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# Barclays Africa Financial Review

For over 100 years Barclays Bank has been part of the African financial services landscape. This partnership with Africa has seen Barclays bringing to the African market, a heritage of innovation, world-class expertise, products and services that have helped our customers to achieve their ambitions and assist the development of the financial services sector on the continent. We have grown local market expertise and in turn, the Africa market has contributed significantly to the success of Barclays globally, and continues to contribute to our ongoing provision of market leading capabilities, products and services.

During the 2005 financial year across Africa and the Middle East business we realised strong profit growth, and with the benefits of the ABSA acquisition, we have a solid platform for further growth in 2006. In 2005 Profit before tax grew to £142m (2004: £127m) and income performance was up 22% on last year at £373m (2004:£306m).

In 2005 Barclays continued to focus on providing exceptional customer service backed by our solid reputation as a market leader in the African financial services arenas. Invested in community programmes worldwide totalling £32 million for the year. The Miles Ahead project successfully raised

GBP 1.6m for communities in need across Africa and the Middle East, and in addition many country specific community programmes were undertaken throughout the year. Nearly all our 7500 staff volunteered on one or more days to do community work. Made positive strides towards the diversification of our business portfolio focusing on growth customer segments and sectors of the economies in which we operate, particularly local businesses. This was supported by our drive to deliver products and services to our customers which reflect our global reach as well as our local roots in our markets. Continued to invest in the skills of our people, which form the platform for our commitment to customer service and delivery. In addition we launched our

Employee Wellness Programme which further enhances our appeal as an employer for whom the best talent in the market will want to work.

Looking forward to 2006, Barclays in Africa and Middle East is well positioned to provide a leading contribution to the development of the regional banking environment. We are committed to driving an agenda of superior customer service and product delivery across our footprint of 15 countries in Africa and the Middle East, by leveraging on our expertise in the region on behalf of our customers to help them achieve their ambitions.

# Barclays Bank of Kenya

Barclays has operated in Kenya for over 80 years. Financial strength, coupled with extensive local and international resources have positioned Barclays Bank of Kenya Limited as a foremost provider of financial services.

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

Barclays has established an extensive network of 60 outlets with 82 ATMs and a strong customer base of 440,000 customer accounts spread across the country.

The Bank's financial performance over the years has built confidence among the 33,556 shareholders, with a reputation as one of the leading blue chip companies on the Nairobi Stock Exchange.

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## Board of Directors



**FRANCIS OKOMO-OKELLO**  
Chairman (age 55).

Joined the Board on 29 August 2003. He holds a Bachelor of Laws LLB degree from the University of Dar-es-Salaam, a Fellow of the Princeton University, Woodrow Wilson School of Public and International Affairs and a Fellow of the Kenya Institute of Bankers (FKIB).

Currently the head of Legal & Corporate Affairs at the Industrial Promotion Services Group.



**ADAN MOHAMED (EBS)**  
Executive Director (age 43).

Joined the Board on 1 December 1999. He is a member of the Institute of Chartered Accountants in England and Wales and a graduate of Harvard Business School in USA.

Currently Regional Managing Director East Africa.



**CHARLES ONGWAE**  
Executive Director (age 45).

Joined the Board on 26 June 2002. He holds an MBA from the University of Nairobi and is a Certified Public Accountant.

Currently Finance and Planning Director.



**DOMINIC BRUYNSEELS**  
Overseas based Non-executive Director (age 46).

He is an Associate of the Chartered Institute of Bankers (UK) and holds an MBA degree.

Currently Chief Executive of Barclays Africa and the Middle East.



**JANE W. KARUKU**  
Non-executive Director (age 43).

Joined the Board on 29 August 2003. She holds an MBA from the National University of California USA.

Currently the Managing Director of Cadbury Kenya Limited.



**ROSE OGEGA (MBS)**  
Non-executive Director (age 45).

Joined the Board on 19 April 2002. She is a Bachelor of Commerce graduate from the University of Nairobi and a Fellow of Certified Public Accountants of Kenya. She is the immediate former Chairperson of the Institute of Certified Public Accountants of Kenya (ICPAK).

Currently the Finance Director of Skynet Worldwide Express (Kenya).

# Board of Directors



**AYISI MAKATIANI**  
Non-executive Director (age 39).

Joined the Board on 26 June 2002. He is a BSc. Electrical Engineering graduate from Massachusetts Institute of Technology (MIT), Boston.

