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Barclays Africa Overview

Barclays Africa is structured into the following geographic areas:

- Sub-Saharan Africa (Kenya, Uganda, Ghana, Tanzania, Botswana, Zambia and Zimbabwe)
- North Africa (Egypt)
- Indian Ocean (Mauritius and Seychelles)

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

Sub-Saharan Africa

Barclays innovative approach to doing business in Africa is rooted in our 100 years of experience in the financial services markets across the continent.

Barclays operates in Botswana, Ghana, Kenya, Tanzania, Uganda, Zambia and Zimbabwe. Barclays also has a representative office in Nigeria. Through our sister company, ABSA, we also have a presence in South Africa and Mozambique.

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.

Indian Ocean

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 over 80 years. The customer base covers the personal, corporate and offshore sectors.



Barclays Kenya Overview

Barclays Bank of Kenya Limited, a subsidiary of Barclays Plc, is the leading bank in Kenya in terms of profitability. We have operated in Kenya for more than 90 years, and currently have an extensive network of 119 outlets, 12 Sales Centres and 231 ATM's countrywide.

Barclays business units broadly fall under two segments: Consumer Banking (Retail & Card Products and Services) and Corporate (Commercial & Treasury) 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 our leadership and management among our Bank's 61,000 shareholders, as well as the industry overall.

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 who contributes towards the welfare of the communities in which we work
- To deliver value to our shareholders through positive growth

INDUSTRY LEADERSHIP

Barclays contributes to the development of the banking industry, financial services sector, as well as the economy overall. Industry recognition that we have received for leadership include Best Bank in Kenya - Global Finance (2008 & 2009); Company of the Year Award for Human Resource Management Practices - Kenya Institute of Management (2008); Best Retail Bank - 2009 Banking Awards; SuperBrands East Africa - Financial Services Category (2009); and Company that best complies with the International Financial Reporting Standards - FiRe Awards (2009).



2009 Bank of the Year-The Banker



Fire Award, International Reporting Standards-Best Company



Best Retail Bank-2009 Banking Awards



2009 Best Foreign Bank-EMEA Finance



Fire Award, Best Listed Company

Directors Profiles

1. 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 an Albert Parvin 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.

2. 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.

3. Vinit Chandra Non-Executive Director

Vinit Chandra joined the Board in October 2009. He is a Chartered Accountant and holds an Economics degree from the University of Delhi. He is currently the Chief Executive of Barclays Africa responsible for all banking operations in the region which currently spans 10 countries in the growing regions of North Africa, East & West Africa, Southern Africa and the Indian Ocean.

4. Yusuf Omari Executive Director

Yusuf Omari joined the Board in July 2009. He holds an Economics degree from the University of Nairobi and a Masters degree in Business Administration (MBA) from Strathmore Business School. He is a Certified Public Accountant as well

as a Certified Internal Auditor and is currently the Chief Financial Officer of Barclays Kenya.

5. 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 a Masters degree in Business Administration (MBA) from the IESE Business School, University of Navarra (Spain). He is currently the Commercial Banking Director.

6. 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.

7. 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 the Institute 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.

8. 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.

Directors Profiles (continued)

9. 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 currently the Executive Chairman of Rift Valley Railways (Kenya) Limited and Rift Valley Railways (Uganda) Limited.

10. 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 Annual General Meeting

Notice is hereby given that the Thirty-first 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 28th May 2010 at 11:00 a.m. to transact the following business:-

1. **To confirm the Minutes of the Thirtieth Annual General Meeting held on 15th May 2009.**

2. **To receive, consider and if thought fit, adopt the Annual Report and Financial Statements for the year ended 31st December 2009 together with the Directors' and Auditors' reports thereon.**

3. **To declare a dividend.**

4. **To elect Directors:-**

(i) 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:-

Francis Okomo-Okello
Rose Ogega
Adan Mohamed

(ii) In accordance with Article 101 of the Company's Articles of Association, Vinit Chandra and Yusuf Omari are due for retirement this being the first Annual General Meeting to be held since their appointments as Directors and being eligible, offer themselves for re-election.

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. **Special Business**

(a) To consider and if appropriate, to pass the following resolutions to amend the Company's Articles of Association:-

(i) THAT the Articles of Association of the Company be amended by deleting the existing Article 51 and replacing it with a new Article 51 to read as follows:

"Every General Meeting shall be called by at least Twenty-one days' notice in writing (exclusive of the day on which it is served or deemed to be served and of the day for which it is given). Notwithstanding the provisions of Article 135 the Company shall serve the notice either by sending such notice through the post addressed to Members at their registered postal addresses or to the extent permissible by law by publishing such notice on the Company's website or in two daily newspapers with nationwide circulation or by sending through electronic mail to the Members' registered electronic mail address; Provided that, where the Company elects to serve such notice to Members by publishing the notice in the Company's website or through electronic mail the Company shall ensure that such notice is also published in two daily newspapers with nationwide circulation. The notice shall specify the place, the date and the time of such General Meeting and, in case of special business, the nature of that business shall be given, in manner

hereinbefore mentioned or any such other manner, if any, as may be prescribed by the Company in General Meeting, to such persons as are, under these Articles, entitled to receive such notices from the Company; Provided that, a Meeting may be called by shorter notice than that specified in this Article if so agreed by the Members referred to in and otherwise in accordance with the provisions of Section 133(3) of the Act."

(ii) THAT the Articles of Association of the Company be amended by deleting the existing Article 125 and replacing it with a new Article 125 to read as follows:-

"Any dividend, interest or other sum payable in cash to the holder of shares may be paid by electronic funds transfer or other automated system of bank, electronic or mobile money transfer transmitted to the bank, electronic or mobile account number of the holder of shares recorded in the Register or by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first on the Register in respect of the shares. Every such funds transfer, cheque or warrant shall, unless the holder otherwise directs, be made payable to the order of the registered holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares and shall be sent at his or their risk."

(iii) THAT the Articles of Association of the Company be amended by deleting the existing Article 133 and replacing it with a new Article 133 to read as follows:-

"A copy of every balance sheet which is to be laid before the Company in General Meeting, together with copies of the Directors' and Auditors' reports and of every document required by law to be annexed thereto (together called 'Accounts') shall, not less than Twenty-one days before the date of the Meeting, be sent, or to the extent permissible by law otherwise made available by electronic means, to every Member and every holder of income notes or debentures of the Company. To the extent permissible by law, the Accounts may be sent or otherwise made available by electronic means and not by post. This Article shall not require a copy of the Accounts to be sent or to the extent permissible by law otherwise made available by electronic means to any person whose electronic or postal address the Company is not aware nor to more than the first named of any joint holders of any shares or debentures. To the extent permissible by law the Company may send the Accounts to all persons entitled thereto by publishing the Accounts on the Company's official website and if available on the official website of the Nairobi Stock Exchange provided that the Company shall contemporaneously print an abridged set of the balance sheet and income statement in two daily newspapers with nationwide circulation drawing attention to the website on which the Accounts in full may be read, and the address to which a request for a printed copy of the Accounts may be submitted and upon any such publication the Accounts shall be deemed to have been sent to every member or other person entitled to receive a copy of the Accounts."

(iv) THAT the Articles of Association of the Company be amended by deleting the existing Article 137 and replacing it with a new Article 137 to read as follows:-

"Where a notice or other document is sent by post it shall be deemed to have been served on the third day after the day on which it was posted if addressed within Kenya and on the seventh day after the day on which it was posted if addressed


outside Kenya and in the latter case any such notice or other document shall be despatched by airmail. Any notice which has been published in a daily newspaper in accordance with Article 51 shall be deemed to have been served at 9.00 am on the next day following the day when it was published. Any notice sent by electronic mail shall be deemed to have been served at 9.00 am on the day following the date when sent. In proving such service or sending, it shall be sufficient to prove that the cover containing the notice or document was properly addressed and put into the post office as a prepaid letter or prepaid airmail letter or that the notice was published in two daily newspapers with nationwide circulation or that the means of electronic communication was properly addressed and sent. Where a notice is sent by telegram or telex it shall be deemed to have been served on the day after the day on which it was sent. For the purposes of this Article "day" means a working day, excluding Saturdays, Sundays and public holidays. The failure of any person or entity to receive any notice served pursuant to this Article shall not in any way invalidate any proceedings or actions taken by the Company for which the notice was given."

(b) To consider and if appropriate, to pass the following resolution to sell the Company's custody business:-

"THAT the proposed sale by the Company of its custody services business to Standard Chartered Bank Kenya Limited substantially on the terms and subject to the conditions of the Agreement dated 27th April 2010 entered into between Barclays Bank PLC and Standard Chartered PLC and as more particularly described in the circular to shareholders issued by the Company with the Notice of Annual General Meeting, be and is hereby approved and that the Directors be authorised to do all things that are in their opinion necessary or desirable to give effect to this resolution and to complete the proposed sale transaction with such modifications, amendments, variations or waivers as they consider to be necessary or desirable."

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

By order of the Board


Judy Nyaga
Company Secretary
27th April 2010

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 11.00 a.m. on Wednesday 26th May 2010.

Note 2: Registration of members and proxies for the Annual General Meeting will commence at 8.00 a.m. on 28th May 2010. Members and proxies should carry their national ID 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 Kila Mwaka

Ilani inatolewa hapa kuwa mkutano mkuu wa mwaka wa thelathini na moja 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 tarehe 28 Mei, 2010 kuanzia saa 5 asubuhi ili kuendesha shughuli zifuatazo:

1. **Kuidhinisha kumbukumbu za mkutano mkuu wa mwaka wa thelathini uliofanyika tarehe 15 Mei, 2009**

2. **Kupokea, kuthibitisha na ikikubaliwa, kuidhinisha taarifa ya kifedha ya mwaka uliomalizika tarehe 31 Disemba 2009 pamoja na taarifa za wakurugenzi na za wakaguzi wa mahesabu.**

3. **Kutangaza mgawo**

4. **Kuchagua wakurugenzi:-**

(i) Kulingana na vifungu 94, 95 na 96 vya Kanuni za Kampuni, wakurugenzi wafuatao ambao wanataaifu kwa zamu na kwa vile wanastahili, wanajitolea kuchaguliwa:

Francis Okomo-Okello
Rose Ogega
Adan Mohamed

(ii) Kulingana na kifungu 101 cha Kanuni za Kampuni, Vinit Chandra na Yusuf Omari wamefikisha muda wa kustaafu huu ukiwa ni Mkutano Mkuu wa kwanza kuandaliwa tangu wachaguliwe kama wakurugenzi na kwa vile bado wanastahili, wamejitolea kuchaguliwa tena.

5. **Kuiruhusu halmashauri kuamua malipo ya wakurugenzi.**

6. **Kuteua wakaguzi wa mahesabu na kuiruhusu halmashauri kuamua malipo ya wakaguzi hao.**

7. **Shughuli Maalum**

(a) Kuangalia na kuona kama inafaa, kuidhinisha maazimio yafuatayo ya kurekebisha Kanuni za Kampuni:-

(i) KWAMBA Kanuni za Kampuni zirekebishwe kwa kuondoa kifungu kilichoko cha 51 na kurudisha kifungu kipya cha 51 kinachosomeka kama ifuatavyo:

"Kila Mkutano Mkuu utaandaliwa kupitia ilani ya siku ishirini na moja au zaidi ya maandishi (haitajumuisha siku ambayo ilani imetolewa ama imepangwa kutolewa na siku ambayo imewasilishwa). Licha ya yaliyomo katika kifungu 135, kampuni itatoa ilani kwa kutuma ilani hiyo kupitia posta kwa wanachama ambao anuwani zao zimesajiliwa au kwa njia ambayo imeruhusiwa kisheria kwa kuchapisha ilani hiyo katika tovuti ya kampuni au katika magazeti mawili ya kila siku ambayo huuzwa kote nchini au kwa kutuma barua pepe kwa wanachama ambao anuwani zao za barua pepe zimesajiliwa; kwa masharti kwamba, wakati kampuni imeamua kutoa ilani hiyo katika tovuti yake au kupitia barua pepe, kampuni itahakikisha kuwa ilani hiyo pia imechapishwa katika magazeti mawili ya kila siku yanayouzwa kote nchini. Ilani hiyo itaeleza mahali, tarehe na saa ya Mkutano huo Mkuu na kama ni shughuli maalum, basi shughuli hiyo lazima itajwe kama ilivyoelezwa hapa ama kwa njia yoyote ile, kama ipo, kama ilivyoelezwa na kampuni katika Mkutano Mkuu, kwa watu ambao kama ilivyo katika kanuni hizi, wana haki ya kupokea ilani hizo kutoka kwa kampuni; kwa masharti kwamba mkutano utaandaliwa kupitia

ilani ya muda mfupi kuliko ile ilivyoelezwa katika kifungu hiki kama itakubaliwa na wanachama waliotajwa na kwa upande mwingine kulingana na masharti ya sehemu 133(3) ya sheria za makampuni."

(ii) KWAMBA Kanuni za Kampuni zirekebishwe kwa kuondoa kifungu kilichoko cha 125 na kurudisha kifungu kipya cha 125 kinachosomeka kama ifuatavyo:

"Mgawo wowote, riba au kiasi chochote cha pesa kinacholipwa kwa fedha taslimu kwa mwenyehisa kinaweza kupitwa kupitia uhamishaji wa pesa kieletroniki au mfumo wowote wa benki wa mitambo ya kuiendesha, uhamishaji wa pesa kieletroniki au kupitia simu ya mkononi unaopitishwa kwa benki, kieletroniki au kutumia nambari ya akaunti ya mwenyehisa iliyosajiliwa katika Rejesta au kupitia hundi au kibali inayotumwa kwa njia posta kwa kutumia anuwani iliyosajiliwa na mwenyehisa ama, ikiwa wenyehisa wana akaunti ya pamoja anuwani itakuwa ya jina la kwanza katika Rejesta kulingana na hisa. Kila uhamishaji huo wa pesa, hundi au kibali utakuwa, isipokuwa iwe mwenyehisa ameagiza vinginevyo, utalipwa kuambatanana na maagizo ya mwenyehisa aliyesajiliwa au, ikiwa wenyehisa wana akaunti ya pamoja utalipwa kuambatanana na maagizo ya mwenyehisa ambaye jina lake ni la kwanza katika Rejesta kulingana na hisa na itatumwa juu yake au juu yao."

(iii) KWAMBA Kanuni za Kampuni zirekebishwe kwa kuondoa kifungu kilichoko cha 133 na kurudisha kifungu kipya cha 133 kinachosomeka kama ifuatavyo:

"Nakala ya kila waraka mizania ambayo itawasilishwa katika Mkutano Mkuu wa Kampuni, pamoja na nakala za taarifa za wakurugenzi na wakaguzi wa mahesabu na kila kiambatisho kinachotakiwa kisheria kuambatanishwa (pamoja zinaitwa 'hesabu') haitatumwa au haitaruhusiwa kisheria au vinginevyo kuwasilishwa kwa njia ya kieletroniki kwa kila mwanachama na kila mwenye barua ya mapato au dhamana ya ushirika ya kampuni ikiwa ni chini ya muda wa siku ishirini na moja kabla ya siku ya Mkutano. Kadiri itakavyoruhusiwa kisheria, hesabu huenda zikatumwa au kwa upande mwingine zikawasilishwa kieletroniki na si kwa njia ya Posta. Kifungu hiki hakihitaji nakala ya hesabu kutumwa au kadiri sheria inavyoruhusu kwa namna nyengine kuwasilisha kwa njia ya kieletroniki kwa mtu yeyote ambaye anuwani yake ya posta au ya barua pepe haijulikaniwa na Kampuni wala kwa mtu ila wa kwanza aliyetajwa katika akaunti za pamoja za hisa zozote au dhamana ya ushirika. Kadiri inavyoruhusiwa kisheria kampuni inaweza kutuma hesabu kwa watu wote wenye haki kwa kuchapisha hesabu katika tovuti ya kampuni na kama ipo, tovuti ya Soko la Hisa la Nairobi (NSE) kwa masharti kwamba kampuni itachapisha wakati uleule kwa ufupi waraka mizania na taarifa ya mapato katika magazeti mawili yanayouzwa kote nchini na kueleza tovuti ambayo hesabu kamili zinaweza kusomwa na anuwani ambayo ombi la kutaka nakala ya hesabu inaweza kutumwa na kwamba uchapishaji wa hesabu hizo utachukuliwa kama zimetumwa kwa kila mwanachama au mtu mwenye haki ya kupokea nakala ya hesabu.

(iv) KWAMBA Kanuni za Kampuni zirekebishwe kwa kuondoa kifungu kilichoko cha 137 na kurudisha kifungu kipya cha 137 kinachosomeka kama ifuatavyo:

"Wakati ilani au kiambatisho chochote kitakapotumwa kwa njia ya posta itachukuliwa kuwa imewasilishwa katika siku ya tatu baada ya siku iliyotumwa ikiwa anayetumiwa anuwani yake ni ya hapa Kenya na ikiwa anayetumiwa anuwani yake ni ya nje ya Kenya itakuwa imewasilishwa kwake katika siku ya saba baada ya siku iliyotumwa na kwa huyo anayetumia anuwani ya nje ya Kenya ilani hiyo au kiambatisho hicho kitatumwa kwa ndege. Ilani yoyote iliyochapishwa katika gazeti la kila siku kulingana na kifungu cha 51 itachukuliwa kuwa imewasilishwa saa tatu


asubuhi katika siku inayofuata baada ya kuchapishwa. Ilani yoyote itakayotumwa kwa njia ya kieletroniki itachukuliwa kuwa imewasilishwa saa tatu asubuhi katika siku baada ya tarehe iliyotumwa. Katika kuthibitisha huduma hiyo au kutuma huko, itatosheleza kuthibitisha kuwa anuwani kwenye bahasha iliyokuwa na ilani au stakabadhi iliandikwa vyema na kutumwa kama barua kwa posta kupitia huduma ya kulipa kwanza au kama ilani hiyo ilichapishwa katika magazeti mawili ya kila siku linalouzwa kote nchini ama anuwani ya njia ya mawasiliano ya kieletroniki iliandikwa vyema na kutumwa. Wakati ilani inapotumwa kwa njia ya telegramu au teleksi itachukuliwa imewasilishwa katika siku baada ya siku iliyotumwa. Kwa matilaba ya kifungu hiki, 'siku' inamaanisha siku zote za wiki isipokuwa Jumamosi, Jumapili na Sikukuu. Kushindwa kwa yeyote au afisi kupokea ilani iliyowasilishwa kulingana na kifungu hiki hakutaweza kwa njia yoyote ile kubatilisha utendaji wowote au hatua zilizochukuliwa na kampuni kuambatanana na ilani iliyotolewa.

