



*Sustainability Through Value*

2008 Annual Report & Accounts

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# Barclays GRCB Emerging Markets Overview

Barclays Global Retail and Commercial Banking (GRCB) Emerging Markets group is responsible for Barclays businesses in the following markets:

- Sub-Saharan Africa
- The UAE and Gulf Cooperation Council (GCC) countries
- Egypt and North Africa
- India and Indian Ocean
- Pakistan

These markets provide a base for further growth, building on the experience Barclays already has in each region.

## Sub-Saharan Africa

Barclays operates in Botswana, Ghana, Kenya, Tanzania, Uganda, Zambia and Zimbabwe, with a representative office in Nigeria.

## United Arab Emirates (UAE) and Gulf Cooperation Council (GCC) countries

Barclays has been operating in the UAE for more than 30 years. Offices in Dubai and Abu Dhabi serve the commercial banking needs of private sector corporate clients, subsidiaries of multinationals, and regional and domestic corporations in the Gulf.

## Egypt and North Africa

Building on a history of 80 years in the Egyptian market, Barclays Bank Egypt today has a well-spread client base, including leading international, regional and domestic companies and high-net-worth private banking clients.

## India and Indian Ocean

Barclays has been operating in India since the late 1970s, and has committed to creating a corporate and retail banking presence in the market.

Barclays was the first bank to operate in Seychelles, opening its first branch in 1959. The business has grown with the development of the tourist economy.

Barclays is the third largest bank in Mauritius, having been established on the island for more than 80 years. The customer base covers the personal, corporate and offshore sectors.

## Pakistan

Barclays Bank Pakistan is one of the newer members of the Barclays GRCB Emerging Markets family. Barclays operates in the country's three major cities of Karachi, Lahore and Islamabad, and is based out of Karachi, which is the financial hub of Pakistan.

# Barclays Kenya Overview

Barclays Bank of Kenya Limited, a subsidiary of Barclays Plc, is the leading bank in Kenya in terms of profitability, and market share in the areas of loans and deposits. We have operated in Kenya for more than 90 years, and have an extensive network of 117 outlets with 234 ATMs countrywide.

Barclays business units fall under Retail Banking, Commercial Banking, Treasury and Card Services with cross-functional relationships to support the segments of local business and small to mid-sized enterprises (SME). Each of these businesses are well positioned for growth and cater to the dynamic needs of diverse customer segments.

Financial strength coupled with extensive local and international resources have positioned Barclays as the No. 1 provider of financial services in the market for the past several years. Moreover, Barclays year-over-year financial performance has built confidence in Barclays leadership and management among Barclays Bank's 60,000 plus shareholders, as well as the banking industry.

## Vision

To be the best retail and commercial bank for every customer, every market, every product, every time.

## Mission

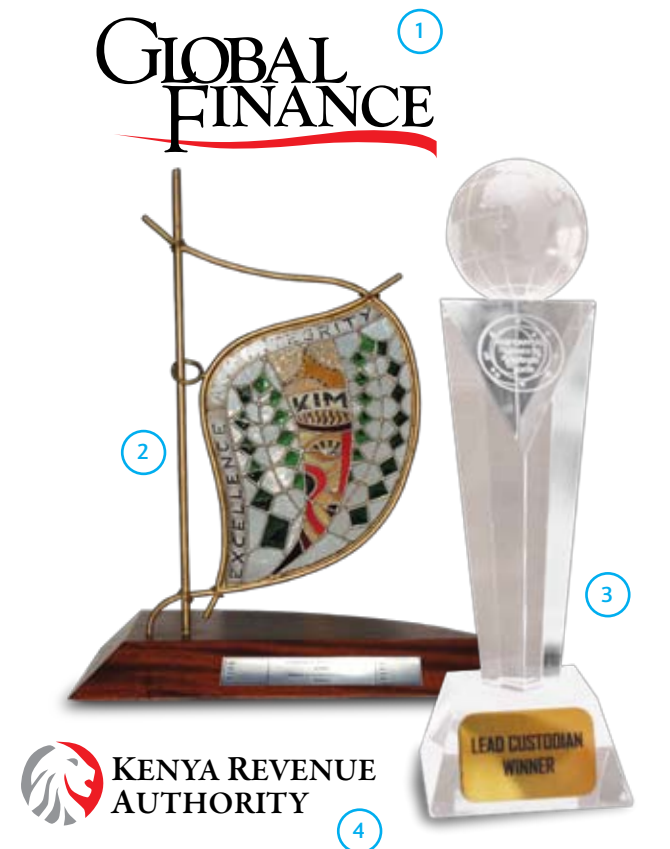
- To remain the leading retail and commercial bank in Kenya
- To be recognised as a trusted, innovative, customer-focused company that delivers products and services of superior quality to all customers
- To be the best place where the best people want to work
- To be associated by all stakeholders as a corporate partner that contributes towards the welfare of the communities in which we do business
- To deliver value to our shareholders through positive growth

## Industry Leadership

Since being established in Kenya, Barclays has contributed to the development of the banking industry, financial services sector,

as well as the economy overall. Industry recognition received by Barclays for leadership include Most Respected Financial Institution in the Region from PriceWaterhouseCoopers (2004 & 2007); and Best Financial Management in the Services Sector from Kenya Institute of Management (2005 & 2006).

2008 Awards include:



1. Global Finance - Best Bank in Kenya Award
2. Kenya Institute of Management - Company of the Year, Human Resources Management
3. Capital Markets Awards - Leading Custodian Award, Custody Services
4. Kenya Revenue Authority - 2nd Runners Up, Distinguished Taxpayer 2008, Large Taxpayer Category



## Board of Directors





Paul Chemng'orem

Judy Nyaga

### Francis Okomo–Okello (MBS)

#### Chairman

Francis Okello joined the Board in August 2003 and was elected Chairman in April 2005. He holds a Bachelor of Laws (LL.B) 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 Executive Director in charge of Legal and Corporate Affairs at the Industrial Promotion Services Group.

### Adan Mohamed (EBS)

#### Managing Director

Adan Mohamed 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 (USA). He is currently the Managing Director of Barclays Kenya and the Regional Managing Director responsible for Barclays businesses in Uganda, Tanzania and Ghana.

### Charles Ongwae

#### Executive Director

Charles Ongwae joined the Board in June 2002. He holds a Masters in Business Administration (MBA) degree from the University of Nairobi and is a Certified Public Accountant. He is currently the Chief Financial Officer of Barclays Kenya and the Regional Chief Financial Officer responsible for Barclays businesses in Uganda, Tanzania and Ghana.

### Nick Mbuvi

#### Executive Director

Nick Mbuvi joined the Board in December 2007. He holds a Bachelor of Commerce degree from the University of Nairobi and is completing a Masters in Business Administration (MBA) from the IESE Business School, University of Navarra (Spain). He is currently the Commercial Banking Director.

### Ahmed Khizer Khan\*

#### Non-Executive Director

Ahmed Khan joined the Board in July 2008. He was an overseas-based Non-Executive Director, who served as Barclays Plc Chief Executive of GRCB Emerging Markets. He holds an honours degree in Economics from Bucknell University, Penn. (USA) and an MBA from Rutgers University, New Jersey (USA).

\* Not pictured

### Paul Chemng'orem

#### Non-Executive Director

Paul Chemng'orem 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 the Kenya Wine Agencies Limited (KWAL). He is currently the Chief Executive of Domaine Kenya Limited.

### Rose Ogega (MBS)

#### Non-Executive Director

Rose Ogega joined the Board in April 2002. She is a Bachelor of Commerce graduate from the University of Nairobi as well as a Fellow of Certified Public Accountants of Kenya. She is currently the Managing Director of Bloom Consultancy Limited. She is also the Non- Executive Chairperson for the Advisory Board of the Women Enterprise Fund and a Non-Executive Director of Old Mutual Life Assurance Company Limited, Old Mutual Investment Services (K) Limited and Old Mutual Asset Management (K) Limited.

### Jane W. Karuku

#### Non-Executive Director

Jane Karuku joined the Board in August 2003. She holds a Masters in Business Administration (MBA) from the National University of California (USA). She is currently the Head of Support Services at Telkom Kenya Limited.

### Brown M. M. Ondego (MBS)

#### Non-Executive Director

Brown Ondego joined the Board in August 2003. He is an alumni of the London Business School and the University of New Orleans Port Planning Development Program. He is an expert in Supply Chain Management and Operations, specialising in International Sea Transport and Port Management. He is currently the Executive Chairman of Rift Valley Railways Limited.

### Judy Nyaga

#### Company Secretary

Judy Nyaga was appointed in December 2007. She holds a Bachelor of Laws (LL.B) degree from the University of Nairobi and a Master of Laws (LL.M) degree from the University of Nottingham. She is also an Advocate of the High Court of Kenya and a Member of the Institute of Certified Public Secretaries of Kenya.

# Notice of the Annual General Meeting

Notice is hereby given that the Thirtieth 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 15 May 2009 at 11:00am to transact the following business:-

1. To confirm the Minutes of the Twenty Ninth Annual General Meeting held on 9 May 2008.
2. To receive, consider and if thought fit, adopt the Annual Report and Financial Statements for the year ended 31 December 2008 together with the Directors' and Auditors' reports thereon.
3. To declare a dividend.
4. To elect Directors:-

In accordance with Articles 94, 95 and 96 of the Company's Articles of Association, the following Directors are due for retirement by rotation and being eligible, individually offer themselves for re-election:-

Brown Ondego  
Jane Karuku  
Paul Chemng'orem

5. To authorise the Board to fix the remuneration of the Directors.
6. To appoint Auditors and to authorise the Board to fix the remuneration of the Auditors.

7. To transact any other business of the Company of which due notice has been received.

By order of the Board



Judy Nyaga  
Company Secretary  
17 February 2009

**Note 1:** A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend on his or her 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 and Registrars Services, 6th Floor, Bruce House, Standard Street, Nairobi or be posted to Custody and Registrars Services, P. O. Box 8484-00100 Nairobi, so as to reach the Registrar not later than 11.00am on Wednesday 13 May 2009.

**Note 2:** Registration of members and proxies for the Annual General Meeting will commence at 8.00am on 15 May 2009. Members and proxies should carry their National Identity cards and a copy of a relevant Central Depository and Settlement Corporation (CDSC) account statement for ease of the registration process.

## Tangazo La Mkutano Mkuu Wa Mwaka

Ilani inatolewa hapa kuwa Mkutano Mkuu wa Mwaka wa Thelathini wa Wenyehisa wa benki ya Barclays Bank of Kenya Limited utafanyika katika Ukumbi wa Tsavo katika Jumba la Mikutano la Kimataifa lililoko katika barabara ya Harambee Avenue, Nairobi, siku ya Ijumaa Mei 15, 2009, kuanzia saa tano asubuhi ili kuendesha shughuli zifuatazo:

1. Kuidhinisha kumbukumbu za Mkutano Mkuu wa Mwaka wa Ishirini na Tisa uliofanyika tarehe 9 Mei, 2008.
2. Kupokea, kuthibitisha na ikubaliwa, kuidhinisha Taarifa ya Kifedha ya mwaka uliomalizika tarehe 31 Disemba 2008, pamoja na taarifa za Wakurugenzi na za Wakaguzi wa Hesabu.
3. Kutangaza mgao.
4. Kuchagua Wakurugenzi:-

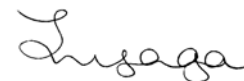
Kulingana na vifungu 94, 95 na 96 vya Kanuni za Kampuni, Wakurugenzi wafuatao ambao wanastaafu kwa zamu na kwa vile wanastahili, wanajitolea kuchaguliwa:-

Brown Ondego  
Jane Karuku  
Paul Chemng'orem

5. Kuiruhusu halmashauri kuamua malipo ya Wakurugenzi.
6. Kuteua Wakaguzi wa Mahesabu na kuiruhusu halmashauri kuamua malipo ya wakaguzi hao.

7. Kufanya shughuli nyingine yoyote ya kampuni ambayo ilani yake imepokewa.

Kwa amri ya halmashauri



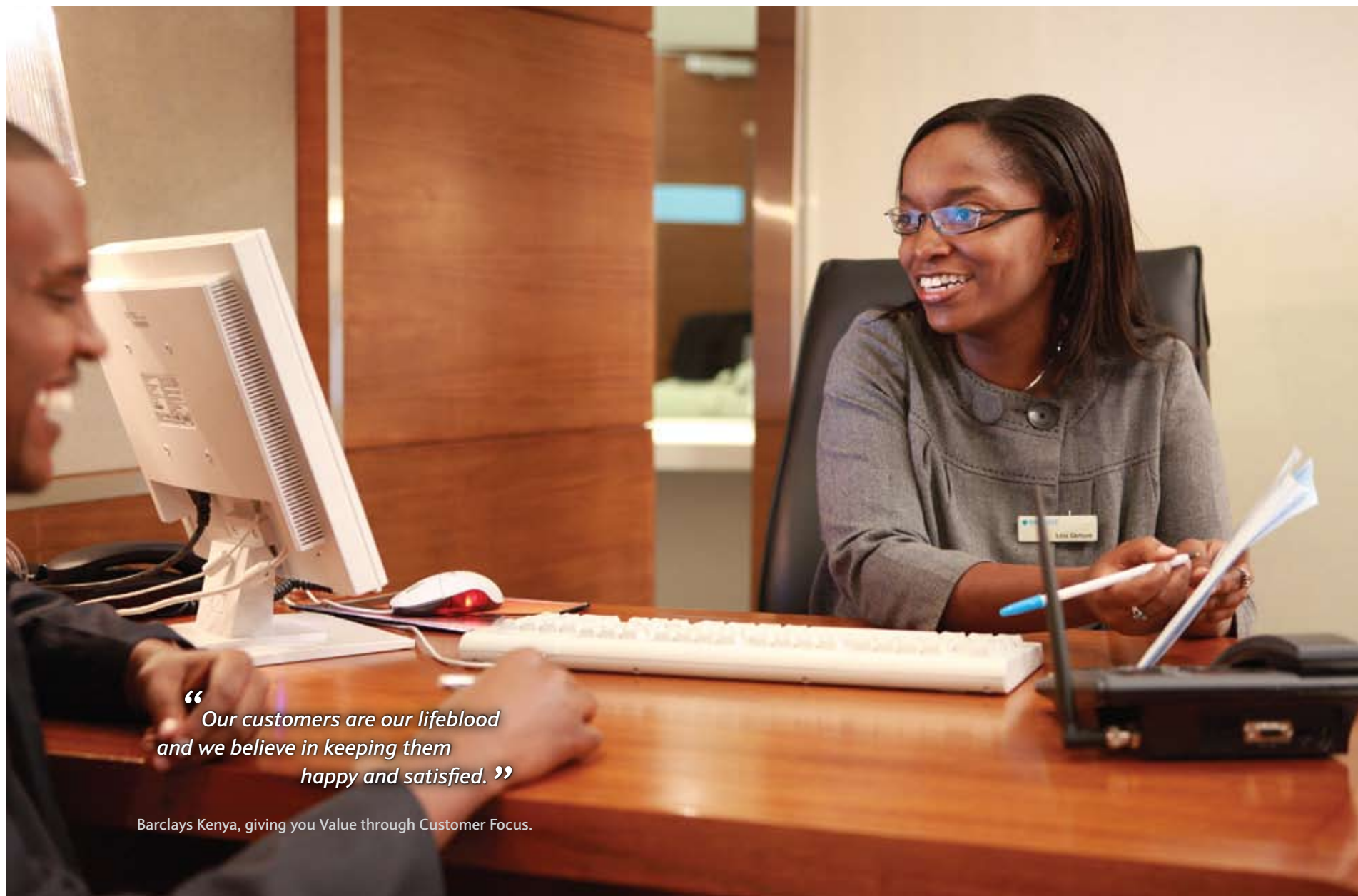
Judy Nyaga  
Katibu wa Kampuni  
Tarehe 17 Februari, 2009

**Ilani 1:** Mwenyehisa anayeruhusiwa kisheria kuhudhuria Mkutano Mkuu na kupiga kura lakini hana nafasi ya kuhudhuria ana haki ya kumchagua mwakilishi atakayehudhuria kwa niaba yake. Mwakilishi huyo si lazima awe na hisa za kampuni.

Ili ikubalike, fomu ya mwakilishi ambayo huambatanishwa na ripoti hii ni lazima ikamilishwe kujazwa na mwenyehisa na lazima iwasilishwe kwa Msajili wa Hisa za Kampuni, Custody and Registrars Services, ghorofa ya sita Jumba la Bruce, Barabara ya Standard, Nairobi, au itumwe kwa Custody and Registrars Services kupitia posta, S.L.P. 8484-00100 Nairobi kabla ya siku ya Jumatano tarehe 13 Mei 2009 saa tano asubuhi.

**Ilani 2:** Uandikishaji wa wanahisa na waakilishi katika Mkutano Mkuu wa Mwaka utanza saa mbili asubuhi tarehe 15 Mei 2009. Wanahisa na waakilishi watahitajika kubeba vitambulisho vyao pamoja na taarifa za akaunti za hisa zinazofaa kutoka Central Depository and Settlement Corporation (CDSC) ili kurahisisha uandikishaji wa wanahisa.





*“ Our customers are our lifeblood  
and we believe in keeping them  
happy and satisfied. ”*

Barclays Kenya, giving you Value through Customer Focus.

## A Message from the Chairman

*“We delivered strong financial performance through diversified, sustainable income strategies that retained Barclays position as the country’s leading and most profitable bank.”*



The year under review was one faced with many challenges. The first two months were characterised by unprecedented political and economic upheaval following the controversial 2007 General Elections, leading to unfortunate loss of lives and displacement of thousands of fellow Kenyans. While these developments severely tested the strength and tenacity of both the public and private sectors, I am thankful that the signing of the Peace Accord set our country back on course, laying the foundation to rebuild Kenya.

Our goal for Barclays Bank of Kenya Limited has been simple: to deliver sustainable growth year on year for our customers, colleagues, community and shareholders.

I am pleased to report that we achieved our goal by delivering strong financial performance throughout 2008 through diversified income strategies that enabled Barclays to retain its position as one of the country’s leading and most profitable banks.

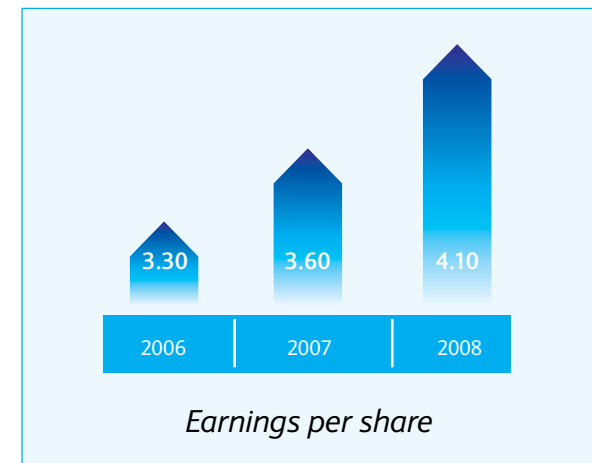
The theme of this year’s annual report, “Sustainability Through Value,” reflects our commitment to grow the business in a responsible way that creates sustainable long-term value for all our stakeholders.

The following is a review of our key achievements and the external conditions that influenced our performance during 2008.

### The Kenyan Economy

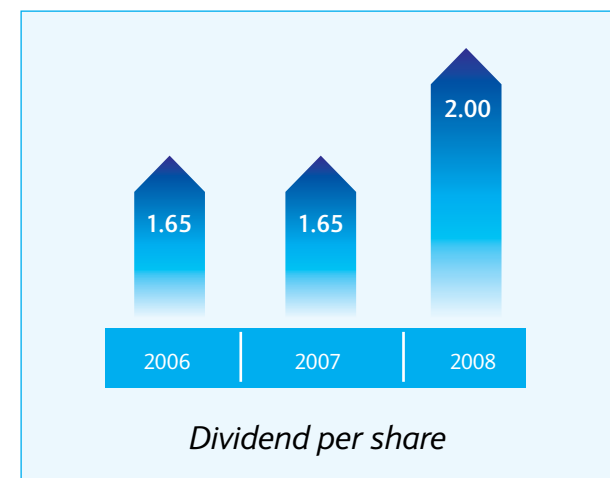
Mainly due to the political and economic upheaval we witnessed, the Kenyan economy significantly contracted, leading to lower forecasts for aggregate growth in Gross Domestic Product (GDP). This was later fuelled by record-high world market crude oil prices, which at one point reached \$147 a barrel. The combined effect shrunk the estimated economic growth rate to about 4 per cent from 7 per cent recorded in 2007.

Inflation remained a significant problem throughout the year, mainly due to food supply disruption and volatility of oil markets



as noted above. During 2008, underlying inflation – which excludes food and fuel prices – stood at 9 per cent, against the targeted figure of 5 per cent, while the overall inflation rate stood at 27.7 per cent.

Average interest rates also continued to rise. As the year ended, the benchmark 91-day Treasury Bill rate had breached the 8.59



per cent barrier while the six month rate stood at almost 9.05 per cent. The Kenya shilling fell significantly against the US Dollar, eventually trading at approximately KSh 78.22 on December 31 2008, up from KSh 66.7 on July 31.

Against this backdrop, key economic sectors – agriculture, trade, manufacturing, tourism, transport – began to suffer from secondary effects of the fallout of the international financial crisis that has contributed to the global economic slow down.

While the economy presses on, 2009 is set to be a more challenging year on the economic front thereby creating a tougher operating environment.

### Banking Sector Developments

Despite the unfavourable macroeconomic indicators, the banking sector continued to experience significant local and regional growth amidst increased competition. The sector's aggregate loans and advances book rose by 25.1 per cent from KSh 477 billion to KSh 637 billion, while total deposits increased by 25.1 per cent from KSh 720 billion to KSh 911 billion.

Meanwhile, the Ministry for Finance revised the capital



Company of the Year Awards ceremony: Pictured is Nick Mbuvi, Commercial Banking Director (left); and Atul Bhatnagar, Chief Operating Officer.

requirement for banks and mortgage finance companies. Under the new guidelines, these financial institutions are now required to raise their minimum core capital to KSh 1 billion before the end of 2010, up from KSh 250 million. Whilst still small compared to international levels, this adjustment will help grow and strengthen the capital base of the institutions thereby enabling the industry to withstand significant shocks. Barclays is already capitalized well above this regulatory minimum with an adequate base to weather the economic downturn.

In a two-step approach to increase liquidity and provide fiscal stimulus, the Central Bank of Kenya cut its benchmark lending rate to 8.5 per cent from 9 per cent and reduced the cash ratio requirements for local banks from 6 per cent to 5 per cent.

It is expected that the banking sector will continue to grow especially in the retail banking segment as major consumer segments remain largely unbanked. This financial inclusion agenda will be characterised by retail penetration through branch network expansions and mass customisation of products for target groups.

At Barclays, we are taking an integrated approach to development within the sector; addressing social, economic and environmental factors simultaneously. Our sustainability strategy integrates this approach into our core business activity in the markets and communities where we operate, and is reflected in our stakeholder engagements and community investments globally.

### Financial Performance

Considering external factors, our growth in profits before tax to KSh 8,016 million (2007: KSh 7,079 million) was commendable. All our business units are executing their growth strategies well, introducing innovative products to improve the quality of assets and strengthen their balance sheets and earnings. On the back of that we are still able to grow our returns to shareholders. The Board is therefore pleased to recommend a final dividend of KSh 1.50 per share, in addition to the interim dividend of KSh 0.50 per share – an overall 21 per cent increase in total dividends payable.



Through this branch at the University of Nairobi, Barclays became the first to provide convenient banking to university students.