Currently the General Manager of AMSCO BV-International Finance Corporation (IFC).



**BROWN M'MBAI ONDEGO**  
Non-Executive Director (age 54).

Graduate of the London Business School. Is a former Managing Director, Kenya Ports Authority and has over 30 years practical experience in Transport Logistics specializing in International Sea Transport, Port planning and Management.

Currently undertaking consultancy work in Shipping and port related Industry.



**CAROL MUSYOKA**  
Executive Director (Age 34)

Joined the Board in November 2005. She holds a Bachelor of Laws (LLB) degree from University of Nairobi and a Masters of Law (LLM) from Cornell University, New York.

Currently the Corporate Director.



**WANJIRU NDUATI**  
Company Secretary (age 32).

She holds a Bachelor of Laws (LLB) degree from the University of Leicester. She is an advocate of the High Court of Kenya and a member of the Chartered Institute of Certified Public Secretaries. She was appointed on 29 August 2003.



**PAUL CHEMNG'OREM**  
Non-executive Director (age 56).

Joined the Board on 26 March 1998. He is a former Managing Director of Kenya Wine Agencies Limited (KWAL). He also served on several boards including Uchumi Supermarkets.

Currently the Managing Director of Nairobi Vitners Limited.



# Notice of Annual General Meeting

Notice is hereby given that the Twenty Seventh Annual General Meeting of the Shareholders of Barclays Bank of Kenya Limited will be held at Tsavo Ballroom, Kenyatta International Conference Centre, Harambee Avenue, Nairobi on Friday on 28th April, 2006 at 11.00 am to transact the following business:

1. To confirm the Minutes of the Twenty Sixth Annual General Meeting held on 8th April 2005.
2. To receive, consider and, if thought fit, adopt the Annual Report and Financial Statements for the year ended 31 December 2005 together with the Directors' and Auditor's reports thereon.
3. To declare a dividend
4. To elect Directors:

(a) In accordance with Articles No. 94 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:-

Paul K. Chemng'orem

Jane W. Karuku

Brown M. Ondego

(b) Ayisi Makatiani who has served as a Director of the Board since June 2002 has advised the company of his intention to retire at the forthcoming Annual General Meeting. Consequently, he will not offer himself for re-election under Article No. 96 of the Company's Articles of Association.

(c) In accordance with Article No. 101 of the Company's Articles of Association, Carol Musyoka is due for retirement this being the first Annual General Meeting to be held since her appointment and being eligible, individually offer herself for re-election.

5. To fix the remuneration of the directors
6. To Appoint Auditors:

7. To transact any other business of an Annual General Meeting.

By order of the Board

Wanjiru Nduati

Secretary

***Note 1.** A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend on his behalf. A proxy need not be a member of the Company. To be valid, a form of proxy which is provided with this report, must be duly completed by the member and must either be lodged at the registered office of the Company through Barclays Advisory and Registrar Services, P.O. Box 30120, Nairobi or be posted, so as to reach the Company not later than 11.00 a.m on Friday 21st April 2006.*

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

# Tangazo la Mkutano Mkuu wa kila mwaka

Hii ni arifa ya kuwafahamisha kwamba mkutano mkuu wa kila mwaka wa Ishirini na saba utafanywa katika Tsavo Ballroom, Kenyatta International Conference Centre, Harambee Avenue, Nairobi siku ya Ijumaa tarehe 28 Mwezi Aprili mwaka wa 2006 saa tano mchana kwa madhumini yafuatayo:

1. Kithibitisha kumbukumbu za Mkutano mkuu wa mwaka wa ishirini na tano uliofanyika tarehe 23 mwezi Aprili 2004.

2. Kupokea, kutafakari na iwapo itaonekana inafaa, kuidhinisha ripoti na taarifa za kifedha kwa mwaka uliomalizika tarehe 31 mwezi Disemba 2004 pamoja ripoti ya Wakurugenzi na Wakaguzi wa hesabu ya pesa.