(b) Kuangalia na kuona kama inafaa, kuidhinisha maazimio yafuatayo ya kuuza biashara ya Kampuni ya huduma za utunzaji:

"KWAMBA pendekezo la Kampuni la kuuza biashara yake ya huduma za utunzaji kwa kampuni ya Standard Chartered Bank Kenya Limited hususan katika masharti na kwa kutegemea masharti ya mkataba wa tarehe 27 Aprili, 2010 uliotiwa sahihi kati ya Barclays Bank PLC na Standard Chartered PLC na hasa kama ilivyoelezwa katika ilani kwa wenyehisa iliyotolewa na Kampuni pamoja na ilani ya Mkutano Mkuu wa Mwaka, kuwa na kwa njia iliyothibitishwa na kwamba Wakurugenzi waidhinishwe kufanya kila kitu ambacho kwa maoni yao ni muhimu au kinafaa kwa ajili ya uamuzi huu na kukamilisha pendekezo la mapatano ya kuuza katika mabadiliko, marekebisho, mageuzo au kusamehe madai kama wataona ni muhimu au inafaa."

8. **Kufanya shughuli nyengine yoyote ya kampuni ambayo ilani yake imepokewa.**

Kwa amri ya halmashauri


Judy Nyaga
Katibu wa Kampuni
27 Aprili, 2010

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 26 Mei 2010 saa tano asubuhi.

Ilani 2: Uandikishaji wa wenyehisa na waakilishi katika Mkutano Mkuu wa Mwaka utanza saa mbili asubuhi tarehe 28 Mei, 2010. Wenyehisa na waakilishi watahitajika kubeba vitambulisho vyao pamoja na nakala ya taarifa ya akaunti inayohusu shirika kuu la amana na mapatano (CDSC) ili kurahisisha utaratibu wa uandikishaji.



Francis Okomo-Okello

“ I am pleased to report that our efforts produced exemplary results exceeding market expectations. We managed to increase our profit before tax by 12 per cent posting record earnings of Ksh. 9 billion.”

Message from the Chairman

As we expected, 2009 was a difficult year due to the tough operating environment. However, there has been some evidence of “green shoots” towards the fourth quarter of the year and into 2010.

The theme of this year’s annual report, “Innovation Over Time,” reflects our Company’s history and the role we have played in the development of the global and local banking sectors over the years. At the same time, the theme summarises the ability we demonstrated in 2009 to increase profitability, and retain our leading market position in a fairly challenging business environment.

We challenged ourselves to do more in a difficult operating environment by being creative and innovative in serving our customers and meeting their expectations.

I am pleased to report that our efforts produced exemplary results exceeding market expectations. We managed to increase our profit before tax by 12 per cent posting record earnings of Ksh. 9 billion.

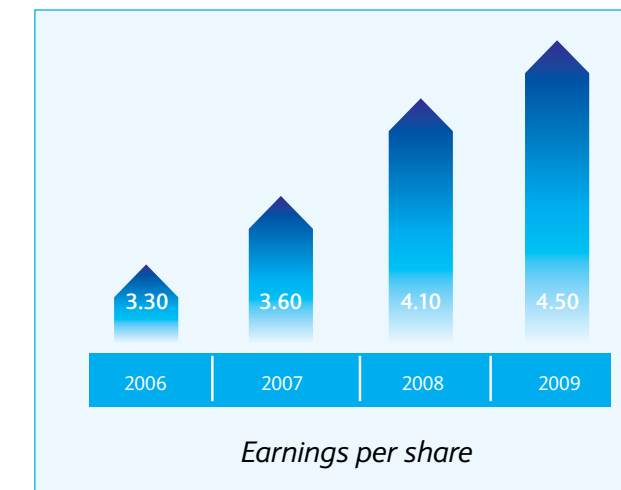
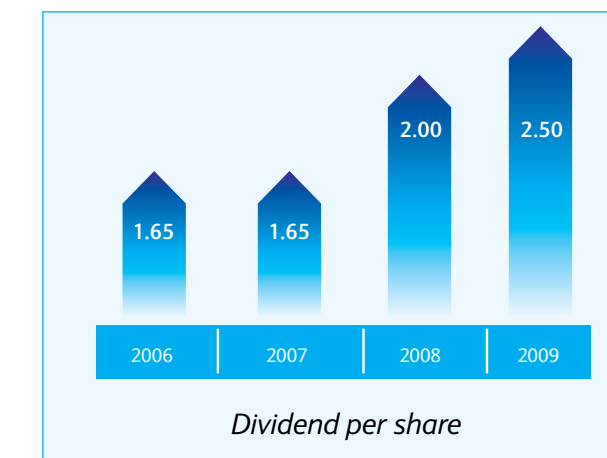
The following is a review of our key achievements and the external conditions that influenced our performance during the period under review.

Kenya’s Economy

The economy continued to witness several external shocks, predominantly influenced by persistent drought, high food and energy costs, as well as the after effects of the political crisis of early 2008. The secondary effects of the global financial crisis exacerbated the already challenging operating conditions.

While these setbacks adversely affected the primary contributors to Kenya’s Gross Domestic Product (agriculture, transport and manufacturing), there were areas of progress which laid the foundation for improved conditions going forward – namely recovery efforts stimulated by the Government and advancement in information technology and telecommunications. These significant developments will prove valuable in helping the country realise the requisite pace of economic development and to allow Kenyans to turn their eyes confidently to the future.

A key pillar of the recovery efforts is the 2009/10 Government Budget which sought to provide fiscal stimulus to economic growth. A key area of focus of the Budget is infrastructure investment. We are aware that infrastructure development remains one of the most significant routes to a vibrant economy and the realisation of Vision 2030. The Government’s commitment to develop the country’s roads, telecommunications and electricity output, is therefore laudable.



Kenya’s infrastructure has been widely recognised as an area of emphasis for not only catalysing national growth, but also ensuring that Kenya continues to play a key role in the East African Community (EAC). It is our hope that the plans for investment in this area will materialise within the first half of 2010.

During the year, the National Bureau of Statistics adopted the geometric method of calculating price movements. Previously the arithmetic method was employed. This new methodology saw the overall inflation plunge to approximately five per cent, from 18 per cent. The new level of inflation puts us back in line with most African countries, such as South Africa, Uganda and Tanzania. We welcome this change, and expect a low and stable inflationary rate moving forward, thereby increasing the purchasing power of consumers and ensuring the predictability of trade.



Atul Bhatnagar, Chief Operating Officer - Barclays Bank, receives the 2009 Retail Bank of The Year Award from Central Bank of Kenya official, Rose Detho.

It is also during 2009 that the much awaited submarine fibre optic cables landed at the Kenya Coast – essentially paving the way for enhanced, high-tech delivery of communications and services. Currently, the high cost of communications places Kenya and the region at a disadvantage. This new technology will both hasten the pace at which we do business and drive costs down, ultimately benefiting the end consumer.

Banking Sector Developments

Financial services, one of the key pillars of Kenya's economy, experienced challenges throughout the year, predominantly driven by macroeconomic conditions. In the year 2009, the economy achieved a growth rate of about 2% compared to 1.7% in 2008. Economic growth is showing signs of recovery and it is estimated that Kenya will achieve GDP growth in the region between three and four percent during the year 2010.

As the global economic recovery gains momentum, locally we expect an improving economic outlook in Kenya as various sectors respond to the improved macroeconomic variables alongside the fiscal and monetary support from the Government.

However, pockets of innovation in the banking sector emerged as the Central Bank of Kenya (CBK) looked to stimulate financial deepening by increasing accessibility to financial services and products. Currently Kenya has a low penetration of financial services and products amongst its population which is understood to be in the region of 20%. To improve accessibility to financial services and products, CBK continued to initiate financial sector reforms, and promoted the licensing of micro finance institutions, as well as the use of technology (such as mobile banking) and new channels including agency banking.



Hon. Uhuru Kenyatta, Deputy Prime Minister and Minister of Finance, presents during the Barclays-sponsored Euro Finance Conference in Nairobi.



Barclays Business Club members during a trip to Malaysia.

Barclays therefore supports efforts to increase universal access to financial services. We applaud efforts aimed at expanding the financial sector's distribution channels and making banking more efficient. Our goal is to make it easier for customers to bank with Barclays. We therefore always consider opportunities to serve our customers better and to grow their businesses and thereby grow our business as well.

Barclays Performance

Following our record profits, we increased earnings per share to Ksh. 4.50 from Ksh. 4.10 and capital strength to Ksh. 24 billion compared to Ksh. 20 billion in 2008.

The Board is therefore pleased to recommend a final dividend of Ksh. 2.00 per share, which together with an interim dividend of fifty cents per share already paid, brings the total dividend payout to Ksh. 2.50 per share – an overall 25 per cent increase over 2008.



Barclays Chairman, Francis Okello, flags off a Red Cross shipment of food relief.

A key pillar to sustained business success is the quality of its team. We are quite fortunate to have such a strong team in Kenya. We have exported some members of the team to serve other Barclays businesses in different capacities within the region, including as Country Heads. We will continue to enhance our talent pool and facilitate the advancement of colleagues –as our human resource is one of the most valued of Barclays assets.

Board Changes

I would like to welcome Yusuf Omari, Chief Financial Officer –Barclays Kenya to the Board. He replaces Charles Ongwae, former Regional Financial Director, who has taken on the role of Managing Director of Barclays Uganda.

We also welcome Vinit Chandra onto the Board to replace Ahmed Khizer Khan. Mr. Chandra is the Chief Executive Officer of Barclays Africa.

Conclusion

We look to the future with a lot of enthusiasm. As we enter 2010, there is a more positive sentiment - improved global economy, weather conditions that are conducive to agriculture and horticulture, and we are almost at the dawn of ushering in a new constitutional dispensation - all creating an environment for business success.

At Barclays we will continue to strive to provide unparalleled banking services and redefine the customer experience. Continuous innovation will steer us through the increasingly competitive and complex banking sector. We will also uphold our commitment to continue building a profitable bank, ensuring our success supports the communities in which we do business. A detailed account of our Community investment in 2009 is covered within this Annual Report.



Ruth Mwaura is an example of the many Barclays colleagues who actively support various community groups.

I would like to appreciate our community partners, including the many schools, Government Ministries and organisations, which worked hard with us on numerous projects to make a positive impact during the year. I especially appreciate the Barclays colleagues who invested time and resources to transform the communities in which we operate.

On behalf of the Board of Directors, I would like to recognise all our shareholders, customers and business partners for their steadfast support during this demanding period.

I also very sincerely thank the Board, Management and colleagues at Barclays for once again delivering an exemplary performance in a very difficult year. I am inspired by your business acumen and commitment to excellence.

Finally, I want to recognise the Kenya Government, the Central Bank of Kenya, the Capital Markets Authority, and Retirement Benefits Authority, and the Nairobi Stock Exchange, for their continued guidance and support.

Francis Okello

FRANCIS OKOMO – OKELLO

Chairman

Barclays Bank of Kenya Limited



Francis Okomo-Okello

“*Nina furaha kueleza kuwa juhudi zetu zilizaaa matunda kwa kupata matokeo bora yaliyozidi matarajio ya soko. Tuliweza kuongeza faida kabla ya ushuru kwa asilimia 12 na kupata mapato ya shilingi bilioni tisa za Kenya.*”

Ujumbe wa Mwenyekiti

Kama tulivyotarajia, mwaka wa 2009 ulikuwa mgumu kutokana na mazingira magumu ya kufanya biashara. Hata hivyo kumekuwa na ushahidi wa ‘kuchipuka kwa biashara mpya’ katika robo ya nne (mwisho) ya mwaka huo na mwanzoni mwa 2010.

Kauli mbiu ya ripoti ya mwaka huu ni ‘uvumbuzi wakati wote’, inaakisi historia ya kampuni yetu na wajibu tulioteketeza katika ustawi wa sekta za shughuli za benki humu nchini na duniani kwa miaka hiyo yote. Wakati huohuo kauli mbiu hiyo inatoa muhtasari wa uwezo wetu wa kupata ongezeko la faida katika mwaka wa 2009 na kudumisha uongozi wetu wa soko katika mazingira ya biashara yaliyokuwa na changamoto kiasi.

Tulijipa changamoto ya kuwa na utendaji zaidi katika mazingira magumu ya biashara kwa kuwa wabunifu na wavumbuzi katika kuwahudumia wateja wetu na kukidhi matarajio yao.

Nina furaha kueleza kuwa juhudi zetu zilizaaa matunda kwa kupata matokeo bora yaliyozidi matarajio ya soko. Tuliweza kuongeza faida kabla ya ushuru kwa asilimia 12 na kupata mapato ya shilingi bilioni tisa za Kenya.

Ifuatayo ni tathmini ya mafanikio yetu muhimu na hali za nje zilizochangia matokeo yetu katika mwaka huo.

Uchumi Wa Kenya

Uchumi uliendelea kukumbwa na vishindo vya nje vilivyotokana zaidi na ukame usioisha, gharama kubwa za chakula na kawi

pamoja na athari zilizotokana na mzozo wa kisiasa uliokuwa mwanzoni mwa 2008. Athari zilizofuatia mporomoko wa kiuchumi duniani zilidisha hali ngumu ya kibiashara iliyokuwepo.

Huku vizuizi hivyo vikiathiri zaidi vinavyochangia Zao Ghafi la Ndani la Kenya (kilimo, uchukuzi na utengezaji wa bidhaa),

Katika mwaka huo wa 2009 Barclays ilimarisha utoaji wa mikopo kupitia kampeini ya ubunifu ya ongeza mshahara wako maradufu yaani, “Double Your Salary”.

kulikuwa na maeneo ya maendeleo ambayo yaliweka msingi wa mazingira mazuri-yaani juhudi za kufufua uchumi zilizofanywa na serikali na kuimarika kwa teknolojia ya habari na mawasiliano. Maendeleo haya muhimu yatakuwa ya thamani katika kusaidia nchi hii kuwa na kasi ya ustawi wa kiuchumi na kusaidia wakenya kuwa na matumaini ya uhakika katika siku za usoni.

Nguzo muhimu katika juhudi za kufufua uchumi ni bajeti ya serikali ya 2009/2010 ambayo ilikuwa na mipango inayochoea (inavyochangia) ukuaji wa uchumi. Eneo muhimu lililoangaziwa katika bajeti hiyo ni uwekezaji katika muundomsingi. Tunatambua kuwa ustawi wa muundomsingi utasalia mojawapo wa njia muhimu za kuwa na uchumi ulioimarika na kufanikisha dira ya 2030. Kujitolea kwa serikali kujenga barabara za nchi, mawasiliano na uzalishaji nguvu za umeme kunastahili pongezi.

Muundo msingi wa Kenya umekuwa ukitambuliwa kama eneo muhimu si tu kwa kuchochea ukuaji wa kitaifa bali pia katika kuhakikisha kuwa Kenya inaendelea kutekeleza wajibu muhimu katika jamii ya Afrika Mashariki (EAC). Ni matumaini yetu kuwa mipango ya uwekezaji katika eneo hilo itafanikishwa katika nusu ya kwanza ya mwaka wa 2010.

Katika mwaka huo wa 2009, shirika la takwimu za kitaifa lilianza kutumia mfumo wa jimetri kuchanganua mabadiliko ya bei. Awali mfumo wa hesabu ulikuwa ukitumika. Mfumo huo mpya ulisababisha mfumuko wa bei kupungua hadi takriban asilimia 5 kutoka asilimia 18. Kiwango hicho kipya cha mfumuko wa bei



Katibu wa wizara ya biashara Bwana Abdulrazaq Adan Ali azindua rasmi maonyesho ya kibiashara ya Klabu ya Biashara ya Barclays katika Sarit Centre jijini Nairobi.

kinatuweka sawa na nchi nyingi za Afrika kama vile Afrika Kusini, Uganda na Tanzania. Tunakaribisha mabadiliko hayo na tunatarajia kiwango cha chini cha mfumuko wa bei ambacho kitakuwa imara, na hivyo kuongeza uwezo wa ununuzi kwa wanunuzi pamoja na kuhakikisha utabiri wa biashara. Pia ni katika mwaka wa 2009 ambapo nyuzi za mawasiliano kupitia chini ya bahari zilizokuwa zikisubiriwa kwa hamu ziliwasilishwa katika pwani ya Kenya na hivyo kutoa fursa ya huduma za kisasa zaidi za teknolojia ya mawasiliano. Kwa sasa gharama kubwa ya mawasiliano inaiweka Kenya na eneo hili katika hali ngumu ya kimaendeleo. Teknolojia hii mpya itaongeza kasi ya jinsi tunavyofanya biashara pamoja na kupunguza gharama, na hatimaye kumfaidi mtumiaji.

Yanayojiri Katika Sekta Ya Benki

Huduma za kifedha, moja ya nguzo muhimu katika uchumi wa Kenya, zilikabiliwa na changamoto kadhaa katika mwaka huo wote wa 2009, hasa kutokana na masharti ya fani za kiuchumi za upeo mkubwa. Katika mwaka wa 2009, uchumi ulikua kwa takriban asilimia 2 ikilinganishwa na ukuaji wa asilimia 1.7 katika mwaka wa 2008. Ukuaji wa Uchumi unaonyesha dalili za kufufuka na inakisiwa kuwa Kenya itaafikia ukuaji wa GDP wa kati ya asilimia tatu na nne katika mwaka wa 2010.

Huku uchumi wa dunia ukiendelea kufufuka, hapa nchini tuna matarajio ya kuimarika kwa uchumi huku sekta tofauti zikinufaika na fani tofauti za kiuchumi pamoja na msaada wa fedha na hazina kutoka kwa serikali.

Hata hivyo sehemu ya uvumbuzi katika sekta ya benki ilifanyika huku Benki Kuu ya Kenya (CBK) ikijiandaa kuchochea upanuzi wa kifedha kwa kuongeza upatikanaji wa huduma za kifedha pamoja na bidhaa. Kwa sasa hapa Kenya, upatikanaji wa huduma za kifedha miongoni mwa wananchi uko katika kiwango cha chini cha asilimia 20. Ili kuimarisha kupatikana kwa huduma za kifedha pamoja na bidhaa, CBK ilianzisha marekebisho katika sekta ya fedha na inaendelea utoaji wa leseni kwa taasisi ndogo za kifedha, pamoja na matumizi ya teknolojia (kama utekelezaji wa shughuli za benki kupitia simu ya mkononi) na njia nyengine mpya ikiwemo uwakala wa shughuli za benki. Na hivyo Barclays inaunga mkono juhudi za upatikanaji wa huduma za kifedha kila mahali. Tunapongeza juhudi zinazolenga upanuzi wa njia za usambazaji katika sekta ya fedha

na kufanya shughuli za benki kuwa madhubuti zaidi. Lengo letu ni kurahisisha upatikanaji wa huduma za Barclays kwa wateja. Na hivyo sikuzote sisi hutilia maanani fursa za kuwahudumia vyema wateja wetu na kukuza biashara zao pamoja na kuikuza biashara yetu.

Utendaji Wa Barclays

Kufuatia faida yetu kubwa, tumeongeza mapato ya kila hisa kutoka shilingi 4.10 hadi shilingi 4.50 na mtaji umeongezeka hadi shilingi bilioni 24 kutoka shilingi bilioni 20 mwaka wa 2008.