We achieved several milestones during 2008. Throughout the year, we opened branches in key locations, including the University of Nairobi. We created value for our customers through strategic alliances, including partnering with Kenya Power and Lighting Co. (KPLC) in an "easy pay" utility service for KPLC customers, and revolutionised the industry by extending banking hours and launching Premier banking.

Barclays continued to stand out as a leading banking institution both in this country and in the region, demonstrated by the several awards received during the year. Once again, we won the "Most Respected Company" award from the Kenya Institute of Management. This year's award was for best practices in Human Resource Management.

Other recognition came during the Capital Markets Awards 2008 where Barclays was placed first in the Leading Custodian category. This was a winning nomination from the customers of our Custody Services business. We would like to take this opportunity to thank our customers for their vote of confidence.

As always, our customers are at the heart of everything we do. And we expect to take this to the next level through a more



focused segmentation strategy that caters well for each segment in terms of channels, products and services.

## Community Investments

Continuing with the sustainability strategy of leaving a lasting positive impact in the communities in which we operate, Barclays invested substantial resources in different community projects across the country. Although a more detailed social responsibility review is covered in this report, I would like to highlight some of the key programs which were undertaken during the year.



Participants of the Barclays Step Ahead fundraising walk warm up before the event.

We held a very successful Step Ahead Walk event as part of the year-long programme to support schools catering for disadvantaged youth. Thousands of Kenyans participated in the walk, helping to raise KSh 15 million to build and equip eight science laboratories countrywide.

I'm also happy to report encouraging progress on our partnership with UNICEF. A total of 4,000 street children across the country are expected to benefit from the KSh 107 million donation, which focuses on vocational training and counselling.

I had the honour of unveiling the first rehabilitation centre which is located at Tononoka in Mombasa in November 2008. More than 300 children visit the site every day for a nutritious meal

and access to education and training services. We plan to launch similar centres in Eldoret and Nairobi.

Overall, I would like to thank all our community partners, including the many schools, Government Ministries and organisations, which worked hard with us on numerous projects to make a sustainable impact. I especially thank the thousands of Kenyans – young and old – who contributed towards our Step Ahead Programme. Last, but not least as they are always the first to sign up and help, I salute Barclays colleagues for all their tireless efforts to give back to society through volunteerism and other fundraising programmes.

## Board Changes

In 2008, Ahmed Khizer Khan was appointed to the Board to replace Dominic Bruynseels, who resigned from the Board on 22 August 2007. Mr. Khan was responsible for Barclays Emerging Markets within the Barclays PLC Global Retail and Commercial Banking (GRCB) business unit.

## Conclusion

On behalf of the Board, I would like to congratulate our Managing Director Mr. Adan Mohamed on his appointment to the role of Regional Managing Director – East and West Africa. Mr.



Barclays Kenya Managing Director, Adan Mohamed (left) and Chairman, Francis Okello, present an award to Nyanza Trading Company founder, Vithaldas Badiani, and CEO, Naradas Badiani (right). The Kisumu-based company has banked with Barclays for 65 years.

Mohamed now oversees Barclays operations in Kenya, Uganda, Tanzania and Ghana, while retaining his post as the Managing Director for Kenya. The appointment signifies the importance which the Barclays Group places on Barclays Kenya as a business within Barclays Emerging Markets, and the level of confidence in Adan as the team leader. We wish Adan the best of luck in the discharge of his additional responsibilities, and look forward to leveraging synergies across the regional network.

To conclude, there are several groups and individuals I would like to acknowledge. I first thank our many customers who have chosen to bank with us over the years. Our business was built one customer at a time, and we value your business.

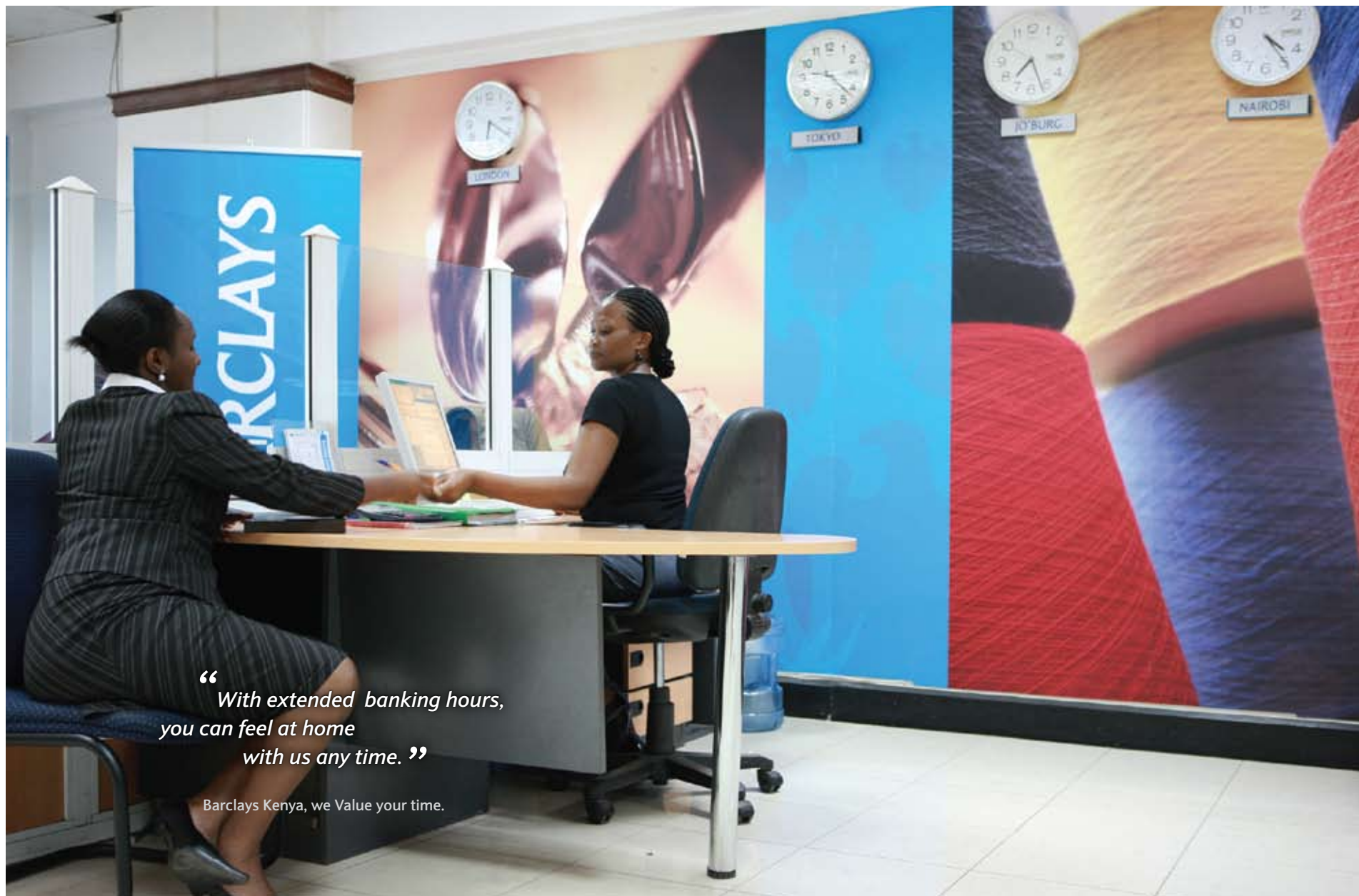
I also very sincerely thank the Board, Management and Barclays colleagues for their sterling and exemplary performance over the year. Your commitment, dedication and propensity for innovation made it possible for us to sustain our operations and grow our business during what would otherwise have been a very difficult year.

Finally, I want to thank the Kenya Government and our major partners and regulatory agencies, especially the Central Bank, the Capital Markets Authority and the Nairobi Stock Exchange, for their continued guidance and support.

**FRANCIS OKOMO-OKELLO**

Chairman

Barclays Bank of Kenya Limited



*“ With extended banking hours,  
you can feel at home  
with us any time. ”*

Barclays Kenya, we Value your time.



## Ujumbe wa Mwenyekiti

*“Tulipata matokeo bora ya kifedha kupitia mikakati tofauti ya mapato ambayo ilidumisha nafasi ya Barclays kama benki inayoongoza na yenye kupata faida zaidi nchini.”*



Mwaka wa 2008 ulikuwa na changamoto za kipekee. Miezi miwili ya kwanza kulishuhudiwa ghasia za baada ya Uchaguzi Mkuu wa 2007, zilizosababisha vifo na maelfu ya Wakenya kutoroka makwao. Huku matukio hayo yakiwa changamoto katika sekta za umma na kibinafsi, ninashukuru kuwa mkataba wa amani uliotiwa sahihi ulirejesha utulivu na kuweka msingi wa kuijenga tena Kenya.

Lengo letu katika Benki ya Barclays limekuwa la kueleweka: ni kuwa na ukuaji unaoendelea mwaka baada ya mwaka kwa ajili ya wateja wetu, wenzi, jamii na wenyehisa.

Nina furaha kuwa tulitimiza lengo letu kwa kuwa na ufanisi mkubwa katika mwaka wote wa 2008 kupitia mikakati tofauti ya mapato ambayo ilidumisha nafasi ya Barclays kama benki inayoongoza na yenye kupata faida zaidi nchini.

Kauli mbiu ya ripoti ya mwaka huu: ‘Kujiendeleza kupitia thamani’ kunaakisi kujitolea kwetu kuimarisha biashara hii katika njia inayobuni thamani ya muda mrefu kwa washika dau wetu wote. Yafuatayo ni mtazamo wa mafanikio yetu makuu na hali zilizochangia matokeo yetu katika mwaka wa 2008.

### Uchumi wa Kenya

Kufuatia fujo la kisiasa tuliloshuhudia, uchumi wa Kenya ulitatizika pakubwa na kusababisha kupungua kwa matarajio ya ukuaji wa zao ghafi la ndani (GDP). Isitoshe, bei ya mafuta ya petroli kwa mara ya kwanza ilikuwa juu mno katika masoko ya dunia na wakati mmoja ilifika dola 147 za Marekani kwa kila pipa. Athari za hayo ni kuwa ukuaji wa uchumi uliokuwa umetarajiwa ulipungua hadi asilimia 4 kutoka asilimia 7, kiwango cha 2007. Mfumuko wa bei ni tatizo lililodumu katika mwaka wote wa 2008 hasa kutokana na uhaba wa chakula na kupanda kwa bei za mafuta tuliyeleza hapo juu. Mwishoni mwa robo ya tatu ya mwaka mfumuko wa bei-ukiondoa chakula na bei ya mafuta -ulikuwa asilimia 9 badala ya asilimia 5 iliyokuwa imelengwa. Aidha mfumuko wa bei ulikuwa asilimia 27.7 kila mwezi.

Viwango vya riba vya wastani viliendelea kuongezeka. Mwaka ulipokuwa ukimalizika, kiwango cha hawala ya serikali ya siku 91 ilipita kile kilichowekwa na kufika asilimia 8.9, ilhali kiwango cha miezi sita kilikuwa takriban asilimia 9.05.

Thamani ya shilingi ya Kenya ilipungua dhidi ya dola ya Marekani na ilipofika tarehe 31 mwezi wa Disemba, 2008, dola ya Marekani ilikuwa shilingi 78.22 kutoka shilingi 66.7 mwezi wa Julai tarehe 31. Kutokana na hayo, sekta muhimu za uchumi -kilimo, biashara, utengezaji bidhaa, utalii, uchukuzi-zilianza kuathirika na mfumuko wa muamana wa kiuchumi uliochangia mporomoko wa kiuchumi duniani.

Licha ya uchumi kukua, mwaka wa 2009 unatarajiwa kuwa mgumu kiuchumi na hivyo mazingira ya biashara yatakuwa magumu.

### Yaliyojiri katika Sekta ya Benki

Licha ya vinunurishi vya biashara visivyofaa, sekta ya benki iliendelea kukua nchini na katika kanda hii huku ushindani ukiongezeka.

Mikopo katika sekta hii pamoja na malipo ya awali ilikua kwa asilimia 25.1 kutoka shilingi bilioni 477 hadi shilingi bilioni 637, huku jumla ya amana ikiongezeka kwa asilimia 25.1 kutoka shilingi bilioni 720 hadi shilingi bilioni 911.

Wakati huohuo, wizara ya fedha ilirekebisha kanuni za mtaji za benki na makampuni ya uwekaji rehani. Chini ya sheria hizo mpya, makampuni yanatakiwa yawe na mtaji usiopungua shilingi bilioni moja kabla ya mwisho wa mwaka wa 2010 kutoka shilingi milioni 250 kilichokuwa kikihitajika.

Ingawa kiwango hicho bado ni kidogo kikilinganishwa na viwango vya kimataifa, mabadiliko hayo yatasaidia kukua na kuimarisha kiwango cha mtaji na katika taasisi husika na hivyo

kutasaidia sekta hii kukabiliana na hali yoyote ile. Barclays tayari ina mtaji ambao umepita mno kiwango cha chini kinachotakiwa na hivyo inaweza kukabiliana na mporomoko wa kiuchumi.

Katika njia mbili za kuongeza ukwasi wa pesa pamoja na hazina, Benki Kuu ya Kenya ilipunguza kiwango cha kukopesha kutoka asilimia 9 hadi asilimi 8.5 na ilipunguza uwiano wa pesa taslimu kwa benki kutoka asilimia 6 hadi asilimia 5.

Inatarajiwa kuwa sekta ya benki itaendelea kukua hasa katika shughuli reja reja za benki kwani kuna wateja wa kutosha ambao bado hawajajihusisha na benki. Agenda hii ya fedha itajumuisha ongezeko la shughuli za reja reja kwa kupanua mtandao wa matawi na kutoa huduma maalum zinazohitajika na makundi lengwa.

Hapa Barclays, tunachukua mwelekeo wa kujumuisha ustawi ndani ya sekta hii sambamba na kuangalia masuala ya kijamii, kiuchumi na kimazingira.

Mkakati wetu wa kujiendeleza utashirikisha mwelekeo huo katika shughuli zetu tunazoendesha katika masoko na jamii, na hilo limeangaziwa katika mpango wa kuwashirikisha washikadau na uwekezaji katika jamii duniani.

## Matokeo ya Fedha

Licha ya mazingira yaliyokuwepo, kupatikana kwa faida kabla ya kutozwa ushuru ya shilingi milioni 8.016(2007: sh milioni 7.079) kunastahili kupongezwa. Idara zetu zote za biashara zinatekeleza vyema mikakati ya ukuaji, kuanzisha ubunifu wa bidhaa ili kuboresha ubora wa rasilimali na kuimarisha nyaraka zao mizania na mapato. Pamoja na hayo tuwe na ukuaji wa marejezo kwa wadau. Kwa hivyo, halmashauri inafurahia kupendekeza mgao wa mwisho wa shilingi 1.50 kwa kila hisa kwa kuongezea

mgao wa muda wa shilingi 0.50 kwa kila hisa-ongezeko la asilimia 21 la jumla ya mgao unaolipwa.

Tuliafikia mambo kadhaa ya kihistoria mwaka wa 2008. Katika mwaka huo wote, tulifungua matawi katika maeneo muhimu ikiwemo Chuo Kikuu cha Nairobi. Tuliboresha huduma zetu kwa wateja kupitia mkakati wa ushirikiano na makampuni mengine ikiwemo kampuni ya usambazaji umeme-KPLC, katika kulipia huduma za KPLC 'easy pay' kwa wale ambao ni wateja wa KPLC, na tulifanya mageuzi katika sekta hii kwa kuanzisha huduma za benki za Premier na kuongeza muda wa huduma za benki.

Barclays iliendelea kuwa benki ya kipekee hapa nchini na katika kanda hii kama ilivyodhihirishwa na mataji yaliyopokewa mwaka 2008. Kwa mara nyingine tena, tulishinda tuzo la kampuni yenye taadhima kubwa zaidi kutoka kwa taasisi ya usimamizi nchini. Taji la mwaka huu lilihusu usimamizi bora wa mlimbi wa watumishi.

Pia, tulitambuliwa wakati wa tuzo la mtaji wa masoko 2008, ambapo Barclays ilikuwa ya kwanza katika kitengo cha muongozaji mtunzaji. Huo ulikuwa uteuzi uliofanywa na wateja wa biashara yetu ya huduma za utunzaji. Tungependa kuchukua fursa hii kuwashukuru wateja wetu kwa kura yao ya kuwa na imani nasi.

Kama ilivyo desturi, wateja wetu hutiliwa maanani katika kila tunachofanya. Na tunatarajia kupiga hatua nyingine kwa kuangazia mkakati wa nyanja tofauti ambao utashughulikia njia, bidhaa na huduma mbalimbali.

## Uwekezaji Katika Jamii

Katika kuendelea mkakati wa kuwa na athari kubwa katika jamii tunazozishughulikia, Barclays iliwekeza rasilimali kiasi katika

Tangazo hili katika vyombo vya habari lilitumika mwaka 2008 wakati wa kampeini ya rejareja "Chomoka na Twin Cab"

miradi mbalimbali ya jamii kote nchini. Ijapokuwa maelezo ya kina kuhusu jukumu la kampuni kwa jamii(CSR) yako katika ripoti hii, ningependa kuzungumzia baadhi ya miradi muhimu tuliyotekeleza katika mwaka huo.

Tuliandaa matembezi ya kupiga hatua mbele, yaani Step Ahead Walk yaliyokuwa na ufanisi mkubwa ambayo yalishirika mpango wa mwaka mzima wa kusaidia mashule na kuhudumia vijana

wasiokuwa na bahati. Maelfu ya Wakenya walishiriki katika matembezi hayo na kusaidia kuchanga shilingi milioni 15 za kujenga maabara manane ya sayansi pamoja na kuweka vifaa vyake kote nchini.

Pia ninafurahi kueleza kuwa hatua kubwa imepigwa katika ushirikiano wetu na UNICEF. Watoto 4,000 wanaorandaranda barabarani kote nchini wanatarajiwa kunufaika na mchango wa shilingi milioni 107, ambao ni wa kufanikisha mafunzo ya kitaalamu na ushauri.

Nilipata heshima ya kuzindua kituo cha kwanza cha urekebishaji tabia kilichoko Tononoka huko Mombasa mnamo Novemba, 2008. Zaidi ya watoto 300 hufika katika kituo hicho kila siku kwa elimu na lishe bora. Tunapanga kuzindua vituo kama hivyo Eldoret na Nairobi.

Kwa ujumla, nataka kutoa shukurani za dhati kwa wabia wetu katika jamii zikiwemo shule nyingi, wizara na mashirika ambayo



Wanafunzi wa shule ya msingi ya Gatina wanasherehekea msaada wa shilingi milioni moja wa ujenzi wa darasa. Mkakati wa Barclays wa kuwekeza katika jamii unajumuisha ufadhili wa miradi ya shule za umma.



Wakati wa uzinduzi wa kituo cha mafunzo cha Tononoka-Mombasa 2008, maafisa na waakilishi wa Barclays na UNICEF walipiga picha pamoja na vijana watakaonufaika na kituo hicho.

tulishirikiana nayo katika kuweka kumbukumbu endelevu. Ni shukurani tele kwa maelfu ya Wakenya-vijana kwa wazee-waliochangia mpango wa piga hatua mbele 'Step Ahead'. Hatimaye, ninawashukuru wenzi katika Barclays ambao huwa wa kwanza kujitokeza kusaidia jamii pamoja na juhudi zao za kuchanga katika miradi tofauti.

### Mabadiliko katika Halmashauri

Katika mwaka wa 2008, Ahmed Khizer Khan aliteuliwa kuziba pengo la Dominic Bruynseels ambaye alijiuzulu tarehe 22 Agosti, 2007. Bwana Khan alihusika na mpango wa Barclays wa masoko yanayoibuka ambao uko katika idara ya biashara ya benki duniani ndani ya Barclays PLC.

### Hitimisho

Kwa niaba ya halmashauri, ningependa kumpongeza meneja mkurugenzi wa Barclays Adan Mohamed, kwa kuteuliwa kuwa meneja mkurugenzi wa kanda hii-Mashariki na Magharibi mwa Afrika. Bwana Mohamed sasa atakuwa anasimamia shughuli za Barclays za Kenya, Uganda, Tanzania na Ghana na ataendelea kuwa meneja mkurugenzi wa Kenya.

Uteuzi unaonyesha jinsi Barclays Group inavyoitambua Barclays

Kenya kama biashara katika masoko ya Barclays yanayoibuka, na kiwango cha kuwa na imani na Adan kama kiongozi. Tunamtakia Adan kila la heri katika majukumu yake yaliyoongezeka na tunatarajia ushirikiano mkubwa katika mtandao wa kanda hii. Kwa kumalizia, kuna makundi na watu kadhaa ningependa kuwatambua. kwanza kabisa ninawashukuru wateja wetu wengi ambao wamechagua kuwa nasi kwa miaka mingi. Biashara yetu ilikua kwa kuwa na mteja mmoja baada ya mwingine na tunawathamini.

Vilevile, natoa shukurani zangu za dhati kwa halmashauri, usimamizi na wafanyikazi wa Barclays kwa ufanisi mkubwa katika mwaka wote. Kujitolea kwenu pamoja na ubunifu mliokuwa nao kumewezesha kuendeleza shughuli zetu pamoja na ukuaji wa biashara katika mwaka ambao ulitarajiwa kuwa mgumu zaidi.

Hatimaye nataka kuishukuru Serikali ya Kenya pamoja na wabia na mawakala wetu wakuu hasa Benki Kuu, Mamlaka ya Mtaji wa Masoko na Soko la Hisa la Nairobi kwa muongozo wao na usaidizi.

**FRANCIS OKOMO-OKELLO**

Mwenyekiti

Benki ya Barclays Kenya Limited

# Managing Director's Report

*"We are on track with our long-term growth strategy, and we are seeing the positive results of our expansion programme that we embarked on during 2007."*



This year presented a unique set of challenges and opportunities for our business. All things considered, I am pleased to announce a set of record results which have positioned us as one of the strongest and most-capitalised banks in Kenya.

We demonstrated our ability to deliver excellent results and growth – even in the toughest of political and business climates. The outcome is that we are on track with our long-term growth strategy, and we are seeing the positive results of our expansion programme that we embarked on during 2007.

The economic challenges brought on by various factors during the year created a tougher operating environment than expected. However, the business model we have built over time has enabled us to respond to this volatility and continue to grow the bottom line.

## Record Profits

Results of our investment in the retail expansion plan during 2007 and 2008 was a key contributor to our revenue growth which increased by 25 per cent year over year to stand at KSh 23,628 million (2007: KSh 18,856 million).

We also have been able to grow customer deposits during the year with customer deposits increasing by KSh 17,311 million or 16 per cent to KSh 126,408 million from KSh 109,097 million in 2007. Loans and advances to customers grew by three per cent to KSh 108,086 million (2007: KSh 105,346 million). This is against a challenging economic environment which required a measured and controlled approach to lending in order to maintain a good quality book.

Impairment charge for 2008 of KSh 1,283 million (2007: KSh 684 million) stood at 1.2 per cent (2007: 0.8 per cent) of the gross loans and advances book. The ratio of non-performing loans to gross book was 5.9 per cent (2007: 5.1 per cent) – which is better than the industry average.

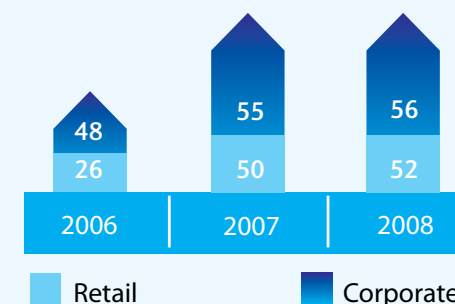
The full year impact of the expansion programme costs was taken during 2008. Total costs for the year was KSh 14,329 million (2007: KSh 11,091 million). The wider distribution network, significantly increased head count and associated support structures contributed to this cost growth. As we invest in advanced technology platforms and improve on productivity, we aim to generate more value from our cost base during 2009.

