total Liabilities	75,925	85,633	93,720	91,049	102,860
Net assets	9,989	11,022	12,475	13,177	14,862
Shareholders funds	9,989	11,022	12,475	13,177	14,862
Performance ratios					
Return on Capital employed	18%	31%	30%	28%	30%
Return on assets	2%	3%	3%	3%	4%
Provisions Charge / Loans and Advances	3%	3%	3%	2%	1%
Balance sheet ratios					
Gross advances to deposits (%)	77%	78%	84%	86%	84%
Provisions / Gross Advances	5%	6%	7%	7%	6%
Classified Debt / Gross Advances	15%	15%	13%	13%	13%
Liquidity (%)	42%	45%	38%	34%	36%
Others					
Staff Numbers	1,811	1,741	1,775	1,762	2,197
Number of shareholders	34,540	33,938	33,545	33,556	46,119

Financial Graphs and Charts

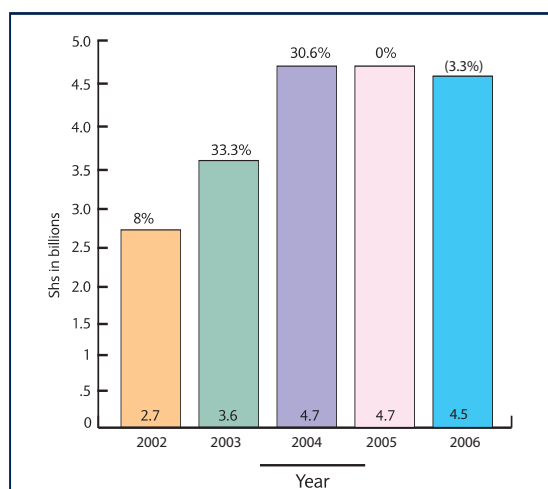
Advances to customers (gross)



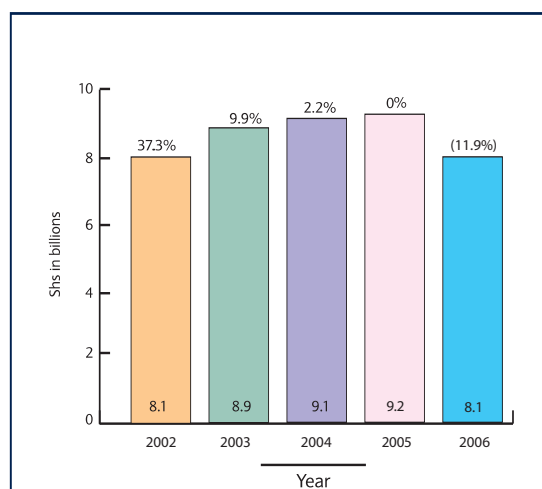
Customer deposits



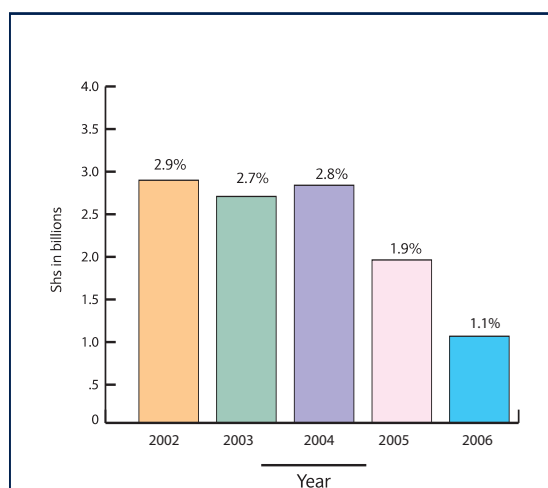
Provisions for impaired loans and advances



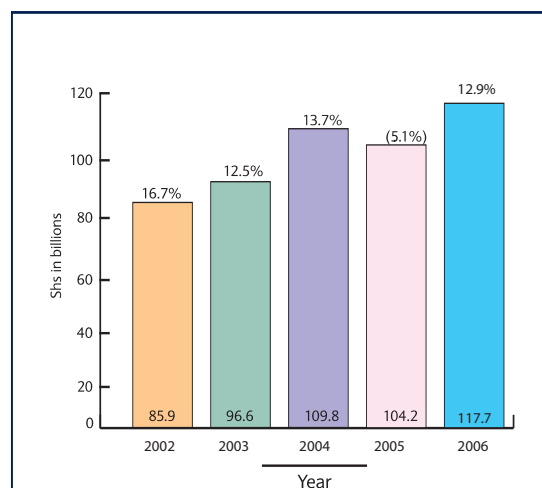
Impaired loans and advances (gross)



Provisions charge as a % of gross advances



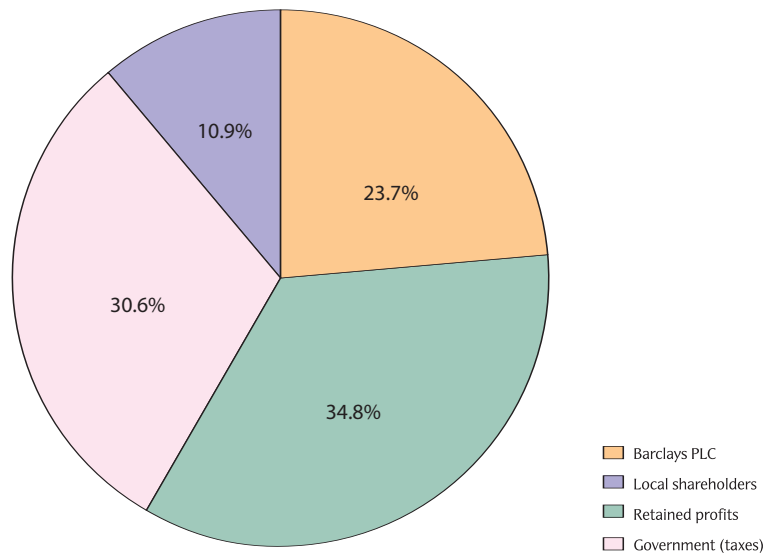
Total assets



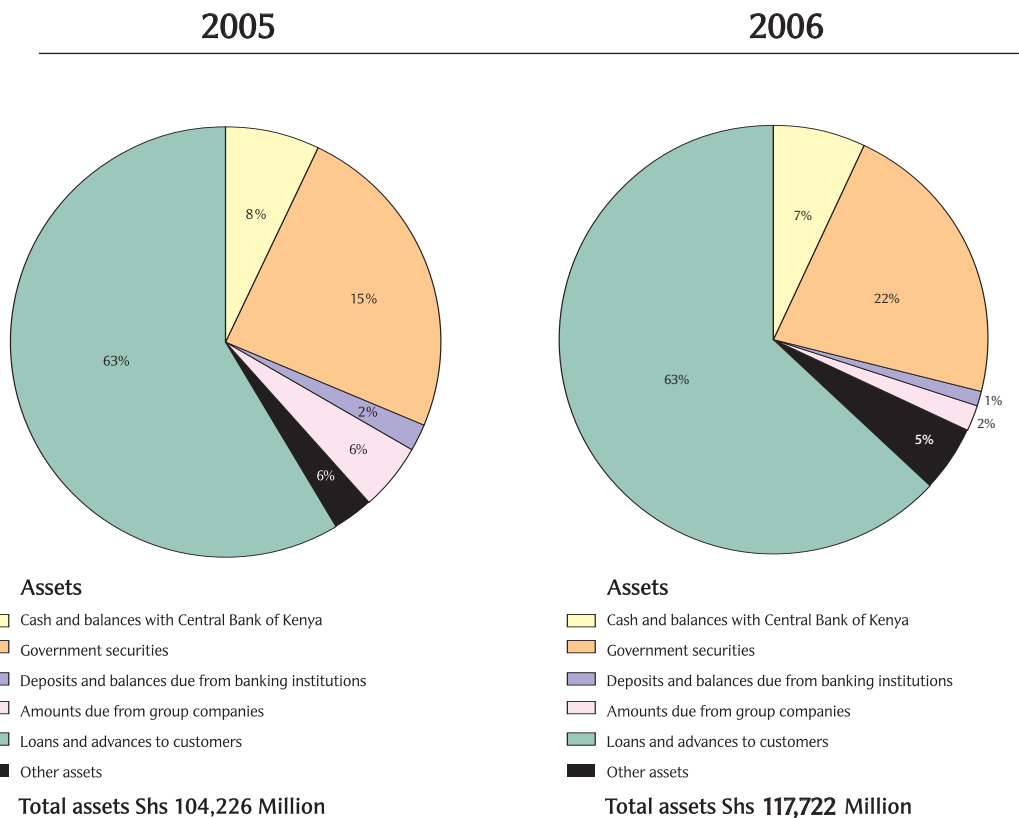
Financial Graphs and Charts

(continued)

Distribution of profit before tax



Distribution of assets



Report of the Independent Auditors to the members of Barclays Bank of Kenya Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Barclays Bank of Kenya Limited (the company) and its subsidiary (together, the group), as set out on pages 41 to 77. These financial statements comprise the consolidated balance sheet at 31 December 2006 and the consolidated profit and loss account, statement of changes in equity and cash flow statement for the year then ended, together with the balance sheet of the company standing alone as at 31 December 2006 and the statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Kenyan Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances

Auditors' responsibility

Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the group and of the company at 31 December 2006 and of the profit and cash flows of the group for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

Report on other legal requirements

The Kenyan Companies Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books;
- iii) the company's balance sheet is in agreement with the books of account.

PRICEWATERHOUSECOOPERS 

Certified Public Accountants
Nairobi

21 February 2007

Taarifa Ya Wakaguzi wa Hesabu Huru kwa Wanachama wa Barclays Bank of Kenya Limited.

Taarifa ya pamoja ya hesabu za fedha.