Na hivyo halmashauri ina furaha kupendekeza mgawo wa mwisho wa shilingi 2.00 kwa kila hisa, ambao pamoja na mgawo wa awali wa senti hamsini kwa kila hisa unapelekea jumla ya mgawo unaolipwa kwa kila hisa kuwa shilingi 2.50-kwa jumla ni ongezeko



Waziri wa Biashara Amos Kimunya wakati wa sherehe ya kukabidhi shule ya upili ya Turasha katika eneo Bunge la Kipipiri. Barclays ilisaidia ujenzi wa maabara ya kisayansi kwa ushirikiano na hazina ya CDF ya eneo hilo.



Wanafunzi waliosajiliwa chini ya mpango wa urekebishaji tabia watoto wa kurandaranda mitaani wa Barclays /UNICEF wakishiriki katika mafunzo ya kiufundi yakiwemo mapishi (picha kwa hisani ya UNICEF)

la asilimia 25 ikilinganishwa na mwaka wa 2008. Nguzo muhimu ya udumishaji wa ufanisi wa biashara ni ubora wa timu yake. Tumebahatika kuwa na timu kama hiyo ya wafanyikazi hapa Kenya. Tumepeleka baadhi ya wafanyikazi wa timu hiyo kuhudumu katika biashara nyengine za Barclays katika nyadhifa tofauti katika kanda hii ikiwemo wadhifa wa uongozi wa nchi. Tutaendelea kuimarisha vipawa tulivyonavyo na kusaidia maendeleo ya washiriki wetu kwani mlimbi wa watumishi wetu nimiongoni mwa rasilimali za Barclays zinazothaminiwa mno.

Mabadiliko Katika Halmashauri

Ningependa kumkaribisha Yusuf Omari ambaye ni afisa mkuu wa

fedha wa Barclays Kenya katika halmashauri. Omari anachukua nafasi ya Charles Ongwae, aliyekuwa mkurugenzi wa fedha katika kanda hii, ambaye sasa amechukua wadhifa wa Meneja Mkurugenzi nchini Uganda. Pia tunamkaribisha Vinit Chandra katika halmashauri. Chandra amechukua nafasi ya Ahmed Khizer Khan. Chandra ni afisa mkuu mtendaji wa Barclays Africa.

Hitimisho

Tunaangalia siku za usoni na shauku kubwa. Huku tukianza mwaka wa 2010, kuna maono chanya zaidi-kuimarika kwa uchumi wa dunia, hali ya hewa ambayo ni nzuri kwa kilimo na kilimo cha bustani, na tuko katika mchakato wa kuandika katiba mpya –vyote hivyo vinachangia mazingira ya ufanisi wa biashara.

Katika Barclays tutaendelea kujitahidi kutoa huduma za benki za kipekee na kufafanua upya uzoefu wa mteja. Uvumbuzi unaoendelea utatuwezesha kushika usukani katika sekta changamano ya benki yenye ushindani unaongezeka. Pia tutaendelea kujitolea kutimiza wajibu wetu wa kujenga benki yenye faida, na kuhakikisha ufanisi wetu unasaidia jamii tunazofanya biashara nazo. Maelezo ya kina ya uwekezaji wetu katika jamii katika mwaka wa 2009 yamejumuishwa kwenye ripoti hii ya mwaka.

Ningependa kuwashukuru wabia wetu wote katika jamii, zikiwemo shule nyingi, wizara za serikali na mashirika, ambayo yalishirikiana na sisi katika miradi mingi na kuchangia mafanikio ya mwaka wa 2009. Nataka kuwatambua zaidi washiriki wa Barclays

waliowekeza muda wao na rasilimali na kuzibadili jamii katika maeneo tunayohudumu.

Kwa niaba ya halmashauri ya wakurugenzi, ningependa kuwashukuru wenye hisa wetu wote, wateja na wabia wa biashara kwa uaminifu wao usioyumba katika muda huo.

Pia ninatoa shukurani za dhati kwa halmashauri, usimamizi na washiriki katika Barclays kwa mara nyengine tena kuwa na matokeo ya kupigiwa mfano katika mwaka uliokuwa mgumu kibiashara. Ninatiwa moyo na busara yenu ya kibiashara pamoja na kujitolea katika utendaji bora.

Hatimaye, nataka kuishukuru serikali ya Kenya, Benki Kuu ya Kenya, Mamlaka ya mtaji wa masoko ya hisa na Mamlaka ya mafao ya kustaafu, Soko la hisa la Nairobi kwa muongozo wao usiokoma pamoja na msaada.

Francis Okomo-Okello
Mwenyekiti

Benki ya Barclays Kenya Limited



Adan Mohamed

“*Our strong profit performance in 2009 continues to bolster our capital and liquidity positions, thus enhancing our foundation for future growth.*”

Managing Directors' Report

I am very pleased with our strong financial performance in 2009 under a business environment which can best be described as turbulent. We have continued to deliver superior results exceeding market expectations even in most difficult circumstances. Our business model, which gives us flexibility to switch focus between a revenue push and productivity and efficiency gains, has played a key role in delivering the 2009 outcome.

Underpinning the strong financial results is the great focus we continue to place on customer service that ensures strengthening of longstanding relationships even in tough times.

Our strong profit performance in 2009 continues to bolster our capital and liquidity positions, thus enhancing our foundation for future growth.

Performance Review

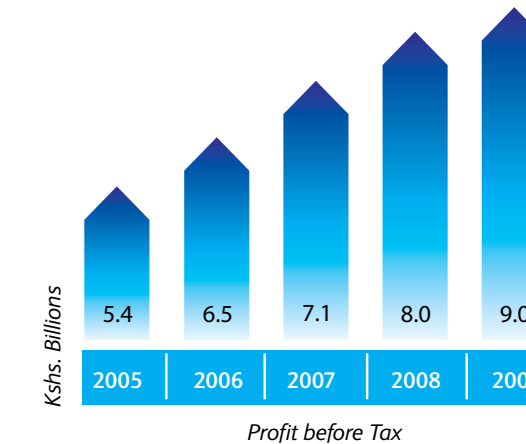
Whilst our total income was broadly flat over 2008, we maintained good growth in net interest income. A diversified mix of interest earning assets and interest bearing deposits contributed to a Ksh. 14.8 billion of net interest income (up 5.4 per cent over 2008).

We mitigated the negative impact of a declining interest earning customer asset book through better margin management and improvement in mix of assets with bias towards higher margin unsecured lending products and government bonds.

Net fee income was down 5 per cent to Ksh. 8.5 billion from Ksh. 9.2 billion mainly due to lower volumes of transactions, especially lending and foreign currency trading.

Given the slow down on top line growth, our focus on improved productivity and efficiency gains generated a 3 per cent cost reduction from Ksh. 14,329 million in 2008 to Ksh. 13,878 million in 2009.

Our provision for impairment (loan losses) reduced by nearly 60 per cent to Ksh. 513 million from Ksh. 1,282 million in 2008. This was



Barclays Premier at Westlands Office Park, Nairobi.

achieved on account of prudent lending policies and a relentless focus on collections and recovery of previously impaired loans. I would now want to share brief overview of the key business units.

Consumer Banking

During 2009 we continued to roll out innovative products and services that exceed expectations of our customers in our quest to offer better banking with Barclays. Our Consumer Business covers Retail Banking and Barclaycard.

In Retail Banking, Barclays enriched its relationship with customers with the introduction of new banking channels, new products and services and deepening consumer share of wallet through a series of sales initiatives.

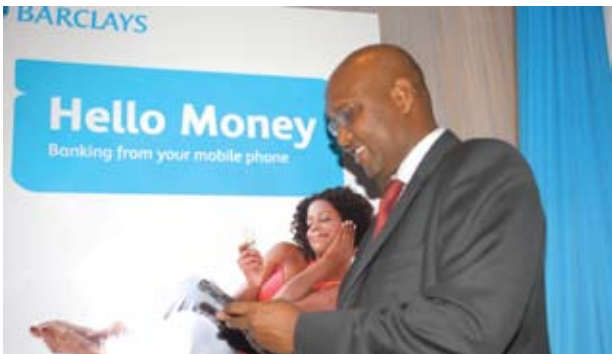
During the year we officially launched the state-of-art Barclays Premier Flagship Centre in Westlands. Being a member of this Premier Club entitles a customer to a number of benefits: using of executive board room facilities, video conferencing, and Internet, amongst others.

In our continuous ambition to increase convenience to our customers, we extended opening hours for some of our key branches and some of our branches are now open for business on Sundays. The feedback and customer response has been excellent.

In addition, we launched Hello Money, one of the most secure mobile banking platforms with functionality including account enquiries, funds transfer, bill payments, cheque book requests, and mini statements.

We continue to review our existing products by introducing more value added benefits. An example of this is the new “Mwalimu Club”, a first of its kind in Kenya for teachers with the following benefits: free mobile banking, discounted rates on check-off loans, and free account access, as well as a chance for teachers to double their salaries whenever they apply for a loan.

Also through our global sponsorship of the Barclays Premier League (BPL), we have developed products around the most popular football league to increase volume of sales for loan



Adan Mohamed, Managing Director, launches Barclays Hello Money.

and Barclaycard products. Barclaycard is the leading consumer credit card brand in the market. We have reinforced our position through strategic partnerships with key merchants; and exciting promotions all of which have both increased card uptake, and reinforced consumer loyalty. We will continue to roll out new offerings within Barclaycard, which is now supported by a state-of-the-art technology platform.

Local Business

Barclays runs a Business Club, which is now the largest and most successful of its kind in East and Central Africa with many benefits to its members. The Local Business team signed on more members this year and we expect to grow this membership further.

As part of our ongoing agenda to expose local entrepreneurs to international business, we organised numerous trips for Club members, including to China, India, Japan, Malaysia, Turkey and Dubai, 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.

In addition to organising the international trips, the Business Club

hosted a successful trade expo in Nairobi, where members had the opportunity to market their services and products. The expo was endorsed by the Ministry of Trade, and we look forward to hosting similar events in the future.

Commercial Banking & Treasury

In the Commercial and Treasury businesses, we enhanced our service delivery by getting closer to our clients, and advancing their value chain through direct contribution to their business.

We introduced the SME Enterprise account for small- to mid-sized enterprises, featuring unique value-add features, as well as an alliance scheme. The account is a reward-based transaction account that gives customers benefits pegged on a minimum average balance per month. Customers enjoy discounts; free cheque books, statements and local cheque processing; and one-day clearing within Barclays Kenya. Other advantages include preferential pricing on services, plus access to dedicated relationship managers who have deep insights in respective industries/sectors.

We also initiated a partnership with Nairobi Water Company to provide bill payment service within our branches. On the credit side, we had great performance on the corporate book due to excellent security cover and close collaboration with our clients.

While the currency markets were not optimal for income generation, our Treasury business had some big wins, including being one of the lead arrangers of the Safaricom Ksh. 12 billion bond, which was 50 per cent oversubscribed.

Operational Excellence

Our operational excellence story is a great example of how we are realising better banking through technology and enhanced processes. Our operations are reinforced by a well defined structure, which: 1) facilitates a routine of training staff to ensure they can adequately handle their responsibilities; as well as 2) provides elaborate internal control mechanisms with intensive



Nick Mbuvi, Commercial Banking Director-Barclays Bank, and Nairobi Water Managing Director, M.K. Mugo, launch the water bill payment service.

risk and controls assessments. In addition to the world-class Hello Money banking platform and Prime 3 system for Barclaycard, we strengthened our position in the market with the industry's first 24/7 Customer Contact Centre.

The multi-million shilling centre is manned by trained Barclays colleagues who are on hand to support customers 24 hours a day, seven days a week, including public holidays. We launched the centre in November 2009, and were honoured to have the Central Bank Governor, Prof. Njuguna Ndungu, serve as guest of honour and witness the services provided at the centre.

Colleagues

We continue to place critical importance in our colleagues who make everything we do for our customers come to life. In addition to regular training and development we provide at all levels across the business, we continue to provide growth opportunities for our staff in taking up new, bigger and more challenging roles.



Chief Kadhi, Sheikh Hammad and Barclays colleague, Omar Sheikh, during an annual audit of Barclays La Riba.

During the year both our former Finance Director and Country Treasurer were promoted to take up positions of Country Managing Directors in Uganda and Tanzania, respectively. These two are in addition to a larger number serving in country executive committees in other Barclays businesses outside Kenya.

Each year we conduct an Employee Opinion Survey (EOS) that enables colleagues to "have their say" on a number of issues relating to their relationship with the bank. We are very encouraged with the 90 per cent response rate we typically receive every year – 2009 was no exception. Findings from the EOS are an integral part of our strategies around our employee resource.

Recognition and Awards

Our efforts during the year have received numerous recognitions at both the local and global stage. Most notable awards for 2009 include: Best Bank in Kenya (The Banker), Best Retail Bank (2009 Banking Awards), Best Foreign Bank (EMEA Finance), Best Listed Company (FiRe Awards), Company that Best Applies International Reporting Standards (FiRe Awards), Superbrands – Financial

Services category (2009), and Best Bank in Africa (Euromoney). We do not take these awards for granted and would like to thank our colleagues, customers and other stakeholders for making this possible.



Barclays was the first bank to launch a 24/7 customer service centre.

Conclusion

We have had a good 2009 in a difficult environment and our sustained growth story is something we are very proud of as I am sure our shareholders will be. We could not have achieved this without support of our key stakeholders.

In particular, I would like to thank our Customers, the Board, Country Management Committee, and every colleague for their contribution to our success. Also I must recognise the support and goodwill provided by the Government, the Central Bank of Kenya, Retirement Benefits Authority and the Capital Markets Authority for making the business environment conducive for growth, and our shareholders for their continued confidence in Barclays.

A stylized handwritten signature in black ink.

ADAN MOHAMED
Managing Director
Barclays Bank of Kenya Limited



Adan Mohamed

“*Matokeo yetu mazuri ya faida ya mwaka wa 2009 yanaendelea kuimarisha mtaji wetu na uwezo wa kupata pesa na hivyo kuboresha msingi wa ustawi zaidi katika siku zijazo.*”

Taarifa ya Meneja Mkurugenzi

Ninafurahia sana matokeo bora ya kifedha ya mwaka wa 2009 chini ya mazingara ya kibiashara yasiyodhibitika. Tuliendelea kupata matokeo bora kupita matarajio ya soko hata katika kipindi kigumu. Mtindo wetu wa kibiashara ambao unatupa uwezo wa kuchagua kati ya mikakati ya kutengeza mapato zaidi na utoaji wa huduma bora zaidi umechangia pakubwa katika matokeo ya mwaka wa 2009.

Matokeo hayo bora yana msingi wake katika lengo letu la kuendelea kutoa huduma bora kwa wateja ambalo linahakikisha uimarishaji wa uhusiano mwema ambao umeendelea kuwepo hata katika wakati mgumu wa biashara.

Matokeo yetu mazuri ya faida ya mwaka wa 2009 yanaendelea kuimarisha mtaji wetu na uwezo wa kupata pesa na hivyo kuboresha msingi wa ustawi zaidi katika siku zijazo.

Uchambuzi wa utendaji

Huku mapato yetu ya jumla yakiwa chini mnamo mwaka wa 2008 tuliendelea kudumisha ukuaji mzuri katika pato kamili la riba. Rasilimali anuai za upatikanaji wa riba na dhamana za kuleta riba zilichangia pato kamili la shilingi bilioni 14.8 (ni ongezeko la asilimia 5.4 ikilinganishwa na mwaka wa 2008).

Tulipunguza athari za kupungua kwa riba inayotokana na rasilimali ya wateja kupitia usimamizi bora wa faida na uboreshaji wa rasilimali mchanganyiko kwa kupendelea faida kubwa katika utoaji huduma za mikopo isiyokuwa na dhamana na hawala za serikali.

Ada ya jumla ya mapato ilishuka kwa asilimia 5 hadi shilingi bilioni 8.5 kutoka shilingi bilioni 9.2 kutokana na kupungua kwa shughuli za benki hasa za utoaji wa mikopo na biashara ya fedha za kigeni.

Kutokana na kupungua kidogo kwa kiwango cha juu cha ukuaji, lengo letu la kuimarisha utoaji wa huduma na ufanisi lilisababisha kupungua kwa gharama ya utoaji huduma kwa asilimia 3 kutoka

shilingi milioni 14,329 mwaka wa 2008 hadi shilingi milioni 13,878 mwaka wa 2009. Toleo letu la kufidia hasara za mikopo lilipungua kwa karibu asilimia 60 hadi shilingi milioni 513 kutoka shilingi milioni 1,282 mwaka wa 2008.

Hilo liliweza kuafikiwa kupitia mifumo thabiti ya utoaji wa mikopo na azma isiyofikia katika kuhakikisha ulipaji wa mikopo kwa wakati ufao kutoka kwa wateja kuhusiana na mikopo ambayo ilikuwa haijalipwa.



Gavana wa Benki Kuu, Prof. Njuguna Ndung'u afungua rasmi kituo cha kwanza cha mawasiliano cha saa ishirini na nne, kila siku, siku saba kwa wiki.

Sasa ningependa kutoa maelezo mafupi kuhusiana na vitengo vyetu muhimu vya kibiashara.

Huduma za benki kwa wateja

Mnamo mwaka wa 2009 tuliendelea kusambaza bidhaa na huduma zetu ambazo zilipita matarajio ya wateja wetu katika azma yetu ya kutoa huduma bora zaidi za benki katika Barclays. Shughuli zetu kwa wateja ni zile za moja kwa moja katika benki na za kadi ya mkopo ya Barclaycard.

Katika huduma za benki za moja kwa moja tuliimarisha uhusiano wetu na wateja kwa kuanzisha njia mpya za shughuli za benki, bidhaa na huduma mpya za benki kulingana na kiasi chao cha pesa kupitia mfululizo wa wa ari za mauzo.

Katika mwaka huo tulianzisha rasmi kituo cha kisasa kiteknolojia cha Barclays Premier Flagship katika eneo la Westlands Nairobi. Kwa kuwa mwanachama wa kituo hicho, mteja anapata fursa kadhaa: kutumia suhula za ofisi, kukongamana kupitia video, mtandao wa internet na mengineyo.

Katika azma yetu isiyokoma ya kuwarahishia zaidi wateja wetu kupata huduma za benki, tuliongeza muda wa upatikanaji wa huduma katika baadhi ya matawi yetu makuu matawi mengine huwa wazi kwa shughuli za benki hata siku za jumapili. Wateja wamefurahia sana huduma hizo.

Fauka ya hayo tulizindua huduma ya Hello Money, huduma ambayo ni salama zaidi katika utoaji wa huduma za benki kupitia simu za rukono (mkononi) huku wateja wakiweza kupata maelezo yote wanayohitaji kuhusu dhamana zao za benki, uhamishaji wa pesa, ulipaji wa bili na taarifa fupi kuhusu akaunti zao.

Tunaendelea kutathmini huduma zetu zilizopo kwa kuongeza manufaa zaidi ya thamani. Mfano wa hilo ni huduma mpya ya “Mwalimu Club”, ambayo ni mpya na ya kipekee hapa nchini Kenya kwa walimu na ina manufaa yafuatayo: huduma za benki bila malipo kupitia simu za rukono, bakshishi ya makato ya riba katika mikopo ya papo kwa papo na kupata bila malipo maelezo ya dhamana zao za benki mbali na fursa ya kujiongezea maradufu msiahahara yao wanapotuma maombi ya mkopo.