## Consumer Banking

Our consumer banking business comprises the retail banking and credit card businesses.

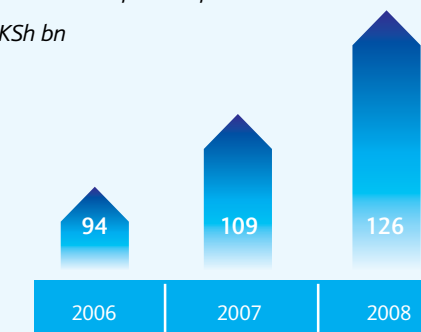
## Balanced Growth in Consumer/Corporate Loans

KSh bn



## Customer Deposits Up

KSh bn



During 2008, we acquired more customers in all segments through our expanded distribution footprint and new channels.

Our retail expansion was also successful in that most branches opened during the period have broken-even ahead of plan. We opened 10 branches during 2008, most recently at Taveta in Coast province, and now have 117 branches and 234 ATMs nationwide. We plan to continue growing our distribution





An inside view of the Barclays Premier Flagship branch at Westlands Office Park in Nairobi.

footprint whenever there is commercial justification – even as we shift focus to delivering maximum value from the investments already made. Through this focused effort, we aim to grow both our loan book as well as customer deposits whilst providing a world-class customer experience in all our areas of operations.

We continue to provide excellent value for money for our customers. We were recently identified in a Central Bank report as one of the most competitive banks in loan rates and operating current accounts.

On the savings side, we continue to offer some of the most attractive products with the best interest rates. On the transactional side, we have wide-ranging products to fit a range of customer needs, from our Pepea account with a monthly ledger fee of KSh 100 to our competitive bundled current accounts that cater to personal, Islamic banking and local business customers.

During 2008 and early 2009, we opened two state-of-the-art Barclays Premier banking centres in Nairobi – one at the Westgate Mall and the other at the Westlands Office Park off Waiyaki Way.

The Premier banking experience is in line with the wealth management value proposition which targets a growing affluent customer base. These centres, the first of their kind in sub-Saharan Africa, offer personalised services with a wealth of access far beyond what you might ever expect from your bank today. It is nothing short of best in class.

We continue to align our operations to the changing lifestyles of our customers. We were one of the first in the market to extend banking hours and to provide seven-days-a-week banking in selected branches across the country. For most of our branches, we now serve customers from 9 am to 4 pm Monday to Friday, and from 9 am to Noon on Saturdays and Sundays for selected branches. This means that customers can bank for an additional six hours per branch every week. Banking hours at all the Prestige Centres also have been extended with some mall-based branches staying open as late as 8:30 pm on Saturdays.

In the credit card business, Barclaycard is one of the strongest brands in the market. We have card products that cater for diverse consumer segments. In order to retain our leading market share

position and acquire new cardholders, we revamped our flagship card product – Barclaycard Gold Card – with new exclusive services, including holiday packages and air accident rescue. The upgraded card aligns better with the mobile lifestyle of our customers, ensuring Barclays is at hand when customers need us most.

Early in 2009, we successfully launched a state-of-the-art technology platform to support the growth of our card business. This will enhance our product capability and provide customers with additional features aimed at improving the customer experience.



Eng. Joseph K. Njoroge, Managing Director and CEO of Kenya Power and Lighting Co. (left), and Adan Mohamed exchange a signed agreement, launching the electricity bill payment service offered at Barclays branches nationwide.

## Corporate Banking

Barclays has long been a leader in Corporate Banking in virtually every market in which we have a presence. Our value proposition is founded on the business's dedicated relationship managers, wide-ranging products, strong balance sheet, and access to global structured lending.

Under a new Cash Management partnership agreement, customers are able to settle their electricity and water accounts at any of our branches – even if they do not bank with Barclays. This avails full banking services to our current customers, as well as opens our retail business up to acquire more customers. We will pursue more strategic alliances between our corporate and retail businesses to promote organic growth cross functionally.



We also reorganised our local business offering to focus on the needs of SME customers. We have been providing services to SMEs since our inception. However, this new structure will provide customised services and products that are well suited for this market. We plan to launch new SME products in 2009.

### Barclays Business Club

Over the year, membership of the Barclays Business Club ("Club") continued to grow. With about 10,000 members countrywide, the Club is now the largest and most successful of its kind in East and Central Africa.

As part of our agenda to connect Kenyan entrepreneurs to international business, we organised trips for Club members to Dubai, China, Netherlands and Germany, where they had the opportunity to network with various industry players and establish long-term relationships that will in turn help expose their products to the international market. This is in addition to several other international trips we have organised to Europe and the Far East, including India, during the last few years.

In addition to organising international trips and trade expos, the Club offers a number of incentives to its members, such as discount borrowing, longer banking hours and special suites and counters at participating branches.

### Treasury

The year under review saw a record year in Treasury performance with foreign exchange trading income reaching KSh 2,547 million up from KSh 1,478 million in 2007. The swing in rates in the currency contributed to this excellent performance alongside our ability to capture customer volumes through our Commercial and Consumer banking offerings.

Our corporate bond issue is another example of how Barclays plays a role in shaping the industry. If you recall, our corporate bond launched in 2007 was the first by a commercial bank in East Africa. In 2008, we attained another first by enabling retail customers to invest in the second tranche of the bond, which was over-subscribed by 27 per cent. The structure of this KSh 2 billion issue was a combination of fixed and floating rates so as to provide the flexibility for different expectations of investors.

The response to our bond programme is a clear indication of the market's confidence in Barclays as a leading bank, as well as a signal of the appetite for debt securities financing in Kenya. From the issue, we were able to grow funding to support long-term lending to our customers for products particularly in mortgage and asset finance.

### Risk Management

Central to our business model is a robust and focused risk management framework. The Risk Management structures and processes we have in place have formed an advantaged capability that has worked well in the challenging business environment witnessed during the year.

On the credit risk front, our corporate loan book has continued to show signs of strength, and our Business Support and Corporate Recoveries unit has continued to deliver turnaround results. This has unlocked significant value from the stock of non-performing loans.



Adan Mohamed rings a bell to launch the Barclays Corporate Bond at the Nairobi Stock Exchange (NSE).

During 2009, we will continue to monitor closely the operating environment in order to maintain the quality of the book and also develop a framework to support the growth of the SME business.

I am pleased to note that our consumer lending product features have enabled us to maintain a good credit profile. It starts from the credit assessment process, where we have built expertise in the Kenyan consumer finance market, through to deducting loan repayments at source for the majority of our retail lending portfolio. With the initiation of the Credit Reference Bureau, we anticipate a further improvement in the quality of the consumer portfolio.

We also have grown and strengthened our collections capability in line with volume growth.

### Operational Excellence

Our operational goal is to support revenue generation with maximum productivity and efficiency leveraging on technology and processing excellence. During 2008, we invested in improving our backbone infrastructure thereby improving connectivity between our branches and processing centres. This has resulted in superior system uptime and reliability. We have strengthened our operating foundation and will continue to seek opportunities to enhance our banking platform to support business growth and customer needs.

Our Contact Centre has grown from strength to strength during 2008. This is a key pillar of our customer service strategy and gives us the capability to get closer to our customers, thereby improving products and services to perfect the customer experience. By laying this groundwork for a customer-focused infrastructure, we have in place the ability to give our customers a much-improved banking experience during 2009.

### Conclusion

For Barclays Bank of Kenya Limited, 2008 was a year of breadth and depth, of both refining and expanding our network. We continued to invest in our people as we sought to raise our products and services to world-class standards. This highly-focused approach to our business will continue unabated in 2009. With the much appreciated support and goodwill of the Government, the Central Bank of Kenya, the Capital Markets Authority and guidance from the Board, we are confident we will build on our successes.

A handwritten signature in black ink, consisting of a stylized 'A' followed by a series of loops and a long horizontal stroke.

ADAN MOHAMED  
Managing Director  
Barclays Bank of Kenya Limited



“  
*Barclays Premier is a wealth of access far beyond  
what you might ever expect from your bank today.  
It's nothing short of first class.*”

Barclays Kenya, extraordinary banking that Values your individuality.

## Ripoti ya Meneja Mkurugenzi

*“Tunaendelea na mkakati wetu wa muda mrefu wa ukuaji na tunapata matokeo mazuri ya mpango wetu wa upanuzi ambao tuliuanza mwaka wa 2007.”*



Mwaka huu ulikuwa na changamoto na fursa za kipekee kuhusiana na biashara yetu. Hayo yote yakizingatiwa, ningependa kutangaza matokeo ambayo yametufanya kuwa benki ya kibiashara iliyo na mtaji mkubwa zaidi katika eneo la Afrika Mashariki.

Tulidhihirisha uwezo wetu wa kipekee wa kuwa na matokeo bora na ukuaji hata wakati wa ugomu wa kisiasa na kibiashara. Matokeo yake ni kwamba shughuli zetu zinakwenda sambamba na mipango yetu ya ukuaji ya muda mrefu huku tukishuhudia faida za mipango yetu ya upanuzi na mipango ya usambazaji wa mapato.

Changamoto za kiuchumi zilizosababishwa na masuala kadha wa kadha katika mwaka wa 2008 zilisababisha mazingira magumu ya kibiashara kinyume na ilivyotarajiwa. Hata hivyo, mfumo wetu wa biashara ulituwzesha kukabiliana na hali hiyo ngumu na kuendelea kuimarika.

Changamoto za kiuchumi zilizotokana na hali tofauti katika mwaka huo zilisababisha mazingira magumu ya kibiashara kuliko ilivyotarajiwa. Hata hivyo mfumo wa biashara tuliujenga kwa muda umetuwzesha kukabiliana na hali hiyo ngumu na kuendelea kukuza msingi wa mapato.

### Faida iliyoweka Rekodi

Uwekezaji wetu katika mpango wa upanuzi katika mwaka wa 2007 na 2008 ulichangia pakubwa matokeo.

Mapato yetu yaliongezeka kwa asilimia 25 mwaka baada ya mwaka mwingine na kufikia shilingi milioni 23,628 (2007: shilingi milioni 18,856).

Pia tumeweza kuvutia wateja zaidi katika uwekaji wa dhamana zilizoongezeka kwa shilingi milioni 17,311 ama asilimia 16 hadi shilingi milioni 126,408 kutoka shilingi milioni 109,097 mnamo mwaka 2007.

Mikopo kwa wateja iliongezeka kwa asilimia 3 hadi shilingi milioni 108,086 (2007: shilingi milioni 105,346).

Na hayo yote yalitokea huku kukiwa na changamoto za kiuchumi zilizohitaji kukabiliwa kwa mfumo wa udhambi wa kina kuhusiana na utoaji wa mikopo kwa ajili ya kudumisha ukaguzi bora zaidi wa mahesabu.

Ada za urekebishaji zilizotozwa wateja mwaka 2008 zilifikia shilingi milioni 1,283 (2007: shilingi milioni 684) ambazo ni asilimia 1.2 (2007: 0.8%) ya jumla ya mikopo huku asilimia ya mikopo isiyolipwa ikiwa 5.9 (2007: 5.1%)-kiwango hicho ni bora kuliko kile cha wastani cha sekta hii.

Mnamo mwaka 2008 athari za mwaka mzima za mpango wa upanuzi zilikuwa kielelezo cha gharama za matumizi zilizokuwa shilingi milioni 14,329 (2007: shilingi milioni 11,091).

Mtandao wetu wa usambazaji, ongezeko la wafanyakazi na mifumo tunayotegemea vilisababisha kuongezeka kwa gharama. Huku tukiwekeza katika teknolojia iliyo bora zaidi na ongezeko la uzalishaji, tunalenga kuimarisha thamani ya gharama zetu katika mwaka wa 2009.

### Huduma za Benki kwa Mteja

Huduma zetu kwa mteja zinashirikisha huduma za rejareja na biashara za kadi za mkopo. Tulipata wateja zaidi katika vitengo vyetu vyote kupitia usambazaji wa njia mpya na bidhaa.

Mpango wetu wa upanuzi wa biashara ya rejareja pia ulifaulu kwani matawi yote yaliyofunguliwa mwaka 2008 yalifanya vyema kulingana na matarajio na mipango iliyoasisiwa.

Tulifungua matawi 10, la hivi punde zaidi likiwa Taveta mkoani Pwani na sasa tuna matawi 117 na mitambo 234 ya ATM kote nchini.

Tuna mipango ya kuendelea kupanua usambazaji wetu kila palipo na umuhimu wa kibiashara huku tukigeukia mwelekeo wa kutoa huduma bora zaidi kupitia uwekezaji ulioko.

Kupitia juhudi zilizolengwa, tunatarajia kuimarisha msingi wetu wa utoaji wa mikopo na idadi ya wateja huku tukitoa huduma za kiwango cha kimataifa katika shughuli zetu zote. Tunaendelea kutoa thamani bora ya pesa kwa wateja wetu. Hivi majuzi katika ripoti ya Benki Kuu, tulitambuliwa kama mojawapo ya benki zenye ushindani mkubwa katika viwango vya mikopo na shughuli za akaunti ya Hundi.

Katika uwekaji wa akiba, tunaendelea kutoa bidhaa za kuvutia zenye viwango bora zaidi vya riba kama ilivyoielezwa katika ripoti hiyo ya Benki Kuu.

Kuhusu biashara, tuna huduma mbalimbali zinazokimu mahitaji ya wateja, kuanzia akaunti Pepea inayotozwa ada ya shilingi mia kila mwezi hadi akaunti zetu za Hundi zenye ushindani mkubwa ambazo zinashughulikia matakwa ya kibinafsi, Sharia ya Kiislamu na wateja wa biashara za humu nchini.

Katika mwaka wa 2008 na mapema 2009, tulifungua vituo viwili vya kisasa zaidi vya benki ya Premier ya Barclays jijini Nairobi-kimoja katika Westgate Mall na kingine katika Westlands Office Park kando ya barabara ya Waiyaki.

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**...in three easy steps**

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- Fill in a KPLC Deposit Voucher provided at the counters and proceed to pay your bill
- You will receive a slip as proof of payment

**This service is absolutely free!**

• 115 branches countrywide • Over 215 ATMs countrywide

**easy pay**  
Pay your power bill anywhere

Sasa unaweza kulipa bili yako ya umeme katika tawi lolote la Barclays: tangazo hili katika vyombo vya habari lilitumika mwaka 2008 kupitia maarufu kampeini ya huduma ya "easy pay" katika matawi ya Barclays kote nchini.

Benki ya Premier inaenda sambamba na suala la usimamizi wa mali inayolenga wateja wenye mali tele.

Vituo hivyo ambavyo ni vya kwanza kusini mwa jangwa la Sahara hutoa fursa ya kipekee kwa mtu binafsi kuwa na mali kinyume na unavyotarajia katika benki yako leo. Kwa ufupi, ni ya kiwango bora zaidi.

Tunaendelea kupanga huduma zetu kwenda sambamba na mabadiliko ya hali ya maisha ya wateja wetu. Tulikuwa wa kwanza katika soko kuongeza muda wa huduma kwa wateja na kutoa huduma za benki katika siku saba za wiki katika baadhi ya matawi kote nchini. Katika matawi yetu mengi, tunawahudumia wateja kuanzia saa tatu asubuhi hadi saa kumi alasiri-Jumatatu hadi Ijumaa na kutokea saa tatu asubuhi hadi saa sita mchana siku za Jumamosi na Jumapili katika baadhi ya matawi. Hii ina maana kwamba wateja wanaweza kupata huduma zetu kwa saa sita zaidi kwa tawi moja kila wiki.

Saa za benki katika vituo vyote vya Prestige pia zimeongezwa huku matawi yaliyoko katika majumba ya kifahari ya kibiashara yakiwa wazi hadi saa mbili unusu usiku siku za Jumamosi.

Kadi ya mkopo ya Barclays ni miongoni mwa zilizo imara zaidi katika soko kwa wakati huu. Tuna huduma za kadi ambazo zinakidhi mahitaji ya vitengo tofauti vya wateja.

Kwa ajili ya kudumisha hadhi yetu ya ukopesaji katika soko huku tukipata wateja wapya wa kadi za mkopo, mwaka huu tulizindua kadi mpya iliyoboreshwa ya Gold Card ambayo ina huduma mpya za kipekee ikiwa ni pamoja na toleo la wanaotaka kwenda likizo kujivinjari lenye huduma za uokoaji kunapotokea ajali za wanaosafiri kwa ndege.

Kadi hii iliyotengezwa upya inakidhi mahitaji ya kisasa zaidi ya usafiri kwa wateja wetu ambapo wanaweza kupata huduma zetu kikamilifu wakati wanapotuhitaji zaidi.

Mapema mwaka 2009 tulifaulu kuanzisha kituo cha kisasa zaidi cha teknolojia kuimarisha ukuaji wa biashara yetu ya kadi za mkopo. Hii itaimarisha utoaji wa huduma zetu na kuwapa wateja wetu fursa bora zaidi ya kufurahia huduma zetu.

### Huduma za Benki kwa Mashirika

Benki ya Barclays pia imekuwa mstari wa mbele katika kutoa huduma za benki kwa mashirika katika karibu kila sekta tuliyopo.

Huduma zetu bora zimeegemea wasimamizi waadilifu walio na uhusiano bora na wateja, huduma anuai, waraka mizania thabiti, na mfumo ulioratibiwa kimataifa wa utoaji wa mikopo.

Chini ya makubaliano mapya ya usimamizi wa fedha, wateja wanaweza kushughulikia dhamana zao katika tawi lolote lile-hata kama hawaweki dhamana zao na Barclays. Hilo linatoa huduma kamilifu za benki kwa wateja wetu wa sasa na linatupa fursa ya kupanua biashara yetu ya rejareja kwa ajili ya kupata wateja zaidi.

Tutatafuta miungano zaidi kati ya washirika wetu wa mashirika na wa makampuni ya kibiashara ili kuwezesha ukuaji wa pamoja.

Pia tuliandaa tena toleo letu la kibiashara la humu nchini kulenga mahitaji ya wateja wetu wa SME. Tumekuwa tukitoa huduma kwa makampuni madogo na ya kadiri tangu kuanza kwetu, hata hivyo huu mfumo mpya wa SME utatoa huduma kwa wateja kulingana na utoaji wa pamoja wa huduma kwa watu wengi ambao unaambatana vyema na soko hili. Tuna mipango ya kuzindua mfumo huu mpya wa benki wa SME mapema mwaka 2009.

### Klabu ya Biashara ya Barclays

Mwaka huu wote, idadi ya wanachama wa Klabu ya Biashara ya Barclays 'klabu' iliendelea kuongezeka. Kukiwa na karibu wanachama 10,000 kote nchini, klabu hii sasa ndiyo kubwa zaidi na yenye ufanisi mkubwa zaidi wa kipekee katika eneo la Afrika Mashariki na Kati.

Kama sehemu ya lengo letu la kuwapeleka wajasiriamali wa Kenya katika upeo wa kibiashara wa kimataifa, tuliandaa ziara ya wanachama wa Klabu ya Biashara ya Barclays nchini Uholanzi, Dubai, China na Ujerumani walikopata fursa ya kuingia katika mtandao wa wahusika mbalimbali wa kibiashara na kuanzisha uhusiano wa muda mrefu ambao nao utawawezesha kuwasilisha bidhaa zao na huduma katika soko la kimataifa. Hiyo ni pamoja na ziara nyingine kadhaa za kimataifa tulizoandaa Uropa na Mashariki ya Mbali, ikiwemo India.

Mbali na kuandaa ziara za kimataifa na uwanja wa kibiashara, Klabu hii inatoa fursa zaidi kwa wanachama ikiwa ni pamoja na ukopesaji wa bakshishi, saa zaidi za kupata huduma za benki na vituo vya huduma maalum katika matawi yetu ya benki yanayotoa huduma hizo.





Wanachama wa Klabu ya Biashara ya Barclays wakiwa nje ya Taj Mahal. Barclays ilipeleka kundi hili kushiriki katika maonyesho ya kimataifa ya biashara yaliyokuwa Agra, India.

### Hazina Kuu

Katika kipindi hiki cha mwaka kulikuwa na rekodi katika shughuli za mtaji huku ubadilishanaji wa fedha za kigeni ukiwa na kima cha mapato yaliyofikia shilingi milioni 2,547 ikilinganishwa na shilingi milioni 1,478 mwaka uliotangulia.

Mabadiliko ya viwango vya fedha yalichangia matokeo hayo bora sambamba na uwezo wetu wa kunasa kima cha wateja kupitia matoleo yetu ya kibiashara na ya shughuli za benki kwa wateja wetu.

Toleo letu la hisa katika mashirika ni mfano mwingine wa jinsi benki ya Barclays inavyotekeleza jukumu katika kuielekeza sekta hii.

Kama mtakumbuka, toleo letu la hisa la 2007 lilikuwa la kwanza kutolewa na benki ya kibiashara katika eneo la Afrika Mashariki.

Katika mwaka wa 2008, tuliweza kutoa toleo jengine la kwanza la aina yake kwa kuwawezesha wateja kuwekeza katika kitengo cha pili cha toleo hilo ambacho kilikuwa na maombi kupita kiasi kwa asilimia 27.

Muundo wa toleo hili la shilingi bilioni 2 ulikuwa ni mchanganyiko wa matoleo ya muda mrefu na ya muda mfupi kwa ajili ya kurahisisha kukidhi matarajio na wawekezaji.

Mapokezi ya mpango wetu wa toleo la hisa ni thibitisho tosha la imani ya wawekezaji wa Barclays kama benki inayoongoza katika soko, na ni dalili ya kutakiwa zaidi kwa huduma zetu za benki hapa nchini Kenya.

Kutokana na toleo hilo, tuliweza kupata msingi wa ukopesaji wa muda mrefu kwa wateja hasa katika ununuzi wa rasilimali zisizohamishika zikiwemo nyumba.

### Mfumo wa Kufidia Hasara

Tuna mfumo imara wa kufidia hasara katika shughuli zetu endapo zitatokea.

Mifumo iliyoratibiwa kufidia hasara imetupa uwezo wa kipekee ambao umekabiliana vilivyo na changamoto zilizohuhudiwa katika kipindi hiki cha mwaka.

Kwa upande wa mikopo, licha ya matatizo yaliyojitokeza katika shughuli zetu za kibiashara mwaka huu - msingi wetu wa ukopesaji kwa mashirika haujadorora huku idara yetu ya kusimamia biashara na ulipaji wa mikopo ikionyesha matokeo mazuri. Katika kipindi cha mwaka huu, tutaendelea kuchunguza kwa kina utoaji wa huduma ili tudumisha ubora katika kitengo hicho, pia tuupate msingi wa kuimarisha mfumo wetu wa kibiashara wa SME.

Ni furaha yangu kutaja kwamba huduma zetu za mikopo kwa wateja zimetuwezesha kuwa na kielelezo kizuri cha mfumo wa ukopesaji. Mfumo wetu unaanzia katika utaratibu wa kukadiria mikopo ambapo tumejenga umahiri wa huduma za kifedha nchini Kenya, kupitia kiasi fulani cha mtaji kinachotokana na makato ya kulipia mikopo kutoka kwa wateja wetu. Na kupitia kuanzishwa kwa ofisi ya kuhifadha kumbukumbu zote za mikopo, tunatumai kutakuwa na hali ya kuimarika kwa huduma zetu kwa wateja.

Aidha tumekuza na kuimarisha uwezo wetu wa ukusanyaji sambamba na ukuaji wa kima chetu.