Tumefanya hesabu ya ukaguzi kwenye taarifa ya fedha ya Barclays of Kenya Limited (kampuni) na kampuni zake tanzu (kwa pamoja kama kundi moja) kama ilivyoorodheshwa kwenye kurasa za 41 hadi 77. Taarifa hizi za fedha zinashirikisha mabaki yote kwenye mizania kama inavyoonekana 31 Desemba, 2006 na faida ya pamoja na akaunti ya hasara, taarifa iliyofanyiwa mabadiliko kwenye mgawano sawa na taarifa ya jinsi fedha zilivyoshughulikiwa mwaka uliomalizika, pamoja na mizania ya kampuni kama ilivyokuwa 31 Desemba 2006 pamoja na taarifa ya mabadiliko kwenye mgawano ya kampuni mwaka uliomalizika, na muhtasari wa maongozi ya uhasibu na ufafanuzi wake.

Wajibu wa Wakurugenzi juu ya taarifa za Fedha

Wakurugenzi wana wajibu wa uandalizi na utoaji wa taarifa hizi za kifedha kwa haki kulingana na Utaratibu wa Kimataifa wa kuripoti taarifa za kifedha na kuhakikisha wanatosheleza Sheria za Kenya za Makampuni. Wajibu huu unashirikisha; upangaji, utekelezaji na usimamizi wa udhibiti wa ndani unaohusiana na uandalizi na uwasilishaji wa haki wa taarifa za kifedha usionajisiwa na taarifa za kupotosha, iwe kwa ulaghai au makosa, kuchagua na kutumia maongozi ya uhasibu; na kufanya makadirio ya uhasibu ambayo ni ya usawa katika hali ile.

Wajibu wa Wakaguzi wa Hesabu

Wajibu wetu ni kueleza maoni yaliyo huru juu ya taarifa za kifedha juu ya ukaguzi wetu. Tuliendesha ukaguzi wetu kulingana na vigezo vya kimataifa vya ukaguzi wa fedha. Vigezo hivyo vinahitaji kwamba tufuate mahitaji ya maadili na kupanga na kutekeleza shughuli zetu za ukaguzi wa hesabu ili kuhakikisha kwamba taarifa zetu zinaepukana na habari za kupotosha.

Ukaguzi wa hesabu unahusisha shughuli zinazotoa ushahidi juu ya viwango na kutoa habari sahihi juu ya taarifa za kifedha. Utaratibu unaochaguliwa unategemea uamuzi wa mkaguzi mwenyewe, ikijumuisha upigaji msasa wa hatari zinazopakikana kutokana na habari zo zote za kupotosha ambazo huenda zikatolewa, iwe kwa ulaghai au kosa. Kwa kufanya ukaguzi huo wa hatari, mkaguzi hufikiria usimamizi na udhibiti wa ndani unaohusiana na jinsi shirika lilivyojiandaa na uwasilishaji wa haki wa taarifa za kifedha ili kupanga utaratibu wa ukaguzi wa hesabu unaofaa katika hali ile, na wala sio kwa kutoa maoni juu ya uwezo wa ukaguzi wa hesabu wa ndani. Ukaguzi pia hushirikisha upigaji msasa wa uhakika na usawa wa maongozi ya uhasibu uliotumiwa na maniki ya makadirio yaliyofanywa na wakurugenzi, na pia kuchunguza kwa upana uwasilishaji wote wa taarifa za kifedha.

Tunaamini kwamba ushahidi wa ukaguzi wa hesabu tuliopata unatosha na sawa kuweza kutupa sisi msingi kwa kufikia maoni yetu.

Maoni

Kulingana na maoni yetu taarifa za kifedha zilizoko zinaonyesha ukweli na haki ya hali ya kifedha ya kundi hili na kampuni kwa ujumla kufikia 31 Desemba, 2006, na kuhusiana na faida na hali ya kifedha katika kundi hili kufikia mwisho wa mwaka kulingana na viwango vya kimataifa vya kutoa taarifa ya kifedha na kulingana na Sheria ya Kenya inayosimamia makampuni.

Taarifa Juu ya Mahitaji Mengine ya Kisheria.

Sheria ya Makampuni Nchini Kenya (Kenya Company's Act) inahitaji kwamba katika utekelezaji wa shughuli zetu za ukaguzi tufuate na kuwafahamisha maswala Fulani. Tunathibitisha kwamba:

- i) Tumepokea habari zote na maelezo, ambayo kulingana na tunavyofahamu na kuamini yalikuwa muhimu kwa malengo ya ukaguzi wetu.
- ii) Kwa maoni yetu madaftari sahihi ya hesabu yametumiwa na kampuni, kulingana na upekuzi wetu wa madaftari hayo.
- iii) Mizania inawiana na madaftari ya hesabu za kampuni.

PRICEWATERHOUSECOOPERS 

Certified Public Accountants
Nairobi

21 Februari 2007

NOTE: The text set out above is a Kiswahili translation of the 'Report of the Independent Auditors to the members of Barclays Bank of Kenya Limited', which appears on page 39. In the event of any dispute over the interpretation of the Report of the Auditors, the English version shall be the authoritative version.

Consolidated Profit and Loss Account

for the year ended 30th December 2006

	Notes	2006 Shs million	2005 Shs million
Interest income	4	10,428	9,348
Interest expense	5	(1,492)	(960)
Net interest income		8,936	8,388
Net fees and commission income		4,915	4,830
Foreign exchange income		1,195	1,059
Other operating income		77	(2)
Operating income		15,123	14,275
Impairment losses on loans and advances	15	(881)	(1,329)
Other operating expenses	6	(7,767)	(7,519)
Profit before income tax		6,475	5,427
Income tax expense	8	(1,983)	(1,698)
Profit for the year		4,492	3,729
Earnings per share			
- Basic and diluted (Shs per share)	9	3.3	2.7
Dividends: (Shs million)			
Interim dividends – paid in the year	10	611	611
Proposed final dividend for the year	10	1,630	2,241
		2,241	2,852

Consolidated Balance Sheet

as at 31st December 2006

	Notes	2006 Shs million	2005 Shs million
ASSETS			
Cash and balances with Central Bank of Kenya	11	8,198	7,894
Government securities: available-for-sale securities	12	25,484	15,767
Deposits and balances due from banking institutions	13	1,454	1,821
Balances due from group companies	35	3,322	5,771
Other assets	14	2,072	4,063
Loans and advances to customers	15	73,907	65,562
Current income tax recoverable		-	177
Goodwill	17	128	128
Property and equipment	19	1,613	1,503
Prepaid operating lease rentals	20	65	99
Retirement benefit asset	21	1,479	1,441
Total assets		117,722	104,226
LIABILITIES			
Customer deposits	22	93,837	81,800
Deposits and balances due to banking institutions	23	2,268	1,675
Lines of credit	24	1,215	1,709
Other liabilities	25	3,893	4,513
Balance due to group companies	35	913	1,031
Current income tax payable		391	-
Deferred income tax	18	343	321
Total liabilities		102,860	91,049
SHAREHOLDERS' EQUITY			
Share capital	26	2,716	2,037
Revaluation reserves: available-for-sale securities		37	(8)
Retained earnings		10,364	8,907
Statutory loan loss reserve		115	-
Proposed dividend	10	1,630	2,241
Total shareholders' equity		14,862	13,177
Total equity and liabilities		117,722	104,226

The financial statements on pages 41 to 77 were approved for issue by the board of directors on 21 February 2007 and signed on its behalf by:

Francis Okomo-Okello
Director

Adan Mohamed
Director

Charles Ongwae
Director

Wanjiru Nduati
Secretary

Company Balance Sheet

as at 31st December 2006

	Notes	2006 Shs million	2005 Shs million
ASSETS			
Cash and balances with Central Bank of Kenya	11	8,198	7,894
Government securities: available-for-sale securities	12	25,484	15,647
Deposits and balances due from banking institutions	13	1,454	1,821
Amounts due from group companies	35	3,322	5,771
Amounts due from subsidiary company		-	-
Other assets	14	2,095	4,059
Loans and advances to customers	15	73,907	65,562
Current income tax recoverable		-	162
Investments in subsidiary companies	16	275	435
Goodwill	17	128	128
Property and equipment	19	1,614	1,503
Prepaid operating lease rentals	20	65	99
Retirement benefit asset	21	1,479	1,441
Total assets		118,021	104,522
LIABILITIES			
Customer deposits	22	93,837	81,800
Deposits and balances due to banking institutions	23	2,268	1,675
Lines of credit	24	1,215	1,709
Other liabilities	25	4,182	4,809
Amounts due to group companies	35	913	1,031
Current income tax payable		401	-
Deferred income tax	18	343	321
Total liabilities		103,159	91,345
SHAREHOLDERS' EQUITY			
Share capital	26	2,716	2,037
Revaluation reserve : investment in subsidiaries		97	248
Revaluation reserve: available-for-sale securities		37	(8)
Retained earnings		10,267	8,659
Statutory loan loss reserve		115	-
Proposed dividend	10	1,630	2,241
Total shareholders' equity		14,862	13,177
Total equity and liabilities		118,021	104,522

The financial statements on pages 41 to 77 were approved for issue by the board of directors on 21 February 2007 and signed on its behalf by:

Francis Okomo-Okello
Director

Adan Mohamed
Director

Charles Ongwae
Director

Wanjiru Nduati
Secretary

Consolidated statement of changes in equity

as at 31st December 2006

Notes	Share Capital	Retained earnings	Statutory reserves	Revaluation reserve on available for sale Securities	Proposed dividends	Total
Shs million	Shs million	Shs million	Shs million	Shs million	Shs million	Shs million
Year ended 31 December 2005						
At start of year	2,037	8,030	-	(23)	2,241	12,285
Net change in available-for-sale securities	-	-	-	15	-	(15)
Profit for the year	-	3,729	-	-	-	3,729
Dividends:						
- final for 2004 paid	-	-	-	-	(2,241)	(2,241)
- interim for 2005 paid	-	(611)	-	-	-	(611)
- proposed final for 2005	10	(2,241)	-	-	2,241	-
At end of year	2,037	8,907	-	(8)	2,241	13,177
Year ended 31 December 2006						
At start of year	2,037	8,907	-	(8)	2,241	13,177
Bonus issue	679	(679)	-	-	-	-
Expenses related to the Bonus issue of Shares	-	-	-	-	-	-
Net change in available-for-sale securities	-	-	-	45	-	45
Profit for the year	-	4,492	-	-	-	4,492
Statutory loan loss	-	(115)	115	-	-	-
Dividends:						
- final for 2005 paid	-	-	-	-	(2,241)	(2,241)
- interim for 2006 paid	-	(611)	-	-	-	(611)
- proposed final for 2006	10	(1,630)	-	-	1,630	-
At end of year	2,716	10,364	115	37	1,630	14,862