Aidha kupitia udamini wetu wa kimataifa wa ligi ya Barclays Premia (BPL), tumeanzisha huduma kuhusiana na ligin hiyo ili kuongeza mauzo ya mikopo na kadi ya mkopo ya Barclaycard.

Kadi ya mkopo ya Barclaycard ndiyo inayoongoza katika soko la kadi za mkopo kwa mteja. Tumeweza kuimarisha uongozi wetu kupitia ubia na mashirika muhimu ya kibiashara; na matangazo ya kusisimua ambayo yameongeza idadi ya kadi zinazochukuliwa pamoja na kuimarisha uaminifu wa wateja. Tutaendelea kutoa matoleo mapya ya kadi za mkopo za Barclaycard kupitia mfumo huo unaosaidiwa na teknolojia ya kisasa zaidi.



1. This service is available at all Barclays branches countrywide**
2. Just fill in a NWC deposit voucher provided at the counter
3. You will receive a slip as proof of payment

* Only water bills from the Nairobi Water and Sewerage Company apply
** Service at Premier and Prestige centres is exclusive to members

Visit your nearest branch for more information



Katika mwaka wa 2009 Barclays ilizindua huduma ya ulipaji wa bili za maji za Kampuni ya Nairobi

Biashara ya humu nchini

Barclays ina klabu ya biashara ambayo sasa ni kubwa zaidi na yenye ufanisi mkubwa zaidi wa aina yake katika Afrika Mashariki na Kati na ina manufaa chungu nzima kwa wanachama wake. Maafisa wetu waliandikisha wanachama zaidi mwaka huu na tunatarajia idadi ya wanachama kuendelea kuongezeka.

Kama sehemu ya lengo letu linaloendelea la kutoa fursa za kibiashara kwa wajasiriamali wa humu nchini katika majukwaa ya kimataifa, tuliandaa ziara mbalimbali kwa wanachama wwa klabu hiyo zikiwemo za China, India, Japan, Malaysia, Uturuki na Dubai walikopata fursa ya kuungana na mitandao ya wadau tofauti na kuanzisha mahusiano ya kudumu ambayo yatatoa nafasi kwa huduma zao na bidhaa zao kupatikana katika soko la kimataifa.

Mbali na kuandaa ziara hizo za kimataifa, klabu hiyo ya biashara iliandaa maonyesho ya biashara yaliyokuwa na ufanisi mkubwa jijini Nairobi ambapo wanachama walipata fursa ya kutangaza bidhaa zao pamoja na huduma. Maonyesho hayo yaliidhinishwa na wizara ya biashara na tunatarajia kuandaa maonyesho kama hayo katika siku za usoni.

Shughuli ya benki ya kibiashara na hazina

Katika huduma za kibiashara na hazina tuliimarisha utoaji wa huduma zetu kwa kuwakaribia zaidi wateja wetu na kuongeza thamani yao kupitia kuchangia moja kwa moja katika biashara zao.

Tulianzisha akaunti ya wajasiriamali wadogo SME kwa biashara ndogo na za kadiri kukiwa na matoleo bora zaidi na ya kipekee pamoja na mpango wa muungano. Akaunti hiyo inawapa manufaa ya kiwango cha kadiri cha kila mwezi. Wateja wanapata turuhani, vitabu vya bure vya hundi, taarifa za akaunti na kushughulikiwa humu nchini kwa hundi zao na kushughulikiwa kwa siku moja tu katika Barclays Kenya. Manufaa mengine ni uchaguzi huria katika kulipia huduma mbalimbali



Barclays ilishiriki katika maonyesho ya kitaifa ya utoaji wa mikopo ya nyumba za makaazi na ilikuwa na kibanda kilichokuwa miongoni mwa vilivyotia fora zaidi katika maonyesho hayo.

pamoja na kuwafikia wasimamizi wakuu ambao wanafahamu vyema mahitaji yao katika sekta mbalimbali zinazowahusu.

Pia tulianzisha ushirikiano na Kampuni ya utoaji huduma za maji ya Nairobi kwa ajili ya utoaji wa huduma za kulipa bili za maji katika matawi yetu. Katika kitengo cha utoaji wa mikopo tulikuwa na utendakazi bora kupitia mashirika kutokana na dhamana bora na ushirikiano wa karibu kati ya mashirika husika na wateja wetu.

Huku masoko ya fedha yakiwa na shughuli chache za kuleta mapato, biashara yetu ya hawala ilikuwa na mafanikio makubwa, ikiwemo kuwa miongoni mwa waandalizi wakuu wa hawala ya Safaricom ya shilingi bilioni 12 ambayo ilipata maombi yaliyopita kiasi kwa asilimia 50.

Utendaji kazi bora

Katika kipindi hiki cha mwaka kulikuwa na rekodi katika shughuli Utendaji kazi wetu bora ni mfano mkubwa wa jinsi tunavyotoa huduma bora zaidi za benki kupitia teknolojia na mifumo



Nick Mbuvi, Mkurugenzi wa masuala ya biashara wa Barclays na wenzake wazindua Akaunti ya Ujasiriamali SME, ambayo inalenga wajasiriamali wa biashara za kadiri na ndogo ndogo

iliyoboreshwa. Shughuli zetu zimeimarishwa na muundo uliofafanuliwa vyema ambao unatoa fursa mwafaka za mafunzo kwa wafanyikazi wetu kwa ajili ya kuhakikisha kwamba wanaweza kumudu majukumu yao; na kuchanganua udhibiti wa taratibu za ndani pamoja na tathmini za mali shadidi na udhibiti.

Pamoja na hayo tuna huduma ya kisasa zaidi ya Hello Money ya utoaji wa huduma za benki na mfumo wa Prime 3 wa kadi ya mkopo ya Barclaycard, ambazo zimeimarisha hadhi yetu kaktika soko kupitia huduma za saa 24 kwa wateja.

Kituo chetu kilichojengwa kwa gharama ya mamilioni ya pesa kinasimamiwa na wafanyikazi wenza wa Barclays wenye ujuzi kamili ambao wako tayari kuwasaidia wateja kwa saa 24 kila siku, siku saba kwa wiki zikiwemo siku za mapumziko. Tulikizindua kituo hicho mwezi wa Novemba 2009 na tulipata heshima kubwa ya shughuli hiyo kuongozwa na Gavana wa Benki Kuu Prof. Njuguna Ndungu, ambaye alishuhudia jinsi huduma zinavyotolewa katika kituo hicho.

Washirika

Tunaendelea kuwachukua kwa umuhimu mkubwa washirika wetu ambao wanazipa uhalisi huduma zetu zote kwa wateja.

Mbali na mafunzo ya mara kwa mara tunayotoa kwa vitengo vyote vya kibiashara, tunaendelea kutoa fursa za ukuaji kwa wafanyikazi wetu kwa kuwapa majukumu mapya yaliyo na changamoto zaidi kwao.

Wakati wa kipindi hicho cha mwaka mkurugenzi wetu fedha na mkurugenzi wetu wa hazina walipandishwa vyeo na kuchukua nyadhifa za kuwa mameneja wakurugenzi wa Uganda na Tanzania mtawalia. Wawili hao ni miongoni mwa idadi kubwa ya wanaohudumu katika kamati kuu za nchi katika biashara nyengine za Barclays nje ya Kenya.

Kila mwaka huwa tunaandaa uchunguzi wa maoni ya wafanyikazi ambapo wao hupata fursa ya “kauli zao kusikizwa” kuhusiana na masuala mbalimbali kati yao na kampuni hii na tunafurahishwa mno na ushiriki wao ambao tangu miaka kadhaa iliyopita umekuwa katika kiwango cha asilimia 90.

Utambuzi na matuzo

Juhudi zetu wakati wa kipindi chote cha mwaka huo zilitambuliwa sana hapa nchini na pia kimataifa. Mataji tunayoyatambua zaidi kwa mwaka huo wa 2009 ni pamoja na: Benki bora zaidi nchini Kenya (The Banker), Benki bora zaidi ya biashara (2009 Banking Awards), Benki bora zaidi ya kigeni (EMEA Finance), Kampuni bora zaidi katika soko la hisa (FiRe Awards), Kampuni inayotumia vyema viwango vya kimataifa katika utoaji ripoti (FiRe Awards), na Benki bora zaidi barani Afrika (Euromoney).

Hatuchukulii matuzo hayo kuwa ni kawaida tu na tungependa kuwashukuru washirika wetu, wateja na wadau wengine kwa ufanisi huo.

Hitimisho

Tumekuwa na mazingira magumu ya kiuchumi mnamo mwaka wa 2009 na tunajivunia sana ukuaji wetu wa kibiashara na nina imani wenyehisa wetu watajivunia hali hiyo pia. Hatungeweza kupata matokeo hayo pasi na usaidizi kutoka kwa wadau wetu muhimu.

Hasa, ningependa kuwashukuru wateja wetu, Halmashauri ya Benki, kamati ya usimamizi ya humu nchini na wenzetu wote tulioshirikiana kuupata ufanisi huu. Pia ningependa kutambua usaidizi na ukarimu kutoka kwa serikali, Benki Kuu ya Kenya, Mamlaka ya mafao ya uzeeni na mamlaka ya Mtaji wa masoko ya hisa kwa kuwa na mazingira ya biashara yanayochangia ukuaji, na nawashukuru wenyehisa wetu kwa kuendelea kuwa na imani na Barclays.

ADAN MOHAMED

Meneja Mkurugenzi

Benki ya Barclays Kenya Limited



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

Barclays Kenya, creating Value for society.

During 2009, Colleagues helped fund and build Barclays earth dam project in Kitui.

Barclays Social Responsibility Report

As Kenya’s leading bank, we recognize our responsibility to the communities where we do business and Kenya overall.

Introduction

In 2009, Barclays Kenya stayed true to its commitment to support the wellbeing of the communities in which we live and work, as well as the country’s economy as a whole.

During the year, we continued to dedicate a substantial amount of resources towards supporting several new and ongoing social initiatives in the areas of: Quality of Education; Income Generation and Financial Inclusion; Preventive Health and Disability; and Environmental Responsibility.

These initiatives are anchored on our Sustainability Strategy which seeks to grow our business in a responsible manner, by balancing Barclays economic impact with contribution towards social development and environmental stewardship.

Employees, the bedrock of community initiatives

On any given day, you can find a Barclays colleague making a difference in the lives of their community. This strong culture of giving back to society is a key pillar of Barclays community investment programme.

Indeed, staff participation is fundamental to all Barclays community activities, and guides the bank’s direct funding agenda. One of the ways in which Barclays empowers colleagues to make a significant change in the community is the Barclays Shilling for Shilling fundraising scheme. Shilling for Shilling is a powerful employee voluntary activity in which the bank matches every shilling raised through staff initiative. Last year, more than 550 colleagues organized and raised more than Ksh. 8.9 million to support 52 projects across the country.

Barclays staff activity in 2009 was greatly influenced by the drought which affected millions of Kenyans. Colleagues helped raise funds for an assortment of food and non-food items worth more than



Students present during the Junior Achievement holiday competition at State House Girls. Barclays sponsored the event as part of a three year commitment of Ksh. 3 million.

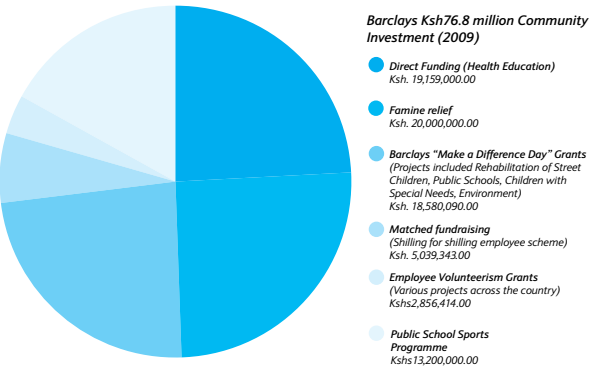
Ksh.. 3 million. This benefited more than 75,000 residents of Mogotio and Kitui constituencies, among other communities identified via the Kenya Red Cross.

One such project is the funding for the construction of the “Miumbu Mwambani Earth Dam” situated in Miumbu area of Kitui Central Constituency. Through the Barclays Shilling for Shilling, colleague contributions totalling Ksh. 350,000 were matched to sum the Ksh. 700,000 donation – a handsome portion of the total Ksh. 3 million required to complete the dam. Upon completion, the dam is expected to benefit an estimated 6,000 residents in the Miumbu area in the vast Kitui District. Another scheme that employees use to reach out to the community is the Barclays Employee Volunteering scheme. By giving their time, energy and skills, more than 1,063 volunteers impacted on 68 projects country wide. This translated to 5,680 hours with an investment of Ksh. 2,482,570. These projects included community-based activities in public schools, hospitals, town councils, and orphanages, just to mention a few.

Barclays Make a Difference Day (MADD) is another very successful employee engagement activity. It gives each and every employee

-and their families- an opportunity to take one day “on” to participate in community activities.

MADD has been marked by Barclays in Kenya for the last eight years. It is the single biggest employee voluntary activity not just in Kenya but for Barclays globally. Held in October, the 2009 MADD focused on the theme: ‘A Healthy and Friendly Environment’ in line with our focus on positive contribution to environmental responsibility. During the day, more than 5,000 colleagues participated in projects which required approximately Ksh. 20 million in funds.



Barclays Banking on Brighter Futures

Increasing pressure from slow economic growth and incidences of discrimination continue to make it especially difficult for a large number of the disadvantaged members of the community to realise their fullest potential.

Through the Barclays Banking on Brighter Futures programme, we are helping to put marginalised communities on the road to financial independence and security. Our approach for Banking on Brighter Futures is to create better understanding among the target youth around the focus areas of: managing resources, skills training, and entrepreneurship.



James Kinyanyi, Director of Operations, and Minister of Water and Kitui Central Area MP, Hon. Charity Ngilu, during a Barclays-sponsored food distribution event. Barclays colleagues also helped fund an earth dam to benefit residents in the area.

A flagship project under the Banking on Brighter Futures banner is the ongoing Building Young Futures partnership between Barclays and UNICEF.

Launched in 2008, the Barclays/UNICEF strategic partnership is aimed at supporting vulnerable young people by helping them acquire the skills and opportunities they need to realise their potential as members of their communities.

Building Young Futures targets 13 countries and involves an investment of £5 million in money and employee time over three years. In Kenya, Barclays committed Ksh.106 million to fund projects in Mombasa, Nairobi and Eldoret.

The Tononoka Rehabilitation Centre in Mombasa pools professional trainers, counsellors and volunteers – all in an effort to transform the lives of more than 700 street children from the neighbouring Maboxini area. The success of the programme is apparent, more than 50 children are performing well in secondary and primary school; 100 receive regular counselling; and 50 have been reunited with their families. Moreover, 30 Barclays volunteers

from Mombasa region have been trained and regularly mentor the children at the centres. The second centre in Eldoret has initiated services, reaching 300 children. The launch of the centre is planned for early 2010.

Commitment to Education

Barclays has a longstanding commitment to the country's education sector. Improving the quality of education is the foundation of our youth development initiative, which also is part of our global sustainability agenda.

Over the past five years, the bank has committed Ksh.. 103 million in various school projects under the Barclays Looking After the Local Community programme.

The commitment has resulted in the construction of more than 185 classrooms, 12 science laboratories, 10 computer labs, four libraries, 115 toilets, 100 water tanks and six dormitories. This includes a community investment of Ksh. 17 million to 13 public schools across the country in 2009.



Barclays Consumer Banking Director, Abdi Mohamed, and Minister of Health and Sanitation, Hon. Beth Mugo, hand out mosquito nets during World Malaria Day.

To further consolidate our contribution towards improving the education sector, we undertook to support human resource capacity enhancement. Consequently, in July, we entered a strategic alliance with the Teachers Service Commission (TSC) and Kenyatta University. The partnership saw us pay tuition fees for 11 teachers (three for undergraduate and eight for postgraduate studies) to study at Kenyatta University, in a scholarships programme that commenced in August 2009.

“You can B” a banker

The three-year “You can B” initiative, launched in April 2009, targets some 11 countries and is being carried out in partnership with the Junior Achievement (JA) organisation.

As part of a global initiative aimed at training students on business and project management skills, Barclays Kenya in June 2009 ran a week-long job shadow exercise for secondary school students across the country. Approximately 100 students got a chance to be bankers for the day at Barclays branches and offices in Nairobi, Nakuru, Kakamega, Kisumu, Thika, Wundanyi, Voi and Mombasa.

The local JA Job Shadow programme is part of the Ksh. 240 million (US\$ 3 million) Barclays/JA worldwide initiative to promote entrepreneurship and work-readiness for the youth.

So far, we have invested Ksh. 2.4 million towards the Kenya programme, which included a camp on innovation and an inter-school competition held at State House Girls Secondary School.

Economic progress and better health

Barclays Kenya is continuously looking for ways of addressing various social issues including health, access to information, forms of disabilities, and various issues around sustainable development. Barclays has been active in addressing crucial public health issues as diverse as HIV/Aids, physical disabilities, Malaria and mental disabilities. The main focus for health in 2009 was the Ksh. 10 million partnership with the Lions Sight First Eye Hospital.

Through the Lions Sight First Eye Hospital partnership, at least 31,000 children, between the ages of five and 15 years, from 50 public primary schools around Nairobi were provided with access to free eye screening and treatment. Ultimately, the scheme is to give them an opportunity to advance their education and pursue careers of their choice.

Additionally, the partnerships also will play an important role in helping the medical community in realising the ambition of eradicating preventable blindness in Kenya. Approximately 250,000 people in Kenya are blind and most of them with conditions that can be prevented through early detection. Under the Barclays ‘Charity Begins at Work’ theme, colleagues volunteered in all the benefiting schools, with five to 10 staff members supporting the screening programme at each school.

Towards a Carbon-Neutral banking operation

In 2007, Barclays Plc made a commitment to make operations carbon neutral by offsetting emissions from global banking operations.



Students of Gatina Primary School participate in a vision screening exercise. Barclays partnered with Lions Eye Hospital to screen more than 30,000 students attending public primary schools within Nairobi and its environs.

As early as 2008, the Group was able to meet the commitment of offsetting emissions from its global banking operations for 2008 through progressive targets which involved the purchase of carbon credits from projects in nine countries, including Kenya.

Environmental management remains as important in our business in Kenya as it is for the global operation. We know that our success as an organisation is not only reflected by our financial performance, but also in our ability to have a positive impact on the sustainability and environmental issues of the communities within which we operate.

Our staff are fully involved in environmental conservation and have been at the forefront of several initiatives. Hundreds of trees are planted yearly by Barclays colleagues 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.

In 2009, our staff observed the World Environmental Day by partnering with Kitui Water Company to distribute water at Maliku Girls and St. Ursula Secondary Schools in Kitui. A separate group was engaged in planting trees at Busia Township Primary School while another group were engaged in a clean-up exercise at Homa Bay District Hospital.