### Ufanisi katika Utoaji wa Huduma

Ubora katika utoaji wa huduma umetokana na lengo letu la kuwezesha kikamilifu upatikanaji wa mapato sambamba na ubora wa mifumo ya teknolojia.

Mnamo mwaka 2008, tuliwekeza katika uimarishaji wa muundo msingi wetu na hivyo tukaimarisha uunganishaji

kati ya matawi yetu na vituo vyetu vya utoaji wa huduma. Hii imepelekea kupatikana kwa mfumo bora na imara zaidi na wa kutegemewa.

Tumeimarisha msingi wetu wa utoaji wa huduma na tutaendelea kuzitafuta fursa za kuboresha mfumo wetu wa kuimarisha biashara na kukidhi mahitaji ya wateja. Kituo chetu cha mawasiliano kiliendelea kuimarika katika kipindi cha mwaka 2008.

Huo ndio msingi mkubwa katika utoaji wa huduma kwa wateja unaotupa uwezo wa kuwa karibu zaidi na wateja hao wetu huku tukaimarisha huduma zetu.

Msingi huo umetuwezesha kuwapa wateja wetu huduma bora zaidi katika mwaka wa 2009.

### Hitimisho

Katika Benki ya Barclays, mwaka wa 2008 ulikuwa mwaka wa kuvuta pumzi katika kupiga msasa na kupanua mtandao wetu.

Tuliendelea kuwekeza wateja wetu, ambao daima tumekuwa tukiamini kuwa ndio rasilimali yetu muhimu zaidi, huku tukijandaa kuimarisha huduma zetu katika upeo wa kimataifa. Hatua hii muhimu zaidi kwa shughuli zetu itaendelea kutekelezwa bila kusita katika kipindi cha mwaka wa 2009.

Kupitia ushirikiano na nia njema kutoka kwa serikali, Benki Kuu ya Kenya, mamlaka ya mtaji wa masoko ya hisa na mwongozo kutoka kwa halmashauri, tuna imani kwamba tutauimarisha ufanisi wetu.

ADAN MOHAMED  
Meneja Mkurugenzi  
Benki ya Barclays Kenya Limited





“ We believe in giving back to the communities in which we operate by mentoring and fundraising, among other activities. ”

Barclays Kenya, creating Value for society.

# Barclays Social Responsibility Report

At Barclays Kenya, it has been our belief that long-term sustainability anchored on public/private partnerships is good for business and better for the communities in which we live and operate.

We continue to engage in collaborative partnerships with the public sector and reputable Non-Governmental Organizations (NGOs) to address financial inclusion, public health concerns, and provision of formal education to the poor and children with special needs.

We focus on public education and family health (particularly preventing malaria and HIV/AIDS) because these areas directly affect the sustainability of society and further the economic development of our country.

## Looking After Local Communities

Our future success depends on the vitality, health and wellness of the lives our business touches. Following the 2007 General Elections, Barclays rallied funds and resources to support affected communities, including areas where our customers live and work.



Barclays colleagues present Kenya Red Cross volunteers with foodstuffs for post election violence victims. Barclays donated KSh 27 million to support Kenya Red Cross relief efforts.

Barclays donated KSh 27 million to the Kenya Red Cross Society (KRCS) for relief efforts. And colleagues volunteered alongside KRCS staff to build tents and offer counselling to those who were displaced.

In an effort to promote knowledge sharing and accelerate financial recovery, Barclays offered local SME businesses free seminars on long-term financial planning and business continuity management. The 16 seminars were held in conjunction with International Finance Corporation (IFC) in areas worst hit by the post-election violence.

## Charity Begins at Work

The majority of Barclays colleagues actively volunteer, making employee involvement the bedrock of the Barclays CSR strategy. Our colleagues are driven by deep compassion to help the less privileged, and value the many opportunities they have to make a real difference in the lives of the needy in neighbouring communities.

To support employee volunteers, Barclays has put in place the Shilling for Shilling matching funds programme. One of



Atul Bhatnagar, Chief Operating Officer, presents KSh 1.5 million towards facility upgrades at Emashini Primary School. The funds were raised in part by Barclays colleagues through the Barclays Shilling for Shilling employee scheme.





Barclays Country Treasurer, Kihara Maina (left), observes an experiment at Kiria-ini Secondary School. Barclays donated KSh 1.5 million towards the construction of a science laboratory.

the highlights last year was the donation of KSh 1.5 million to Emashini Primary School in Kajiado District. The funds, which were raised in part by colleagues, went towards infrastructure development at the school.

Through the Barclays Shilling for Shilling scheme, colleagues helped raise approximately KSh 3.5 million for their local communities.

Barclays colleagues also engage in various community activities across the country as part of Make a Difference Day (MADD). Under the initiative, colleagues are given an opportunity to volunteer their time and skills. Last year, more than 5,000 employees participated. The activities focused on health, education, and the environment.

Make a Difference Day has been marked in Kenya for the last seven years, and is the single biggest employee volunteer initiative in the country. It also is the largest volunteer exercise for Barclays colleagues worldwide.

### Banking on Brighter Futures

The key pillar of our Banking on Brighter Futures investment

strategy is financial inclusion and financial independence through quality education and vocational skills development. Our goal is to create opportunities for the youth living in marginalized communities to acquire the skills and knowledge necessary to be productive for their families and ultimately their local economies.

Considering that nearly half of Kenya's population is younger than 15 years, the youth empowerment strategy aligns with the country's Vision 2030 goal of achieving middle income status through tapping into the economic potential of all Kenyans.

In the last five years, we have invested more than KSh 100 million in various school projects in rural areas in partnership with the Ministry of Education. Key achievements include: construction of 185 classrooms, 12 science laboratories, 10 computer labs and 100 water tanks.

### Step Ahead Fundraising Programme

The year-long Step Ahead Fundraising Programme gave Barclays colleagues and like-minded Kenyans an opportunity to raise funds to build and equip eight science laboratories



Barclays Non-Executive Director, Jane Karuku (left) samples equipment at the new state-of-the-art science lab that Barclays funded at Starehe Girls Secondary School. The donation was raised during the 2008 Barclays Step Ahead Programme.



Charles Ongwae, Barclays Chief Financial Officer (centre), lays a brick at Nakeel Primary School. Barclays is helping to construct a unit at the school for children with special needs.

countrywide. The fundraising walk held in the third quarter raised KSh 15 million with more than 12,000 people participating in Nairobi while thousands others joined similar walks organized in Mombasa, Kisumu and Nyeri.

Moi Educational Centre in Nairobi beat 125 other institutions to emerge the highest fundraiser. The Centre raised KSh 603,008 with Mr. Mohamed Hussein of the same institution taking the first position as the highest individual fundraiser in the country.

Mr. Hussein, who raised KSh 46,600, was followed closely by Ms. Tredy Nyambura Karanja of Mary Hill School who netted KSh 38,000, while Ms. Kena Nduta of Rose of Sharon Academy took the third position after raising in KSh 31,500.

The other top five institutions were S.C.L.O Samaj Primary School (KSh 441,000), Hospital Hill Primary School (KSh 278,287), Oshwal Junior Academy (KSh 269,000) and Rose of Sharon (KSh 244,681). Eight schools will benefit from the funds that were raised during 2008. The schools are identified by Barclays in

consultation with the Ministry of Education. Among them was Starehe Girls' Secondary School, which already has received KSh 3 million towards the construction of a state-of-the-art science laboratory. As a sign of appreciation, Barclays committed separate funds to the top school and students. Moi Educational Centre received KSh 250,000 towards their sports program, and Mr. Mohamed Hussein received a scholarship worth KSh 100,000. Ms. Nyambura and Ms. Nduta also received scholarships worth KSh 75,000 and KSh 50,000, respectively.

### UNICEF Rehabilitation Center

Barclays made a KSh 107 million commitment in 2007 to launch centres managed by UNICEF where homeless youth can be empowered to complete school, return to their families, and learn necessary lifelong skills as well as vocational skills.

The first centre was launched in November 2008 at Tononoka, Mombasa, and caters to approximately 300 children every day. Partners who provide counseling and training services include the Christian Industrial Training Centre, the Kenya Ministry of Local Government, Ministry of Youth and Sports, Ministry of Education, and the Mombasa Municipal Council. In addition, Barclays colleagues from nine area branches were trained to mentor the youth as part of an ongoing volunteerism initiative.



A Barclays colleague plays checkers with children at the Tononoka Drop-In Centre. Barclays donated KSh 107 million to UNICEF to develop centres to rehabilitate street children in Mombasa, Eldoret and Nairobi.

### Tackling disability and visual impairment

As part of our support to the Ministry of Education's goal to integrate children with special needs into mainstream learning, Barclays funded the construction of special unit classrooms at several schools. Among them was Nakuru Hills Special School which received KSh 1 million towards the construction of a home science laboratory; and Matungu Special Needs School which received KSh 500,000 to complete a vocational training workshop.

Barclays committed KSh 1.2 million to the Kenya Institute for the Blind to convert school textbooks into Braille and funded the corrective surgery for 200 children under a program managed by the Association for the Physically Disabled (APDK).

Barclays also partnered with Lions Sight First Eye Hospital, giving KSh 6 million for a nationwide screening and treatment of eye patients. A total of 10,251 patients were screened and 1,052 underwent cataract operations. Barclays is seeking further funding to boost the programme in 2009.

Barclays efforts to empower youth that are challenged with disability were recognized by former UK MP David Blunkett during his visits to Kenya and Tanzania in the course of last year. The former Member of Parliament, who is a renowned international spokesperson for members of the blind community, lauded Barclays partnerships with the public sector that supported diversity and tackled disability and visual impairment in public schools.

### Environmental Responsibility

Environmental management is important to us. We seek to pro-actively manage our environmental risks, minimize our direct and indirect negative environmental impacts and enhance ecological conservation and sustainable development.

In 2008, we initiated a strategic review of our environmental practices, and identified the following performance areas:




Barclays colleagues plant trees with students of Garden Estate Primary School.

- Energy and greenhouse gas emission management
- Water management
- Paper consumption
- Recycling and waste management

Under these areas, Barclays is committed to reduce energy consumption and greenhouse gas emissions; water and paper consumption; and waste generation, as well as Recycle and Reuse 70 per cent of all recyclable/ reusable waste.

Barclays colleagues fully support this environmental responsibility platform and have been at the forefront of several reforestation initiatives. This year, hundreds of trees were planted during various community projects, including Make a Difference Day and in conjunction with the UNEP/Mission Green Earth "Stand Up and Take Action" global campaign.





*“ We were one of the first to introduce  
Islamic banking in Kenya. ”*

Barclays Kenya, we Value all cultures and traditions.



# Report of the Directors for the year ended 31 December 2008

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2008.

## 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 (Cap 488).

## Results

The results for the year are set out on pages 39 to 78.

## Dividends

One interim dividend of KSh 50 cents per share totaling KSh 679 million was paid in 2008. Subject to the approval of the shareholders, the Directors recommend a final dividend for the year of KSh 1.50 per share. This will be paid on or about 15th May 2009 to shareholders registered at close of business on 18 March 2009. This distribution would leave a balance of retained group profit for the year of KSh 2,809 million which is carried to group revenue reserves.

## 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 members of the Board of Directors who served during the year and to the date of this report are shown on this page.

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 are eligible for re-election:-

Brown Ondego  
Jane Karuku  
Paul Chemng'orem

## 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 Directors' fees and amounts received under employment contracts for Executive Directors.

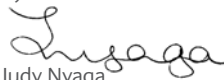
The aggregate amount of emoluments for Directors' services rendered in the financial year is disclosed on page 78.

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.

## Auditors

The auditors, PriceWaterhouseCoopers, have 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:



Judy Nyaga

Company Secretary

## Directors

Francis Okomo-Okello  
Chairman

Adan Mohamed  
Managing Director

Charles Ongwae  
Chief Financial Officer

Nick Mbuvi  
Commercial Banking  
Director

Ahmed Khan  
(Resigned on 9th  
March 2009)

Paul Chemng'orem  
Rose Ogega  
Jane Karuku  
Brown Ondego

## Company Secretary

Judy Nyaga

## Auditors

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 Registrars  
Services Limited,  
6th Floor, Bruce House,  
Standard Street.  
P.O. Box 8484 Code 00100,  
Nairobi.

# Ripoti ya Wakurugenzi ya mwaka uliomalizika tarehe 31 Disemba 2008

Wakurugenzi wana furaha ya kuwasilisha ripoti yao pamoja na zile za kifedha zilizokaguliwa za mwaka uliomalizika Disemba 31, 2008.

## Kanuni za Shughuli

Benki hii kupitia jina lake na makampuni tanzu, inatoa huduma tele za benki na za kifedha pamoja na zinazohusiana nazo, na zimeidhinishwa chini ya Sheria ya Benki (Kipingi 488).

## Matokeo

Matokeo ya mwaka 2008 yako katika ukurasa wa 39 hadi wa 78.

## Mgawo

Mgawo wa awali wa muda wa shilingi 0.50 kwa kila hisa wa jumla ya shilingi milioni 679 ulilipwa mwaka wa 2008. Wakurugenzi wamependekeza mgawo wa mwisho wa shilingi 1.50 kwa kila hisa ukiwa utaidhinishwa na wenyehisa. Mgawo huo utalipwa kabla au ifikiapo Mei 15, 2009 kwa wenyehisa ambao walikuwa wamesajiliwa kufikia mwisho wa siku ya Machi 18, 2009.

Mgawo huo utaacha salio la faida ya shilingi milioni 2,809 ambazo zitapelekwa katika akiba ya mapato ya kampuni.

## Taarifa za Fedha

Wakati wa toleo la ripoti hii, wakurugenzi hawakuwa na habari yoyote kuhusu hali yoyote ambayo ingeathiri thamani ya rasilimali kama ilivyo katika ripoti ya kifedha ionekane inapotosha.

## Wakurugenzi

Wanachama wa halmashauri ya wakurugenzi ambao walihudumu mwaka wa 2008 hadi tarehe ya kutolewa ripoti hii wameangaziwa katika ukurasa huu.

Wakurugenzi wafuatao wamefikisha muda wao wa kustaafu kwa zamu katika halmashauri kuambatana na vifungu 94, 95 na 96 vya Kanuni za Kampuni katika Mkutano Mkuu ujao na wamejitolea kuchaguliwa tena:-

Brown Ondego  
Jane Karuku  
Paul Chemng'orem

## Mafao ya Wakurugenzi

Tangu Mkutano Mkuu uliopita hadi tarehe ya ripoti hii, hakuna mkurugenzi ambaye amepokea au anaruhusiwa kupokea mafao yoyote isipokuwa ada za ukurugenzi na malipo chini ya mkataba ya uajiri wa wakurugenzi wakuu.

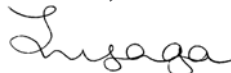
Jumla ya mafao ya huduma za wakurugenzi katika mwaka huu wa kifedha yameelezewa katika ukurasa wa 78.

Na wala hakuwajua mwishoni mwa mwaka huu wa kifedha wala wakati wowote katika mwaka wa 2008 ambapo kumekuwa na mpango wa wakurugenzi kujipatia mafao kwa njia ya kujipatia hisa kupitia benki au shirika lolote.

## Wakaguzi Hesabu

Wakaguzi hesabu-PriceWaterHouseCoopers wamejitolea kuendelea kuhudumu kuambatana na sehemu ya 159(2) ya Sheria za Makampuni (Kifungu 486) na sehemu 24(1) ya Sheria za Benki (Kifungu 488).

Kwa amri ya halmashauri



Judy Nyaga  
Katibu wa Kampuni  
Nairobi

## Wakurugenzi

Francis Okomo-Okello  
Mwenyekiti

Adan Mohamed  
Meneja Mkurugenzi

Charles Ongwae  
Mkurugenzi wa Fedha

Nick Mbuvi  
Mkurugenzi wa Biashara  
za Benki

Ahmed Khan  
(Alijiuzulu tarehe  
9 Machi, 2009)

Paul Chemng'orem  
Rose Ogega  
Jane Karuku  
Brown Ondego

Katibu wa Kampuni  
Judy Nyaga

## Wakaguzi wa Hesabu

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

## Afsi Iliyosajiliwa

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

## Msajili

Custody and Registrars  
Services Limited,  
6th Floor, Bruce House,  
Standard Street,  
P.O. Box 8484 Code 00100,  
Nairobi.



*“When you’re on the move, you need  
a bank that will be there for  
you anywhere, any time.”*

Barclays Kenya, adding Value to your life.

# Corporate Governance Statement

The Board and Management of the Bank are bound by the highest standards of integrity in carrying out their responsibilities to ensure that sound banking and governance practices are adopted in the Bank's engagement with all its stakeholders who include its customers, shareholders and regulators etc. The Board keenly adheres to the code of governance prescribed by the Central Bank of Kenya Prudential Guidelines, the Capital Markets Authority and the Barclays Group as well as its own stringent standards of governance and control as is evident by the governance framework outlined below. During 2008, the Bank sought to build on the gains made in the previous year's network expansion programme through the strengthening of its control environment. Consequently, enhancement of the Board's capability to carry out its oversight responsibilities over the Bank's risk, control and compliance framework was in key focus during the year.

The Board consists of nine (9) Directors, six (6) of whom are Non-Executive Directors (including the Chairman). The Board has three Board Committees (Audit, Advances and External Relations) which meet at least quarterly to enable the Board to effectively carry out its obligations. The Board and its Committees are supported by six key Management Committees (Country Management Committee, Assets and Liabilities Committee, Risk and Control Committee, Remuneration and Promotions Committee, Brand and Reputation Committee, and Operating Committee).

## Audit Committee

The Audit Committee plays a vital role in ensuring the integrity of the financial statements prior to review and approval by the Board. It is also responsible for continually evaluating the effectiveness of the internal control systems and regularly receives reports from the internal and external auditors as well as Management's Risk and Control Committee. The Audit Committee has direct access to the External Auditors, Barclays Internal Audit function, the Company Secretary as well as the authority to engage external professional advisors. The Committee's membership comprises 3 independent Non-Executive Directors namely Rose Ogega (Chairperson) Jane Karuku and Paul Chemng'orem.

## Advances Committee

The Advances Committee plays a critical role in the formulation and review of lending policies and ensures that such policies are in compliance with regulatory requirements. It assesses the credit quality and risk profile of the Bank's lending book by sector and by product and makes recommendations to the Board on remedial actions or on matters that may enhance the quality of the lending book. The Committee's membership comprises 3 Non-Executive Directors namely Brown Ondego (Chairman), Francis Okomo-Okello and Jane Karuku.

## External Relations Committee

This Committee has been tasked with advising and supporting the Management of the Bank in the conduct of its relationship with key stakeholders. It has been instrumental in guiding the Bank's policies on public relations, social responsibility programmes and marketing of the Bank's products and services. The Committee is also a vital component of the Bank's strategy to protect, promote and enhance its brand. The Committee's membership comprises 3 independent Non-Executive Directors namely Jane Karuku (Chairperson), Francis Okomo-Okello and Paul Chemng'orem.

## Country Management Committee (CMC)

CMC meets twice every month. It is a key Management Committee in that it is responsible for the implementation of strategy and driving the financial performance of the Bank. It also reviews the work of other Management Committees. CMC works in tandem with the Board to formulate strategy and policy for the Bank. The Committee is also charged with the responsibility of identifying and coaching senior talent within the Bank for succession planning.

## 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 at least once a month and is instrumental in ensuring that sustainable and stable returns are obtained from the deployment of the Bank's assets within a framework of financial risks and controls.



### Risk and Control Committee (RCC)

This Committee is mandated to embed and implement policies and controls to provide assurance on the effectiveness of internal controls. RCC monitors credit risk exposures against defined appetite and thresholds. The Committee also monitors legal and regulatory changes in the external environment and oversees compliance with relevant laws, regulations and directives. The Committee meets once a month and periodically reports to the Board Audit Committee highlighting key risk and control issues and Management actions to address them.

### Remuneration and Promotions Committee (RPC)

The primary aim of this Committee is to develop, motivate and retain employees within the Bank's talent pool. The Committee is tasked with the responsibility of ensuring good governance in the appointment of senior executives and managers and developing a framework of policies, practices and programmes to resource and reward the Bank's employees. RPC meets once every quarter.

### Brand and Reputation Committee (BRC)

This Committee was established by Management in April 2008 with the mandate of monitoring the implementation of the Bank's Social Responsibility programme, issues that could negatively impact the brand and reputation of the Bank, and ensuring the fair treatment of customers. BRC meets quarterly.

### Operating Committee (OPCO)

This Committee was established by Management in May 2008. OPCO is charged with the responsibility of reviewing the operational capability of the Bank and ensuring the timely and robust delivery of Operations and IT projects within stipulated timelines and costs. In line with prudential requirements, OPCO also monitors the embedding of the Bank's business continuity management practices and policies to reduce the likelihood and impact of operational disruptions.

### Board Performance in 2008

The Board has continued to monitor the Bank's financial performance, advise on regulatory relationships and compliance, review external audit performance and oversee strategic planning.

In accordance with the widely accepted principles of good governance, the Board and the Board Committees carried out their annual self assessments in 2008 to evaluate their effectiveness and performance. The feedback received demonstrated that the Board and Board Committees were all achieving their respective goals and objectives as set out in the Board Work Plan for 2008 and the respective Committees' Terms of Reference. The outcomes of the assessments are communicated to the Central Bank of Kenya in accordance with prudential requirements.

As part of continuous development of the Board's mix of skills and experience, during the year 2008 a number of training activities were undertaken by Board members. In line with the Bank's objective in 2008 to strengthen its control environment, the training activities focused on enhancing the Board's effectiveness in overseeing the identification, assessment, management, remediation and closure of risk and control issues; anticipation of the challenges associated with changes in technology; embedding of a robust sourcing and supplier management process and efficient capital and liquidity planning.

During the year, the Board convened and held four (4) ordinary meetings and four (4) 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. The attendance at Board meetings of each individual Director is tabulated as follows:-

	Ordinary (Scheduled) Meetings	Special (Adhoc) Meetings
Francis Okomo-Okello	4/4	4/4
Adan Mohamed	4/4	4/4
Charles Ongwae	4/4	4/4
Nicholas Mbuvi	4/4	3/4
Rose Ogega	4/4	4/4
Brown Ondego	3/4	2/4
Paul Chemng'orem	2/4	4/4
Jane Karuku	4/4	4/4
Ahmed Khan	2/3	-

Where a Director missed a Board meeting an acceptable apology with a valid reason had been received by the Chairman in advance of the meeting.

### 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 holds shares in his or her personal capacity that exceeds 1 per cent of the total equity of the Bank. Directors are required to disclose all areas of conflict of interest to the Board and are excluded from voting on such areas.

### Relationship with Shareholders

The Bank is committed to communicating openly with its shareholders on its performance and addressing any other areas of concern. This is achieved through the distribution of the annual report, holding of the Annual General Meeting where shareholders have the opportunity to ask questions and freely interact with members of the Board as well as publication of the Bank's quarterly, half-year and full year financial results in the media in compliance with regulatory requirements. On a day to day basis all shareholders have direct access to the Company Secretary and the Shares Registrar who respond to shareholder queries on a variety of issues.

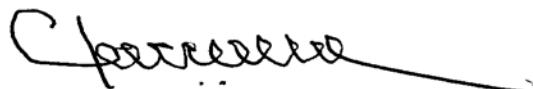
## Statement of Directors' Responsibilities

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 judgments 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 next twelve months from the date of this statement.