Company statement of changes in equity

as at 31st December 2006

Notes	Share Capital	Revaluation reserves on investment in subsidiary	Retained earnings	Statutory reserves	Revaluation reserve on available for sale	Proposed dividends	Total
	Shs million	Shs million	Shs million	Shs million	Shs million	Shs million	Shs million
Year ended 31 December 2005							
At start of year	2,037	230	7,967	-	-	2,241	12,285
Loss on revaluation of investment in subsidiary company	-	18	-	-	-	-	18
Net gains recognised directly in equity	-	18	-	-	-	-	18
Net change in available-for-sale securities	-	-	-	-	15	-	15
Profit for the year	-	-	3,711	-	-	-	3,711
Total recognised income for 2005	-	18	3,711	-	15	-	3,744
Dividends:							
- final for 2004 paid	-	-	-	-	-	(2,241)	(2,241)
- interim for 2005 paid	-	-	(611)	-	-	-	(611)
- proposed final for 2005	10	-	(2,241)	-	-	2,241	-
At end of year	2,037	248	8,659	-	(8)	2,241	13,177
Year ended 31 December 2006							
At start of year	2,037	248	8,659	-	(8)	2,241	13,177
Bonus Issue	679	-	(679)	-	-	-	-
Surplus on revaluation of investment in subsidiary	-	3	-	-	-	-	3
Dividends paid to BBK	-	(154)	-	-	-	-	(154)
Net gains recognised directly in equity	-	(151)	-	-	-	-	(151)
Net change in available for sale securities	-	-	-	-	45	-	45
Profit for the year	-	-	4,643	-	-	-	4,797
Statutory loan loss	-	-	(115)	115	-	-	-
Dividends:							
- final for 2005 paid	-	-	-	-	-	(2,241)	(2,241)
- interim for 2006 paid	-	-	(611)	-	-	-	(611)
- proposed final for 2006	10	-	(1,630)	-	-	1,630	-
At end of year	2,716	97	10,267	115	37	1,630	14,862

The reduction in the revaluation reserve of Shs 154 million (2005: NIL) represents a dividend paid to the Bank from one of its subsidiaries, Barclays Advisory and Registrar Services Limited during the year. This amount comprises prior year profits of the Subsidiary, which were credited to the Bank's revaluation reserve in accordance with the Bank's accounting policy.

Consolidated cash flow statement

as at 31st December 2006

	Notes	2006 Shs million	2005 Shs million
Cash flows from operating activities			
Interest receipts		10,333	8,990
Interest payments		(1,468)	(875)
Net fee and commission receipts		4,915	4,830
Other income received		1,272	1,057
Recoveries from loans previously written off	15	148	361
Payments to employees and suppliers		(7,585)	(7,777)
Tax paid		(1,399)	(1,444)
Cash flows from operating activities before changes in operating assets and liabilities		6,216	5,142
Changes in operating assets and liabilities:			
- loans and advances		(9,280)	(3,429)
- other assets		1,991	1,990
- CBK cash reserve requirement	30	(724)	(67)
- government securities maturing after 90 days		(18,984)	(1,410)
- lines of credit		(494)	(707)
- customer deposits		12,013	1,266
- other liabilities		(620)	(2,559)
- amounts due to group companies		(118)	(5,071)
Net cash from operating activities		(10,000)	(4,845)
Cash flows from investing activities			
Purchase of property and equipment	19	(448)	(203)
Proceeds from sale of property and equipment		204	33
Net cash used in investing activities		(244)	(170)
Cash flows from financing activities			
Dividends paid		(2,852)	(2,852)
Net cash used in financing activities		(2,852)	(2,852)
Net increase in cash and cash equivalents		(13,096)	(7,867)
Cash and cash equivalents at beginning of year	30	18,177	26,044
Cash and cash equivalents at end of year	30	5,081	18,177

Notes to the Financial Statements

for the year ended 31 December 2006

1. General information

The Company is incorporated in Kenya under the Companies Act as a public limited liability company and is domiciled in Kenya. The address of its registered office is

Barclays Plaza
Loita Street
PO Box 30120
NAIROBI

The shares of the company are listed on the Nairobi Stock Exchange.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Kenya Shillings (Shs), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Adoption of new and revised standards

In 2006 new and revised standards and interpretations became effective for the first time and have been adopted by the company where relevant to its operations. The adoption of these new and revised standards had no material effect on the company's accounting policies or disclosures.

Standards, interpretations and amendments to published standards that are not yet effective

The following amendment to an existing standard and new standard will be mandatory for the Company's accounting periods beginning on or after 1 January 2007, but which the Company has not early adopted:

- IAS 1 Amendment, Capital Disclosures. The amendment to IAS 1 introduces disclosures about the level of the Company's capital and how it manages capital
- IFRS 7, Financial Instruments: Disclosures. IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

(b) Consolidation

The consolidated financial statements comprise the financial statements of Barclays Bank of Kenya Limited and its subsidiary companies made up to 31 December. Subsidiary undertakings have been fully consolidated. All intercompany transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated. The accounting policies for the subsidiaries are consistent with the policies adopted by the bank. A listing of the bank's subsidiaries is set out in Note 16.

(c) Interest income and expense

Interest income and expense are recognised in the profit and loss account for all interest bearing instruments measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

When loans and advances become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

(d) Fees and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan appraisal fees together with related direct costs are recognised using the effective interest rate method.

(e) Translation of foreign currencies

The accounting records are maintained in the currency of the primary economic environment in which the company operates, Kenya Shillings ("the functional currency"). Transactions in foreign currencies during the year are converted into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(f) Financial assets

The bank classifies its financial assets into the following categories: financial assets at fair value through profit or loss; loans, advances and receivables and available-for-sale assets. Management determines the appropriate classification of its investments at initial recognition.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so classifying eliminates or significantly reduces a measurement inconsistency. Derivatives are also categorised as held for trading

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the bank provides money, goods or services directly to a debtor with no intention of trading the receivable.

(c) Available-for-sale

Available-for-sale investments are those non-derivative financial assets that are not classified under any of the categories (a) or (b) above.

Purchases and sales of financial assets at fair value through profit or loss and available-for-sale are recognised on trade-date – the date on which the bank commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus, for all financial assets except those carried at fair value through profit or loss, transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the group has transferred substantially all risks and rewards of ownership.

Loans, advances and receivables are carried at amortised cost using the effective interest method. Available-for-sale financial assets and financial assets at fair value through profit or loss are carried at fair value. Gains and losses arising from changes in the fair value of 'financial assets at fair value through profit or loss' are included in the profit and loss account in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the profit or loss account. However, interest calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the bank's right to receive payment is established.

Fair values of quoted investments in active markets are based on quoted bid prices. Fair values for unlisted equity securities are estimated using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

The fair values of the company's financial assets and liabilities approximate the respective carrying amounts, due to the generally short periods to contractual repricing or maturity dates as set out above. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that directors expect would be available to the company at the balance sheet date.

(g) Leases

Assets leased to customers under agreements, which transfer substantially all the risks and rewards of ownership, with or without ultimate legal title, are classified as finance leases. When assets are held subject to a finance lease, the present value of the lease payments, discounted at the rate of interest implicit in the lease, is recognised as a receivable. The difference between the total payments receivable under the lease and the present value of the receivable is recognised as unearned finance income, which is allocated to accounting periods under the pre-tax net investment method to reflect a constant periodic rate of return.

Assets leased to customers under agreements which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. The leased assets are included within property, plant and equipment on the Company's balance sheet and depreciation is provided on the depreciable amount of these assets on a systematic basis over their estimated useful lives. Lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate.

(h) Impairment of financial assets

The bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the bank about the following loss events:

- a) significant financial difficulty of the issuer or obligor;
- b) a breach of contract, such as default or delinquency in interest or principal repayments;
- c) the bank granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
- d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- e) the disappearance of an active market for that financial asset because of financial difficulties; or
- f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - adverse changes in the payment status of borrowers in the group; or
 - national or local economic conditions that correlate with defaults on the assets in the group.
- (i) Assets carried at amortised cost

The bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the bank determines no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial instrument's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit and loss account. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the bank may measure impairment on the basis of an instrument's fair value using an observable market price.

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the bank's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the profit and loss account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the profit and loss account.

(i) Investments in subsidiaries

Investments in subsidiary companies are carried at fair value, changes in fair value of the investments are recognised in equity and subsequent recycling into profit or loss on disposal or impairment.

(j) Property and equipment

Land and buildings comprise mainly branches and offices. All property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of these assets.

Freehold land is not depreciated. Depreciation on other assets is calculated on the straight line basis to write down their cost to their residual values over their estimated useful lives, as follows:

Buildings	25 – 40 years
Fixtures, fittings and equipment	3 – 15 years
Motor vehicles	5 – 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The bank assesses at each reporting date whether there is any indication that any item of property and equipment is impaired. If any such indication exists, the bank estimates the recoverable amount of the relevant assets. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

(k) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(l) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired business or associated undertaking at the date of acquisition.

Goodwill is tested annually for impairment as well as when there are indications of impairment.

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

(m) Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') are classified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in amounts due to other banks, deposits from banks, other deposits or deposits due to customers, as appropriate.

Securities purchased from Central Bank of Kenya under agreements to resell ('reverse repos') are disclosed as Treasury bills as they are held-to-maturity after which they are purchased and are not negotiable/discounted during the tenure.