In Nairobi, colleagues planted trees in five schools in Dagoretti constituency, where they also took time to mentor the students at several schools on the importance of environmental conservation.

Barclays also recognises the crippling effect the environment can have on economic development. An independent study commissioned by Barclays Plc found that severe climate change related events already cause losses of up to 15 per cent of global Gross Domestic Product (GDP). In Kenya, the drought periods between 1998 and 1999 caused an overall loss amounting to 16 per cent of our national GDP. This figure is set to increase over the coming years. Therefore, Barclays is playing a part in ensuring energy efficiency and clean energy projects get the much needed



Whenever colleagues volunteer in the community, they make it a point to promote environmental stewardship.

funding. To that end, Barclays has partnered with the Bid Network of Norway to sponsor a Clean Energy Challenge across East Africa. The winning entrepreneurs who submit the most impactful and viable business plans will receive up to USD100,000.00 in financing through this competition. Barclays also is exploring “green financing” in conjunction with the International Finance Corporation, a unit of the World Bank Group. The goal is to facilitate more sustainable development in Kenya as well as the region.

Directors' Report for the year ended 31 December 2009

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2009.

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 38 to 78.

Dividends

One interim dividend of Ksh. 50 cents per share totaling Ksh. 679 million was paid in 2009. Subject to the approval of the shareholders, the Directors recommend a final dividend for the year of Ksh. 2.00 per share. This will be paid on or about 28th May 2010 to shareholders registered at close of business on 11 March 2010. This distribution would leave a balance of retained group profit for the year of Ksh. 2,696 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. Ahmed Khan who served as a Director of the Board since July 2008 resigned from the Board in March 2009 to pursue other opportunities. Charles Ongwae who served as a Director of the Board since July 2002 resigned from the Board in May 2009 to take up the role of Managing Director, Barclays Uganda.

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:-

Francis Okomo-Okello
Rose Ogega
Adan Mohamed

In accordance with Article 101 of the Company's Articles of Association, Vinit Chandra and Yusuf Omari are due for retirement this being the first Annual General Meeting to be held since their appointments as Directors and being eligible, offer themselves for re-election.

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 Barclays Bank of Kenya Limited.

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
18 February, 2010

Directors

Francis Okomo-Okello **Chairman**

Adan Mohamed **Managing Director**

Yusuf Omari **Chief Financial Officer**
(Appointed 23 July 2009)

Nick Mbuvi **Commercial Banking Director**

Vinit Chandra (Appointed 22 October 2009)

Paul Chemng'orem
Rose Ogega
Jane Karuku
Brown Ondego

Ahmed Khan (Resigned 9 March 2009)
Charles Ongwae (Resigned 1 May 2009)

Company Secretary

Judy Nyaga

Auditors

PricewaterhouseCoopers
Rahimtulla, Upper Hill
P.O. Box 43963 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

Taarifa Ya Wakurugenzi Ya Mwaka Uliomalizika 31 Disemba 2009

Wakurugenzi wana furaha ya kuwasilisha taarifa yao pamoja na taarifa za fedha zilizokaguliwa za mwaka uliomalizika tarehe 31 Disemba, 2009.

Shughuli kuu

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 shughuli za benki (kifungu 488).

Matokeo

Matokeo ya mwaka wa 2009 yako katika ukurasa wa 38 hadi 78.

Mgawo

Mgawo wa awali wa muda wa shilingi 0.50 za Kenya kwa kila hisa wa jumla ya shilingi milioni 679 ulilipwa mwaka wa 2009. Wakurugenzi wamependekezwa mgawo wa mwisho wa shilingi 2.00 kwa kila hisa ukiwa utaidhinishwa na wenyehisa. Mgawo huo utalipwa kabla au ifikiapo tarehe 28 Mei, 2010 kwa wenyehisa ambao walikuwa wamesajiliwa kufikia mwisho wa siku ya tarehe 11 Machi, 2010. Mgawo huo utaacha salio la faida ya shilingi milioni 2,696 ambalo litapelekwa 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 taarifa za fedha ionekane inapotosha.

Wakurugenzi

Wanachama wa halmashauri ya wakurugenzi ambao walihudumu mwaka wa 2009 hadi tarehe ya kutolewa kwa ripoti hii wameangaziwa katika ukurasa huu.

Ahmed Khan ambaye alihudumu kama mkurugenzi katika halmashauri hiyo tangu Julai 2008 alijiuzulu kutoka kwa halmashauri hiyo mwezi Machi 2009 ili afuatilie fursa nyengine. Charles Ongwae ambaye alihudumu kama mkurugenzi wa halmashauri hiyo tangu Julai 2002 alijiuzulu kutoka kwa halmashauri hiyo mwezi Mei 2009 na kuanza kuhudumu kama Meneja Mkurugenzi wa Barclays Uganda.

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 kwa vile wanafaa, wamejitolea kuchaguliwa tena:-

Francis Okomo-Okello
Rose Ogega
Adan Mohamed

Kulingana na kifungu 101 cha Kanuni za Kampuni, Vinit Chandra na Yusuf Omari wamefikisha muda wa kustaafu. Huu ukiwa ni Mkutano Mkuu wa kwanza kuandaliwa tangu wachaguliwe kama wakurugenzi na kwa vile bado wanafaa, wamejitolea kuchaguliwa tena.

Mafao ya Wakurugenzi

Tangu Mkutano Mkutano Mkuu uliopita hadi tarehe ya taarifa hii, hakuna mkurugenzi ambaye amepokea au ana haki ya kupokea mafao yoyote isipokuwa malipo ya Wakurugenzi na malipo yaliyopokewa chini ya mikataba ya uajiri wa wakurugenzi wakuu.

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

Hakujakuwa mwishoni mwa mwaka huu wa kifedha wala wakati wowote katika mwaka huo ambapo kumekuwa na mpango wa wakurugenzi kujipatia mafao kwa njia ya kujipatia hisa za benki au dhamana ya ushirika wa Benki ya Barclays Kenya Limited.

Wakaguzi wa Mahesabu

Wakaguzi wa mahesabu, PricewaterhouseCoopers wamedokeza kujitolea kwao kuendelea kuhudumu kwa mujibu wa sehemu 159(2) ya sheria za makampuni (Kifungu 486) na sehemu 24(1) ya sheria ya shughuli za Benki (Kifungu 488).

Kwa amri ya halmashauri
Judy Nyaga
Katibu wa Kampuni
18 Februari 2010

Wakurugenzi

Francis Okomo-Okello **Mwenyekiti**

Adan Mohamed **Meneja Mkurugenzi**

Yusuf Omari **Afisa Mkuu wa Fedha**
(Alichaguliwa Julai 23, 2009)

Nick Mbuvi **Mkurugenzi wa Biashara za Benki**

Vinit Chandra (Alichaguliwa Oktoba 22, 2009)

Paul Chemng'orem
Rose Ogega
Jane Karuku
Brown Ondego

Ahmed Khan (Alijiuzulu Machi 9, 2009)
Charles Ongwae (Alijiuzulu Mei 1, 2009)

Katibu wa Kampuni

Judy Nyaga

Wakaguzi wa Mahesabu

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Afisi iliyosajiliwa

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Nairobi

Msajili

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P.O. Box 8484 Code 00100
Nairobi

Corporate Governance Statement for the year ended 31 December 2009

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 corporate 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.

Due to the challenging macroeconomic environment that prevailed in the country in 2009, the Board's focus during the year was the monitoring of the Bank's control framework to ensure timely mitigation of operational risks and continued profitability. The Board therefore keenly exercised its oversight responsibility of ensuring the effectiveness of the Bank's monitoring and control framework in relation to operational risk and credit risk.

The Board consists of nine (9) Directors, six (6) of whom are Non-Executive Directors (including the Chairman) with a diverse mix of skills and experience relevant to the Bank's business. The Board has three Board Committees (Audit, Advances and External Relations) with delegated authority to assist the Board effectively carry out

its obligations. The Board and its Committees are supported by five (5) key Management Committees (Country Management Committee, Assets and Liabilities Committee, Risk and Control Committee, Remuneration and Promotions 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 three (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 three (3) independent 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, corporate 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 three (3) independent Non-Executive Directors namely Jane Karuku (Chairperson), Francis Okomo-Okello and Paul Chemng'orem.

Country Management Committee (CMC)

CMC meets at least 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 and operational 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.

Operating Committee (OPCO)

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 time lines and approved 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. This Committee is required to meet monthly.

Board Performance in 2009

The Board has continued to monitor the Bank's financial performance, define, plan and review its strategy, identify business opportunities as well as risks in the Bank's operating environment, oversee major capital expenditures and advise on regulatory relationships and compliance.

In accordance with the widely accepted principles of good governance, the Board and the Board Committees carried out their 2009 annual self assessments 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 2009 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 2009 a number of training activities were undertaken by Board members. In line with the Bank's objective in 2009 to closely monitor its risk and control environment, the training activities focused on enhancing the Board's effectiveness in identifying, managing and remediating principal risks and controls, defining impairment methodologies and analysing impairment trends, managing fraud risk and ensuring efficiency in capital budgeting and management in anticipation of the adoption of the Advanced Measurement Approach of Basel II.

During the year, the Board convened and held three (3) ordinary meetings and four (4) special meetings. The Advances Committee convened and held three (3) meetings, the External Relations Committee convened and held four (4) meetings 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 on the following page:-

Member	Ordinary (Scheduled) Meetings	Special (Adhoc) Meetings
Francis Okomo-Okello	3/3	4/4
Adan Mohamed	3/3	4/4
Yusuf Omari	2/3	3/4
Nicholas Mbuvi	2/3	2/4
Rose Ogega	3/3	3/4
Brown Ondego	3/3	4/4
Paul Chemng'orem	3/3	4/4
Jane Karuku	2/3	4/4
Vinit Chandra*	-	-

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. *Vinit Chandra was appointed to the Board at the Board's last meeting of the year on 22 October 2009.

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 page 80 of the financial statements. No member of the Board holds shares in his or her personal capacity that exceeds 1% 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 any discussion or decision 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 that they may have. 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 Bank 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 Bank.

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


The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the group and of the Bank 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 Bank and its subsidiaries will not remain a going concern for at least the twelve months from the date of this statement.

Signed:


FRANCIS OKOMO – OKELLO
Chairman

18 February 2010

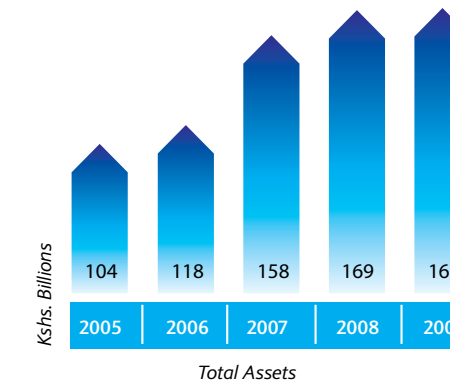
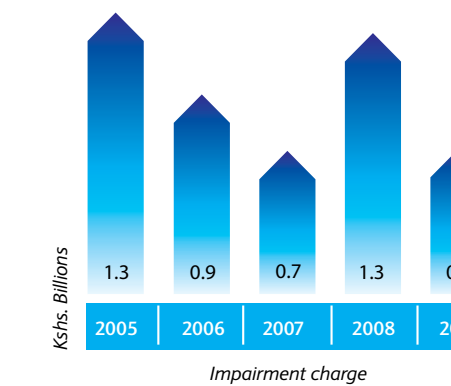
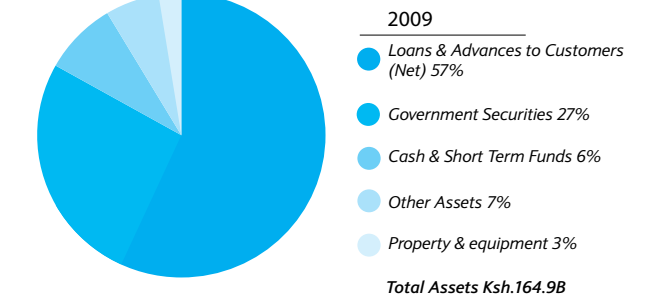
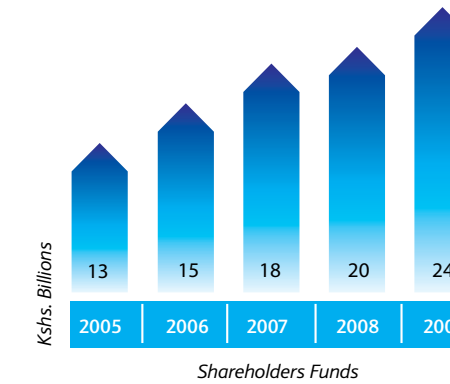
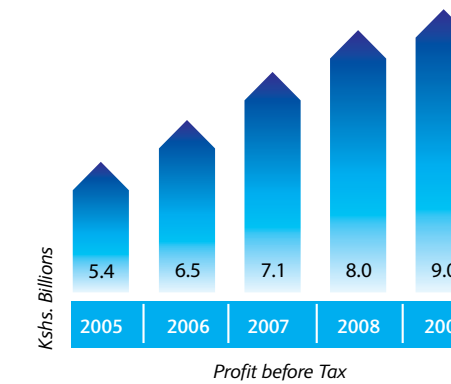
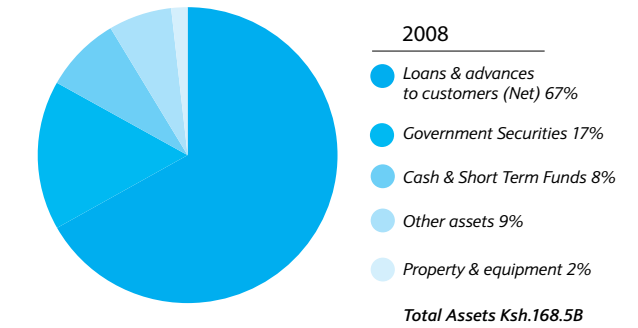
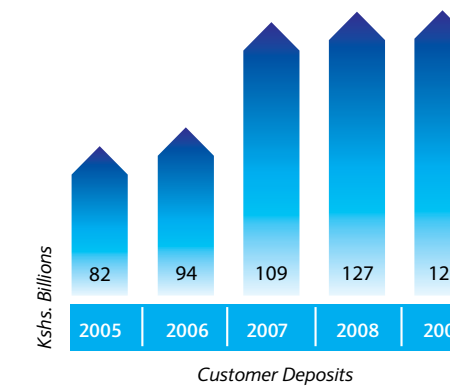
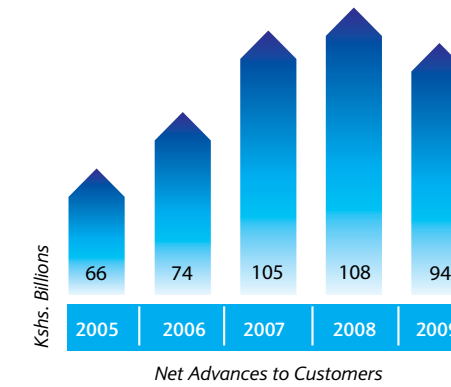

ADAN MOHAMED
Managing Director

Five Year Group Review

Shs Million	2005	2006	2007	2008	2009
Operating Income	14,275	15,123	18,860	23,628	23,397
Operating expenses	(7,519)	(7,767)	(11,095)	(14,329)	(13,882)
Impairment losses on loans and advances	(1,329)	(881)	(687)	(1,282)	(513)
Profit before tax	5,427	6,475	7,078	8,016	9,002
Profit after tax	3,729	4,492	4,910	5,558	6,091
Earnings per share (Shs)*	2.70	3.30	3.60	4.09	4.49
Dividends per share (Shs)	2.10	1.65	1.65	2.00	2.50
Loans and advances to customers (Net)	65,562	73,907	105,346	108,086	93,543
Cash and short term funds	15,663	11,869	10,774	13,695	9,751
Government securities	15,767	25,484	25,721	28,307	43,861
Property and Equipment	1,503	1,613	2,772	4,012	5,921
Other assets	5,731	4,849	13,043	14,411	11,800
Total Assets	104,226	117,722	157,656	168,511	164,876
Customer deposits	81,800	93,837	109,097	126,562	125,869
Other liabilities	9,249	9,023	30,995	21,455	14,797
Total Liabilities	91,049	102,860	140,092	148,017	140,666
Net Assets	13,177	14,862	17,564	20,494	24,210
Shareholders funds	13,177	14,862	17,564	20,494	24,210
Performance ratios					
Return on Capital employed	28.0%	30.0%	28.0%	27.1%	25.2%
Return on assets	3.0%	4.0%	3.1%	3.3%	3.7%
Impairment Charge / Loans and Advances	2.0%	1.0%	0.6%	1.2%	0.5%
Cost income ratio	52.7%	51.4%	58.8%	60.6%	59.3%
Balance sheet ratios					
Net advances to deposits (%)	80%	79%	97%	85%	74%
Impairment allowances / Gross Advances	6.6%	5.7%	3.1%	3.0%	0.0%
Others					
Staff Numbers	1,762	2,197	6,900	5,724	5,325
FTEs	1,762	2,197	2,785	4,026	3,590
LGs	-	-	4,115	1,698	1,735
Number of shareholders	33,556	46,119	58,946	60,914	60,488
Branches	58	62	107	117	119
ATMs	83	98	193	234	234

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

Financial Graphs & Charts



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 38 to 78. These financial statements comprise the consolidated balance sheet as at 31 December 2009 and the consolidated profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, together with the separate balance sheet of the company standing alone as at 31 December 2009 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 controls 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 2009 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:

- 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;
- in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books;

- the company's balance sheet is in agreement with the books of account.

Certified Public Accountants
Nairobi

18 February 2010

Taarifa ya mkaguzi huru wa mahesabu kwa wenyehisa wa benki ya Barclays Bank of Kenya Limited

Taarifa ya pamoja ya hesabu za fedha

Tumefanya ukaguzi wa hesabu wa taarifa ya fedha ya benki ya Barclays Bank of Kenya Limited (kampuni) na kampuni zake tanzu kama zilivyo katika kurasa ya 38 hadi 78. Taarifa hizi zinashirikisha mabaki yote kwenye waraka mizania kufikia Disemba 31, 2009 na faida ya pamoja na akaunti ya hasara, taarifa ya mapato mengine yote, taarifa ya mabadiliko ya hisa zisizokuwa na riba ya kudumu na taarifa ya mapato halisi ya mwaka uliomalizika, pamoja na waraka mizania wa kampuni pekee kama ilivyokuwa Disemba 31, 2009 na taarifa ya mabadiliko katika hisa zisizokuwa na riba ya kudumu ya kampuni katika mwaka uliomalizika, na muhtasari wa sera za uhasibu na ufafanuzi mwengine.