Signed:

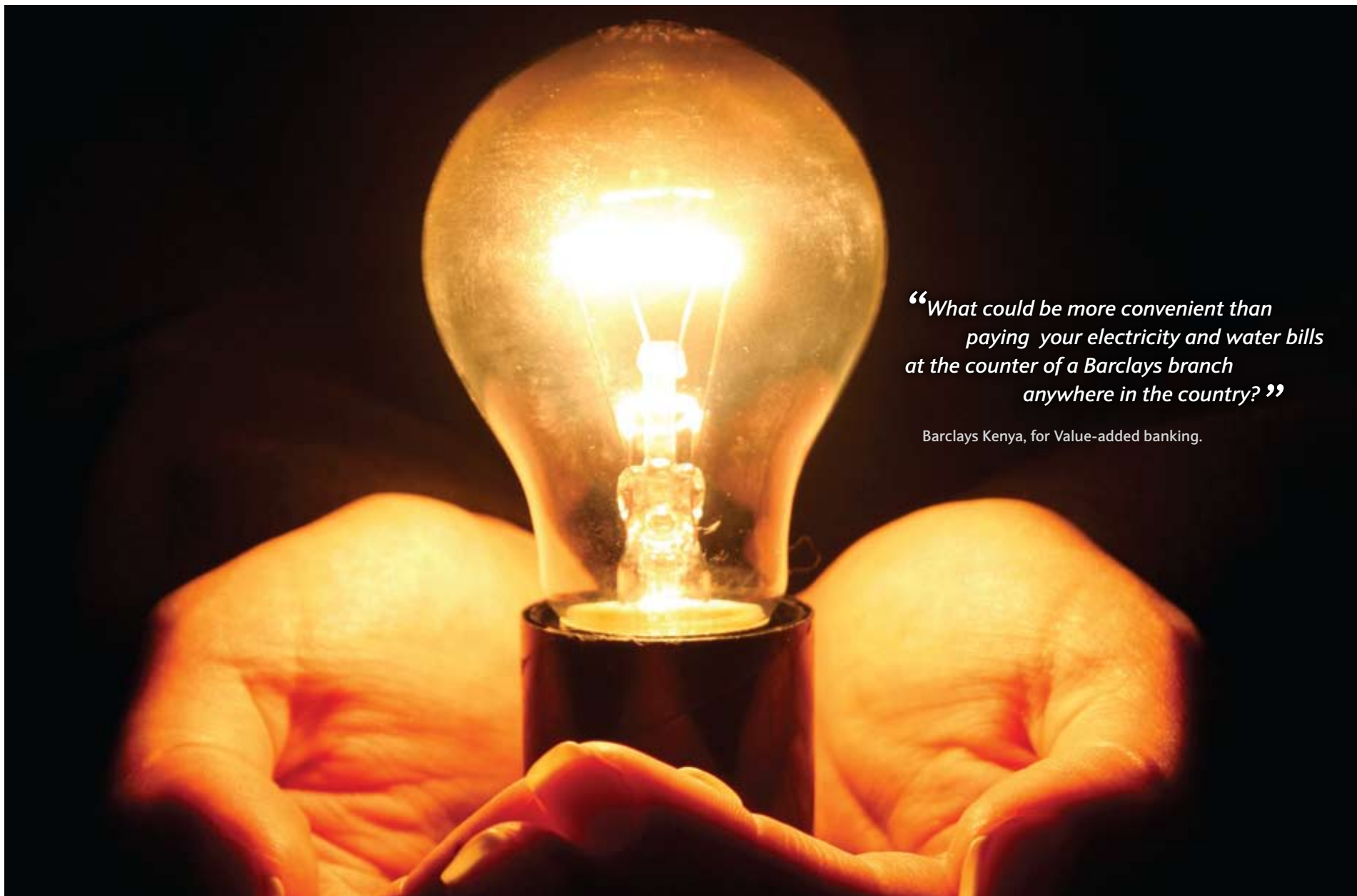


Francis Okomo-Okello  
Chairman



Adan Mohamed  
Managing Director

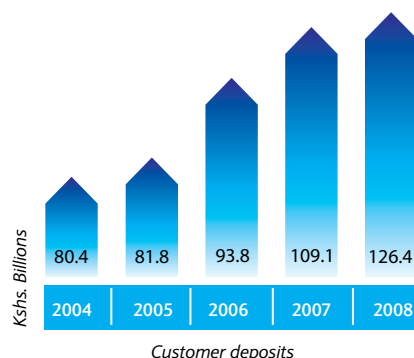
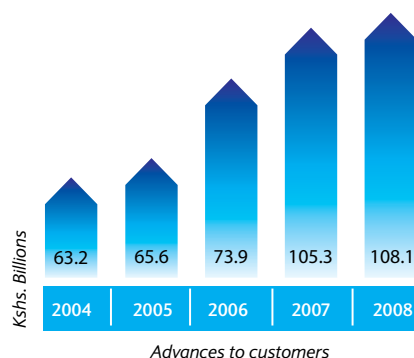
17 February 2009



*“What could be more convenient than  
paying your electricity and water bills  
at the counter of a Barclays branch  
anywhere in the country?”*

Barclays Kenya, for Value-added banking.

# Barclays Kenya Five Year Group Review



## KSh Million

Operating Income  
Operating expenses  
Impairment losses on loans and advances  
Profit before tax  
Net profit

Earnings per share (Shs)\*  
Dividends per share (Shs)

Loans and advances to customers (Net)  
Cash and short term funds  
Government securities  
Property and Equipment  
Other assets

## Total Assets

Customer deposits  
Other liabilities

## Total Liabilities

## Net Assets

## Shareholders Funds

## Performance ratios

Return on Capital Employed  
Return on Assets  
Impairment Charge / Loans and Advances  
Cost to Income Ratio

## Balance sheet ratios

Net Advances to Deposits (%)  
Impairment Allowances / Gross Advances Ratio  
Classified Debt / Gross Advances Ratio

## Others

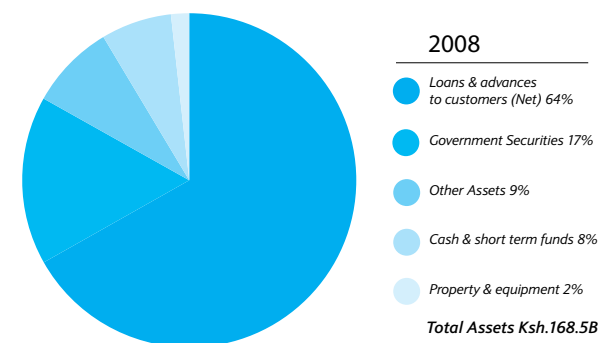
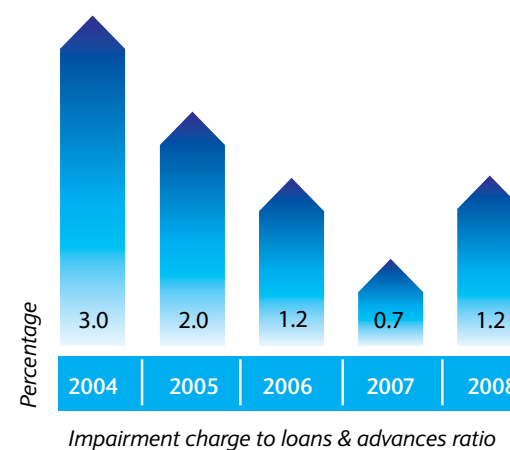
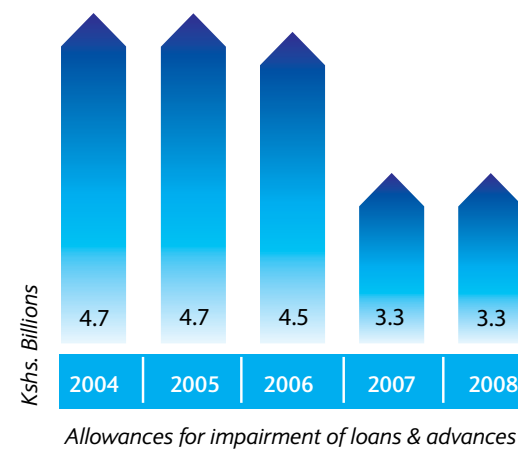
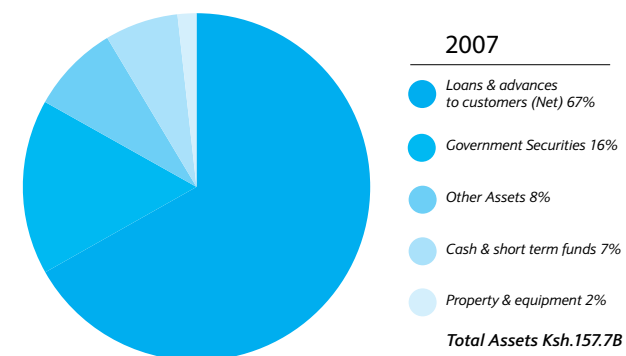
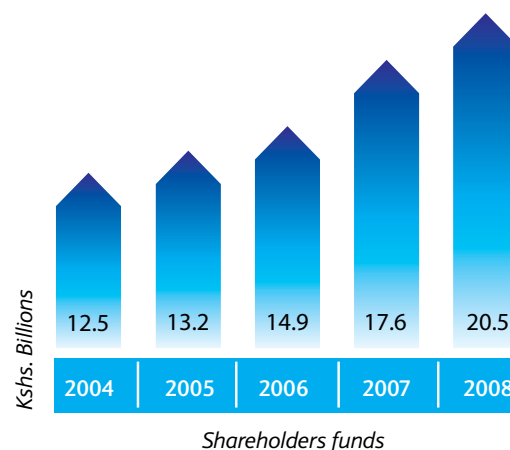
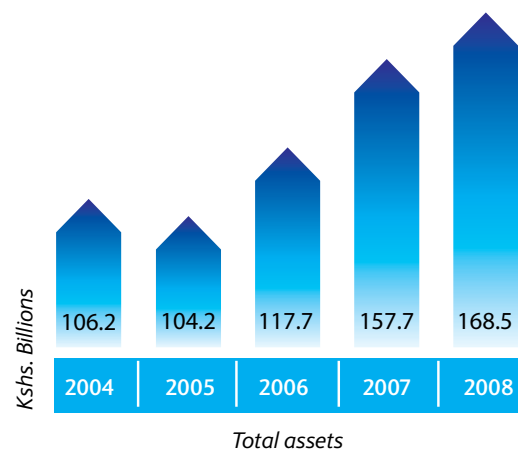
Staff Numbers  
FTEs  
LGs  
Number of shareholders  
Branches  
ATMs  
Customers ('000)

	2004	2005	2006	2007	2008
Operating Income	13,953	14,275	15,123	18,860	23,628
Operating expenses	(6,471)	(7,519)	(7,767)	(11,095)	(14,329)
Impairment losses on loans and advances	(1,913)	(1,329)	(881)	(687)	(1,282)
Profit before tax	5,569	5,427	6,475	7,078	8,016
Net profit	3,820	3,729	4,492	4,910	5,525
Earnings per share (Shs)*	2.80	2.70	3.30	3.60	4.09
Dividends per share (Shs)	2.10	2.10	1.65	1.65	2.00
Loans and advances to customers (Net)	63,222	65,562	73,907	105,346	108,086
Cash and short term funds	16,062	15,663	11,869	10,774	13,695
Government securities	21,470	15,767	25,484	25,721	28,307
Property and Equipment	1,580	1,503	1,613	2,772	3,403
Other assets	3,861	5,731	4,849	13,043	15,219
<b>Total Assets</b>	<b>106,195</b>	<b>104,226</b>	<b>117,722</b>	<b>157,656</b>	<b>168,510</b>
Customer deposits	80,449	81,800	93,837	109,097	126,408
Other liabilities	13,271	9,249	9,023	30,995	21,639
<b>Total Liabilities</b>	<b>93,720</b>	<b>91,049</b>	<b>102,860</b>	<b>140,092</b>	<b>148,047</b>
<b>Net Assets</b>	<b>12,475</b>	<b>13,177</b>	<b>14,862</b>	<b>17,564</b>	<b>20,463</b>
<b>Shareholders Funds</b>	<b>12,475</b>	<b>13,177</b>	<b>14,862</b>	<b>17,564</b>	<b>20,463</b>
<b>Performance ratios</b>					
Return on Capital Employed	30.0%	28.0%	30.0%	28.0%	27.1%
Return on Assets	3.0%	3.0%	4.0%	3.1%	3.3%
Impairment Charge / Loans and Advances	3.0%	2.0%	1.0%	0.6%	1.2%
Cost to Income Ratio	46.4%	52.7%	51.4%	58.8%	60.6%
<b>Balance sheet ratios</b>					
Net Advances to Deposits (%)	79%	80%	79%	97%	85%
Impairment Allowances / Gross Advances Ratio	6.9%	6.6%	5.7%	3.1%	3.0%
Classified Debt / Gross Advances Ratio	13.0%	13.0%	13.0%	5.0%	5.9%
<b>Others</b>					
Staff Numbers	1,775	1,762	2,197	6,900	5,724
FTEs			2,197	2,785	4,026
LGs			-	4,115	1,698
Number of shareholders	33,545	33,556	46,119	58,946	60,914
Branches			62	107	117
ATMs			98	193	234
Customers ('000)			415	580	930

\*In 2006 there was a share split and bonus share issue increasing the number of shares to 1,358 million from 203.7 million in 2005. Earning per share between 2002-2005 has been calculated using the current number of shares for comparative purposes.



# Barclays Kenya Five Year Group Review



# Report of the Independent Auditor 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 subsidiaries (together, the group), as set out on pages 39 to 78. These financial statements comprise the consolidated balance sheet as at 31 December 2008 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 2008 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 as at 31 December 2008 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; and
- iii) The company's balance sheet is in agreement with the books of account.

**PRICEWATERHOUSECOOPERS** 

**Certified Public Accountants**

Nairobi

17 February 2009

# Taarifa ya Wakaguzi wa Hesabu Huru kwa Wanachama wa Benki ya Barclays

## 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 39 hadi 78. Taarifa hizi za fedha zinashirikisha mabakiyote kwenye mizania kama inavyoonekana 31 Desemba, 2008 na faida ya pamoja na akaunti ya hasara, taarifa iliyofanyiwa mabadiliko kwenye mgawanosawa na taarifa ya jinsi fedha zilivyoshughulikiwa mwaka uliomalizika, pamoja na mizania ya kampuni kama ilivyokuwa 31 Desemba 2008 pamoja na taarifa ya mabadiliko kwenye mgawano ya kampuni mwaka uliomalizika, na muhtasari wa maongozi ya uhasibu na ufafanuzi wake.

## Wajibu wa wakurugenzi ya taarifa za fedha

Wakurugenzi wana wajibu wa uandalizi na utoaji wa taarifa hizi za kifedha kwa haki kukngana 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 uasilishaji wa haki wa taarifa za kifedha usionyajiwa na taarifa za kupotosha, we kwa ulaghal au makosa, kuchagua na kutumia maongozi ya uhasibu; na kufanya makadirlo ya uhasibu ambayo ni ya usawa katika hali ile.

## Wajibu wa wakaguzi wa hesabu

Wajibu wetu ni kueleza maoni yali huru juu ya taarifa za kifedha juu ya ukaguzi wetu. Tuliendesha ukaguzi wetu kulingana na vigezo vya ukaguzi wa fedha. Vigezo hivyo vinahitaji kwamba tufuate mahitaji ya madili na upanga na kutekeleza shughuli zetu za ukaguzi wa hesabu ili kuhakikisha kwamda 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 zinazopatikana kutokana na habari zo zote za kupotosha ambazo huenda zikatolewa, we kwa ulaghai au kosa. Kwa kufanyaukaguzi 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 ukotumiwa na maiki ya makadirbo 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 fedha ya kundi hili na kampuni kwa ujumla kufikia 31 Desemba, 2008, 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. Tunadhibitisha 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; na
- iii) Mizania inawiana na madaftari ya hesabu za kampuni.

**PRICEWATERHOUSECOOPERS** 

**Certified Public Accountants**

Nairobi

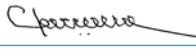

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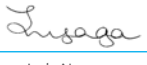
NOTE: The text set out above is a Kiswahili translation of the "Report of the Independent Auditors to the Members of Barclays Bank of Kenya Limited," which appears on page 37. In the event of any dispute over the interpretation of the Auditors, the English version shall be the authoritative version.

## Consolidated Profit and Loss Account

	Notes	2008 Shs million	2007 Shs million
Interest income	4	17,821	13,634
Interest expense	5	(3,811)	(2,253)
<b>Net interest income</b>		<b>14,010</b>	<b>11,381</b>
Fees and commission income		6,996	6,281
Fees and commission expense		(412)	(297)
<b>Net fees and commission income</b>		<b>6,584</b>	<b>5,984</b>
Foreign exchange income		2,567	1,478
Other operating income	6	466	17
Impairment losses on loans and advances	15	(1,282)	(687)
Other operating expenses	7	(14,329)	(11,095)
<b>Profit before income tax</b>		<b>8,016</b>	<b>7,078</b>
Income tax expense	9	(2,491)	(2,168)
<b>Profit for the year</b>		<b>5,525</b>	<b>4,910</b>
<b>Earnings per share</b>			
- Basic and diluted (Shs per share)	10	4.1	3.6
<b>Dividends: (Shs million)</b>			
Interim dividends – paid in the year	11	679	679
Proposed final dividend for the year	11	2,037	1,562
		<b>2,716</b>	<b>2,241</b>

The financial statements on pages 39 to 78 were approved for issue by the board of directors on 17 February 2009 and signed on its behalf by:

Director:  Director:   
Francis Okomo-Okello Adan Mohamed

Director:  Secretary:   
Charles Ongwae Judy Nyaga

## Consolidated Balance Sheet

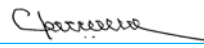

	Notes	2008 Shs million	2007 Shs million
<b>ASSETS</b>			
Cash and balances with Central Bank of Kenya	12	13,695	10,774
Government securities: available-for-sale securities	13	28,307	25,721
Deposits and balances due from banking institutions	14	1,654	3,105
Balances due from group companies	35	6,993	3,382
Loans and advances to customers	15	108,086	105,346
Current income tax recoverable		-	23
Intangible assets	17	546	128
Property and equipment	19	3,403	2,772
Prepaid operating lease rentals	20	63	64
Retirement benefit asset	21	2,020	1,710
Financial assets at fair value through profit and loss		251	-
Other assets	22	3,492	4,631
<b>Total assets</b>		<b>168,510</b>	<b>157,656</b>
<b>LIABILITIES</b>			
Balances due to Central Bank of Kenya	23	-	6,054
Customer deposits	24	126,408	109,097
Deposits and balances due to banking institutions	25	1,401	6,823
Lines of credit	26	289	559
Balance due to group companies	35	9,883	6,396
Current income tax payable		175	-
Dividends payable		-	1,583
Deferred income tax	18	432	378
Long term liabilities	27	4,329	983
Other liabilities	28	5,130	8,219
<b>Total liabilities</b>		<b>148,047</b>	<b>140,092</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	29	2,716	2,716
Revaluation reserves: available-for-sale securities		(247)	138
Retained earnings		15,325	12,870
Statutory loan loss reserve		632	278
Proposed dividend	11	2,037	1,562
<b>Total shareholders' equity</b>		<b>20,463</b>	<b>17,564</b>
<b>Total equity and liabilities</b>		<b>168,510</b>	<b>157,656</b>





# Company Balance Sheet

	Notes	2008 Shs million	2007 Shs million
<b>ASSETS</b>			
Cash and balances with Central Bank of Kenya	12	13,695	10,774
Government securities: available-for-sale securities	13	28,307	25,721
Deposits and balances due from banking institutions	14	1,654	3,105
Amounts due from group companies	35	6,993	3,382
Loans and advances to customers	15	108,086	105,346
Current income tax recoverable		-	20
Investments in subsidiary companies	16	275	275
Intangible assets	17	546	128
Property and equipment	19	3,403	2,772
Prepaid operating lease rentals	20	63	64
Retirement benefit asset	21	2,020	1,710
Financial assets at fair value through profit and loss		251	-
Other assets	22	3,492	4,631
<b>Total assets</b>		<b>168,785</b>	<b>157,928</b>
<b>LIABILITIES</b>			
Balances due to Central Bank of Kenya	23	-	6,054
Customer deposits	24	126,408	109,097
Deposits and balances due to banking institutions	25	1,401	6,823
Lines of credit	26	289	559
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Current income tax payable		178	-
Dividends payable		-	1,583
Deferred income tax	18	432	378
Long term liabilities	27	4,329	983
Other liabilities	28	5,402	8,491
<b>Total liabilities</b>		<b>148,322</b>	<b>140,364</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	29	2,716	2,716
Revaluation reserve : investment in subsidiaries		89	89
Revaluation reserve : available for sale securities		(247)	138
Retained earnings		15,236	12,781
Statutory loan loss reserve		632	278
Proposed dividend	11	2,037	1,562
<b>Total shareholders' equity</b>		<b>20,463</b>	<b>17,564</b>
<b>Total equity and liabilities</b>		<b>168,785</b>	<b>157,928</b>

The financial statements on pages 39 to 78 were approved for issue by the board of directors on 17 February 2009 and signed on its behalf by:

Director:  Francis Okomo-Okello      Director:  Adan Mohamed

Director:  Charles Ongwae      Secretary:  Judy Nyaga

## Consolidated Statement of Changes in Equity

	Notes	Share capital Shs million	Retained Earnings Shs million	Statutory Loan Loss reserve Shs million	Revaluation reserve on available-for- sale securities Shs million	Proposed dividend Shs million	Total Shs million
<b>Year ended 31 December 2007</b>							
At start of year		2,716	10,364	115	37	1,630	14,862
Net change in available-for-sale Securities		-	-	-	101	-	101
Profit for the year		-	4,910	-	-	-	4,910
Total recognised gains for 2007		-	4,910	-	101	-	5,011
Statutory loan loss reserve		-	(163)	163	-	-	-
<b>Dividends:</b>							
Final for 2006 paid		-	-	-	-	(1,630)	(1,630)
Interim for 2007 paid		-	(679)	-	-	-	(679)
- proposed final for 2007	11	-	(1,562)	-	-	1,562	-
<b>At end of year</b>		<b>2,716</b>	<b>12,870</b>	<b>278</b>	<b>138</b>	<b>1,562</b>	<b>17,564</b>
<b>Year ended 31 December 2008</b>							
At start of year		2,716	12,870	278	138	1,562	17,564
Net change in available-for-sale securities		-	-	-	(385)	-	(385)
Profit for the year		-	5,525	-	-	-	5,525
Total recognised gains for 2008		-	5,525	-	(385)	-	5,140
Statutory loan loss reserve		-	(354)	354	-	-	-
<b>Dividends:</b>							
- final for 2007 paid		-	-	-	-	(1,562)	(1,562)
- interim for 2008 paid		-	(679)	-	-	-	(679)
- proposed final for 2008	11	-	(2,037)	-	-	2,037	-
<b>At end of year</b>		<b>2,716</b>	<b>15,325</b>	<b>632</b>	<b>(247)</b>	<b>2,037</b>	<b>20,463</b>

## Company Statement of Changes in Equity

	Notes	Share capital Shs million	Revaluation reserves on investment in subsidiaries Shs million	Retained Earnings Shs million	Statutory loan loss reserve Shs million	Revaluation reserve on available for sale securities Shs million	Proposed dividend Shs million	Total Shs million
<b>Year ended 31 December 2007</b>								
At start of year		2,716	97	10,267	115	37	1,630	14,862
Surplus on revaluation of investment in subsidiary		-	(8)	8	-	-	-	-
Net gains recognised directly in equity		-	(8)	8	-	-	-	-
Net change in available-for-sale Securities		-	-	-	-	101	-	101
Profit for the year		-	-	4,910	-	-	-	4,910
Total recognised gains for 2007		-	-	4,918	-	101	-	5,011
Statutory loan loss reserve		-	-	(163)	163	-	-	-
<b>Dividends:</b>								
- final for 2006 paid		-	-	-	-	-	(1,630)	(1,630)
- interim for 2007 paid		-	-	(679)	-	-	-	(679)
- proposed final for 2007		-	-	(1,562)	-	-	1,562	-
	11							
<b>At end of year</b>		<b>2,716</b>	<b>89</b>	<b>12,781</b>	<b>278</b>	<b>138</b>	<b>1,562</b>	<b>17,564</b>
<b>Year ended 31 December 2008</b>								
At start of year		2,716	89	12,781	278	138	1,562	17,564
Net change in available for sale securities		-	-	-	-	(385)	-	(385)
Profit for the year		-	-	5,525	-	-	-	5,525
Total recognised gains / (losses) for 2008		-	-	5,525	-	(385)	-	5,140
Statutory loan loss reserve		-	-	(354)	354	-	-	-
<b>Dividends:</b>								
- final for 2007 paid		-	-	-	-	-	(1,562)	(1,562)
- interim for 2008 paid		-	-	(679)	-	-	-	(679)
- proposed final for 2008	11	-	-	(2,037)	-	-	2,037	-
<b>At end of year</b>		<b>2,716</b>	<b>89</b>	<b>15,236</b>	<b>632</b>	<b>(247)</b>	<b>2,037</b>	<b>20,463</b>

## Consolidated Cash Flow Statement

	Notes	2008 Shs million	2007 Shs million
<b>Cash flows from operating activities</b>			
Interest receipts		17,366	13,911
Interest payments		(3,423)	(2,176)
Net fee and commission receipts		6,584	5,984
Other income received		2,782	1,494
Recoveries from loans previously written off	15	224	103
Payments to employees and suppliers		(13,418)	(9,946)
Tax paid		(2,248)	(2,547)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>7,867</b>	<b>7,104</b>
Changes in operating assets and liabilities:			
- loans and advances		(4,412)	(32,443)
- other assets		1,139	(2,559)
- CBK cash reserve requirement	33	403	(857)
- government securities maturing after 90 days		(2,586)	(473)
- lines of credit		(270)	(656)
- customer deposits		17,035	15,183
- other liabilities		(3,089)	4,326
- amounts due to group companies		3,487	5,483
- pension contributions paid		(342)	(245)
<b>Net cash from operating activities</b>		<b>19,232</b>	<b>(5,137)</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment and intangibles	17&19	(1,687)	(1,573)
Proceeds from sale of property and equipment		6	21
<b>Net cash used in investing activities</b>		<b>(1,681)</b>	<b>(1,552)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(3,824)	(726)
Subordinated debt		1,251	-
Medium term note		1,982	-
<b>Net cash used in financing activities</b>		<b>(591)</b>	<b>(726)</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>16,960</b>	<b>(7,415)</b>
Cash and cash equivalents at beginning of year	33	(2,334 )	5,081
Cash and cash equivalents at end of year	33	14,626	(2,334 )



# Notes to the Financial Statements

For the year ended 31 December 2008

## 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 code 00100  
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 million.