The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

(n) Employee benefits

(i) Retirement benefit obligation

The group operates both a defined benefit plan and defined contribution plan. The assets of these scheme are held in a separate trustee administered fund that is funded by contributions from the bank and the employees. Certain of the employees are members of the parent bank's defined benefit scheme. The bank and all its employees also contribute to the National Social Security Fund, which is a defined contribution scheme.

For the defined benefit scheme the pension costs are assessed using the projected unit credit method. Under this method the cost of providing pensions is charged to the profit and loss account so as to spread the regular cost over the service lives of employees in accordance with the advice of actuaries who carry out a full valuation of the plan every three years. The pension obligation is measured as the present value of the estimated future cash outflows. Actuarial gains and losses are recognised over the average remaining service lives of employees.

The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent

actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives. In determining this cost the actuarial value of the assets and the liabilities of the scheme are calculated, modelling their future growth, based on key assumptions agreed with management as described in note 21.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

The group's contributions to the bank and parent company's defined contribution schemes are charged to the profit and loss account in the year to which they relate.

(ii) Other employee entitlements

The estimated monetary liability for employees accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

(o) Income tax expense

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax and deferred income tax.

Current income tax is the amount of income tax payable on the profit for the year determined in accordance with the Kenyan Income Tax Act.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

(p) Dividends payable

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

(q) Derivative financial instruments

Derivatives, which comprise forward foreign exchange contracts and foreign exchange swaps, are initially recognised at fair value on the date the derivative contract is entered into and are subsequently measured at fair value. The fair value is determined using forward exchange market rates at the balance sheet date or appropriate pricing models. The derivatives do not qualify for hedge accounting. Changes in the fair value of derivatives are recognised immediately in the profit and loss account.

(r) Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefits will be necessary to settle the obligation, and these can be reliably estimated.

When a leasehold property ceases to be used in the business provision is made, where the unavoidable costs of the future obligations relating to the lease are expected to exceed anticipated rental income. The net costs are discounted using market rates of interest to reflect the long-term nature of the cash flows.

Provision is made for the anticipated cost of restructuring, including redundancy costs when an obligation exists. An obligation exists when the group has a detailed formal plan for restructuring a business and has raised valid expectations in those affected by the restructuring by starting to implement the plan or announcing its main features. The provision raised is normally utilised within nine months.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

(s) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including: cash and balances with central banks, treasury bills and amounts due from other banks. Cash and cash equivalents exclude the cash reserve requirement held with the Central Bank of Kenya.

(t) Acceptances and letters of credit

Acceptances and letters of credit are accounted for as off balance sheet transactions and disclosed as contingent liabilities.

(u) Fiduciary activities

The group commonly acts as trustee, nominee or agent and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the group.

(v) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

3 Critical accounting estimates

IFRS require that the group adopts accounting policies and estimation techniques that the Directors believe are most appropriate in the circumstances for the purpose of giving a true and fair view of the state of the group's financial affairs, its profit and cash flows. However different policies, estimation techniques and assumptions in critical areas could lead to materially different results.

The following are estimates which are considered to be complex and involve significant amounts of management valuation judgements, often in areas that are inherently uncertain.

(i) Impairment of assets

The estimation of potential credit losses is inherently uncertain and depends upon many factors, including general economic conditions, changes in individual customers' circumstances, structural changes within industries that alter competitive positions and other external factors such as legal and regulatory requirements.

Identified impairment is raised when the group considers that the credit worthiness of a borrower has deteriorated such that recovery of the whole or part of an outstanding advance is in serious doubt.

For larger accounts, this is done on an individual basis and all relevant considerations that have a bearing on the expected future cash flows are taken into account, for example the business prospects for the customer, the realisable value of collateral, the group's position relative to other claimants and the reliability of customer information. Subjective judgements are made in this process that may vary from person to person and team to team. Judgements may also change with time as new information becomes available.

Within the retail and small business portfolio, which comprise a large number of small homogeneous assets, statistical techniques are used to raise identified impairment on a portfolio basis, based on historical recovery rates. These statistical techniques use as primary inputs the extent to which accounts in the portfolio are in arrears and historical information on the eventual losses encountered from such delinquent portfolios. The models do not contain judgemental inputs but judgement and knowledge is needed in selecting the statistical methods to use when the models are developed or revised.

Unidentified impairment is raised to cover losses which are known from previous historical experience to be present in loans and advances at the balance sheet date, but which have not yet been specifically identified. In establishing the level of unidentified impairment, management judgement is applied to the results of the statistical analysis.

(ii) Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Some of the group's financial instruments are carried at fair value and include swaps, forwards and debt securities held as available for sale.

Financial instruments are either priced with reference to a quoted market price for that instrument or by using a valuation model. These models use as their basis independently sourced market parameters including for example interest rate yield curves. Most market parameters are either directly observable or are implied from instrument prices. However where no observable price is available then instrument fair value will include provision for the uncertainty in the market parameter based on sale price or subsequent traded levels.

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

	2006 Shs million	2005 Shs million
4. Interest income		
Loans and advances	7,692	7,373
Government securities	2,165	1,464
Cash and short term funds	252	321
Other	319	190
	<u>10,428</u>	<u>9,348</u>
5. Interest expense		
Customer deposits	1,283	814
Deposits by banks	91	67
Other	118	79
	<u>1,492</u>	<u>960</u>
6 Other operating expenses		
Staff costs (Note 7)	3,081	2,500
Other administrative expenses	4,686	5,019
	<u>7,767</u>	<u>7,519</u>
Other administrative expenses include:		
Depreciation (Note 19)	241	244
Amortisation of leasehold land (Note 20)	2	2
Operating lease rentals	322	251
Auditors' remuneration	11	10

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

7 Staff costs

The following items are included within staff costs:

Restructuring costs - Net termination benefit

Retirement benefit costs

- group's retirement benefit scheme (Note 21)

- parent company's scheme

- National Social Security Fund

2006 Shs million	2005 Shs million
64	460
135	92
1	1
3	3
2006 Number	2005 Number
2,197	1,762

The number of persons employed by the group as at year end was:

8 Income tax expense

Current income tax

Deferred income tax (Note 18)

2006 Shs million	2005 Shs million
1,961	1,404
22	294
1,983	1,698

The tax on the group's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

Profit before income tax

Tax calculated at the statutory tax rate of 30% (2004: 30%)

Tax effect of:

Income not subject to tax

Expenses not deductible for tax purposes

Income tax expense

2006 Shs million	2005 Shs million
6,629	5,427
1,989	1,628
(137)	(254)
131	324
1,983	1,698

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

9 Earnings per share

Basic earnings per share are calculated on the profit attributable to shareholders of Shs 4,492 million (2005: Shs 3,729 million) and on the weighted average number of ordinary shares outstanding during the period adjusted for the effect of the bonus share issue and shares split.

	2006 Shs million	2005 Shs million
Net profit attributable to shareholders (Shs million)	4,492	3,729
Adjusted weighted average number of ordinary shares in issue (millions)	1,358	1,549
Basic earnings per share (Shs)	3.3	2.7

There were no potentially dilutive shares outstanding at 31 December 2006 or 2005. Diluted earnings per share are therefore the same as basic earnings per share.

10 Dividends per share

Proposed dividends are accounted for as a separate component of equity until they have been ratified at an annual general meeting. At the forthcoming annual general meeting to be held on 4 May 2007, a final dividend in respect of the year ended 31 December 2006 of Shs 1.20 per share amounting to a total of Shs 1,630 million is to be proposed. During the year an interim dividend of Shs 0.45 per share, amounting to a total of Shs 611 million was paid. The total dividend for the year is therefore Shs 1.65 per share (2005: Shs 2.10), amounting to a total of Shs 2,241 million (2005: Shs 2,852 million).

Payment of dividends is subject to withholding tax at a rate of 5% for residents and 10%, for non-resident shareholders.

11 Cash and balances with Central Bank of Kenya

	Group and company	
	2006 Shs million	2005 Shs million
Cash in hand	2,485	2,758
Balances with Central Bank of Kenya	5,713	5,136
	8,198	7,894

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

12 Investment securities

Available-for-sale securities

	2006 Shs million	Group 2005 Shs million	2006 Shs million	Company 2005 Shs million
Treasury bills and bonds:				
Maturing within 90 days of the date of acquisition	236	9,503	236	9,383
Maturing after 90 days of the date of acquisition	25,248	6,264	25,248	6,264
	25,484	15,767	25,484	15,647

Treasury bills and bonds are debt securities issued by the Government of Kenya and are classified as available-for-sale. The weighted average effective interest rate on the Government securities as at 31 December 2006 was 9.0% (2005: 9.0%).

13 Deposits and balances due from banking institutions

	Group and company	
	2006 Shs million	2005 Shs million
Items in course of collection from other banks	1,282	1,232
Placements with other banks	-	420
Other balances	172	169
	1,454	1,821

The weighted average effective interest rate on deposits and balances due from banking institutions as at 31 December was 0.7% (2005: 0.7%)

14 Other assets

	2006 Shs million	Group 2005 Shs million	2006 Shs million	Company 2005 Shs million
Financial guarantee	244	244	244	244
Derivative financial instruments	19	820	19	820
Other assets	1,809	2,999	1,832	2,995
	2,072	4,063	2,095	4,059

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

15 Loans and advances to customers

	Group and company	
	2006	2005
	Shs million	Shs million
Overdrafts	8,867	10,707
Commercial loans	60,973	54,235
Advances under finance lease agreements	1,313	622
Bills discounted	2,447	1,318
Bills negotiated	44	15
Other	4,768	3,323
Gross loans and advances to customers	78,412	70,220
Less:		
Provisions for impairment of loans and advances		
- Identified	(4,408)	(4,583)
- Unidentified	(97)	(75)
Loans and advances to customers net of provisions	73,907	65,562

The aggregate amount of impaired loans included in the balance sheet (net of impairment losses) is Shs 3,714 million (2005: Shs 4,493 million). All such loans have been written down to their recoverable amount.