Wajibu wa wakurugenzi katika taarifa za fedha

Wakurugenzi wana wajibu wa kutayarisha na kuwasilisha taarifa za fedha kulingana na viwango vya kimataifa vya utoaji wa taarifa za fedha pamoja na masharti ya sheria za makampuni ya Kenya. Wajibu huu unashirikisha: upangaji, utekelezaji na udumishaji wa udhibiti wa ndani unaofaa katika utayarishaji na uwasilishaji wa taarifa za fedha ambazo hazina kasoro, ziwe ni za kutokana na ufisadi au makosa; kuchagua na kutumia sera mwafaka za uhasibu; na kufanya makidirio ya uhasibu yanayostahili katika hali ilivyo.

Wajibu wa wakaguzi wa mahesabu

Wajibu wetu ni kueleza maoni huru kuhusu taarifa za fedha kulingana na ukaguzi wetu. Tuliendesha ukaguzi wetu kuambatana na viwango vya kimataifa kuhusu ukaguzi mahesabu. Viwango hivyo vinatuhitaji tufuate masharti ya maadili na kupanga na kutekeleza ukaguzi wetu ili kuhakikisha taarifa za fedha si za kupotosha.

Ukaguzi wa hesabu unahusu utekelezaji wa taratibu za kupata ushahidi kuhusu kiasi na ufichuzi katika taarifa za fedha. Taratibu zinazochaguliwa zinategemea uamuzi wa mkaguzi unaojumuishia tathmini ya hatari iliyopo kuhusu kukosea maelezo ya taarifa za fedha, iwe ni kutokana na ulaghai au makosa. Katika kutayarisha makadirio hayo ya hatari, mkaguzi anazingatia udhibiti wa ndani unaohusiana na utayarishaji na uwasilishaji wa haki wa taarifa za fedha ili kupanga taratibu za ukaguzi ambazo zinafaa katika

hali iliyoko lakini sio kwa ajili ya kueleza maoni kuhusu uwezo wa udhibiti wa ndani wa kampuni. Ukaguzi pia unashirikisha kutathmini sera za uhasibu zilizotumika na ukweli wa makadiri ya uhasibu yaliyofanywa na wakurugenzi pamoja na kutathmini uwasilishaji wa jumla wa taarifa za fedha.

Maoni

Kulingana na maoni yetu, taarifa za fedha zilizoambatanishwa zinaonyesha taswira kamili ya ukweli na haki kuhusu hali ya fedha ya kampuni kufikia tarehe 31 Disemba, 2009 na kuhusu faida na mapato halisi ya kampuni katika kipindi cha mwaka uliomalizika kulingana na viwango vya kimataifa vya utoaji wa taarifa za fedha na Sheria ya makampuni ya Kenya.

Taarifa kuhusu mahitaji mengine ya kisheria

Sheria kuhusu makampuni ya Kenya inashurutisha kuwa katika ukaguzi tunaofanya tunatakiwa tuzingatie na tueleze kuhusu masuala yafuatayo. Tunathibitisha kuwa:

- Tumepokea habari na maelezo yote ambayo kulingana na tunavyofahamu yalikuwa muhimu kwa malengo ya ukaguzi wetu;
- Kwa maoni yetu madaftari sahihi ya hesabu yamehifadhiwa vyema na kampuni kama ilivyodhihiri katika upekuzi wetu wa madaftari hayo; na
- Waraka wazania wa kampuni unawiana na madaftari ya hesabu.

PricewaterhouseCoopers

Wahasibu wa Umma waliothibitishwa
Nairobi.

18 Februari 2010

This is a translation of the audit opinion on page 36. If there is any inconsistency between this translation and the English version on page 36, the English version will prevail.

Consolidated Profit and Loss Account

	Notes	2009 Shs million	2008 Shs million
Interest income	4	17,517	17,821
Interest expense	5	(2,747)	(3,811)
Net interest income		14,770	14,010
Fees and commission income		6,705	6,996
Fees and commission expense		(450)	(412)
Net fees and commission income		6,255	6,584
Foreign exchange income		2,193	2,567
Other operating income	6	179	466
Impairment losses on loans and advances	15	(513)	(1,282)
Other operating expenses	7	(13,882)	(14,329)
Profit before income tax		9,002	8,016
Income tax expense	9	(2,911)	(2,491)
Profit for the year		6,091	5,525
Attributable to Equity holders		6,091	5,525
Earnings per share			
- Basic and diluted (Shs per share)	10	4.5	4.1

The notes on pages 45 to 78 are an integral part of these financial statements

Consolidated Statement of Comprehensive Income

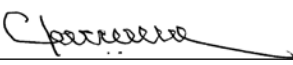


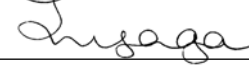
	2009 Shs million	2008 Shs million
Profit for the year	6,091	5,525
Other comprehensive income		
Gains /(losses) on available for sale securities - Unrealised net gains arising during the year	372	(385)
Total comprehensive income for the year	6,463	5,140
Total comprehensive income attributable to:		
Equity holders	6,463	5,140

The notes on pages 45 to 78 are an integral part of these financial statements

Consolidated Balance Sheet

	Notes	2009 Shs million	2008 Shs million
ASSETS			
Cash and balances with Central Bank of Kenya	12	9,751	13,695
Government securities: available-for-sale securities	13	43,861	28,307
Deposits and balances due from banking institutions	14	1,061	1,654
Balances due from group companies	35	6,246	6,993
Loans and advances to customers	15	93,543	108,086
Financial assets at fair value through profit or loss		412	251
Intangible assets	19	686	546
Property and equipment	18	5,921	3,403
Prepaid operating lease rentals	20	62	63
Retirement benefit asset	21	1,837	2,020
Other assets	22	1,496	3,492
Total assets		164,876	168,510
LIABILITIES			
Balances due to Central Bank of Kenya	23	1,503	-
Customer deposits	24	125,869	126,408
Deposits and balances due to banking institutions	25	262	1,401
Lines of credit	26	34	289
Balance due to group companies	35	3,986	9,883
Current income tax payable		115	175
Deferred income tax liabilities	17	619	432
Long term liabilities	27	4,294	4,329
Other liabilities	28	3,984	5,130
Total liabilities		140,666	148,047
SHAREHOLDERS' EQUITY			
Share capital	29	2,716	2,716
Revaluation reserve: available-for-sale securities		125	(247)
Retained earnings		16,882	15,325
Statutory loan loss reserve		1,771	632
Proposed dividend	11	2,716	2,037
Total shareholders' equity		24,210	20,463
Total equity and liabilities		164,876	168,510

The financial statements on pages 35 to 78 were approved for issue by the board of directors on 18 February 2010 and signed on its behalf by:

Director  Director  Director  Secretary 
Francis Okomo-Okello *Adan Mohamed* *Yusuf Omari* *Judy Nyaga*

The notes on pages 45 to 78 are an integral part of these financial statements

Company Balance Sheet

	Notes	2009 Shs million	2008 Shs million
ASSETS			
Cash and balances with Central Bank of Kenya	12	9,751	13,695
Government securities: available-for-sale securities	13	43,861	28,307
Deposits and balances due from banking institutions	14	1,061	1,654
Balances due from group companies	35	6,246	6,993
Loans and advances to customers	15	93,543	108,086
Financial assets at fair value through profit or loss		412	251
Investments in subsidiary companies	16	275	275
Intangible assets	19	686	546
Property and equipment	18	5,921	3,403
Prepaid operating lease rentals	20	62	63
Retirement benefit asset	21	1,837	2,020
Other assets	22	1,496	3,492
Total assets		165,151	168,785
LIABILITIES			
Balances due to Central Bank of Kenya	23	1,503	-
Customer deposits	24	125,869	126,408
Deposits and balances due to banking institutions	25	262	1,401
Lines of credit	26	34	289
Balances due to group companies	35	3,986	9,883
Current income tax payable		117	178
Deferred income tax liabilities	17	619	432
Long term liabilities	27	4,294	4,329
Other liabilities	28	4,257	5,402
Total liabilities		140,941	148,322
SHAREHOLDERS' EQUITY			
Share capital	29	2,716	2,716
Revaluation reserve : investment in subsidiaries		89	89
Revaluation reserve : available for sale securities		125	(247)
Retained earnings		16,793	15,236
Statutory loan loss reserve		1,771	632
Proposed dividend	11	2,716	2,037
Total shareholders' equity		24,210	20,463
Total equity and liabilities		165,151	168,785

The financial statements on pages 35 to 78 were approved for issue by the board of directors on 18 February 2010 and signed on its behalf by:

Director  Director  Director  Secretary 
Francis Okomo-Okello *Adan Mohamed* *Yusuf Omari* *Judy Nyaga*

The notes on pages 45 to 78 are an integral part of these financial statements

Consolidated Statement of Changes in Equity

	Notes	Share Capital	Retained earnings	Statutory loan loss reserve	Revaluation reserve on available for sale securities	Proposed dividend	Total equity
		Shs. million	Shs. million	Shs. million	Shs. million	Shs. million	Shs. million
Year ended 31 December 2008							
At start of year		2,716	12,870	278	138	1,562	17,564
Comprehensive income:							
Profit for the year		-	5,525	-	-	-	5,525
Net change in available-for-sale securities		-	-	-	(385)	-	(385)
Transfer to statutory loan loss reserve		-	(354)	354	-	-	-
Total comprehensive income		-	5,171	354	(385)	-	5,140
Transactions with owners							
Dividends:							
- final for 2007 paid		-	-	-	-	(1,562)	(1,562)
- interim for 2008 paid		-	(679)	-	-	-	(679)
- proposed final for 2008	11	-	(2,037)	-	-	2,037	-
At end of year		2,716	15,325	632	(247)	2,037	20,463
Year ended 31 December 2009							
At start of year		2,716	15,325	632	(247)	2,037	20,463
Comprehensive income							
Profit for the year		-	6,091	-	372	-	6,091
Net change in available-for-sale securities		-	-	-	372	-	372
Transfer to statutory loan loss reserve		-	(1,139)	1,139	-	-	-
Total comprehensive income		-	4,952	1,139	372	-	6,463
Transactions with owners							
Dividends:							
- final for 2008 paid		-	-	-	-	(2,037)	(2,037)
- interim for 2009 paid		-	(679)	-	-	-	(679)
- proposed final for 2009	11	-	(2,716)	-	-	2,716	-
At end of year		2,716	16,882	1,771	125	2,716	24,210

The notes on pages 45 to 78 are an integral part of these financial statements

Company Statement of Changes in Equity

	Notes	Share capital	Revaluation reserve on investment in subsidiaries	Retained earnings	Statutory loan loss reserve	Revaluation reserve on available for sale securities	Proposed dividends	Total
		Shs. million	Shs. million	Shs. million	Shs. million	Shs. million	Shs. million	Shs. million
Year ended 31 December 2008								
At start of year		2,716	89	12,781	278	138	1,562	17,564
Comprehensive income								
Profit for the year		-	-	5,525	-	-	-	5,525
Net change in available for sale securities		-	-	-	-	(385)	-	(385)
Transfer to statutory loan loss reserve		-	-	(354)	354	-	-	-
Total comprehensive income		-	-	5,171	354	(385)	-	5,140
Transactions with owners								
Dividends:								
- final for 2007 paid		-	-	-	-	-	(1,562)	(1,562)
- interim for 2008 paid		-	-	(679)	-	-	-	(679)
- proposed final for 2008	11	-	-	(2,037)	-	-	2,037	-
At end of year		2,716	89	15,236	632	(247)	2,037	20,463
Year ended 31 December 2009								
At start of year		2,716	89	15,236	632	(247)	2,037	20,463
Comprehensive income								
Profit for the year		-	-	6,091	-	-	-	6,091
Net change in available for sale securities		-	-	-	-	372	-	372
Transfer to statutory loan loss reserve		-	-	(1,139)	1,139	-	-	-
Total comprehensive income		-	-	4,952	1,139	372	-	6,463
Transactions with owners								
Dividends:								
- final for 2008 paid		-	-	-	-	-	(2,037)	(2,037)
- interim for 2009 paid		-	-	(679)	-	-	-	(679)
- proposed final for 2009	11	-	-	(2,716)	-	-	2,716	-
At end of year		2,716	89	16,793	1,771	125	2,716	24,210

The notes on pages 45 to 78 are an integral part of these financial statements

Consolidated Statement of Cash Flows

	Notes	2009 Shs million	2008 Shs million
Cash flows from operating activities			
Interest receipts		17,735	17,366
Interest payments		(2,875)	(3,423)
Net fee and commission receipts		6,257	6,584
Other income received		2,158	2,782
Recoveries from loans previously written off		365	224
Payments to employees and suppliers	15	(12,524)	(13,760)
Tax paid		(2,844)	(2,248)
Cash flows from operating activities before changes in operating assets and liabilities		8,272	7,525
Changes in operating assets and liabilities:			
- loans and advances		13,870	(4,412)
- other assets		1,996	1,139
- CBK cash reserve requirement		816	403
- government securities maturing after 90 days	33	(13,420)	(2,586)
- lines of credit		(255)	(270)
- customer deposits		(413)	17,035
- other liabilities		(1,146)	(3,089)
- amounts due to group companies		(5,897)	3,487
Net cash from operating activities		3,823	19,232
Cash flows from investing activities			
Purchase of property and equipment	18	(3,241)	(1,246)
Purchase of intangibles	19	(346)	(441)
Proceeds from sale of property and equipment		5	6
Net cash used in investing activities		(3,582)	(1,681)
Cash flows from financing activities			
Dividends paid		(2,716)	(3,824)
Subordinated debt		-	1,251
Medium term note		-	1,982
Net cash used in financing activities		(2,716)	(591)
Net (decrease)/increase in cash and cash equivalents		(2,475)	16,960
Cash and cash equivalents at beginning of year	33	14,626	(2,334)
Cash and cash equivalents at end of year	33	12,151	14,626

The notes on pages 45 to 78 are an integral part of these financial statements

Notes to the Financial Statements

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. Summary of 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 group'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.

a) Standards, amendments and interpretations effective on or after 1 January 2009

The following standards, amendments and interpretations became effective in 2009.

Standard/ Interpretation	Content	Applicable for financial year beginning on/after
IFRS 2*	Share based payment-vesting conditions and cancellation	1 January 2009
IFRS 7	Improving disclosures about financial instruments	1 January 2009
IFRS 8	Operating segments	1 January 2009
IAS 1	Presentation of financial statements	1 January 2009
IAS 23*	Borrowing costs	1 January 2009
IAS 32 and IAS 1*	Puttable financial instruments and obligations arising on liquidation	1 January 2009
IFRIC 16*	Hedges of a net investment in a foreign operation	1 October 2008

* These standards and interpretations became effective in 2009 but were not relevant to the group's operations.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

The following standards are relevant to the group:

IFRS 7 ‘Financial Instruments – Disclosures’ (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the measurement basis adopted by the Group.

IFRS 8, ‘Operating segments’ –effective 1 January 2009. - IFRS 8 replaces IAS 14, ‘Segment reporting’. The new standard requires a ‘management approach’, under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker.

IAS 1 (revised). ‘Presentation of financial statements’ – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of other comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group

The following standards and interpretations have been issued and are mandatory for the group’s accounting periods beginning on or after 1 July 2009 or later period.

Standard/ interpretation	Content	Applicable for financial years beginning on/after
IFRS 1 and IAS 27	Cost of an investment in a subsidiary, jointly controlled entity or associate	1 July 2009
IFRS 3	Business combinations	1 July 2009
IAS 27	Consolidated and separate financial statements	1 July 2009
IAS 39	Financial instruments: Recognition and measurement– eligible hedged items	1 July 2009
IFRIC 17	Distribution of non-cash assets to owners	1 July 2009
IFRIC 18	Transfers of assets from customers	1 July 2009
IFRS 9	Financial instruments part 1: Classification and measurement	1 January 2013
IFRS 19	Distinguishing financial liabilities with equity instruments	1 July 2010

The only relevant standard is IFRS 9 ‘Financial instruments part 1: Classification and measurement’ which was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

• Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification is based on contractual cash flow characteristics of the instrument.

• An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity’s business model is to hold the asset to collect the contractual cash flows, and the asset’s contractual cash flows represent only payments of principal and interest (that is, it has only ‘basic loan features’). All other debt instruments are to be measured at fair value through profit or loss.

• All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

• While adoption of IFRS 9 is mandatory from 1 January 2013, earlier adoption is permitted.

The group is considering the implications of the standard, the impact on the group and the timing of its adoption by the group.

(b) Consolidation

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

(c) Interest income and expense

Interest income and expense are recognised in the profit and loss account for all interest bearing financial 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 impairment loss.

(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 deferred and recognised using the effective interest rate method. Fees and commission expenses are generally deferred and 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 company operates, Kenya Shillings (the “functional currency”). Transactions in foreign currencies during the year are converted into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(f) Financial assets

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

(i) 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 it was acquired principally for the purpose of selling in the short term or

2. Summary of significant accounting policies (continued)

(i) Financial assets at fair value through profit or loss (continued)

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.

(ii) 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.

(iii) 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.

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 other comprehensive income until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the profit or loss account.

However, interest calculated using the effective interest method is recognised in the profit and loss account. 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 loss are included directly to the profit and loss account. Gains and losses on available for sale financial assets are recognised in other comprehensive income. 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

All the bank's financial liabilities are measured at amortised cost these include deposits from banks or customers or balances due

to Group, long term debt instruments and subordinated debts. Financial liabilities are initially recognised at their fair value, being their issue proceeds (fair value of consideration received), net of transaction costs incurred and subsequently measured at amortised cost. 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

2. Summary of significant accounting policies (continued)

(i) Impairment of financial assets (continued)

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; the estimated period between a loss occurring and its identification is determined by the management for each portfolio. In general, the periods used vary between 3 months and 6 months
- d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- e) the disappearance of an active market for that financial asset because of financial difficulties; or
- f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - adverse changes in the payment status of borrowers in the group; or

- national or local economic conditions that correlate with defaults on the assets in the group.

i) Financial assets carried at amortised cost

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

If there is objective evidence that an impairment loss on loans 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.

2. Summary of significant accounting policies (continued)

i) Financial assets carried at amortised cost (continued)

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.

ii) Financial assets at fair value

The company assesses at each balance sheet date whether there is objective evidence that an available-for-sale financial asset is impaired. If any such evidence exists for available- for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss – is removed from equity and recognised in the profit and loss account. The impairment loss is reversed through the profit and loss account, if in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account.

(j) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units).

The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. No non-financial assets were impaired in 2009.

(k) 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 in "revaluation reserve on investments in subsidiaries" and subsequent recycling into profit or loss on disposal or impairment.

(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) 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.

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged

to other operating expenses during the financial period in which they are incurred. Freehold land is not depreciated. Depreciation on other assets is calculated on the straight line basis to write down their cost to their residual values over their estimated useful lives, as follows:

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

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

The bank assesses at each reporting date whether there is any indication that any item of property and equipment is impaired. If any such indication exists, the bank estimates the recoverable amount of the relevant assets. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

(n) 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.

2. Summary of significant accounting policies (continued)

(n) Intangible assets (continued)

(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.

(o) 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 Central Bank of Kenya, 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 separately as they are purchased and are not negotiable/discounted during their 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.

(p) 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 group 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 group's contribution to the defined contribution scheme are charged to the profit and loss account in the year in which they fall due. The company has no further payment obligation once the contributions have been paid.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

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

by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives. 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.