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 2008, the following new and revised standards and interpretations became effective for the first time but have not had an impact on the group's financial statements:

- IFRIC 11–IFRS 2 - Group and treasury share transactions
- IFRIC 12–Service Concession Arrangements
- IFRIC 14–IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
- IAS 39 and IFRS 7 – Reclassification of financial assets

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

One new standard (IFRS 8 – Operating Segments) and numerous amendments to existing standards and new interpretations have been published and will be effective for the group's accounting periods beginning on or after 1 January 2009, but the group has not early adopted any of them.

The directors have assessed the relevance of these amendments and interpretations with respect to the group's operations and concluded that they are unlikely to have a significant impact on the group. Other than for the amendments to IAS1 – presentation of financial statements, which will require an analysis in equity to be presented in a comprehensive statement of income

### (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

## (b) Consolidation (continued)

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.

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

Unless included in the effective interest calculation, fees and commissions income 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.

Fees and commission expenses are generally recognised on an accrual basis when incurred.

## (e) Translation of foreign currencies

The accounting records are maintained in the currency of the primary economic environment in which the group 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.

Financial instruments cannot be transferred out of this category after inception. They form part of a group of financial assets that are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy

and reported to key management personnel on that basis.

### (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.

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.

### (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 transaction costs for all financial assets not carried at fair value through profit and loss. Gains and losses arising from changes in fair value of assets carried at fair value through profit and

## Notes to the Financial Statements (continued)

### (f) Financial assets (continued)

#### (c) Available for sale (continued)

loss are included directly to the profit and loss account. Gains and losses on available for sale financial assets are recognised in equity. 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.

Fair values of quoted investments in active markets are based on quoted bid prices. Fair values for quoted investments with no active market 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.

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) Financial liabilities

Financial liabilities comprise long term debt instruments and are recognised initially at fair value, being their issue proceeds (fair value of consideration received), net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost, any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement. Financial liabilities are derecognised when extinguished.

### (h) 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.

### (i) 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.

#### 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

## Notes to the Financial Statements (continued)

### (i) Impairment of Financial Assets (continued)

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 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 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.

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.

Renegotiated Loans are loans that are either subject to collective impairment assessment or individually significant whose terms have been renegotiated and are no longer considered past due but are treated as new loans. In subsequent years the

renegotiated terms apply in determining whether the asset is considered past due.

### (j) Investments in subsidiaries

Investments in subsidiary companies are carried only in the company accounts 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.

### (k) 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



## Notes to the Financial Statements (continued)

### (k) Property and equipment (continued)

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.

### (l) 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.

### (m) Intangible assets

#### (i) Goodwill

Goodwill arises on the acquisition of subsidiary and associated entities and joint ventures. It represents the excess of fair value of the purchase consideration and direct costs of making the acquisition, over the fair value of the share of the assets acquired and the liabilities and contingent liabilities assumed on the date of acquisition.

Goodwill is capitalised and reviewed annually for impairment or more frequently when there are indications that impairment may occurred. Goodwill is allocated to cash generating units for the purpose of impairment testing

#### (ii) Computer software

Computer software is stated at cost, less amortisation and provisions for impairment, if any.

The identifiable and directly associated external and internal costs of acquiring and developing software are capitalised where the software is controlled by the Group, and where it is probable that future economic benefits that exceed its cost will flow from its use over more than one year. Costs associated with maintaining software are recognised as an expense when incurred. Capitalised computer software is amortised over five years.

#### (iii) Other intangible assets

Other intangible such as Brands and other contracts have not been recognised in the Financial statements.

### (n) 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.

### (o) Employee benefits

#### (i) Retirement benefit obligation

The group operates both a defined benefit plan and defined contribution plan. The assets of this 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.

A defined contribution plan is a retirement benefit plan under which the company pays fixed contributions into a separate entity. The Company has no legal or constructive obligation to pay further contributions if the fund does hold sufficient assets or pay all employees the benefits relating to employee service in the current and prior periods. A defined contribution plan is a retirement benefit plan that is not a defined contribution plan. The company's contribution to the defined contribution scheme are charged to the profit and loss account in the year in which they fall due.

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. 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.

## Notes to the Financial Statements (continued)

### (o) Employee benefits (continued)

#### (i) Retirement benefit obligation (continued)

#### (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.

### (p) 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.

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.

### (q) Share capital

Ordinary shares are classified as 'share capital' in equity. Any

premium received over and above the par value of the shares is classified as share premium in equity.

### (r) Statutory loan loss reserve

Where impairment losses required by the regulators exceeds those computed under IFRS, the excess is recognised as a statutory loan loss reserve and is accounted for as an appropriation of retained earnings. The statutory loan loss reserve is not distributable.

### (s) 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.

### (t) 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.

### (u) 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.

### (v) 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.

### (w) Acceptances and letters of credit

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

### (x) Fiduciary activities

The group commonly acts as trustee, nominee or agent and in

## Notes to the Financial Statements (continued)

### (x) Fiduciary activities (continued)

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.

### (y) 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.

## 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.

#### (iii) Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

## Notes to the Financial Statements (continued)

	2008 Shs million	2007 Shs million
<b>4. Interest income</b>		
Loans and advances	14,372	9,970
Government securities	2,615	2,910
Cash and short term funds	304	279
Other	530	475
	17,821	13,634
<b>5. Interest expense</b>		
Customer deposits	2,972	1,794
Deposits by banks	385	311
Subordinated debt	38	-
Medium term note	185	9
Other	231	139
	3,811	2,253
<b>6. Other operating Income</b>		
Net income from financial instruments designated at fair value through profit and loss account	461	-
Other operating income	5	17
	466	17
<b>7. Other operating expenses</b>		
Staff costs (note 8)	7,101	4,562
Other administrative expenses	7,228	6,533
	14,329	11,095
<b>Other administrative expenses include:</b>		
Amortisation of intangibles (note 17)	23	-
Depreciation (note 19)	616	398
Amortisation of leasehold land (note 20)	1	1
Operating lease rentals	756	419
Auditors remuneration	17	15

	2008 Shs million	2007 Shs million
<b>8. Staff Costs</b>		
Salaries and accrued incentive payments	6,111	4,022
Temporary staff costs	47	54
Social security costs	17	9
Retirement benefit costs	32	14
Staff training	74	54
Staff medical costs	298	162
Other staff costs	522	247
<b>Total staff costs</b>	7,101	4,562
	<b>2008 Number</b>	<b>2007 Number</b>
The number of persons employed by the group as at year end was:	5,751	6,900
	<b>2008 Shs million</b>	<b>2007 Shs million</b>
<b>9. Income tax expense</b>		
Current income tax	2,437	2,133
Deferred income tax (note 18)	54	35
	2,491	2,168
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:		
	<b>2008 Shs million</b>	<b>2007 Shs million</b>
Profit before income tax	8,016	7,078
Tax calculated at the statutory tax rate of 30% (2007: 30%)	2,405	2,123
Tax effect of:		
Income not subject to tax	(1)	(17)
Expenses not deductible for tax purposes	87	62
<b>Income tax expense</b>	2,491	2,168



## Notes to the Financial Statements (continued)

	2008 Shs million	2007 Shs million
<b>10. Earnings per share</b>		
Basic earnings per share are calculated on the profit attributable to shareholders of Shs 5,525 million (2007: Shs 4,910 million) and on the weighted average number of ordinary shares outstanding during the period.		
Net profit attributable to shareholders (Shs million)	5,525	4,910
Adjusted weighted average number of ordinary shares in issue (millions)	1,358	1,358
Basic earnings per share (Shs)	4.1	3.6
There were no potentially dilutive shares outstanding at 31 December 2008 or 2007. Diluted earnings per share are therefore the same as basic earnings per share.		
<b>11. Dividends per share</b>		
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 15 May 2009, a final dividend in respect of the year ended 31 December 2008 of Shs 1.5 per share amounting to a total of Shs 2,037 million is to be proposed. During the year an interim dividend of Shs 0.50 per share, amounting to a total of Shs 679 million was paid. The total dividend for the year is therefore Shs 2 per share (2007: Shs 1.65), amounting to a total of Shs 2,716 million (2007: Shs 2,241 million). Payment of dividends is subject to withholding tax at a rate of 5% for residents and 10%, for non-resident shareholders.		

	Group and company	
	2008 Shs million	2007 Shs million
<b>12. Cash and balances with Central Bank of Kenya</b>		
Cash in hand	4,336	3,699
Balances with Central Bank of Kenya	9,359	7,075
	13,695	10,774
<b>13. Government securities: available-for-sale securities</b>		
Treasury bills and bonds:		
Maturing within 90 days	69	-
Maturing after 90 days	28,238	25,721
	28,307	25,721
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 2008 was 9.7% (2007: 10.1%).		
<b>14. Deposits and balances due from banking institutions</b>		
Items in course of collection from other banks	1,594	2,846
Placements with other banks	60	259
	1,654	3,105
The weighted average effective interest rate on deposits and balances due from banking institutions as at 31 December 2008 was 4.8% (2007: 4.3%)		

## Notes to the Financial Statements (continued)

	Group and company	
	2008 Shs million	2007 Shs million
<b>15. Loans and advances to customers</b>		
Overdrafts	11,691	11,002
Commercial loans	90,649	86,916
Advances under finance lease agreements	6,106	6,136
Bills discounted	3,385	4,598
Bills negotiated	14	11
La Riba	19	-
Others	-	7
Gross loans and advances to customers	111,864	108,670
<b>Less:</b>		
Allowances for impairment of loans and advances		
- Identified	(3,665)	(3,232)
- Unidentified	(113)	(92)
Loans and advances to customers net of provisions	108,086	105,346
The aggregate amount of impaired loans included in the balance sheet (net of impairment losses) is Shs 1,960 million (2007: Shs 2,849 million). All such loans have been written down to the present value of their recoverable amount.		

	Group and company		
	Identified provisions Shs Million	Un-identified provision Shs Million	Total Shs Million
<b>15. Loans and advances to customers (continued)</b>			
Movements in provisions for impairment of loans and advances are as follows:			
<b>Year ended 31 December 2007</b>			
At 1 January 2007	4,408	97	4,505
New impairment provisions	1,051	-	1,051
Increase/(decrease) in impairment provisions	318	(5)	313
Recoveries and impairment provisions no longer required	(574)	-	(574)
Net increase/(decrease) in impairment provisions	795	(5)	790
Amounts written off during the current period	(1,971)	-	(1,971)
At 31 December 2007	3,232	92	3,324
Net increase in impairment provisions above Amount recovered previously written off	795	(5)	790
	(103)	-	(103)
<b>Net impairment charge to the profit and loss account</b>	692	(5)	687
<b>Year ended 31 December 2008</b>			
At 1 January 2008	3,232	92	3,324
New impairment provisions	1,670	-	1,670
Increase in impairment provisions	715	21	736
Recoveries and impairment provisions no longer required	(900)	-	(900)
Net increase in impairment provisions	1,485	21	1,506
Amounts written off during the current period	(1,052)	-	(1,052)
At 31 December 2008	3,665	113	3,778
Net increase in impairment provisions above Amounts recovered previously written off	1,485	21	1,506
	(224)	-	(224)
<b>Net impairment charge to the profit and loss account</b>	1,261	21	1,282

The weighted average effective interest rate on loans and advances as at 31 December 2008 was 11.98% (2007: 11.9%).

## Notes to the Financial Statements (continued)

	Group and company	
	2008 Shs million	2007 Shs million
<b>15. Loans and advances to customers (continued)</b>		
<b>Impaired Loans and advances to customers</b>		
As at 31 December		
Loans and advances individually and collectively assessed as impaired	5,625	6,081
Impairment allowance	(3,665)	(3,232)
	-	-
Total loan and advances to customers individually impaired	1,960	2,849
Unidentified impairment allowance	(113)	(92)
Economic sector risk concentrations within the customer loan portfolio were as follows:		
	Group and company	
	2008 %	2007 %
Manufacturing	10	12
Wholesale and retail trade	6	6
Transport and communications	10	14
Business services	2	2
Agricultural	1	1
Private individuals	44	47
Other	27	18
	100	100

	Company		
	Percentage Shareholding	2008 Shs Million	2007 Shs Million
<b>16. Investments in subsidiary companies</b>			
Barclays Financial Services Limited	100%	275	275
Barclays (Kenya) Nominees Limited	100%	-	-
Barclays Mercantile Limited	100%	-	-
		275	275
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.			
<b>17. Intangible assets - Goodwill</b>			
Net book amount			
At start of the year		128	128
At end of year		128	128
<b>Computer software</b>			
At the start of the year		-	-
Additions		441	-
Amortisation charge for the year		(23)	
At end the year		418	-
Total for the year		546	128

## Notes to the Financial Statements (continued)

	Group and Company		
	2008 Shs Million	2007 Shs Million	
18. Deferred income tax			
<p>Deferred income tax is calculated, in full, on all temporary differences under the liability method using the enacted income tax rate of 30% (2007: 30%). The movement on the deferred tax account is as follows:</p>			
At start of year	(378)	(343)	
Profit and loss account charge	(54)	(35)	
At end of year	(432)	(378)	
<p>Consolidated deferred income tax assets and liabilities and deferred income tax credit in the profit and loss account are attributable to the following items.</p>			
	1.1.2008 Shs million	Credited to profit and loss Shs million	31.12.2008 Shs million
<b>Deferred tax liabilities</b>			
Retirement benefit asset	(444)	-	(444)
<b>Deferred tax assets</b>			
Property and equipment on historical cost	38	(45)	(7)
Provisions	28	(9)	19
Net deferred tax liability	(378)	(54)	(432)

	Freehold land & buildings Shs Million	Leasehold land & buildings Shs Million	Fixtures, fittings & equipment Shs Million	Motor vehicles Shs Million	Total Shs million
<b>19. Property and equipment</b>					
<b>The Group and company year ended 31 December 2007</b>					
<b>Cost</b>					
At 1 January 2007	89	1,625	3,618	58	5,390
Additions	8	641	910	14	1,573
Disposals	-	(21)	(219)	(19)	(259)
Transfers	-	(1)	1	-	-
At 31 December 2007	97	2,244	4,310	53	6,704
<b>Depreciation</b>					
At 1 January 2007	31	599	3,089	58	3,777
Charge for the year	1	133	262	2	398
Eliminated on disposals	-	(7)	(219)	(17)	(243)
At 31 December 2007	32	725	3,132	43	3,932
<b>Net book amount</b>					
At 31 December 2007	65	1,519	1,178	10	2,772
<b>The Group and Company year ended 31 December 2008</b>					
<b>Cost</b>					
At 1 January 2008	97	2,244	4,310	53	6,704
Additions	3	664	576	4	1,247
Disposals	-	-	-	(23)	(23)
Transfers	-	-	-	-	-
At 31 December 2008	100	2,908	4,886	34	7,928
<b>Depreciation</b>					
At 1 January 2008	32	725	3,132	43	3,932
Charge for the year	1	219	393	3	616
Eliminated on disposals	-	-	-	(23)	(23)
At 31 December 2008	33	944	3,525	23	4,525
<b>Net book amount</b>					
At 31 December 2008	67	1,964	1,361	11	3,403



## Notes to the Financial Statements (continued)

	Group and Company	
	2008 Shs million	2007 Shs million
<b>20. Prepaid operating lease rentals</b>		
Leasehold land is disclosed as prepaid operating lease rentals and carried at cost less amortisation over the period of the lease.		
At start of the year	64	65
Amortisation charge for the year	(1)	(1)
At end of year	63	64
<b>21. Retirement benefit assets</b>		
The amounts recognised in the balance sheet are determined as follows:		
Present value of funded obligations	(8,021)	(7,033)
Fair value of scheme assets	7,061	8,090
Fund (deficit) / surplus	(960)	1,057
Unrecognised actuarial losses	2,980	653
Asset in the balance sheet	2,020	1,710
The amounts recognised in the profit and loss account for the year are as follows:		
Current service cost	204	216
Interest cost	876	936
Expected return on plan assets	(1,048)	(1,138)
Net charge for the year included in staff costs	32	14
Contributions paid	(342)	(245)
Movement in the asset recognised in the balance sheet	(310)	(231)

	Group and Company			
	2008 Shs million	% Age	2007 Shs million	% Age
<b>21. Retirement benefit assets (continued)</b>				
Plan assets comprise				
Equity instruments	3,107	44%	4,045	50%
Debt instruments	2,057	29%	2,265	28%
Property	1,897	27%	1,780	22%
	7,061		8,090	
Pension plan assets include buildings occupied by the bank with a fair value of Shs 1,595 million. The actual return on scheme assets was 7% (2007: 21%)				

## Notes to the Financial Statements (continued)

	Group and company				
	2008 Shs millions	2007 Shs millions	2006 Shs millions	2005 Shs millions	2004 Shs millions
<b>21. Retirement benefit assets (continued)</b>					
<b>Five year summary</b>					
Present value of funded obligation	(8,021)	(7,033)	(6,497)	(5,990)	(6,033)
Fair value of scheme assets	7,061	8,090	7,620	6,397	6,526
(Deficit) /surplus in plan	(960)	1,057	1,123	407	493
Unrecognised actuarial losses	2,980	653	356	1,034	872
	2,020	1,710	1,479	1,441	1,365
The principal actuarial assumptions used were as follows:					
				2008	2007
- discount rate				12.0%	12.0%
- expected rate of return on scheme assets				13.0%	13.0%
- future salary increases				10.0%	10.0%
- future pension increases				4.5%	4.5%
<b>22. Other assets</b>					
				Group and company	
				2008	2007
				Shs million	Shs million
Financial guarantee				316	344
Derivative financial instruments				196	25
Deferred costs				144	177
Prepaid expenses				1,079	354
Other assets				1,757	3,731
				3,492	4,631

	Group and company	
	2008 Shs million	2007 Shs million
<b>23. Balances due to Central Bank of Kenya</b>		
Overnight borrowing from the Central Bank of Kenya	-	6,054
In the normal course of business, the Group borrows overnight from Central Bank of Kenya. On 31 December 2007 the effective interest rate was 8.75%.		
<b>24. Customer deposits</b>		
Current and demand deposits	64,977	63,715
Savings accounts	16,433	16,236
Fixed deposit accounts	41,707	28,224
La Riba accounts	3,291	922
	126,408	109,097
The weighted average effective interest rate on interest bearing customer deposits as at 31 December 2008 was 2.4% (2007: 1.7%)		
Business sector risk concentrations within the customer deposit portfolio were as follows:-		
	Group and company	
	2008	2007
	%	%
Non financial public enterprises	1.8	2.2
Private enterprises	18.4	22.2
Non-profit enterprises & individuals	58.7	60.8
Foreign currency	19.9	14.3
Other	1.2	0.5
	100	100
<b>25. Deposits and balances due to banking institutions</b>		
Balances due to local banks	1,341	6,787
Balances due to foreign banks	60	36
	1,401	6,823

## Notes to the Financial Statements (continued)

	Group and company	
	2008 Shs million	2007 Shs million
<b>26. Lines of credit</b>		
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	289	548
PROPARCO funding	-	11
	289	559
The weighted average effective interest rate on the lines of credit as at 31 December 2008 was 4.8% (2007: 6.8%).		
<b>27. Long term liabilities</b>		
Fixed and floating rate medium term notes	3,078	983
Subordinated debt	1,251	-
	4,329	983

The medium term notes are an unsecured five year term note issued by the Bank for the development of the banks business and to strengthen its capital base. They are registered with the Capital Markets Authority. These notes bear interest at rates referenced to the Government of Kenya treasury bill rates. Effective interest rate at 31 December 2008 was 10.36% (December 2007: 8.13%).

The subordinated debt is an unsecured 10 year loan capital issued by Barclays Bank Plc to enhance the Banks capital base. The debt obligation of the bank rank ahead of the interest of holders of equity and is redeemable on maturity. These notes bear interest at rates referenced to the Libor. The effective interest rate on the subordinated debt as at 31 December 2008 was 2.39%.

	Group		Company	
	2008 Shs million	2007 Shs million	2008 Shs million	2007 Shs million
<b>28. Other liabilities</b>				
Bills payable	1,320	1,984	1,320	1,984
Unclaimed dividends	154	174	154	174
Financial guarantees	302	330	302	330
Other	3,354	5,731	3,626	6,003
	5,130	8,219	5,402	8,491
<b>29. Share capital</b>			<b>Number of shares Shs million</b>	<b>Ordinary shares Shs million</b>
Balance at 1 January 2008			1,358	2,716
Balance at 31 December 2008			1,358	2,716

**Capital Management**

Barclays operates a centralised capital management model, considering both regulatory and economic capital. The capital management strategy is to continue to maximise shareholder value through optimising both the level and mix of capital resources in order to:

- Meet the individual capital ratios required by our regulators plus a prudent buffer.
- Maintain a high credit rating.
- Generate sufficient capital to support asset growth.
- Manage the currency exposure to its overall equivalent capital requirement.