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

15 Loans and advances to customers (continued)

Movements in provisions for impairment of loans and advances are as follows:

	Group and company		
	Identified provisions Shs Million	Unidentified provision Shs Million	Total Shs Million
Year ended 31 December 2005			
At 1 January 2005	3,844	874	4,718
New impairment provisions	3,951	-	3,951
Increase/(decrease) in impairment provisions	3,191	(799)	2,392
Recoveries and impairment provisions no longer required	(4,653)	-	(4,653)
Net increase/(decrease) in impairment provisions	2,489	(799)	1,690
Amounts written off during the current period	(1,750)	-	(1,750)
At 31 December 2005	4,583	75	4,658
Net increase in impairment provisions above Amount recovered previously written off	2,489 (361)	(799) -	1,690 (361)
Net impairment charge to the profit and loss account	2,128	(799)	1,329
Year ended 31 December 2006			
At 1 January 2006	4,583	75	4,658
New impairment provisions	1,035	-	1,035
Increase in impairment provisions	1,171	22	1,193
Recoveries and impairment provisions no longer required	(1,199)	-	(1,199)
Net increase in impairment provisions	1,007	22	1,029
Amounts written off during the current period	(1,182)	-	(1,182)
At 31 December 2006	4,408	97	4,505
Net increase in impairment provisions above Amounts recovered previously written off	1,007 (148)	22 -	1,029 (148)
Net impairment charge to the profit and loss account	859	22	881

The weighted average effective interest rate on loans and advances at 31 December 2006 was 11.1% (2005: 11.1%).

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

15 Loans and advances to customers (continued)

The loans and advances to customers include finance lease receivables, which may be analysed as follows:

	Group and company	
	2006 Shs million	2005 Shs million
Gross investment in finance leases	1,553	724
Unearned future finance income on finance leases	(240)	(102)
Net investment in finance leases	1,313	622
The net investment in finance leases may be analysed as follows:		
Not later than 1 year	197	35
Later than 1 year and not later than 5 years	1,116	587
Net investment in finance leases	1,313	622

No specific provisions for finance lease receivables are included in the provision for loan impairment.

Economic sector risk concentrations within the customer loan portfolio were as follows:

	Group and company	
	2006 %	2005 %
Manufacturing	15	20
Wholesale and retail trade	7	5
Transport and communications	13	4
Business services	2	6
Agricultural	2	2
Private individuals	39	27
Other	22	36
	100	100

16 Investments in subsidiary companies

	Percentage Shareholding	Company	
		2006 Shs million	2005 Shs million
Barclays Financial Services Limited	100%	275	275
Barclays Advisory and Registrar Services Limited	100%	-	160
Barclays (Kenya) Nominees Limited	100%	-	-
Barclays Mercantile Limited	100%	-	-
		275	435

During the year Barclays Advisory and Registrar Services Limited was disposed of for a consideration of Shs 28 Million. The gain on disposal of Shs 6 Million has been included in the profit and loss. Barclays (Kenya) Nominees Limited holds various securities on behalf of customers of Barclays Bank of Kenya Ltd. Barclays Financial Services Limited (formerly Barclays Mortgages Limited) and Barclays Mercantile Limited are dormant companies. All the subsidiaries are incorporated in Kenya.

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

17 Goodwill

	Group and company	
	2006	2005
	Shs	Shs
	million	million
Net book amount		
At start of the year	128	128
At end of year	128	128

18 Deferred income tax

Deferred income tax is calculated, in full, on all temporary differences under the liability method using the enacted income tax rate of 30% (2005: 30%). The movement on the deferred tax account is as follows:

	2006	2005
	Shs million	Shs million
At start of year	(321)	(31)
Profit and loss account charge	(22)	(294)
Credit to equity	-	4
At end of year	(343)	(321)

Consolidated deferred income tax assets and liabilities and deferred income tax credit in the profit and loss account are attributable to the following items.

	Credited to		
	1.1.2006	profit and loss	31.12.2006
Deferred tax liabilities			
Retirement benefit asset	(432)	(12)	(444)
Deferred tax assets			
Property and equipment on historical cost	86	(14)	72
Provisions	22	7	29
Available – for – sale bonds fair value change	3	(3)	-
Net deferred tax liability	(321)	(22)	(343)

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

19 Property and equipment

The Group and company 31 December 2005

	Freehold land and buildings Shs million	Buildings Shs million	Fixtures fittings & equipment Shs million	Motor vehicles Shs million	Total Shs million
Cost					
At 1 January 2005	87	1,568	3,287	117	5,059
Additions	-	100	103	-	203
Disposals	(16)	(26)	(39)	(39)	(120)
At 31 December 2005	71	1,642	3,351	78	5,142
Depreciation					
At 1 January 2005	29	534	2,818	98	3,479
Charge for the year	1	78	155	10	244
Eliminated on disposals	-	(12)	(38)	(34)	(84)
At 31 December 2005	30	600	2,935	74	3,639
Net book amount					
At 31 December 2005	41	1,042	416	4	1,503

The Group and company 31 December 2006

	Freehold land and buildings Shs million	Buildings Shs million	Fixtures fitting & equipment Shs million	Motor vehicles Shs million	Total Shs million
Cost					
At 1 January 2006	71	1,642	3,351	78	5,142
Additions	18	153	277	-	448
Disposals	-	(170)	(10)	(20)	(200)
At 31 December 2006	89	1,625	3,618	58	5,390
Depreciation					
At 1 January 2006	30	600	2,935	74	3,639
Charge for the year	1	74	163	3	241
Eliminated on disposals	-	(75)	(9)	(19)	(103)
At 31 December 2006	31	599	3,089	58	3,777
Net book amount					
At 31 December 2006	58	1,026	529	-	1,613

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

20 Prepaid operating lease rentals

Leasehold land is disclosed as prepaid operating lease rentals and carried at cost less amortisation over the period of the lease.

	Group and company	
	2006 Shs million	2005 Shs million
At start of the year	99	102
Disposal	(31)	(1)
Amortisation charge for the year	(2)	(2)
At end of year	65	99

21 Retirement benefit assets

The amounts recognised in the balance sheet are determined as follows:

	Group and company	
	2006 Shs million	2005 Shs million
Present value of funded obligations	(6,497)	(5,990)
Fair value of scheme assets	7,620	6,397
Fund surplus	1,123	407
Unrecognised actuarial losses	356	1,034
Asset in the balance sheet	1,479	1,441

The amounts recognised in the profit and loss account for the year are as follows:

Current service cost	193	175
Interest cost	833	717
Expected return on plan assets	(931)	(820)
Amortisation of unrecognised actuarial losses	40	20
Net charge for the year included in staff costs	135	92
Contributions paid	(173)	(168)
Movement in the asset recognised in the balance sheet	(38)	(76)

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

21 Retirement benefit assets (continued)

The actual return on scheme assets was 21% (2005:18%).

The principal actuarial assumptions used were as follows:

	2006	2005
- discount rate	14.0%	14.0%
- expected rate of return on scheme assets	15.0%	15.0%
- future salary increases	12.0%	12.0%
- future pension increases	6.5%	8.0%

22 Customer deposits

	Group and company	
	2006	2005
	Shs million	Shs million
Current and demand deposits	41,625	32,456
Savings accounts	28,518	33,209
Fixed deposit accounts	23,357	16,135
La Riba accounts	337	-
	93,837	81,800

The weighted average effective interest rate on interest bearing customer deposits as at 31 December 2006 was 1.5% (2005: 1.0%).

Business sector risk concentrations within the customer deposits portfolio were as follows:

	Group and company	
	2006	2005
	%	%
Non financial public enterprises	4.2	3.1
Private enterprises	19.2	18.5
Non-profit enterprises	2.2	2.4
Individuals	55.6	58.6
Foreign currency	18.5	17.0
Other	0.3	0.3
	100	100

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

23 Deposits and balances due to banking institutions

Group and company	
2006	2005
Shs million	Shs million
Balances due to local banks	
2,268	1,675

24 Lines of credit

Lines of credit relate to loans administered on behalf of the following agencies as follows:

European Investment Bank (EIB) Global Private Enterprises loan programme funding

PROPARCO funding

838	1,072
377	637
1,215	1,709

The weighted average effective interest rate on the administered loans at 31 December 2006 was 5.2% (2005: 1.5%).

25 Other liabilities

	Group		Company	
	2006	2005	2006	2005
	Shs	Shs	Shs	Shs
	million	million	million	million
Bills payable	1,113	852	1,113	852
Derivative financial instruments	19	820	19	820
Dividend payable to the group	-	377	-	377
Unclaimed dividends	174	187	174	187
Financial guarantees	230	230	230	230
Cash security	-	129	-	219
Other	2,357	1,918	2,646	2,214
	3,893	4,513	4,182	4,809

26 Share capital

	Number of shares in Shs million	Ordinary shares Shs million
Balance at 1 January 2006	203.7	2,037
Bonus issue	67.9	679
Shares split	1,086.4	-
Balance at 31 December 2006	1,358	2,716

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

26 Share capital (continued)

The total authorised number of ordinary shares is 1,358 million with a par value of Shs 2 per share. All issued shares are fully paid.

At a special general meeting held on 8th December 2006, the shareholders approved that the authorised share capital of the Bank be increased from Shs 2,040,000,000 to Shs 2,720,000,000 by the creation of 68,000,000 ordinary shares of Shs 10 each to rank pari passu with existing ordinary shares of the Company in all respects

At the same meeting the shareholders also approved that the issued share capital of the Bank be increased from 203.7 million ordinary shares of Shs 10 each to 271.6 million ordinary shares of Shs 10 each by capitalising the sum of Shs 678,942,000 million being part of the amount standing to the credit of revenue reserves of the Bank, and that the sum be applied in making full payment at par for 67,894,200 million ordinary shares of Shs 10 each to the existing shareholders in the proportion of one bonus share for every three shares held.

The share holders also approved a share split of the ratio of 5 to 1 the bonus and that the par value of the shares was adjusted from shs 10 per share to Shs 2 per share.