(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.

(q) 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,

2. Summary of significant accounting policies (continued)

(q) Income tax expense (continued)

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.

(r) 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.

(s) 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.

(t) 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.

(u) 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.

(v) 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, a 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.

(w) 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.

(x) Acceptances and letters of credit

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

(y) Fiduciary activities

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

(z) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing the performance of the operating segments has been identified as the Country management Committee that makes strategic decisions.

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.

3. Critical accounting estimate (continued)

(i) Impairment of financial 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.

(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.

The sensitivity information for these financial instruments is shown in Note 34.

(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.

iv) Retirement benefits

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations. The assumptions used in determining the net cost (income) for pensions are disclosed in note 21. The group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group considers the interest rates of high-quality corporate bonds that are denominated in Kenya Shillings in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions and are discussed in Note 21 of these financial statements.

	Group and Company	
	2009 Shs million	2008 Shs million
4. Interest income		
Loans and advances	13,438	14,372
Government securities	3,272	2,615
Cash and short term funds	337	304
Other	470	530
	17,517	17,821
5. Interest expense		
Customer deposits	2,150	2,972
Deposits by banks	165	385
Subordinated debt	43	38
Medium term note	303	185
Other	86	231
	2,747	3,811
6. Other operating income		
Net income from financial instruments designated at fair value through profit or loss account	160	461
Other operating income	19	5
	179	466
7. Other operating expenses		
Staff costs (note 8)	7,223	7,101
Other administrative expenses	6,659	7,228
	13,882	14,329
Other administrative expenses include:		
Amortisation of intangibles (note 19)	206	23
Depreciation (note 18)	722	616
Amortisation of leasehold land (note 20)	1	1
Operating lease rentals	872	756
Auditors remuneration	17	17

8. Staff costs

Salaries and accrued incentive payments
Temporary staff costs
Social security costs
Retirement benefit costs (note 21)
Staff training
Staff medical costs
Other staff costs

Total staff costs

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

9. Income tax expense

Current income tax
Deferred income tax (note 17)

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

Profit before income tax

Tax calculated at the statutory tax rate of 30% (2008: 30%)
Tax effect of: Income not subject to tax
Expenses not deductible for tax purposes
Under provision of deferred tax in prior years

Income tax expense

There is a deferred tax charge of Shs 54 million (2008: Shs Nil) that has been dealt with in the statement of comprehensive income relating to available-for-sale assets (Note 17).

10. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of Shs 6,091 million (2008: Shs 5,525 million) by the weighted average number of ordinary shares in issue during the year

Net profit attributable to shareholders (Shs million)

Weighted average number of ordinary shares in issue (millions)

Basic earnings per share (Shs)

There were no potentially dilutive shares outstanding at 31 December 2009 or 2008. Diluted earnings per share are therefore the same as basic earnings per share.

11. Dividends per share

Proposed dividends are accounted for as a separate component of equity until they have been ratified at an annual general meeting. At the forthcoming annual general meeting to be held on 28 May 2010, a final dividend in respect of the year ended 31 December 2009 of Shs 2.00 per share amounting to a total of Shs 2,716 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 (2008: Shs 679 million). The total dividend for the year is therefore Shs 2.50 per share (2008: Shs 2.00), amounting to a total of Shs 3,395 million (2008: Shs 2,716 million).

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

12. Cash and balances with Central Bank of Kenya

Cash in hand
Balances with Central Bank of Kenya

13. Government securities: available-for-sale securities

Treasury bills and bonds:
Maturing within 90 days
Maturing after 90 days

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 2009 was 9.7% (2008: 10.1%).

A fair value gain of Shs 372 million (Gross, Shs 426 million less deferred tax of Shs 54 million) has been dealt with in the Statement of Comprehensive Income.

14. Deposits and balances due from banking institutions

Items in course of collection from other banks
Placements with other banks

The weighted average effective interest rate on deposits and balances due from banking institutions as at 31 December 2009 was 6.5% (2008: 4.8%).

	Group and Company	
	2009 Shs million	2008 Shs million
15. Loans and advances to customers		
Overdrafts	7,705	11,691
Commercial loans	80,011	90,649
Advances under finance lease agreements	4,017	6,106
Bills discounted	5,511	3,385
Bills negotiated	4	14
La Riba	21	19
Gross loans and advances to customers	97,269	111,864
Less:		
Allowances for impairment of loans and advances		
- Identified	(3,515)	(3,665)
- Unidentified	(211)	(113)
Loans and advances to customers net of provisions	93,543	108,086
The aggregate amount of impaired loans included in the balance sheet (net of impairment losses) is Shs 2,356 million (2008: Shs 1,960 million). All such loans have been written down to the present value of their recoverable amount.		

15. Loans and advances to customers (continued)

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

Year ended 31 December 2008

At 1 January 2008

New impairment provisions
Increase in impairment provisions
Recoveries and impairment provisions no longer required

Net increase in impairment provisions
Amounts written off during the current year

At 31 December 2008

Net increase in impairment provisions above
Amount recovered previously written off

Net impairment charge to the profit and loss account

Year ended 31 December 2009

At 1 January 2009

New impairment provisions
Increase in impairment provisions
Recoveries and impairment provisions no longer required

Net increase in impairment provisions
Amounts written off during the current year

At 31 December 2009

Net increase in impairment provisions above
Amounts recovered previously written off

Net impairment charge to the profit and loss account

The weighted average effective interest rate on loans and advances as at 31 December 2009 was 13.7% (2008: 13.3%).

Group and company		
Identified provisions Shs million	Unidentified provision Shs million	Total Shs million
3,232	92	3,324
1,670	-	1,670
715	21	736
(900)	-	(900)
1,485	21	1,506
(1,052)	-	(1,052)
3,665	113	3,778
1,485	21	1,506
(224)	-	(224)
1,261	21	1,282
3,665	113	3,778
1,015	-	1,015
287	98	385
(522)	-	(522)
780	98	878
(930)	-	(930)
3,515	211	3,726
780	98	878
(365)	-	(365)
415	98	513

15. Loans and advances to customers (continued)

Impaired loans and advances to customers

As at 31 December

Loans and advances individually and collectively assessed as impaired
Impairment allowance

Loans and advances to customers individually impaired - net

Unidentified impairment allowance

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

Manufacturing
Wholesale and retail trade
Transport and communications
Business services
Agricultural
Private individuals
Other

Group and Company	
2009 Shs million	2008 Shs million
5,872 (3,515)	5,625 (3,665)
2,357	1,960
(211)	(113)
Group and company	
2009 %	2008 %
7	10
6	6
8	10
1	2
1	1
52	44
25	27
100	100

16. Investments in subsidiary companies

Barclays Financial Services Limited
Barclays (Kenya) Nominees Limited
Barclays Bank Insurance Agency Limited

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 Bank Insurance Agency Limited (formerly Barclays Mercantile Limited) are dormant companies. The subsidiaries, all of which are unlisted, are incorporated in Kenya and have the same year end as the company.

17. Deferred income tax

Deferred income tax is calculated, in full, on all temporary differences under the liability method using the enacted income tax rate of 30% (2008 : 30%). The movement on the deferred tax account is as follows:

At start of year
Statement of other comprehensive income

Profit and loss account charge (Note 9)

At end of year

Percentage Shareholding	Company 2009 Shs million	Company 2008 Shs million
100%	275	275
100%	-	-
100%	-	-
	275	275
Group and Company		
	2009 Shs million	2008 Shs million
At start of year	(432)	(378)
Statement of other comprehensive income	(54)	-
Profit and loss account charge (Note 9)	(133)	(54)
At end of year	(619)	(432)

	1.1.2009 Shs million	Cr/(Dr) to profit and loss Shs million	Group and Company Cr (Dr) to comprehensive income Shs million	31.12.2009 Shs million
17. Deferred income tax (continued)				
Consolidated deferred income tax assets and liabilities and deferred income tax credit in the profit and loss account and comprehensive income are attributable to the following items.				
Deferred tax liabilities				
Unrealised fair value gain	-	(123)	-	(123)
Retirement benefit asset	(444)	(107)	-	(551)
Available-for-sale fair value movement	-	-	(54)	(54)
Deferred tax assets				
Provisions	19	57	-	76
Property and equipment on historical cost	(7)	40	-	33
Net deferred tax liability	(432)	(133)	(54)	(619)
	1.1.2008 Shs million	Cr/(Dr) to profit and loss Shs million	Group and Company Cr/(Dr) to comprehensive income Shs million	31.12.2008 Shs million
Deferred tax liabilities				
Retirement benefit asset	(444)	-	-	(444)
Deferred tax assets				
Property and equipment on historical cost	38	(45)	(45)	(7)
Provisions	28	(9)	(9)	19
Net deferred tax liability	(378)	(54)	(54)	(432)

	Freehold land & buildings Shs million	Leasehold land & buildings Shs million	Fixtures fittings & equipment Shs million	Group and company Motor vehicles Shs million	WIP Shs million	Total Shs million
18. Property and equipment						
At 1 January 2008						
Acquisition cost	97	2,244	4,310	53	-	6,704
Accumulated depreciation	(32)	(725)	(3,132)	(43)	-	(3,932)
Net Book Value	65	1,519	1,178	10	-	2,772
Year ended 31 December 2008						
Opening net book value	65	1,519	1,178	10	-	2,772
Additions	3	664	576	4	-	1,247
Disposals	-	-	-	-	-	-
Depreciation charge	(1)	(219)	(393)	(3)	-	(616)
Closing net book value	67	1,964	1,361	11	-	3,403
At 31 December 2008						
Acquisition cost	100	2,908	4,886	57	-	7,951
Accumulated depreciation	(33)	(944)	(3,525)	(46)	-	(4,548)
Closing net book value	67	1,964	1,361	11	-	3,403
Year ended 31 December 2009						
Opening net book value	67	1,964	1,361	11	-	3,403
Additions	1	193	431	6	2,610	3,241
Disposals	-	-	(1)	-	-	(1)
Transfers	21	(21)	-	-	-	-
Depreciation charge	(2)	(277)	(439)	(4)	-	(722)
Closing net book value	87	1,859	1,352	13	2,610	5,921
At 31 December 2009						
Acquisition cost	122	3,080	5,316	63	2,610	11,191
Accumulated depreciation	(35)	(1,221)	(3,964)	(50)	-	(5,270)
Closing net book value	87	1,859	1,352	13	2,610	5,921

The Work In Progress (WIP) balance relates mainly to replatforming costs. Shs 2,315 million (2008: Shs Nil) of the amount relates to costs incurred by Barclays Plc on behalf of Barclays Bank of Kenya Limited.

	Group and company Goodwill Shs million	Computer software Shs million	Total Shs million
19. Intangible assets			
At 1 January 2008			
Acquisition cost	128	-	128
Accumulated amortisation	-	-	-
Net book value	128	-	128
Year ended 31 December 2008			
Opening net book value	128	-	128
Additions	-	441	441
Amortisation charge	-	(23)	(23)
Closing net book value	128	418	546
At 31 December 2008			
Acquisition cost	128	441	569
Accumulated amortisation	-	(23)	(23)
Closing net book value	128	418	546
Year ended 31 December 2009			
Opening net book value	128	418	546
Additions	-	346	346
Amortisation charge	-	(206)	(206)
Closing net book value	128	558	686
At 31 December 2009			
Acquisition cost	128	787	915
Accumulated amortisation	-	(229)	(229)
Closing net book value	128	558	686

20. Prepaid operating lease rentals

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

	Group and Company 2009 Shs million	2008 Shsmillion
At start of the year	63	64
Amortisation charge for the year	(1)	(1)
At end of year	62	63

21. Retirement benefit assets

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

	Group and company 2009 Shs million	2008 Shs million
Present value of funded obligations	(8,773)	(8,021)
Fair value of scheme assets	8,714	7,061
Fund deficit	(59)	(960)
Unrecognised actuarial losses	1,896	2,980
Asset in the balance sheet	1,837	2,020

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

	2009	2008
Current service cost	447	204
Interest cost	1,006	876
Expected return on plan assets	(920)	(1,048)
Amortisation of actuarial losses	50	-
Net charge for the year included in staff costs (Note 8)	583	32
Contributions paid	(400)	(342)
Movement in the asset recognised in the balance sheet	183	(310)

21. Retirement benefits assets (continued)

Changes in the present value of the defined benefit obligation over the year:

	Group and Company 2009 Shs million	2008 Shs million
Defined benefit obligation at start of year	8,021	7,033
Service cost	447	266
Employee contributions	192	155
Interest cost	1,006	876
Actuarial losses/(gains)	(300)	376
Benefits paid	(593)	(685)
Defined benefit obligation at end of year	8,773	8,021

Changes in the fair value of plan assets over the year

	2009 Shs million	%	2008 Shs million	%
Assets at start of year	7,061		8,090	
Expected return on plan assets	920		1,048	
Actuarial gains/(losses)	734		(1800)	
Employer contributions	400		253	
Employee contributions	192		155	
Benefits paid	(593)		(685)	
Assets at end of year	8,714		7,061	

Plan assets comprise

	2009 Shs million	%	2008 Shs million	%
Equity instruments	3,485	40%	3,248	46%
Debt instruments	2,964	34%	2,048	29%
Property	2,265	26%	1,765	25%

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 11% (2008: -6%)

	2009 Shs million	2008 Shs million	2007 Shs million	2006 Shs million	2005 Shs million
	8,714	100%	7,061	100%	

Five year summary

	2009 Shs million	2008 Shs million	2007 Shs million	2006 Shs million	2005 Shs million
Present value of funded obligation	(8,773)	(8,021)	(7,033)	(6,497)	(5,990)
Fair value of scheme assets	8,714	7,061	8,090	7,620	6,397
(Deficit) /surplus in plan	(59)	(960)	1,057	1,123	407
Unrecognised actuarial losses	1,896	2,980	653	356	1,034
	1,837	2,020	1,710	1,479	1,441

The principal actuarial assumptions used were as follows:

	2009	2008
- discount rate	13.5%	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%

22. Other assets

	Group and Company 2009 Shs million	2008 Shsmillion
Financial guarantee	262	316
Derivative financial instruments	-	196
Deferred costs	43	144
Prepaid expenses	-	1,079
Other assets	1,191	1,757
	1,496	3,492

23. Balances due to Central Bank of Kenya

	Group and Company 2009 Shs million	2008 Shsmillion
Overnight borrowing from the Central Bank of Kenya	1,503	-

In the normal course of business, the Group borrows overnight from Central Bank of Kenya. On 31 December 2009 the effective interest rate was 4%.

24. Customer deposits

	Group and Company 2009 Shs million	2008 Shsmillion
Current and demand deposits	72,329	64,977
Savings accounts	16,597	16,433
Fixed deposit accounts	34,323	41,707
La Riba accounts	2,620	3,291
	125,869	126,408

The weighted average effective interest rate on interest bearing customer deposits as at 31 December 2009 was 1.7% (2008: 2.4%).

	Group and Company 2009 Shs million %	2008 Shsmillion %
Business sector risk concentrations within the customer deposit portfolio were as follows:-		
Non financial public enterprises	3.7	1.8
Private enterprises	16.1	18.4
Non-profit enterprises & individuals	62.1	58.7
Foreign currency	16.5	19.9
Other	1.6	1.2
	100	100

	Group and Company 2009 Shs million	2008 Shs million
25. Deposits and balances due to banking institutions		
Balances due to local banks	168	1,341
Balances due to foreign banks	94	60
	262	1,401
The weighted average effective interest rate on deposits and balances due to banking institutions as at 31 December 2009 was 5.3% (2008: 6.8%).		
26. Lines of credit		
Lines of credit relate to loans administered on behalf of the following agencies as follows: European Investment Bank (EIB) Global Private Enterprises loan programme funding	34	289
The weighted average effective interest rate on the lines of credit as at 31 December 2009 was 3.97% (2008: 4.8%).		
27. Long term liabilities		
Fixed and floating rate medium term notes	3,079	3,078
Subordinated debt	1,215	1,251
	4,294	4,329

The medium term notes are an unsecured five year term note issued by the bank for the development of its 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 2009 was 10.01% (December 2008: 10.36%).

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 ranks 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 2009 was 3.51% (December 2008: 4.64%)

	Group		Company	
	2009 Shs million	2008 Shs million	2009 Shs million	2008 Shs million
28. Other liabilities				
Bills payable	807	1,320	807	1,320
Unclaimed dividends	148	154	148	154
Deferred income	249	302	249	302
Other	2,780	3,354	3,053	3,626
	3,984	5,130	4,257	5,402
29. Share capital	Number of shares in millions		Ordinary shares Shs million	
Balance at 1 January 2008	1,358		2,716	
Balance at 1 January 2009	1,358		2,716	
Balance at 31 December 2009	1,358		2,716	

Capital management

Barclays Bank Plc 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.

	Group 2009 Shs million	Group 2008 Shs million
Capital resources		
The Group manages both its debt and equity capital actively.		
Shareholders' equity	24,210	20,463
Total capital resources	24,210	20,463

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

29. Share capital (continued)

Regulatory capital

Supervision and regulation

Barclays Bank of Kenya Limited 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		
	2009 Shs million	2008 Shs million	
Capital ratios			
The Group's capital ratio and its weighted risk assets as at 31 December 2009 and 2008 were as follows:-			
Capital ratios			
Core capital to risk assets	19.1%	13.1%	
Minimum	8.0%	8.0%	
Total capital to risk assets	23.8%	16.6%	
Minimum	12.0%	12.0%	
Weighted risk assets			
On balance sheet	102,012	117,800	
Off balance sheet	13,868	15,240	
Total weighted risk assets	115,880	133,040	
The distribution of shareholders as at 31 December 2009 was as follows:			
Share range	Number of shareholders	Shares held	%
Less than 500	20,177	4,451,491	0.33
501 to 5,000	23,744	43,064,085	3.17
5,001 to 10,000	13,780	106,120,237	7.82
10,001 to 100,000	2,385	65,887,142	4.85
100,001 to 1,000,000	313	83,566,461	6.15
Above 1,000,000	49	1,054,794,584	77.68
Total	60,448	1,357,884,000	100
The shareholders with the largest shareholding as at 31 December 2009 were:			
Name		Share held	%
Barclays Bank Plc		930,204,000	68.50
National Social Security Fund Board of Trustees		22,459,165	1.65
Barclays (Kenya) Nominees Limited – Account No. 1256		7,529,525	0.55
National Social Security Fund		6,290,865	0.46
Barclays (Nominees) Kenya Limited – Account No. 9230		4,797,405	0.35
Old Mutual Life Assurance Company Ltd		4,793,340	0.35
Kenya Commercial Bank Nominees Ltd- Account 769G.		4,695,490	0.35
APA Insurance Ltd		3,855,570	0.28
The Jubilee Insurance Company of Kenya Limited		3,406,855	0.25
Barclays (Kenya) Nominees Limited Account No. 1853		3,034,436	0.22
Others		366,817,349	27.04

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.