Decisions on the allocation of capital resources are based on a number of factors including return on economic and regulatory capital. This is conducted as part of the strategic planning review.

## Notes to the Financial Statements (continued)

	2008 Shs million	2007 Shs million
<b>29. Share Capital (continued)</b>		
<b>Capital Resources</b>		
The Group manages both its debt and equity capital actively.		
Shareholders' equity	20,496	17,564
<b>Total capital resources</b>	<b>20,496</b>	<b>17,564</b>

The authorised share capital of Barclays Bank of Kenya Limited is Shs 2,720 million comprising 1,360 million ordinary shares of Shs 2 per share. The issued share capital comprises 1,358 million ordinary shares of Shs 2 each. All issued shares are fully paid for.

### Regulatory Capital

#### Supervision and Regulation

Barclays Bank of Kenya is a financial services group involved primarily in Banking and Asset Management, and has 117 branches across the Country. The Group's operations are subject to rules and regulations, including reserve and reporting requirements and conduct of business requirements imposed by the Central Bank of Kenya and other regulatory authorities.

#### Regulatory capital and capital adequacy

Capital adequacy and the use of regulatory capital are monitored by the Group, employing techniques based on the guidelines developed by the Basel Committee on Banking Supervision (the Basel Committee), as implemented by the Central Bank of Kenya for supervisory purposes. These techniques include the risk asset ratio calculation. The ratio calculation involves the application of designated risk weightings to reflect an estimate of credit, market and other risks associated with broad categories of transactions and counterparties.

Regulatory guidelines define two 'tiers' of capital resources. Tier 1 capital, comprising mainly shareholders' funds used to meet trading and banking activity requirements. Tier 2 includes perpetual, medium-term and long-term subordinated debt, general provisions for bad and doubtful debts and fixed asset revaluation reserves. Tier 2 capital can also be used to support both trading and banking activities. Tier 2 capital included in the risk asset ratio calculation may not exceed tier 1 capital.

	Group and company	
	2008 Shs million	2007 Shs million
<b>Capital ratios</b>		
The Groups capital ratio and its weighted risk assets as at 31 December 2008 and 2007 were as follows:-		
<b>Capital Ratios</b>		
Core capital to risk assets	13.1%	13.0%
Minimum	8.0%	8.0%
Total capital to risk assets	16.6%	14.0%
Minimum	12.0%	12.0%
<b>Weighted risk assets</b>		
On balance sheet	117,800	114,825
Off balance sheet	15,240	15,819
<b>Total weighted risk assets</b>	<b>133,040</b>	<b>130,644</b>



**Notes to the Financial Statements (continued)**

	Share range	Number of shareholders	Shares held	%
<b>29. Share Capital (continued)</b>				
The Distribution of shareholders as at 31 December 2008 was as follows:				
	Less than 500	20,180	4,513,354	0.33
	501 to 5,000	23,936	43,222,637	3.18
	5,001 to 10,000	14,085	108,410,859	7.98
	10,001 to 100,000	2,360	65,120,406	4.80
	100,001 to 1,000,000	312	84,130,054	6.20
	Above 1,000,000	44	1,052,486,690	77.51
<b>Total</b>		<b>60,917</b>	<b>1,357,884,000</b>	<b>100</b>

	Name	Share held	%
The shareholders with the largest shareholding as at 31 December 2008 were:			
	Barclays Bank Plc	930,204,000	68.5
	National Social Security Fund Board of Trustees	22,459,165	1.65
	Barclays (Kenya ) Nominees Limited – Account No. 1256	7,931,025	0.58
	Kenya Commercial Bank Limited Nominees account No. 769G	6,928,405	0.51
	National Social Security Fund	6,290,865	0.46
	Kenya Commercial Bank Limited Nominees account No. 744	5,339,825	0.39
	Old Mutual Insurance Co.	4,934,640	0.36
	Barclays (Nominees) Kenya Limited – Account No. 9230	4,747,405	0.35
	APA Insurance Ltd	3,848,870	0.28
	Barclays (Kenya ) Nominees Limited Account No. 1853	3,334,436	0.25
	Others	361,665,364	26.67

## Notes to the Financial Statements (continued)

### 30. 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	
	2008 Shs. million	2007 Shs. million
<b>Contingent liabilities</b>		
Acceptances and letters of credit	8,014	8,831
Guarantee and performance bonds	14,358	14,485
	22,372	23,316

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.

### 30. Off balance sheet financial instruments, contingent liabilities and commitments Nature of the contingent liabilities Commitments (continued)

Undrawn formal stand-by facilities, credit lines and other commitments to lend

1,640

2,305

Forwards and SWAPS  
Foreign exchange spot settlement agreements

3,899

3,329

2,621

2,350

8,160

7,984

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. As at 31 December 2008, the Kenya Revenue Authority had issued tax demand notes amounting to Shs 917 million, which were objected by the Bank and are now subject to deliberations at the local tax tribunal committees and the high court.

### 31. Fiduciary activities

The group holds asset security documents on behalf of customers with a value of Shs 138,887 million (2007: Shs 142,949 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.

## Notes to the Financial Statements (continued)

### 32. 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 Consumer Banking.

	Total segment Shs million	Corporate Banking Shs million	Consumer Banking Shs million	Unallocated Shs million
The segment results for the year ended 31 December 2007 are as follows:				
Net interest income	11,381	5,004	6,377	-
Non interest income - fees and commission	7,479	3,099	4,380	-
Operating income	18,860	8,103	10,757	-
Impairment losses on loans and advances	(687)	48	(735)	-
Operating direct and allocated expenses	(11,095)	(1,603)	(4,680)	(4,812)
Profit before income tax	7,078	6,548	5,342	(4,812)
The segment results for the year ended 31 December 2008 are as follows:				
Profit and loss account 31 December 2008				
Net interest income	14,010	5,269	8,741	-
Non interest income	9,617	3,861	5,756	-
Operating income	23,627	9,130	14,497	-
Impairment losses on loans and advances	(1,282)	97	(1,379)	-
Operating expenses	(14,329)	(963)	(7,694)	(5,672)
Profit before income tax	8,016	8,264	5,424	(5,672)

## Notes to the Financial Statements (continued)

	Total segment Shs million	Corporate Banking Shs million	Consumer Banking Shs million	Unallocated Shs million
<b>32. Business segments analysis (continued)</b>				
<b>Balance sheet as at 31 December 2007</b>				
Cash and balances with Central Bank of Kenya	10,774	-	-	10,774
Government securities	25,721	25,721	-	-
Deposits and balances due from banking institutions	3,105	3,105	-	-
Balances due from group companies	3,382	3,382	-	-
Loans and advances to customers	105,346	55,067	50,279	-
Property and equipment	2,772	-	-	2,772
Other assets	6,556	-	-	6,556
<b>Total assets</b>	<b>157,656</b>	<b>87,275</b>	<b>50,279</b>	<b>20,102</b>
<b>LIABILITIES &amp; EQUITY</b>				
Balances due to Central Bank of Kenya	6,054	-	-	6,054
Customer deposits	109,097	41,010	68,087	-
Deposits and balances due to banking institutions	6,823	6,823	-	-
Lines of credit	559	559	-	-
Amounts due to group companies	6,396	6,396	-	-
Deferred income tax	378	-	-	378
Other liabilities	10,785	-	-	10,785
Shareholders' equity	17,564	-	-	17,564
Inter-functional lending	-	32,487	(17,808 )	(14,679)
<b>Total liabilities</b>	<b>157,656</b>	<b>87,275</b>	<b>50,279</b>	<b>20,102</b>



**Notes to the Financial Statements (continued)**

	Total segment Shs million	Corporate Banking Shs million	Consumer Banking Shs million	Unallocated Shs million
<b>32. Business segments analysis (continued)</b>				
<b>Balance sheet as at 31 December 2008</b>				
Cash and balances with Central Bank of Kenya	13,695	-	-	13,695
Government securities	28,307	28,307	-	-
Deposits and balances due from Banking institutions	1,654	1,654	-	-
Balances due from group companies	6,993	6,993	-	-
Loans and advances to customers	108,086	56,025	52,061	-
Property and equipment	3,403	-	-	3,403
Other assets	6,372	-	-	6,372
<b>Total assets</b>	<b>168,510</b>	<b>92,979</b>	<b>52,061</b>	<b>23,470</b>
<b>LIABILITIES &amp; EQUITY</b>				
Customer deposits	126,408	49,908	76,500	-
Deposits and balances due to banking institutions	1,401	1,401	-	-
Lines of credit	289	289	-	-
Amounts due to group companies	9,883	9,883	-	-
Deferred income tax	432	-	-	432
Other liabilities	9,634	-	-	9,634
Shareholders' equity	20,463	-	-	20,463
Inter-functional lending	-	31,498	(24,439)	(7,059)
<b>Total liabilities</b>	<b>168,510</b>	<b>92,979</b>	<b>52,061</b>	<b>23,470</b>

## Notes to the Financial Statements (continued)

	Group	
	2008 Shs million	2007 Shs million
<b>33. Analysis of the balances of cash and cash equivalents as shown in the consolidated cash flow statement</b>		
Cash and balances with Central Bank of Kenya	13,695	10,774
Balances due from group companies	6,993	3,382
Deposit and balances due from banking institutions	1,654	3,105
Deposits and balances due to banking institutions	(1,401)	(6,823)
Balances due to Central Bank of Kenya	-	(6,054)
Less: Central Bank of Kenya cash reserve requirement	(6,315)	(6,718)
	14,626	(2,334)

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 percentage age of the average outstanding customer deposits over a cash reserve cycle period of one month. In the year 2008, cash ratio from January to September was 6% and was revised from 1 October 2008 to 5% (2007: 6%).

## 34. Financial risk management

Barclays is a major financial services provider engaged in both consumer and commercial banking, credit cards and investment management services. Managing risk is a fundamental part of its business activity and an essential component of the planning process. Barclays achieves its risk management goals by keeping risk management at the centre of the executive agenda and by building a culture that meshes risk management within everyday business decision-making. Barclays ensures that it has the capacity to manage the risk in its established businesses as well as new and growing ones and that its business plans are consistent with risk appetite, that is, the level of risk Barclays is willing to accept in fulfilling its business objectives

The main sources of financial risk that the group faces are those arising from financial instruments – credit risk, liquidity risk and market risk. The Group devotes considerable resources to maintaining effective controls to manage, measure and mitigate each of these risks and regularly reviews its risk management procedures and systems to ensure that they continue to meet the needs of the business.

Financial instruments are fundamental to the Group's business and constitute the core element of its operations. The risks associated with financial instruments are a significant component of the risks faced by the Group. Financial instruments create, modify or reduce the liquidity, credit and market risks of the Group's balance sheet. These risks and the Group's policies and objectives for managing such risks are outlined below.

Barclays risk management policies and processes are designed to identify and analyse these risks, to set appropriate risk appetite, limits, and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date data. Risk management policies, models and systems are regularly reviewed to reflect changes to markets, products and best market practice. Individual responsibility and accountability, instilled through training, are designed to deliver a disciplined, conservative and constructive culture of risk management and control.

### Risk responsibilities

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 Board approves risk appetite and the Board Risk Committee monitors the Group's risk profile against this appetite. In more detail:

## Notes to the Financial Statements (continued)

### 34. Financial risk management (continued)

#### (i) Risk responsibilities (continued)

- The Risk Director has responsibility for ensuring effective risk management and control;
- Business Heads are responsible for the identification and management of risk in their businesses;
- Business risk teams, each under the management of a Business Risk Director, are responsible for assisting Business Heads in the identification and management of their business risk profiles for implementing appropriate controls.
- Internal Audit is responsible for the independent review of risk management and the control environment.

#### a) Market risk

Market risk is the risk that Barclays earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, credit spreads, commodity prices, equity prices and foreign exchange rates. The main market risks arise from trading activities.

#### Categorisation of market risks

To facilitate the management, control, measurement and reporting of market risk, Barclays has grouped market risk into three broad categories:

- Trading market risk. These risks arise in trading transactions where Barclays acts as principal with clients or with the market. Barclays' policy is that market risks arising from trading activities are concentrated in Barclays Capital, a related party.
- Asset and liability risk. These risks arise from banking activities, including those incurred on non-trading positions such as customer assets and liabilities and capital balances, comprising:

- Interest rate risk.
- Foreign currency risk.
- Other market risks.

In some instances Barclays also incurs market risks that do not fall into the above categories. The principal risks of this type are defined benefit pension scheme risk and the price risk.

#### Market risk measurement

The measurement techniques used to measure and control market risk include:

- Daily Value at Risk;
- Stress Tests;
- Annual Earnings at Risk;
- Economic capital.

#### Daily Value at Risk (DVaR)

DVaR is an estimate of the potential loss which might arise from unfavourable market movements, if the current positions were to be held unchanged for one business day, measured to a confidence level of 98%. Daily losses exceeding the DVaR figure are likely to occur, on average, twice in every 100 business days.

#### Stress tests

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out include risk factor stress testing, where stress movements are applied to each of the five risk categories namely interest rate, inflation, credit spread, commodity, equity and foreign exchange rate and ad hoc stress testing, which includes applying stress scenarios to the trading risk book. If potential stressed losses exceed the trigger limit, the positions captured by the stress test are reviewed and discussed. The stress testing is tailored to the business and is typically scenario analysis and historical stress movements applied to respective portfolios.

#### Annual Earnings at Risk (AEaR)

AEaR measures the sensitivity of annual earnings to shocks in market rates at the 99th percentile for change over a one-year period. This shock is consistent with the standardised interest rate shock recommended by the Basel II framework for assessing banking book interest rate risk.

#### i) 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.

Interest rate risk arises from the variability of income from non-interest bearing products, managed variable rate products and equity. Interest rate exposures and other market risks may be managed through the use of derivatives.

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.

## Notes to the Financial Statements (continued)

	Upto 1 month	1-3 months	3-12 months	Over 1 year	Non-interest bearing	Total
<b>34. Financial risk management (continued)</b>						
<b>ASSETS</b>						
Cash and balances with Central Bank of Kenya	-	-	-	-	13,695	13,695
Government securities	3,599	11,294	2,719	10,695	-	28,307
Deposits and balances due from banking institutions	1,654	-	-	-	-	1,654
Balances due from group companies	6,993	-	-	-	-	6,993
Other assets	-	-	-	-	3,743	3,743
Loans and advances to customers	108,086	-	-	-	-	108,086
Property and equipment	-	-	-	-	3,403	3,403
Prepaid operating lease rentals	-	-	-	-	63	63
Intangibles	-	-	-	-	546	546
Retirement benefit asset	-	-	-	-	2,020	2,020
<b>Total assets</b>	<b>120,332</b>	<b>11,294</b>	<b>2,719</b>	<b>10,695</b>	<b>23,470</b>	<b>168,510</b>
<b>LIABILITIES &amp; EQUITY</b>						
Customer deposits	38,418	36,448	7,788	1,084	42,670	126,408
Deposits and balances due to banking institutions	1,401	-	-	-	-	1,401
Lines of credit	-	-	-	289	-	289
Other liabilities	-	-	-	-	5,130	5,130
Amounts due to group companies	9,883	-	-	-	-	9,883
Current tax payable	-	-	-	-	54	54
Deferred income tax	-	-	-	-	520	520
Long term liabilities – medium term note	-	-	-	4,329	-	4,329
Shareholders' equity	-	-	-	-	20,496	20,496
<b>Total liabilities and equity</b>	<b>49,702</b>	<b>36,448</b>	<b>7,788</b>	<b>5,702</b>	<b>68,870</b>	<b>168,510</b>
<b>Interest sensitivity gap</b>	<b>70,630</b>	<b>(25,154)</b>	<b>(5,069)</b>	<b>4,993</b>	<b>(45,400)</b>	<b>-</b>
<b>As at 31 December 2007</b>						
Total assets	113,342	5,969	4,277	13,966	20,102	157,656
Total liabilities and equity	69,931	13,390	3,890	2,673	67,772	157,656
<b>Interest sensitivity gap</b>	<b>43,411</b>	<b>(7,421)</b>	<b>387</b>	<b>11,293</b>	<b>(47,670)</b>	<b>-</b>



## Notes to the Financial Statements (continued)

	Carrying amounts	1% increase	1% decrease
<b>34. Financial risk management (continued)</b>			
<b>i. Interest risk sensitivity analysis</b>			
The impact on financial assets of a 1% increase or decrease in interest rates would be as follows:-			
<b>As at 31 December 2008</b>			
<b>ASSETS</b>			
Cash and balances with Central Bank of Kenya	13,695	-	-
Government securities	28,307	270	(270)
Deposits and balances due from banking institutions	1,654	8	(8)
Balances due from group companies	6,993	63	(63)
Other assets	3,743	-	-
Loans and advances to customers	108,086	1,116	(1,116)
Current income tax recoverable	-	-	-
Property and equipment	3,403	-	-
Prepaid operating lease rentals	63	-	-
Intangibles	546	-	-
Retirement benefit asset	2,020	-	-
<b>LIABILITIES &amp; EQUITY</b>			
Balances due to Central Bank of Kenya	-	-	-
Customer deposits	126,408	(632)	632
Deposits and balances due to banking institutions	1,401	(56)	56
Lines of credit	289	(5)	5
Other liabilities	5,130	-	-
Amounts due to group companies	9,883	(59)	59
Deferred income tax	432	-	-
Current income tax payable	175	-	-
Long term liabilities	4,329	(27)	27
Shareholders' equity	20,463	-	-
<b>Net interest income increase/ (decrease)</b>		678	(678)
Tax charge at 30%		(203)	203
Impact on profit after tax		475	(475)

At 31 December 2008 if interest rates were to increase by 1% with all other variables held constant the after tax profit would have been Shs 475 millions (2007: Shs 415 millions) higher with other components of equity remaining the same. Conversely if interest rates were to decrease by 1% with all other variables held constant the after tax profit would have been Shs 475 millions (2007: Shs 415 millions) lower with other components of equity remaining the same.

## 34. Financial risk management (continued)

## a) Market risk (continued)

## ii) 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 2008 was Shs 1,520 million (2007: Shs 341 million).

## Non-structural

Non-structural (transactional) foreign exchange exposures represent exposure on banking assets and liabilities, the functional currencies of which are currencies other than shillings.

## Concentrations of currency risk- on and off balance sheet financial instruments

The various currencies to which the bank was exposed as at 31 December 2008 are summarised in the table on page 70 (all amounts expressed in millions of Kenya Shillings):

## Notes to the Financial Statements (continued)

	USD	GBP	Euro	Other	Total
<b>34. Financial risk management (continued)</b>					
a) Market risk (continued)					
ii) Currency risk					
<b>As at 31 December 2008</b>					
<b>Assets</b>					
Cash and bank balances	2,286	3,054	1,281	794	7,415
Loans and advances to customers	20,660	82	1,801	421	22,964
Other assets	43,748	9,202	10,412	7,441	70,803
<b>Total assets</b>	<b>66,694</b>	<b>12,338</b>	<b>13,494</b>	<b>8,656</b>	<b>101,182</b>
<b>Liabilities</b>					
Balances due to banking institutions and group companies	8,710	308	-	926	9,944
Customer deposits	13,455	1,805	2,023	385	17,668
Other liabilities	44,320	9,386	11,237	7,155	72,098
<b>Total liabilities</b>	<b>66,485</b>	<b>11,499</b>	<b>13,260</b>	<b>8,466</b>	<b>99,710</b>
<b>Net balance sheet position</b>	<b>209</b>	<b>839</b>	<b>234</b>	<b>190</b>	<b>1,472</b>
<b>Off balance sheet net notional position</b>	<b>1,130</b>	<b>(817)</b>	<b>(219)</b>	<b>(46)</b>	<b>48</b>
<b>Overall net position</b>	<b>1,339</b>	<b>22</b>	<b>15</b>	<b>144</b>	<b>1,520</b>
<b>As at 31 December 2007</b>					
<b>Total assets</b>	<b>40,892</b>	<b>8,065</b>	<b>6,646</b>	<b>4,325</b>	<b>59,928</b>
<b>Total liabilities</b>	<b>39,219</b>	<b>7,689</b>	<b>7,150</b>	<b>4,451</b>	<b>58,509</b>
<b>Net balance sheet position</b>	<b>1,673</b>	<b>376</b>	<b>(504)</b>	<b>(126)</b>	<b>1,419</b>
<b>Off balance sheet net notional position</b>	<b>(844)</b>	<b>(210)</b>	<b>54</b>	<b>(78)</b>	<b>(1,078)</b>
<b>Overall net position</b>	<b>829</b>	<b>166</b>	<b>(450)</b>	<b>(204)</b>	<b>341</b>

## Notes to the Financial Statements (continued)

### 34. Financial risk management (continued)

#### (a) Market risk (continued)

#### (ii) Currency risk (continued)

##### Currency risk sensitivity analysis

The impact on profit after tax, of a 10% appreciation or depreciation of the shilling would be as follows:-

As at 31 December 2008	Currency amounts	10% appreciation	10% depreciation
<b>Assets</b>			
USD	66,694	(667)	667
GBP	12,338	(123)	123
EURO	13,494	(135)	135
Other currencies	8,656	(87)	87
<b>Liabilities</b>			
USD	66,485	665	(665)
GBP	11,499	115	(115)
EURO	13,260	133	(133)
Other currencies	8,466	85	(85)
<b>Total Increase / (decrease)</b>		(14)	14
<b>Tax charge of 30%</b>		4	(4)
<b>Effect on profit for the year</b>		(10)	10
<b>As percentage of net profit after tax</b>		0.002%	0.002%

At 31 December 2008 if the shilling had weakened 10% against the major trading currencies with all other variables held constant after tax profit would have been Shs. 10 million (2007: Shs 10 million) lower with other components of equity remaining the same.

Conversely if the shilling had strengthened 10% against the major trading currencies with all other variables held constant the after tax profit would have been Shs. 10 million (2007: Shs 10 million) higher with other components of equity remaining the same.

#### iii) Price risk

Price risks arise from open positions in equity securities, which are exposed to specific market movements.

The sensitivity analysis for equity risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices. Management monitors movements of equity price risk movements on a monthly basis by assessing the expected changes in the price of the equity securities.

The equity securities held in the balance sheet are quoted and are classified as financial assets at fair value through profit and loss. An increase or a decrease in 20% in the price of the securities would result in an impact on the profit and loss account and financial assets of Shs. 50 million.

#### b) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations when they fall due or to replace funds when they are withdrawn. The Group has several core liquidity management strategies. The first is to project future cash flows and make plans to address normal operating requirements, as well as variable scenarios and contingencies. The second is to manage day to day funding, by controlling intraday liquidity in real time and by forecasting future cash flows to ensure that requirements can be met. The third is maintaining a diverse and stable funding base. Finally, the Group maintains a portfolio of liquid assets that are highly marketable as per the statutory requirement that can easily be liquidated as protection against any unforeseen interruption to cash flows.

## Notes to the Financial Statements (continued)

### 34. Financial risk management (continued)

#### b) Liquidity risk (continued)

The Group's funding base comprises a mixture of different funding sources, including retail and corporate customer deposits, and short- and long term debt issuances. Although current accounts are repayable on demand and savings accounts at short notice, the Group's broad base of customers – numerically and by depositor type – helps to protect against unexpected fluctuations. Such accounts form a stable funding base for the Group's operations and liquidity needs.