The distribution of shareholders as at 31 December 2006 was as follows:

Share range	Number of shareholders	Shares held	%
Less than 500	9,672	2,288,002	0.17
501 to 5,000	17,809	33,196,756	2.44
5,001 to 10,000	15,977	124,456,109	9.17
10,001 to 100,000	2,316	66,003,720	4.86
100,001 to 1,000,000	306	79,041,913	5.82
Above 1,000,000	39	1,052,897,500	77.54
Total	46,119	1,357,884,000	100

The shareholders with the largest shareholding as at 31 December 2006 were:

Name	Share held	%
1 Barclays Bank Plc	930,204,000	68.50
2 National Social Security Fund Board of Trustees	22,459,165	1.65
3 Barclays (Kenya) Nominees Limited – Account No. 9002	10,062,665	0.74
4 Barclays (Nominees) Kenya Limited – Account No. 1256	8,251,025	0.60
5 Kenya Commercial Bank limited Nominees account No. 744	7,069,130	0.52
6 Kenya Commercial Bank limited Nominees account No. 769G	6,728,405	0.49
7 Barclays (Kenya) Nominees Limited	6,680,840	0.49
8 Old Mutual Life Assurance Company Limited	5,434,640	0.40
9 APA Insurance Limited	3,679,170	0.27
10 Barclays (Kenya) Nominees Limited – Account No. 9230	3,433,505	0.25
11 Others	353,881,455	26.1

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

27 Off balance sheet financial instruments, contingent liabilities and commitments

In common with other banks, the group conducts business involving acceptances, guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. In addition, there are other off-balance sheet financial instruments including forward contracts for the purchase and sale of foreign currencies, the nominal amounts for which are not reflected in the consolidated balance sheet.

	Group and company	
	2006 Shs million	2005 Shs million
Contingent liabilities		
Acceptances and letters of credit	8,725	6,011
Guarantee and performance bonds	12,613	9,722
	21,338	15,733

Nature of the contingent liabilities

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The group expects most acceptances to be presented and reimbursement by the customer is normally immediate. Letters of credit commit the bank to make payments to third parties on production of documents, which are subsequently reimbursed by customers.

Guarantees and assets pledged as security are generally written by a bank to support the performance of a customer to third parties. The group will only be required to meet these obligations in the event of the customers' default.

Commitments

	Group and company	
	2006 Shs million	2005 Shs million
Undrawn formal stand-by facilities, credit lines and other commitments to lend	5,575	4,683
Foreign exchange spot settlement agreements	1	1
	5,576	4,684

Commitments to lend are agreements to lend to a customer in future subject to certain conditions. Such commitments are normally made for a fixed period. The bank may withdraw from its contractual obligation for the undrawn portion of agreed overdraft limits by giving reasonable notice to the customer. Undelivered spot transactions represent commitment either to buy or sell foreign currency and are recognised at cost on the trade date.

Contingent tax liabilities

There are a number of open tax issues that are currently the subject of discussion between Barclays Bank of Kenya Limited and the Kenya Revenue Authority. Based on appropriate professional advice, the directors are of the opinion that no significant loss is expected and therefore, no provision has been made in these accounts.

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

28 Fiduciary activities

The group holds asset security documents on behalf of customers with a value of Shs 119,093 million (2005: Shs 88,619 million). Most of these securities are held by the custody services department. The assets held comprise of deposits with financial institutions, government securities, debentures, title deeds, quoted and unquoted shares.

29 Business segments analysis

By Geographical segments

The major part of the business is all within Kenya.

By Class of Business

The group was organised throughout Kenya into two main business segments Corporate and Retail Banking.

The segment results for the year ended 31 December 2005 are as follows:

	Total Segment Shs million	Corporate Banking Shs million	Retail Banking Shs million	Unallocated Shs million
Net interest income	8,388	5,165	3,223	-
Non interest income - fees and commission	5,887	2,524	3,363	-
Operating income	14,275	7,689	6,586	-
Impairment losses on loans and advances	(1,329)	21	(1,350)	-
Operating direct and allocated expenses	(7,519)	(658)	(1,876)	(4,985)
Profit before income tax	5,427	7,052	3,360	(4,985)

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

29 Business segments analysis (continued)

The segment results for the year ended 31 December 2006 are as follows:

Profit and loss account 31 December 2006

	Total segment Shs million	Corporate Banking Shs million	Retail Banking Shs million	Unallocated Shs million
Net interest income	8,936	5,421	3,515	-
Non interest income	6,341	2,769	3,572	-
Operating income	15,277	8,190	7,087	-
Impairment losses on loans and advances	(881)	11	(892)	-
Operating expenses	(7,767)	(680)	(2,068)	(5,019)
Profit before income tax	6,629	7,521	4,127	(5,019)

Balance sheet as at 31 December 2005

	Total Segment Shs millions	Corporate Banking Shs millions	Retail Banking Shs millions	Unallocated Shs millions
Cash and balances with Central Bank of Kenya	7,894	-	-	7,894
Government securities	15,767	-	-	15,767
Deposits and balances due from Banking institutions	1,821	1,821	-	-
Balances due from group companies	5,771	5,771	-	-
Loans and advances to customers	65,562	42,709	22,853	-
Property and equipment	1,503	-	-	1,503
Other assets	5,908	-	-	5,908
Total assets	104,226	50,301	22,853	31,072

LIABILITIES & EQUITY

Customer deposits	81,800	27,376	54,424	-
Deposits and balances due to banking institutions	1,675	1,675	-	-
Lines of credit	1,709	1,709	-	-
Other liabilities	4,513	-	-	4,513
Amounts due to group companies	1,031	1,031	-	-
Deferred income tax	321	-	-	321
Shareholders' equity	13,177	-	-	13,177
Inter-functional lending	-	18,510	(31,571)	13,061
Total Liabilities	104,226	50,301	22,853	31,072

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

29 Business segments analysis (continued)

Balance sheet as at 31 December 2006

	2006 Total Segment Shs million	Corporate Banking Shs million	Retail Banking Shs million	Unallocated Shs millions
Cash and balances with Central Bank of Kenya	8,198	-	-	8,198
Government securities	25,484	-	-	25,484
Deposits and balances due from Banking institutions	1,454	1,454	-	-
Balances due from group companies	3,322	3,322	-	-
Loans and advances to customers	73,907	47,960	25,947	-
Property and equipment	1,613	-	-	1,613
Other assets	3,744	-	-	3,744
Total assets	117,722	52,736	25,947	39,039
LIABILITIES & EQUITY				
Customer deposits	93,837	38,171	55,666	-
Deposits and balances due to banking institutions	2,268	2,268	-	-
Lines of credit	1,215	1,215	-	-
Amounts due to group companies	913	913	-	-
Deferred income tax	343	-	-	343
Other liabilities	4,284	-	-	4,284
Shareholders' equity	14,862	-	-	14,862
Inter-functional lending	-	10,169	(29,719)	19,550
Total Liabilities	117,722	52,736	25,947	39,039

30 Analysis of the balances of cash and cash equivalents as shown in the consolidated cash flow statement

	2006 Shs million	2005 Shs million
Cash and balances with Central Bank of Kenya	8,198	7,894
Government securities maturing within ninety days	236	9,503
Balances due from group companies	3,322	5,771
Deposit and balances due from banking institutions	1,454	1,821
Deposits and balances due to banking institutions	(2,268)	(1,675)
Less: Central Bank of Kenya cash reserve requirement	(5,861)	(5,137)
	5,081	18,177

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including: cash and balances with central banks, treasury bills and amounts due from other banks. Cash and cash equivalents exclude the cash reserve requirement held with the Central Bank of Kenya. Banks are required to maintain a prescribed minimum cash balance with the Central Bank of Kenya that is not available to finance the bank's day-to-day activities. The amount is determined as 6% (2005: 6%) of the average outstanding customer deposits over a cash reserve cycle period of one month.

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

31 Interest rate risk

The group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The responsibility of managing risk lies with the Managing Director. On a day-to-day basis risks are managed through a number of management committees. Through this process the group monitors compliance within the overall risk policy framework and ensures that the framework is kept up to date. Risk management information is provided on a regular basis to the executive committee and the Board.

The table below summarises the exposure to interest rate risks. Included in the table are the bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The bank does not bear any interest rate risk on off balance sheet items. All figures are in millions of Shillings.

	Up to 1 month	1-3 months	3-12 months	Over 1 year	Non- interest bearing	Total
ASSETS						
Cash and balances with Central Bank of Kenya	-	-	-	-	8,198	8,198
Government securities	1,521	5,865	6,557	11,541	-	25,484
Deposits and balances						
due from Banking institutions	172	-	-	-	1,282	1,454
Balances due from group companies	3,322	-	-	-	-	3,322
Other assets	-	-	-	-	2,072	2,072
Loans and advances to customers	73,907	-	-	-	-	73,907
Property and equipment	-	-	-	-	1,613	1,613
Prepaid operating lease rentals	-	-	-	-	65	65
Goodwill	-	-	-	-	128	128
Retirement benefit asset	-	-	-	-	1,479	1,479
Total assets	78,922	5,865	6,557	11,541	14,837	117,722
LIABILITIES & EQUITY						
Customer deposits	37,912	9,914	1,754	2,100	42,157	93,837
Deposits and balances due to banking institutions	2,268	-	-	-	-	2,268
Lines of credit	-	-	-	1,215	-	1,215
Other liabilities	-	-	-	-	3,893	3,893
Amounts due to group companies	913	-	-	-	-	913
Deferred income tax	-	-	-	-	343	343
Current income tax	-	-	-	-	391	391
Shareholders' equity	-	-	-	-	14,862	14,862
Total liabilities and equity	41,093	9,914	1,754	3,315	61,646	117,722
Interest sensitivity gap	37,829	(4,049)	4,803	8,226	(46,809)	-
As at 31 December 2005						
Total assets	73,172	4,321	7,906	2,290	16,537	104,226
Total liabilities and Equity	48,130	8,400	2,085	2,567	43,044	104,226
Interest sensitivity gap	25,042	(4,079)	5,821	(277)	(26,507)	-

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

32 Liquidity risk

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31 December 2006 to the contractual maturity date. All figures are in millions of shillings.