Contingent liabilities	Group and company	
	2009 Shs million	2008 Shs million
Acceptances and letters of credit	4,792	8,014
Guarantee and performance bonds	13,561	14,358
	18,353	22,372

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.

Nature of the contingent liabilities	Group and company	
	2009 Shs million	2008 Shs million
Commitments		
Undrawn formal stand-by facilities, credit lines and other commitments to lend	1,783	1,640
Forwards and SWAPS	3,945	3,899
Foreign exchange spot settlement agreements	1,248	2,621
	6,976	8,160

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 2009, 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 173,254 million (2008: Shs 138,887 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.

32. Segment analysis

In the financial year 2009, segment reporting by the group was prepared for the first time in accordance with IFRS 8, 'Operating segments'. Segment information for 2008 that is reported as comparative information for 2009 has been restated to conform to the requirements of IFRS 8.

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Country Management Committee (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance.

The group has two main business segments:

- **Consumer banking** – incorporating private customer current accounts, savings, deposits, credit and debit cards, consumer loans and mortgages; and
- **Corporate banking** – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, custody, foreign currency dealings and derivative products.

Given the majority of the group revenues are derived from interest and dealing activities and the Country Management Committee (CMC) relies primarily on net interest revenue and dealing income to assess the performance of the segments, the total interest income and expense for all reportable segments is presented on a net basis.

There were no changes in the reportable segments during the year. Transactions between the business segments are carried out at arm's length. The revenue from external parties reported to the CMC is measured in a manner consistent with that in the consolidated profit and loss account.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in inter-segment net interest income. Revenue-sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis. The group's management reporting is based on a measure of operating profit comprising net interest income, loan impairment charges, net fee and commission income, other income and non-interest expenses. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses. The information provided about each segment is based on the internal reports about segment profit or loss, assets and other information, which are regularly reviewed by the CMC. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the consolidated balance sheet, but exclude items such as taxation, property and equipment.

32. Segments analysis (continued)	Total Segment Shs million	Corporate Banking Shs million	Consumer Banking Shs million	Unallocated Shs million
The segment results for the year ended 31 December 2009 are as follows:				
At 31 December 2009				
Net interest income	14,770	7,193	7,577	-
Non interest income	8,627	3,600	5,027	-
Inter segment interest	-	(270)	270	
Operating income	23,397	10,523	12,874	-
Impairment losses on loans and advances	(513)	193	(706)	-
Depreciation and amortisation	(928)	-	-	(928)
Other operating expenses	(12,954)	(990)	(4,169)	(7,795)
Profit before income tax	9,002	9,726	7,999	(8,723)
Income tax expense	(2,911)	-	-	(2,911)
Profit after tax	6,091	9,726	7,999	(11,634)
Total assets	164,876	93,409	51,302	20,165
Total liabilities	140,666	55,185	79,376	6,104
Additions of non-current assets	3,587	-	-	3,587

32. Segments analysis (continued)	Total Segment Shs million	Corporate Banking Shs million	Consumer Banking Shs million	Unallocated Shs million
The segment results for the year ended 31 December 2008 are as follows:				
At 31 December 2008				
Net interest income	14,010	5,269	8,741	-
Non interest income	9,617	3,861	5,756	-
Inter segment interest	-	(903)	903	
Operating income	23,627	8,227	15,400	-
Impairment losses on loans and advances	(1,282)	98	(1,380)	-
Depreciation and amortisation	(639)	-	-	(639)
Other operating expenses	(13,690)	(962)	(7,694)	(5,034)
Profit before income tax	8,016	7,363	6,326	(5,673)
Income tax expense	(2,491)	-	-	(2,491)
Profit after tax	5,525	7,363	6,326	(8,164)
Total assets	168,510	92,979	52,061	23,470
Total liabilities	148,047	65,466	75,440	7,141
Additions of non-current assets	1,687	-	-	1,687

All revenues are earned in Kenya. There are no revenues derived from transactions with a single external customer that amounted to 10% or more of the group's revenues.

33. Analysis of the balances of cash and cash equivalents as shown in the consolidated cash flow statement	Group and company	
	2009 Shs million	2008 Shs million
Cash and balances with Central Bank of Kenya	9,751	13,695
Treasury bills maturing within ninety days	2,356	-
Balances due from group companies	6,246	6,993
Deposit and balances due from banking institutions (Note 14)	1,061	1,654
Deposits and balances due to banking institutions (Note 25)	(261)	(1,401)
Balances due to Central Bank of Kenya (Note 23)	(1,503)	-
Less: Central Bank of Kenya cash reserve requirement	(5,499)	(6,315)
	12,151	14,626

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 %age of the average outstanding customer deposits over a cash reserve cycle period of one month. In the year 2009 cash ratio January to June 5% and was revised from 1st of July to 4.5% (2008: 5%)

34. Financial risk management

Barclays Bank of Kenya is a major financial services provider engaged in 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:

- The Board Risk Committee 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 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.

34. Financial risk management (continued)

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:

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

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.

34. Financial risk management (continued)**a) Market risk (continued)****i) Interest rate risk (continued)**

	Up to 1 month	1-3 months	3-12 months	Over 1 year	Non interest bearing	Total
ASSETS						
Cash and balances with Central Bank of Kenya	-	-	-	-	9,751	9,751
Government securities	6,920	4,194	22,032	10,715	-	43,861
Deposits and balances due from banking institutions	1,061	-	-	-	-	1,061
Balances due from group companies	5,655	263	328	-	-	6,246
Other assets	-	-	-	-	1,908	1,908
Loans and advances to customers	84,739	8,804	-	-	-	93,543
Property and equipment	-	-	-	-	5,921	5,921
Prepaid operating lease rentals	-	-	-	-	62	62
Intangibles	-	-	-	-	686	686
Retirement benefit asset	-	-	-	-	1,837	1,837
Total assets	98,375	13,261	22,360	10,715	20,165	164,876
LIABILITIES & EQUITY						
Balances due to Central Bank of Kenya	1,503	-	-	-	-	1,503
Customer deposits	66,094	5,991	4,125	1,996	47,663	125,869
Deposits and balances due to banking institutions	262	-	-	-	-	262
Lines of credit	-	-	-	34	-	34
Other liabilities	-	-	-	-	3,984	3,984
Amounts due to group companies	1,163	119	2,704	-	-	3,986
Current tax payable	-	-	-	-	115	115
Deferred income tax	-	-	-	-	619	619
Long term liabilities – medium term note	-	4,294	-	-	-	4,294
Shareholders' equity	-	-	-	-	24,210	24,210
Total liabilities and equity	69,022	10,404	6,829	2,030	76,591	164,876
Interest sensitivity gap	29,353	2,857	15,531	8,685	(56,426)	-
As at 31 December 2008						
Total assets	120,332	11,294	2,719	10,695	23,470	168,510
Total liabilities and equity	49,702	36,448	7,788	5,702	68,870	168,510
Interest sensitivity gap	70,630	(25,154)	(5,069)	4,993	(45,400)	-

34. Financial risk management (continued)**a)Market risk (continued)****i) interest rate risk (continued)****Interest risk sensitivity analysis**

The impact on financial assets of a 1% increase or decrease in interest rates would be as follows:-

	As at 31 December 2009			As at 31 December 2008		
	Carrying amounts	1% increase	1% Decrease	Carrying amounts	1% increase	1% Decrease
ASSETS						
Cash and balances with Central Bank of Kenya	9,751	-	-	13,695	-	-
Government securities	43,861	(439)	439	28,307	270	(270)
Deposits and balances due from banking institutions	1,061	(11)	11	1,654	8	(8)
Balances due from group companies	6,246	(62)	62	6,993	63	(63)
Other assets	1,496	-	-	3,743	-	-
Loans and advances to customers	93,543	(935)	935	108,086	1,116	(1,116)
Property and equipment	5,921	-	-	3,403	-	-
Prepaid operating lease rentals	62	-	-	63	-	-
Intangibles	686	-	-	546	-	-
Retirement benefit asset	1,837	-	-	2,020	-	-
LIABILITIES & EQUITY						
Balances due to Central Bank of Kenya	1,503	15	(15)	-	-	-
Customer deposits	125,869	1,259	(1,259)	126,408	(632)	632
Deposits and balances due to banking institutions	262	-	-	1,401	(56)	56
Lines of credit	34	-	-	289	(5)	5
Other liabilities	3,984	-	-	5,130	-	-
Amounts due to group companies	3,986	40	(40)	9,883	(59)	59
Deferred income tax	619	-	-	432	-	-
Current income tax payable	115	1	(1)	175	-	-
Long term liabilities	4,294	43	(43)	4,329	(27)	27
Shareholders' equity	24,210	-	-	20,463	-	-
Net interest income increase/ (decrease)		(89)	89		678	(678)
Tax charge at 30%		27	(27)		(203)	203
Impact on profit after tax		(62)	62		475	(475)

At 31 December 2009 if interest rates were to increase/decrease by 1% with all other variables held constant the after tax profit would have been Shs 62 millions (2008: Shs 475 millions) higher/lower with other components of equity remaining the same.

34. Financial risk management (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 2009 was Shs 1,520 million (2008: 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 2009 are summarised in the table below (all amounts expressed in millions of Kenya Shillings):

As at 31 December 2009	USD	GBP	Euro	Other	Total
Assets					
Cash and bank balances	2,912	2,446	967	238	6,563
Loans and advances to customers	14,063	95	1,214	874	16,246
Other assets	415	4	35	5	459
Total assets	17,390	2,545	2,216	1,117	23,268
Liabilities					
Balances due to banking institutions and group companies	3,955	-	-	710	4,665
Customer deposits	13,890	2,317	2,152	88	18,447
Other liabilities	355	90	63	56	564
Total liabilities	18,200	2,407	2,215	854	23,676
Net balance sheet position	(810)	138	1	263	(408)
Off balance sheet net notional position	758	(121)	(253)	(3)	381
Overall net position	(52)	17	(252)	260	(27)
As at 31 December 2008	USD	GBP	Euro	Other	Total
Total assets	23,081	3,138	3,079	1,586	30,884
Total liabilities	22,872	2,299	2,845	1,396	29,412
Net balance sheet position	209	839	234	190	1,472
Off balance sheet net notional position	1,130	(817)	(219)	(46)	48
Overall net position	1,339	22	15	144	1,520

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 2009			As at 31 December 2008		
	Currency carrying amount	10% appreciation	10% Depreciation	Currency carrying amount	10% appreciation	10% Depreciation
Assets						
USD	17,390	(1,739)	1,739	66,694	(667)	667
GBP	2,545	(255)	255	12,338	(123)	123
EURO	2,215	(222)	222	13,494	(135)	135
Other currencies	1,118	(112)	112	8,656	(87)	87
Liabilities						
USD	18,199	1,820	(1,820)	66,485	665	(665)
GBP	2,407	241	(241)	11,499	115	(115)
EURO	2,214	221	(221)	13,260	133	(133)
Other currencies	854	85	(85)	8,466	85	(85)
Total increase / (decrease)		39	(39)		(14)	14
Tax charge of 30%		(12)	12		4	(4)
Effect on profit for the year		27	(27)		(10)	10
As percentage of net profit after tax		0.48%	(0.48%)		(0.002%)	0.002%

At 31 December 2009 if the shilling had weakened /strengthened10% against the major trading currencies with all other variables held constant after tax profit would have been Shs 29 million (2008: Shs 10 million) lower/higher.

iii) Price risk

Price risk arises 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. An increase or a decrease of 20% in the price of the securities would result in an impact on the after-tax profit and loss account and financial assets of Shs 82million (2008: Shs 50million).

34. Financial risk management (continued)

b) Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn.

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, and calls on cash settled contingencies. The Bank does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Central Bank requires that the Bank maintains a cash reserve ratio. In addition, the Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities

that should be in place to cover withdrawals at unexpected levels of demand. The Treasury department monitors liquidity ratios on a daily basis. Sources of liquidity are regularly reviewed by a separate team in the Treasury department to maintain a wide diversification by provider, product and term.

Non-derivative financial liabilities and assets held for managing liquidity risk

The table below presents the undiscounted cash flows payable by the Bank under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the date of consolidated balance sheet. The amounts are presented in Shs million.

	Up to 1 month	1 – 3 Months	3-12 Months	1 – 3 Years	3 -5 Years	Over 5 years	Totals
As at 31 December 2009							
Liabilities							
Balances due to Central Bank of Kenya	1,503	-	-	-	-	-	1,503
Customer deposits	114,848	5,991	4,125	1,996	-	-	126,960
Deposits and balances due to banking institutions	262	-	-	-	-	-	262
Balances due to group companies	1,163	119	2,704	-	-	-	3,986
Other liabilities	3,984	-	-	34	4,913	-	8,931
Total financial liabilities (contractual maturity dates)	121,760	6,110	6,829	2,030	4,913	-	141,642
Assets held for managing liquidity (contractual maturity dates)	23,388	4,037	23,145	4,462	2,488	3,400	60,919
As at 31 December 2008							
Liabilities							
Customer deposits	83,034	37,323	7,975	1,110	-	-	129,442
Deposits and balances due to banking institutions	1,401	-	-	-	-	-	1,401
Balances due to group companies	10,291	-	-	-	-	-	10,291
Other liabilities	5,130	175	-	303	5,059	-	10,667
Total financial liabilities (Contractual maturity dates)	99,856	37,498	7,975	1,413	5,059	-	151,801
Assets held for managing liquidity (contractual maturity dates)	25,968	10,655	2,656	7,453	1,017	2,009	49,667

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 15. 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.

34. Financial risk management (continued)

c) Credit risk (continued)

The following table represents the credit risk exposure to the Group at 31 December 2009 and 2008, 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.

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

	Loans and advances to customers Shs millions	Loans and advances to banks Shs millions	Balances with Central Bank Shs millions	Balances due from group companies Shs millions	Available for sale debt securities Shs millions	Totals Shs millions
As at 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 up to 90 days	1,634	-	-	-	-	1,634
Past due over 90 days	957	-	-	-	-	957
Impaired						
Individually assessed	5,625	-	-	-	-	5,625
Total	111,864	1,654	9,359	6,993	28,307	158,177
Impairment allowances						
Identified	(3,665)	-	-	-	-	(3,665)
Unidentified	(113)	-	-	-	-	(113)
Total carrying value	108,086	1,654	9,359	6,993	28,307	154,399

34. Financial risk management (continued)

c) Credit risk (continued)

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

	Loans and advances to customers Shs millions	Loans and advances to banks Shs millions	Balances with central bank Shs millions	Balances due from group companies Shs millions	Available for sale debt securities Shs millions	Totals Shs millions
As at December 2009						
Neither past due nor impaired	87,927	1,061	5,648	6,246	43,861	144,743
Past due but not impaired						
Past due 30 to 90 days	1,787	-	-	-	-	1,787
Past due over 90 days	1,683	-	-	-	-	1,683
Impaired						
Individually assessed	5,872	-	-	-	-	5,872
Total	97,269	1,061	5,648	6,246	43,861	154,085
Impairment allowances						
Identified impairment	(3,515)	-	-	-	-	(3,515)
Unidentified impairment	(211)	-	-	-	-	(211)
Total carrying value	93,543	1,061	5,648	6,246	43,861	150,359
Fair value of collateral held for impaired loans & advance	3,423	-	-	-	-	-

34. Financial risk management (continued)

c) Credit risk (continued)

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.

	Group and company	
	2009 Shs million	2008 Shs million
Carrying amount		
Nature of assets		
Commercial and industrial property	5,103	4,063

d) Fair value of financial assets and liabilities

Fair value estimation

Effective 1 January 2009, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) .

Level 3- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily NYSE equity investments classified as trading securities.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2009.

31 December 2009	Level 1 Shs million	Level 2 Shs million	Level 3 Shs million	Total balance Shs million
Assets				
Financial assets at fair value through profit or loss				
– Trading securities	412	-	-	412
Available-for-sale financial assets				
– Debt investments	-	43,861	-	43,861
Total assets	412	43,861	-	44,273

There are no financial liabilities measured at fair value through profit and loss as at 31 December 2009.

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:-

	Group and company	
	2009 Shs million	2008 Shs million
Balances with group companies		
Due from:		
Barclays Bank Plc	6,117	6,492
Other group companies	129	501
	6,246	6,993
Interest income earned on the above	108	267
Due to:		
Barclays Bank Plc	3,063	9,136
Other group companies	923	747
	3,986	9,883
Interest expense incurred on the above	118	245

The weighted average effective interest rate at 31 December 2009 on amounts due from group companies was 4.25% (2008: 6.6%) and on amounts due to group companies was 4.1% (2008: 4.4%).

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

	Group and company	
	2009 Shs million	2008 Shs million
Value of services provided		
Barclays Bank Plc	1,806	2,024
Other group companies	159	124
Due to:		
Barclays Bank Plc	512	276

The value of the services provided has been debited to the profit and loss account and is included in total expenditure of the Group. Costs incurred by Barclays Bank Plc on behalf of the bank on the replatforming exercise have been included in Work In Progress (note 18).

Amounts due from directors

Advances to customers as at 31 December 2009, include loans to directors, loans to companies controlled by directors or their families, and loans to employees as follows:-

	2009 Shs million	2008 Shs million
At the start of the year	96	18
Amounts advanced during the year	18	86
Repayments received	(9)	(8)
At the end of year	105	96

At 31 December 2009 advances to directors or companies controlled by directors or their families amounted to Shs 105 million (2008: Shs 96 million).

No provisions have been recognised in respect of loans given to the directors. (2008: Nil).

35. Related party transactions (continued)

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 2009 balances relating to directors deposits amounted to Shs 5 million (2008: Shs 3 million).

	2009 Shs million	2008 Shs million
Key management compensation Salaries and other short –term employment benefits	250	184
Directors emoluments		
- Fees for services as directors	9	8
- other emoluments (included in key management compensation above)	60	51
- Barclays Plc share options scheme (amount recharged to Barclays Bank of Kenya)	6	10

Staff pension scheme

Barclays Bank of Kenya Limited Staff Pension Fund (the “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.

	2009 Shs million	2008 Shs million
Transactions during the year		
Rent expense	78	85
Interest on fixed and time deposits	18	18
Custodian fee – Barclays Security Services Limited	(12)	(14)
Dividends on Barclays Bank of Kenya shares	16	13

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

	2009 Shs million	2008 Shs million
Outstanding balances:		
Investment balances	597	704
Due from Barclays Bank of Kenya Limited	1	1
Cash at bank - Barclays Bank of Kenya Limited	34	5

Proxy Form

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 Thirty first Annual General Meeting of the Company to be held on 28th May 2010 and at any adjournment thereof.

As witness *I/we affix *my/our *hand/hands this _____ day of _____ 2010.

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 11.00 a.m. on Wednesday 26th May 2010.

Fomu ya uwakilishi

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 na moja wa kampuni hii ambao utafanyika tarehe 28 Mei, 2010 na katika ahirisho lolote litakalotokea baadaye.

Kama ushahidi *ninatia/tunatia sahihi *yangu/yetu siku hii ya _____ ya mwezi wa _____ 2010.

Sahihi _____

Labda kuwe na maagizo, lakini 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 26 Mei, 2010.