#### Liquidity risk measurement

Monitoring and reporting of liquidity risk involves the measurement of cash flows and projections for the next day, week and month. In addition to cash flow management, Treasury also monitors unmatched medium-term assets and the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees. Treasury develops and implements the process for submitting the Group's projected cash flows to stress scenarios.

Sources of liquidity are regularly reviewed to maintain a wide diversification by currency, provider, product and term. An important source of structural liquidity is provided by our core retail deposits, comprising mainly current accounts and savings accounts. To avoid reliance on a particular group of customers or market sectors, the distribution of sources and the maturity profile of deposits are also carefully managed.

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.

**Notes to the Financial Statements (continued)****34. Financial risk management (continued)****b) Liquidity risk (continued)**

The table below presents the cash flows payable by the Group under financial liabilities by remaining contractual maturities at 31 December 2008. All figures are in millions of shillings.

	Upto 1 month	1-3 months	3-12 months	1-3 years	3-5 years	Over 5 years	Total
<b>31 December 2008</b>							
<b>LIABILITIES &amp; EQUITY</b>							
Customer deposits	83,034	37,323	7,975	1,110	-	-	129,442
Deposits and balances due to banking institutions	1,401	-	-	-	-	-	1,401
Lines of credit	-	-	-	303	-	-	303
Other liabilities	5,130	-	-	-	-	-	5,130
Balances due to group companies	10,291	-	-	-	-	-	10,291
Deferred income tax	-	-	-	-	432	-	432
Current income tax	-	175	-	-	-	-	175
Dividends payable	-	-	-	-	-	-	-
Long term liabilities	-	-	-	-	4,627	-	4,627
<b>Total Financial liabilities</b>	<b>99,856</b>	<b>37,498</b>	<b>7,975</b>	<b>1,413</b>	<b>5,059</b>	<b>-</b>	<b>151,801</b>

The amounts disclosed are the contractual undiscounted cash flows of the Financial liabilities.



## Notes to the Financial Statements (continued)

### 34. Financial risk management (continued)

#### b) Liquidity risk (continued)

	Upto 1 month	1-3 months	3-12 months	1-3 years	3-5 years	Over 5 years	Total
31 December 2007							
<b>LIABILITIES &amp; EQUITY</b>							
Balances due to Central Bank of Kenya	6,584	-	-	-	-	-	6,584
Customer deposits	92,228	13,618	3,956	1,150	-	-	110,952
Deposits and balances due to banking institutions	7,198	-	-	-	-	-	7,198
Lines of credit	-	-	-	597	-	-	597
Other liabilities	8,219	-	-	-	-	-	8,219
Balances due to group companies	6,677	-	-	-	-	-	6,677
Deferred income tax	-	-	-	-	378	-	378
Current income tax	-	-	-	-	-	-	-
Dividends payable	-	-	1,583	-	-	-	1,583
Long term liabilities - MTN	-	-	-	-	1,063	-	1,063
<b>Total Financial liabilities</b>	<b>120,906</b>	<b>13,618</b>	<b>5,539</b>	<b>1,747</b>	<b>1,441</b>	<b>-</b>	<b>143,251</b>

The amounts disclosed are the contractual undiscounted cash flows of the financial liabilities.

## Notes to the Financial Statements (continued)

### 34. Financial risk management (continued)

#### (c) Credit risk

Credit risk is the risk of suffering financial loss from any of the group's customers, clients or market counterparties failing to fulfil their contractual obligations to the group. Credit risk mainly arises from loans and advances.

There is a risk management team which is charged with devising and implementing group risk policy, such as ensuring maximum exposure guidelines are in place relating to the exposures to any individual customer or counterparty and policies are in place that limit lending to certain industries, for example, commercial real estate.

This functional team manages the resolution of all significant credit policy issues and runs the Credit Committee, which approves credit decisions. The Board Advances Committee reviews the group credit policy and the impairment allowance as part of financial reporting. 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 consumer and commercial customers as set out in Note 14. The credit risk exposure relating to contingencies and commitments is further outlined in Note 30

#### Credit risk measurement

The Group's credit rating systems use statistical modelling techniques throughout its business which assist the Group in front line credit decisions, such as managing its existing portfolios and making new commitments.

The Group assesses the credit quality and assigns an internal risk rating to all borrowers and other counterparties, including retail customers. Each internal rating corresponds to the statistical probability of a customer in that rating class defaulting within the next 12-month period. The probability of default, the exposure at default and the loss given default are calculated for all loan portfolios. This allows the Group to monitor its exposures, enabling it to derive measures such as Risk Tendency. Risk Tendency is a statistical estimate of the average loss for each loan portfolio for a 12-month period, taking into account the size of the portfolio and its risk characteristics under current economic conditions, and is used to track the change in risk as the portfolio of loans changes over time.

The Group monitors its financial exposure to individual counterparties, to industries and countries to ensure that no undue concentrations of credit arise.

#### Guarantees and irrevocable loan commitments

The Group is exposed to loss through the financial guarantees it issues to clients and commitments to provide loan finance which cannot be withdrawn once entered in to. The credit risks associated with such contracts are managed in a similar way to loans and

advances, and form part of the exposure at default measure.

#### Settlement risk

Barclays is also exposed to settlement risk in its dealings with other financial institutions. These risks arise, for example, in foreign exchange transactions when Barclays pays away its side of the transaction to another bank or other counterparty before receiving payment from the other side. The risk is that the counterparty may not meet its obligation. While these exposures are of short duration, they can be large. In recent years settlement risk has been reduced by several industry initiatives that have enabled simultaneous and final settlement of transactions to be made. Barclays has worked with its peers in the development of these arrangements. Increasingly the majority of high value transactions are settled by such mechanisms. Where these mechanisms are not available, the risk is further reduced by dealing predominantly with highly rated counterparties, holding collateral and limiting the size of the exposures according to the rating of the counterparty, with smaller exposures to those of higher risk.

The following table represents the credit risk exposure to the Group at 31 December 2008 and 2007, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets the exposures set out above are based on net carrying amounts as reported in the balance sheet.

## Notes to the Financial Statements (continued)

### 34. Financial risk management (continued)

#### C) Credit risk

Maximum exposure to credit risk before collateral held or other credit enhancements.

The group's maximum exposure to credit risk is set out in the table below:

An analysis of financial assets subject to credit risk is set below

As at December 2007	Loans & advances to customers Shs million	Loans and advances to banks Shs million	Balances with Central Bank Shs million	Balances due from group companies Shs million	Available for sale debt securities Shs million	Total Shs million
Neither past due nor impaired	102,463	3,105	7,075	3,382	25,721	141,746
Past due but not impaired						
Past due up to 90 days	126	-	-	-	-	126
Past due over 90 days	-	-	-	-	-	-
Impaired						
Individually assessed	6,081	-	-	-	-	6,081
Total	108,670	3,105	7,075	3,382	25,721	147,953
Impairment allowances:						
Identified	(3,232)	-	-	-	-	(3,232)
Unidentified	(92)	-	-	-	-	(92)
Total carrying value	105,346	3,105	7,075	3,382	25,721	144,692

## Notes to the Financial Statements (continued)

### 34. Financial risk management (continued)

#### (c) Credit risk (continued)

An analysis of financial assets subject to credit risk is set below:

	Loans & advances to customers Shs million	Loans and advances to banks Shs million	Balances with Central Bank Shs million	Balances due from group companies Shs million	Available for sale debt securities Shs million	Total Shs million
As at 31 December 2008						
Neither past due nor impaired	103,648	1,654	9,359	6,993	28,307	149,961
Past due but not impaired						
Past due 30 to 90 days	1,634	-	-	-	-	1,634
Past due over 90 days	957	-	-	-	-	957
Impaired						
Individually assessed	5,625	-	-	-	-	5,625
<b>Total</b>	<b>111,864</b>	<b>1,654</b>	<b>9,359</b>	<b>6,993</b>	<b>28,307</b>	<b>158,177</b>
Impairment allowances						
Identified impairment	(3,665)	-	-	-	-	(3,665)
Unidentified impairment	(113)	-	-	-	-	(113)
<b>Total carrying value</b>	<b>108,086</b>	<b>1,654</b>	<b>9,359</b>	<b>6,993</b>	<b>28,307</b>	<b>154,399</b>

#### Collateral and other credit enhancements

Financial assets that are past due or individually assessed as impaired are at least partially collateralised or subject to other forms of credit enhancement. The effects of such arrangements are taken into account in the calculation of the impairment allowance held against them.

## Notes to the Financial Statements (continued)

### 34. Financial risk management (continued)

#### (c) Credit risk (continued)

##### Collateral and other credit enhancements obtained

The carrying value of assets held by the group as at 31 December as a result of the enforcement of collateral was as follows:-

Carrying amount	Group and company	
	2008 Shs million	2007 Shs million
<b>Nature of assets</b>		
Commercial and industrial property	2,677	2,792
	2,677	2,792

### 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	
	2008 Shs million	2007 Shs million
<b>Due from:</b>		
Barclays Bank Plc	6,492	3,037
Other group companies	501	345
	6,993	3,382
Interest income earned on the above	267	268
<b>Due to:</b>		
Barclays Bank Plc	9,136	5,845
Other group companies	747	551
	9,883	6,396
Interest income incurred on the above	245	80

### 35. Related party transactions (continued)

The weighted average effective interest rate at 31 December 2008 on amounts due from group companies was 4.25% (2007: 6.6%) and on amounts due to group companies was 4.1% (2007: 4.4%).

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	
	2008 Shs million	2007 Shs million
Barclays Bank Plc	2,024	2,494
Other group companies	124	234
<b>Due to:</b>		
Barclays Bank Plc	276	559
The value of the services provided has been debited to the profit and loss account and is included in total expenditure of the Group.		

#### Subordinated debt

The subordinated debt of Shs 1,251 million received from Barclays Bank Plc during the year is disclosed in note 27.

#### Amounts due from directors

Advances to customers as at 31 December 2008, include loans to directors, loans to companies controlled by directors or their families, and loans to employees as follows:-

	2008 Shs million	2007 Shs million
<b>Due from:</b>		
At the start of the year	18	28
Amounts advanced during the year	86	6
Repayments received	(8)	(16)
At the end of year	96	18



## Notes to the Financial Statements (continued)

### 35. Related party transactions (continued)

#### Amounts due from directors (continued)

At 31 December 2008 advances to directors or companies controlled by directors or their families amounted to Shs 96 million (2007: Shs 18 million).

At 31 December 2008 advances to employees amounted to Shs 5,295 million (2007: Shs 3,637 million).

No provisions have been recognised in respect of loans given to the directors. (2007: Nil).

	2008 Shs million	2007 Shs million
Interest income earned	297	233

#### 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 2008 balances relating to directors deposits amounted to Shs 3 million (2007: Shs 3 million).

	2008 Shs million	2007 Shs million
Key management compensation		
Salaries and other short-term employment benefits	184	145

	2008 Shs million	2007 Shs million
Directors emoluments		
- Fees for services as directors	8	6
- other emoluments (included in key management compensation above)	51	44

### 35. Related party transactions (continued)

#### Staff pension scheme

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.

	2008 Shs million	2007 Shs million
Transactions during the year		
Rent payable	27	51
Interest on fixed and time deposits	18	10
Custodian fee – Barclays Security Services Limited	14	13
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	1	1
Cash at bank - Barclays Bank of Kenya Limited	5	6

## Proxy Form

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### Custody and Registrars Services Limited

Bruce House, 6th Floor, Standard Street

P. O. Box 8484-00100, Nairobi

\*I/We \_\_\_\_\_ of \_\_\_\_\_

being \*a member/members 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 Thirtieth Annual General Meeting of the Company to be held on 15th May 2009 and at any adjournment thereof.

As witness \*I/we affix \*my/our \*hand/hands this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

Signature(s) \_\_\_\_\_

Unless otherwise instructed, the proxy will vote as \*he/she thinks fit.

\*Delete/Cross out whichever is not applicable.

**NOTE 1.** A member entitled to attend and vote at the meeting is entitled to appoint a proxy on his or her behalf. A proxy need not be a member of the Company.

**NOTE 2.** In case of a member being a corporation this proxy must be executed under its common seal or signed on its behalf by an officer or attorney of the corporation duly authorised in writing.

**NOTE 3.** To be valid, this proxy form must be duly completed by the member and must either be lodged with the Registrar of the Company at Custody and Registrars Services, 6th Floor, Bruce House, Standard Street, Nairobi or be posted to Custody and Registrars Services, P. O. Box 8484-00100 Nairobi, so as to reach the Registrar not later than 11:00am on Wednesday 13th May 2009.

Custody and Registrars Services Limited

Bruce House, 6th Floor, Standard Street

P. O. Box 8484-00100, Nairobi

\*Mimi/Sisi \_\_\_\_\_ wa \_\_\_\_\_

kama \*mwanachama/wanachama wa Barclays Bank of Kenya Limited, namteua/tunamteua:- \_\_\_\_\_ wa (anuwani) \_\_\_\_\_

au akikosa yeye \_\_\_\_\_ wa (anuwani) \_\_\_\_\_

na akikosa yeye Mwenyekiti wa mkutano kama mwakilishi \*wangu/wetu \*anipigie/atupigie kura kwa niaba \*yangu/yetu katika mkutano mkuu wa thelathini wa kampuni hii ambao utafanyika tarehe 15 Mei, 2009 na katika ahirisho lolote litakalotokea baadaye.

Kama ushahidi \*ninatia/tunatia sahihi \*yangu/yetu siku hii ya \_\_\_\_\_ ya mwezi wa \_\_\_\_\_ 2009.

Sahihi \_\_\_\_\_

Labda kuwe na maagizo, mwakilishi atakuwa huru kupiga kura apendavyo

\*Futa yasiyofaa

#### MAELEZO

1. Mwanachama mwenye haki ya kuhudhuria na kupiga kura katika mkutano ana haki ya kumteua mwakilishi wake. Mwakilishi hahitaji awe mwanachama wa kampuni.
2. Iwapo mwanachama ni shirika fomu hii ya uwakilishi lazima ipigwe muhuri au iwe na sahihi ya afisa au mwanasheria wa shirika aliyeruhusiwa kwa maandishi.
3. Ili ikubalike, fomu hii lazima ijazwe kikamilifu na mwanachama na lazima iwasilishwe kwa msajili wa kampuni katika Custody and Registrars Services, 6th Floor, Bruce House, Standard Street, Nairobi au itumwe kwa njia ya posta kwa Custody and Registrars Services, S.L.P. 8484-00100 Nairobi, ili imfikie msajili kabla ya saa tano asubuhi siku ya Jumatano tarehe 13 Mei, 2009.

# BRANCH NETWORK

Head Office	Address	Telephone
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Barclays Plaza	Box 30120-00100 Nairobi	020-313405,241270
Barclaycard Centre	Box 70292-00400 Nairobi	020-2714471
Mombasa Card Centre	Box 43212-80100 Mombasa	041-2316200,2222940
Plaza Business Centre	Box 46661-00100 Nairobi	020-2241270,313405
Plaza Premier Centre	Box 46661-00100 Nairobi	020-2241270,313405

## Nairobi Branches

ABC Place	Box 14403-00300 Nairobi	020-4446641,4446656
Barclays Plaza	Box 30120-00100 Nairobi	020-241270/5,313405
Buru Buru	Box 775-00-515 Nairobi	020-3592955/6
Butere Road	Box 18799-00500 Nairobi	020-3589866/7
Development House	Box 44285-00-100 Nairobi	020-3592967/8
Eastleigh	Box 16371-00-610 Nairobi	020-6766544, 6766546
Embakasi- Nakumatt	Box 30120-00100 Nairobi	020-3544323/4
Enterprise Road	Box 18060-00500 Nairobi	020-530700/1,531040
Gikomba	Box 8175-00-300 Nairobi	020-3556248
Haile Selassie	Box 20415-00200 Nairobi	020-2215895,219031
Hurlingham	Box 34974-00505 Nairobi	020-2710114,2715408
JKIA	Box 19011-00501 Nairobi	020-822395/632
Karen	Box 24189-00502 Nairobi	020-882932,882162
Kariobangi	Box 310-00-618 Ruraka	020-3592955/6
Kawangware	Box 21524-00505 Nairobi	020-3512663/4
Lavington	Box 25081-00-603 Nairobi	020-3589868/9
Market	Box 30018-00200 Nairobi	020-2222476/7
Moi Avenue	Box 30116-00100 Nairobi	020-2252244,210577
Muthaiga	Box 63419-00619 Nairobi	020-2374024,3741501/2
Nairobi West	Box 27518-00-506 Nairobi	020-3556243,3556238
Ngong	Box 245 Ngong Hills	045-41560-4
Bunyala Road	Box 72058-00200 Nairobi	020-2714471
Pangani	Box 31044-00-600 Nairobi	020-3556245,3556246
Parklands/Highridge	Box 38350-00623 Nairobi	020-3556230,3556236
Queensway	Box 30011-00200 Nairobi	020-223161-76
River Road	Box 43200-00200 Nairobi	020-343296/252301
Ruaraka	Box 65090-00618 Nairobi	020-8561760/1,8563973
South C (Red Cross)	Box 26460 - 00504 Muchumbi	020-3556235, 3556242
University of Nairobi	Box 44143-00100 Nairobi	020-317126/317128
Village Market	Box 1476-00621 Village Market	020-7122741,7121963
Westgate	Box 14820 - Westlands	020-3741207/08/09/10/14
Westlands	Box 14403-00300 Nairobi	020-4442685-7,44448617

## Coast Branches

Bamburi	Box 90182-80100 Mombasa	041-5485434,5487168/7547
Changamwe	Box 93603-80100 Mombasa	041-3432094/2,3434753
Diani	Box 685-80400 Ukunda	040-3202448/9,3202375,3202491
Digo	Box 90184-80100 Mombasa	041-2223667,2224570
Malindi	Box 100-80200 Malindi	042-30002,30871,30160
Makupa	Box 97803-80112 Mombasa	041-2495866/2492865
Nkrumah Road	Box 90182-80100 Mombasa	041-2311660/1/4
Port Mombasa	Box 97121-80112 Mombasa	041-2319007/9/10
Voi	Box 720 Voi	043-30991-4/6
Wundanyi	Box 1277-80304 Wundanyi	043-42402/6,42008/9,42341
Taveta	Box 249 Taveta	0403-5352480/5352479

## Up Country Branches

Bomet	Box 442 Bomet	052-3564203/4
Bungorma	Box 91-50200 Bungorma	055-30908,30904
Busia	Box 301-50400 Busia	055-3564205/6
Chuka	Box 27-60400 Chuka	020-3556243/9
Eldoret	Box 22-30100 Eldoret	053-2032880/9
Embu	Box 88-60100 Embu	068-31066-8
Garissa	Box 1073-70100 Garissa	046-2344,3477
Gilgil	Box 496-20116 Gilgil	050-4002165/56, 4002153/5

## Up Country Branches - cont.

Githunguri	Box 260 Githunguri	020-3556232
Homa Bay	Box 500 Homa Bay 40300	059-22283/86/40/54/66/69
Isiolo	Box 498 Isiolo	064-52391
Juja	Box 580-01001Kalimoni	020-3556239/3556242
Kabarnet	Box 73-30400 Kabarnet	053-3592963/4, 053-21114/5
Kakamega	Box 1815-30100 kakamega	056-30028,31317
Kapenguria	Box 252- 3600 Kapenguria	054-3544331/2
Kapsabet	Box 236 Kapsabet	053-52212,52213
Karatina	Box 320-10101 Karatina	061-72010/11,72518
Kericho	Box 79-20200 Kericho	052-20274/5, 30607/8
Kerugoya	Box 181-10300 Kerugoya	060-3592965/6
Kilifi	Box 423-80108 Kilifi	041-522540/436/024/051
Kikuyu	Box 188-00902 Kikuyu	066-31103/31085
Kiria-ini	Box 83 Kiria-ini	020-3556237/40
Kisii	Box 99-40200 Kisii	058-30021/27/37, 31587/8/9
Kisumu	Box 831-40100 Kisumu	057-2020512/4, 2020529/45
Kitale	Box 62-30200 Kitale	054-30841/2, 30418/9
Kitale Prestige	Box 62-30200 Kitale	054-30841/842
Kitui	Box 1206-90200 Kitui	044-22143/5, 23143/5
Limuru	Box 252 Limuru	020-3556244, 3556241
Machakos	Box 652-90100 Machakos	044-20144,20720, 21504
Maua	Box 798-60600 Meru	064-21227/ 020-2124931/2
Mbale	Box 285-50300 Maragoli	056-51271,51019
Meru	Box 92-60200 Meru	064-32785/6
Migori	Box 326-40-400 Migori	040-3544317
Mumias	Box1070 Mumias	056-64104/17/19/36/39/56
Murang'a	Box 159 Muranga	060-314422, 31418
Naivasha	Box 654-20117 Naivasha	050-2021466,2020202/3
Nakuru East	Box 59-20100 Nakuru	051-2216812/285
Nakumatt Meru	Box 3016-60200 Meru	020-3556231/4
Nakuru West	Box 111-20100 Nakuru	051-2216812/285
Nanyuki	Box 214-10400 Nanyuki	062-31880-3, 30051
Narok	Box 1073-20500 Narok	050-23306/8
Nyahururu	Box 15-20300 Nyahururu	065-32345
Nyamira	Box 406 Nyamira	058-6144363/4/5/7/556/558
Nyeri	Box 239-10100 Nyeri	061-2030792/3-5, 2030871
Ongata Rongai	Box 133-00511 Ongata Rongai	045-24183/5/6
Othaya	Box 329 Othaya	061- 52271/72/73/74/75/76
Thika	Box 219-01000 Thika	067-30229, 21201/3, 30230, 21501
Webuye	Box 12 Webuye	055-41205, 41330/1/2
Wote	Box 424 Wote	020-3592960/3592961

## Prestige Centres

ABC Prestige	Box 14403-00800 Nairobi	020-4446641, 4446656
Eldoret Prestige	Box 22-30100 Eldoret	053-2032880-8
Enterprise Prestige	Box 18060-00500 Nairobi	020-530700/1, 530901/2
Harambee Prestige	Box 72700-00200 Nairobi	020-316162/72, 226140
Hurlingham Prestige	Box 34974-00505 Nairobi	020-2710114, 2715408
Karen Prestige	Box 24189-00502 Nairobi	020-882932,882162
Kisii Prestige	Box 99-40200 Kisii	058-30021/27/37, 31587/8/9
Kisumu Prestige	Box 831-40100 Kisumu	057-2020529/45,2020512-4
Kitale Prestige	Box 62-30200 Kitale	054-30841/842
Malindi Prestige	Box 100-80200 Malindi	042-30871,30160
Moi Avenue Prestige	Box 30116-00100 Nairobi	020-252244, 210577
Moi Avenue Prestige-Mombasa	Box 90182-80100 Mombasa	041-2226794,2220296
Nakuru West Prestige	Box 111-20100 Nakuru	051-2216812/285
Nkrumah Prestige	Box 90182-80100 Mombasa	041-2311661-4, 2229700
Nyerere Prestige	Box 90182-80100 Mombasa	041-2311461/427
Barclays Plaza Prestige	Box 30120-00100 Nairobi	020-241270/5, 313405
Queensway Prestige	Box 30011-00200 Nairobi	020-223161-76
Rahimtulla Prestige	Box 30120-00100 Nairobi	020-2719173/4
Sarit Centre Prestige	Box 14403-00300 Nairobi	020-374742, 4449859
Yaya Prestige	Box 34974-00505 Nairobi	020-3878327/8

## Premier Centres

Westgate Premier	Box 46661-00100 Nairobi	020-3604000
Premier Queensway	Box 46661-00100 Nairobi	020-2742500-501
Barclays Premier Flagship, Westlands Office Park	Box 46661-00100 Nairobi	020-4441047