	Up to 1 month	1-3 Months	3-12 Months	1-3 Years	3-5 Years	Over 5 years	Total
ASSETS							
Cash and balances							
with Central Bank of Kenya	2,337	-	-	-	-	5,861	8,198
Government securities	1,521	5,865	6,557	9,991	1,550	-	25,484
Deposits and balances							
due from banking institutions	1,454	-	-	-	-	-	1,454
Balances due from group companies	3,322	-	-	-	-	-	3,322
Other assets	2,072	-	-	-	-	-	2,072
Loans and advances to customers	30,225	3,249	6,791	8,679	14,295	10,668	73,907
Property and equipment	-	-	-	-	-	1,613	1,613
Prepaid operating lease rentals	-	-	-	-	-	65	65
Goodwill	-	-	-	-	-	128	128
Retirement benefit asset	-	-	-	1,479	-	-	1,479
Total Assets	40,931	9,114	13,348	20,149	15,845	18,335	117,722
LIABILITIES & EQUITY							
Customer deposits	79,355	9,914	1,754	1,416	1,398	-	93,837
Deposits and balances							
due to banking institutions	2,268	-	-	-	-	-	2,268
Lines of credit	-	-	-	1,215	-	-	1,215
Other liabilities	3,893	-	-	-	-	-	3,893
Balances due to group companies	913	-	-	-	-	-	913
Deferred income tax	-	-	-	-	343	-	343
Current income tax	-	-	391	-	-	-	391
Shareholders equity	-	-	-	-	-	14,862	14,862
Total liabilities & equity	86,429	9,914	2,145	2,631	1,741	14,862	117,722
Net liquidity gap	(45,498)	(800)	11,203	17,518	14,104	3,473	-
As at 31 December 2005							
Total assets	38,812	8,552	17,104	17,472	12,547	9,739	104,226
Total liabilities and equity	77,676	8,400	2,527	1,989	457	13,177	104,226
Net liquidity gap	(38,864)	152	14,577	15,483	12,090	(3,438)	-

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

32 Liquidity risk (continued)

The group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits and calls on cash settled contingencies. The group does not maintain cash resources to meet all these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. It is unusual for banks to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates and exchange rates.

33 Currency risk

The group operates wholly within Kenya and its assets and liabilities are carried in the local currency. The group maintains trade with the majority shareholder and other correspondent banks and its foreign currency exposure as at 31 December 2006 was Shs 170 million (2005: Shs 60 million).

The various currencies to which the bank was exposed at 31 December 2006 are summarised in the table below (all amounts expressed in millions of Kenya Shillings):

As at 31 December 2006	USD	GBP	Euro	Other	Total
Assets					
Deposits and balances due to banking institutions and group companies	4,331	1,735	768	1,005	7,839
Loans and advances to customers	13,875	265	2,225	1	13,365
Total assets	18,206	2,000	2,993	1,006	24,205
Liabilities					
Customer deposits	14,961	970	1,221	296	17,448
Deposits and balances due to banking institutions and group companies	3,008	779	1,580	932	6,299
Total liabilities	17,969	1,749	2,801	1,228	23,748
Net balance sheet position	237	251	192	(222)	458
Off balance sheet net notional position	(123)	(20)	(92)	(53)	(288)
Overall net position	114	231	100	(275)	170

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

33 Currency risk (continued)

As at 31 December 2005

Total assets	13,690	1,066	3,172	242	18,170
Total liabilities	11,357	903	2,512	203	14,975
Net balance sheet position	2,333	163	660	39	(3,195)
Off balance sheet net notional position	(2,306)	(155)	(653)	(21)	(3,135)
Overall net position	27	8	7	18	60

34 Financial risk management

a) Strategy in using financial instruments

By their nature, the company's activities are principally related to the use of financial instruments including derivatives. The company accepts deposits from customers at both fixed and floating rates, and for various periods, and seeks to earn above-average interest margins by investing these funds in high-quality assets. The company seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The company also seeks to raise its interest margins by obtaining above-average margins, net of allowances, through lending to commercial and retail borrowers with a range of credit standing. Such exposures involve not just on-balance sheet loans and advances; the company also enters into guarantees and other commitments such as letters of credit and performance, and other bonds.

The company also trades in financial instruments where it takes positions in traded and over-the-counter instruments to take advantage of short-term market movements in equities and bonds and in currency, interest rate and commodity prices. The Board places trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions.

Foreign exchange and interest rate exposures associated derivatives are normally offset by entering into counterbalancing positions, thereby controlling the variability in the net cash amounts required to liquidate market positions

b) Credit risk

The group takes on exposure to credit risk, which is the risk that a counter party will be unable to pay amounts in full, when due. The group structures the levels of credit risk it undertakes by placing limits on amounts of risk accepted in relation to one borrower or groups of borrowers. Such risks are monitored on a revolving basis and subject to annual or more frequent review.

The exposure to any one borrower including banks is further restricted by sub – limits covering on and off –balance sheet exposures and daily delivery risk limits in relation to trading items such as forward exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate guarantees. Credit risk is spread over a diversity of personal and commercial customers as set out in Note 15. The credit risk exposure relating to contingencies and commitments is further outlined in Note 27.

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

35 Related party transactions

The group is controlled by Barclays Bank PLC incorporated in the United Kingdom. The ultimate parent of the Group is Barclays PLC incorporated in the United Kingdom. There are other companies which are related to Barclays Bank of Kenya Limited through common shareholdings or common directorships.

In the normal course of business, placings of foreign currencies are made with the parent company and other companies at interest rates in line with the market. The relevant balances are as shown below:-

Balances with group companies

	Group and company	
	2006	2005
	Shs million	Shs million
Due from:		
Barclays Bank Plc	3,322	5,771
Interest income earned on the above	201	304
Due to:		
Barclays Bank Plc	913	983
Other group companies	-	38
	913	1,031
Interest income incurred on the above	35	36

The weighted average effective interest rates at 31 December 2006 on amounts due from group companies was 5.5% (2005: 3.6%) and on amounts due to group companies was 4.1% (2005: 2.1%).

Group companies provide support services from time to time for which it charges at costs incurred at the country of origin.

Value of services provided

	Group and company	
	2006	2005
	Shs million	Shs million
Barclays Bank Plc	1,906	1,974
Other group companies	209	172
Due to:		
Barclays Bank Plc	151	125

The value of the services provided has been debited to the profit and loss account and is included in total expenditure of the Group.

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

35 Related party transactions (continued)

Advances to customers at 31 December 2006, include loans to directors, loans to companies controlled by directors or their families, and loans to employees as follows:-

	2006 Shs million	2005 Shs million
Amounts due from directors		
At the start of the year	28	24
Amounts advanced during the year	14	14
Repayments received	(14)	(10)
At the end of year	28	28

At 31 December 2006 advances to directors or companies controlled by directors or their families amounted to Shs 28 million (2005: Shs 28 million).

At 31 December 2006 advances to employees amounted to Shs 3,167 million (2005: Shs 2,873 million).

No provisions have been recognised in respect of loans given to the directors. (2005: Nil).

	2006 Shs million	2005 Shs million
Interest income earned	233	221

Deposits by directors

During the year the directors maintained various deposit accounts with the Bank which included current, savings and fixed deposit accounts. At 31 December 2006 balances relating to directors deposits amounted to Shs 3 million (2005: Shs 3 million).

	2006 Shs million	2005 Shs million
Key management compensation		
Salaries and other short –term employment benefits	155	112

	2006 Shs million	2005 Shs million
Directors emoluments		
- Fees for services as directors	7	13
- other emoluments (Included in key management compensation above)	45	43

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

35 Related party transactions (continued)

Related parties comprise the trustees, the administrator, the participating company, and companies which are related to these parties through common shareholdings or common directorships.

Barclays Bank of Kenya Limited Staff Pension Fund is sponsored by Barclays Bank of Kenya Limited. The fund's foreign investments are managed by Barclays Private Banking & Trust Limited, which is a related entity to the Fund by virtue of shareholding.

The group provides normal banking services to the Barclays Bank of Kenya Staff Pension fund in order to facilitate the day to day financial administration of the Fund. The group also provides custodial services.

Transactions during the year

Rent payable
Interest on fixed and time deposits
Custodian fee – Barclays Security Services Limited

2006 Shs million	2005 Shs million
52	43
4	1
12	11

The transactions were at similar terms and conditions to those offered to other customers.

The following were the investments in related parties and outstanding balances with related parties as at the year end:

Outstanding balances:

Due from Barclays Bank of Kenya Limited
Cash at bank - Barclays Bank of Kenya Limited

2006 Shs million	2005 Shs million
1	1
27	48

Proxy Form

Custody and Registrar Services Ltd.

Bank House, Moi Avenue 1st Floor,

P.O. Box 8484,

Nairobi.

I/We _____

of _____

being a member of Barclays Bank of Kenya Limited, hereby appoint _____

of (address) _____

or failing him/her _____

of (address) _____

and failing him/her the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the twenty eighth Annual General meeting of the Company to be held on 4 May 2007 and at any adjournment thereof.

As witness my hand this _____ day of _____ 2007.

Signature(s) _____

This form is to be used* in favour of/against the resolution. Unless otherwise instructed, the proxy will vote as he/she thinks fit.

*Delete whichever is not applicable.

NOTE 1. In case of a member being a corporation the proxy must be under its common seal or the hand of an officer or attorney duly authorised in writing.

NOTE 2. To be valid, this proxy form must be duly completed and delivered to the registered office of the Company not later than 11:00 am on Friday April 27, 2007.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy on his behalf. A proxy need not be a member of the Company. To be valid, a form of proxy which is provided with this report, must be duly completed by the member in proxy and must be lodged through Barclays Advisory and Registrar Services, P.O. Box 30120, Nairobi or be posted, so as to reach the Company not later than 11.00 a.m on Friday April 27, 2007.

Any member may by notice duly signed by him and delivered to the registered office of the Company not less than 7 days and not more than 28 days before the day appointed for this meeting propose any other person for election to the Board, such notice must be accompanied by a notice signed by the person proposed indicating his willingness to be elected.

Fomu ya uakilishi

Custody and Registrar Services Ltd.

Bank House, Moi Avenue 1st Floor,

P.O. Box 8484,

Nairobi.

Mimi/Sisi _____

wa _____

Mwanachama/Wanachama wa Kampuni iliotajwa hapo juu, namteua _____

wa (anwani) _____

au kama siye _____

wa (anwani) _____ au badili yake

Mwenyekiti wa Mkutano awe muwakilishi wangu/wetu kwa kupiga kura yangu/yetu na kwa niaba yangu/yetu kwenye kikao cha ishirini na nane cha Mkutano Mkuu wa Mwaka utakaofanyika siku ya tarehe 4 May 2007 na kwenye uahirishwaji wake wowote.

Kwa ushahidi wangu/wetu _____

hii _____ siku ya _____ 2007.

Sahihi _____

Fomu hii itatumika* kwa kuunga mkono/kupinga mswada. Isipokuea ikishauriwa vingine mwakilishi atapiga kura anavyo-onelea mwenyewe.

*Futa ile isiyo husika.

IFAHAMIKE 1. Ikiwa mwanachama ni shirika uwakilishi uwe kwenye muhuri wa kawaida au kwa idhini ya afisaa au mwanasheria alio-idhinishwa kwa maandishi.

IFAHAMIKE 2. Ili kuwa halali, fomu hii ya uwakilishi lazima ijazwe na kupelekwa kwenye afisi zilizo-andikishwa za kampuni sio baada ya saa tano asubuhi siku ya Ijumaa tarehe 27 Aprili, 2007.

Mwanachama anaestahili kuhudhuria na kupiga kura mkutanoni anaweza kumteua mwakilishi ahudhurie kwa niaba yake. Si lazima mwakilishi awe mwanachama wa Kampuni. Ili kuswihi, mwanachama anahitajika kujaza fomu ya uwakilishi iliyoko kwenye taarifa hii na ni lazima ifikishwe katika Afisi iliyosajiliwa ya Kampuni, Orofa ya kwanza, Bank House, Barabara ya Moi Avenue, S. L. Posta 30120, Nairobi au itumwe kwa posta ili iwe imefika kwa Kampuni kabla ya saa Tano asubuhi siku ya Ijumaa tarehe 27 Aprili, 2007.

Mwanachama yeyote anaweza kwa taarifa aliyoitia sahihi mwenyewe na kuwasilisha katika afisi iliyosajiliwa ya Kampuni siku zisizo pungua saba na zisizozidi ishirini na nane kabla ya siku iliyochaguliwa ya kikao hiki kumpendekeza mtu mwengine yeyote kuchaguliwa kwenye Halmashauri, arifa hiyo ni lazima iandamane na notisi iliyotiwa saina na mtu aliyependekezwa ikionyesha ridhaa yake ya kuchaguliwa.

Branch Network

Head Office	Address	Telephone	ISDN	Fax
Barclays Plaza	Box 30120-00100 Nairobi	(020) 313405,241270	3267000	(020) 3123392,311375
Barclaycard Centre, Nairobi	Box 70292-00400 Nairobi	(020) 2714471	2872000	(020) 2715217 ,2717150
Mombasa Card Centre	Box 43212,80100 Msa	(041) 2316200,2222940		(041) 223884
Plaza Business Centre	Box 46661-00200 Nairobi	(020) 241270,313405	3267000	(020) 3123392,311375
Plaza Premier Centre	Box 46661-00200 Nairobi	(020) 241270,313405	3267000	(020) 3123392,311375
Nairobi Branches				
ABC	Box 14403-00300 Nairobi	(020) 4446641,4446656		(020) 4446642
Enterprise Road	Box 18060-00500 Nairobi	(020) 530700/1,531040,536680-4,531032/3		(020) 558846
Haile Selassie	Box 20415-00200 Nairobi	(020) 215895,219031		(020) 219039
Hurlingham	Box 34974-00505 Nairobi	(020) 2710114,2715408,2710667		(020) 2715393
JKIA	Box 19011-00501 Nairobi	(020) 822395/632		(020) 822021
Karen	Box 24189-00502 Nairobi	(020) 882932,882162		(020) 884335
Market	Box 30018-00200 Nairobi	(020) 222476/7 2857000		(020) 311229
Ngong	Box 245 Ngong Hills	(045) 41560-4		(045) 41560
Moi Avenue	Box 30116-00100 Nairobi	(020) 252244,210577		(020) 214197
Muthaiga	Box 63419-00619 Nairobi	(020) 374024,3741501/2,3749763		(020) 3741507
NIC Hse	Box 72058-00200 Nairobi	(020) 2714471,2872000		(020) 2714361
Plaza	Box 30120-00100 Nairobi	(020) 241270/5,313405		(020) 312392
Queensway	Box 30011-00200 Nairobi	(020) 223161-76		(020) 213530 / 245804
Ruaraka	Box 65090-00618 Nairobi	(020) 8561760/1,8563973		(020) 8564755
Village Market	Box 1476-00621 Village market	(020) 7122741,7121963,7120042		(020) 7122452
Westlands	Box 14403-00300 Nairobi	(020) 4442685-7,44448617,4443017,4448911-2		(020) 444776
Coast Branches				
Bamburi	Box 90182-80100 MSA	(041) 5485434,5487168/7547		(041) 5487134
Changamwe	Box 93603-80100 MSA	(041) 3432094/2,3434753		(041) 3432164
Diani	Box 685-80400 Ukunda	(040) 3202448/9,3202375,3202491		(040) 3202501
Digo	Box 90184-80100 MSA	(041) 2223667,2224570		(041) 2315911
Malindi	Box 100-80200 Malindi	(042) 30002,30871,30160		(042) 20692
Nkrumah Road	Box 90182-80100 MSA	(041) 2311660/1/4		(041) 2314477, 2317599
Voi	Box 720 Voi	(043) 30991-4/6		(043) 30995
Up Country Branches				
Bungoma	Box 91-50200 Bungoma	(055) 30908,30904,30912,30920		(055) 30945
Eldoret	Box 22-30100 Eldoret	(053) 2032880/9		(053) 2032890
Embu	Box 88-60100 Embu	(068) 31066-8		(068) 30717
Garissa	Box 1073-70100 Garissa	(046) 2344,3477,3269,2537		(046) 3053
Kakamega	Box 1815-30100 Kakamega	(056) 30028,31317		(056) 31080
Karatina	Box 320-10101 Karatina	(061) 72010/11,72518		(061) 72528
Kericho	Box 79-20200 Kericho	(052) 20274/5,30607/8		(052) 30010
Kisii	Box 99-40200 Kisii	(058) 30021/27/37,31587/8/9		(058) 30322
Kisumu	Box 831-40100 Kisumu	(057) 2020512/4,2020529/45		(057) 2021276
Kitale	Box 62-30200 Kitale	(054) 30841/2,30418/9		(054) 30925
Machakos	Box 652-90100 Machakos	(044) 20144,20720,21504		(044) 21567
Mbale	Box 285-50300 Maragoli	(056) 51271,51019,51270		(056) 51018
Meru	Box 92-60200 Meru	(064) 32785/6		(064) 30927
Nakuru East	Box 59-20100 Nakuru	(051) 2216812/285		(051) 2217510
Nakuru West	Box 111-20100 Nakuru	(051) 2216812/285		(051) 2217510
Naivasha	Box 654-20117 Naivasha	(050) 2021466,2020202/3		(050) 2020139
Nanyuki	Box 214-10400 Nanyuki	(062) 31880-3,30051		(062) 32192
Nyahururu	Box 15-20300 Nyahururu	(065) 32345		(065) 32347
Nyeri	Box 239-10100 Nyeri	(061) 2030792/3-5,2030871		(061) 2030873
Thika	Box 219-01000 Thika	(067) 30229,21201/3,30230,21501		(067) 22318
Prestige Centres				
ABC Prestige	Box 14403-00800 Nairobi	(020) 4446641,4446656		(020) 4446642
Eldoret Prestige	Box 22-30100 Eldoret	(053) 2032880-8		(053) 2032890
Enterprise Prestige	Box 18060-00500 Nairobi	(020) 530700/1,530901/2, 531032		(020) 530843,530846
Harambee Prestige	Box 72700-00200 Nairobi	(020) 316162/72,226140		(020) 311426
Hurlingham Prestige	Box 34974-00505 Nairobi	(020) 2710114,2715408,2710667		(020) 2731179
Karen Prestige	Box 24189-00502 Nairobi	(020) 882932,882162		(020) 884335
Kisumu Prestige	Box 831-40100 Kisumu	(057) 2020529/45,2020512-4		(057) 2021276
Malindi Prestige	Box 100-80200 Malindi	(042) 30871,30160,30002		(042) 20692
Moi Avenue Prestige	Box 30116-00100 Nairobi	(020) 252244,210577		(020) 311571
Moi Avenue Prestige-msa	Box 90182-80100 MSA	(041) 2226794,2220296		(041) 2220318
Nakuru West Prestige	Box 111-20100 Nakuru	(051) 2216812/285		(051) 2217510
Nkrumah Prestige	Box 90182-80100 MSA	(041) 2311661-4,2229700		(041) 2314477
Nyerere Prestige	Box 90182-80100 MSA	(041) 2311461/427		(041) 2311495
Plaza Prestige	Box 30120-00100 Nairobi	(020) 241270/5,313405		(020) 312392
Queensway Prestige	Box 30011-00200 Nairobi	(020) 223161-76		(020) 213530/245804
Rahimtulla Prestige	Box 30120-00100 Nairobi	(020) 2719173/4		(020) 2719176
Sarit Prestige	Box 14403-00300 Nairobi	(020) 3744742,4449859		(020) 3747133
Yaya Prestige	Box 34974-00505 Nairobi	(020) 3878327/8		(020) 3878097

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