3. Kutangaza mgao wa faida.

4. Kuchagua Wakurugenzi:

(a) Kuambatana na sehemu za 94 na 96 za sheria za makampuni, wakurugenzi wafuatao wanatarajiwa kustaafu kwa zamu na kwa kuwa wanahitimu, kila mmoja anajiwasilisha kuchaguliwa tena:-

Paul K. Chemng'orem

Jane W. Karuku

Brown M. Ondego

(b) Ayisi Makatiani aliyekuwa mkurugenzi wa bodi tangu June 2002 alisisitiza kampuni azima yake ya kujistaafu katika mkutano ujao mkuu wa kila mwaka. Na pia hata dahi kuwa kwa uchaguzi katika kifungu cha nambari 96, katika Maandishi ya Chama ya Kampuni.

(c) Kwa kadiri ya kifungu cha nambari 101 katika Maandishi ya Chama ya Kampuni, Carol Musyoka ata staaifu kwasababu kutakuwa na Mkutano Mkuu wa Kila Mwaka tangu uteuzi wake na kuwa ataweza kujihusisha katika uchaguzi.

5. Kuweka malipo kwa wakurugenzi

6. Kuteua Wakaguzi wa hesabu ya pesa

7. Kutekeleza shughuli yoyote nyingine ya Mkutano mkuu wa Mwaka

Kwa Agizo la Halmashauri

Wanjiru Nduati

Katibu

**Kumbuka 1.** Mwanachama anaestahili kuhudhuria na kupiga kura mkutanoni anaweza kumteua mwakilishi ahudhurie kwa niaba yake. Si lazima mwakilishi awe mwanachama wa Kampuni. Ili kuswihi, mwanachama anahitajika kujaza fomu ya uwakilishi iliyoko kwenye taarifa hii na ni lazima ifikishwe katika Afisi iliyosajiliwa ya Kampuni, Orofa ya kwanza, Bank House, Barabara ya Moi Avenue, S. L. Posta 30120, Nairobi au itumwe kwa posta ili iwe imefika kwa Kampuni kabla ya saa Tano asubuhi siku ya Ijumaa tarehe 1 Aprili 2005.

**Kumbuka 2.** Mwanachama yeyote anaweza kwa taarifa aliyoitia sahihi mwenyewe na kuwasilisha katika afisi iliyosajiliwa ya Kampuni siku zisizo pungua saba na zisizozidi ishirini na nane kabla ya siku iliyochaguliwa ya kikao hiki kumpendekeza mtu mwengine yeyote kuchaguliwa kwenye Halmashauri, arifa hiyo ni lazima iandamane na notisi iliyotiwa saini na mtu aliyependekezwa ikionyesha ridhaa yake ya kuchaguliwa.



# Chairman's Statement



**Francis Okomo-Okello**  
Chairman

I am delighted to present the annual report and financial statements for your bank for the year ended 31st December 2005. Despite the many challenges, I am happy to report that the Bank recorded satisfactory results.

During the year, the Bank was recognised for its exemplary service in the country. Some of the coveted awards received included:- Overall Best in the Banking category in the annual 'Financial Reporting Award of Excellence' organised jointly by the Institute of Certified Public Accountants (ICPAK), the Capital Markets Authority (CMA) and the Nairobi Stock Exchange (NSE). The Bank also won the Africa Investment Award for the Best Initiative in Support of the Millennium Development Goals in recognition of the efforts we have made to support the Girl Child's education as well as having the 'Best Family Friendly Human Resources

Policies' in the country. The highly rated 'Financial Times' of the UK voted Barclays as the 'Best Bank' in Kenya.

## OVERVIEW OF THE KENYAN ECONOMY

The Kenyan economy grew by 5 % during the year compared with a 4.3% growth in 2004. There were significant performances occurring in most sectors, notably tourism, transport and communications, building and construction and manufacturing. However, growth in some sectors continued to be hampered by factors such as high energy costs and dilapidated infrastructure, among others.

The banking sector remained stable as a result of the favourable macro-economic environment that continued to see a steady growth of advances to the private sector. Loans and advances continue to form the bulk of the banking sector activities and comprised approximately 58% of the total industry assets as at December 31, 2005. The overall average lending rates remained stable during the year and operated within a narrow range of 12% to 14%. This led to expansion of domestic credit to the private sector by 15% with substantial credit going to manufacturing, trade and the personal sector. Customer deposits grew by more than Shs 50 billion to slightly over Shs 500 billion in 2005 mainly due to increased credit to the private sector, improved cash inflows and a favourable balance of payments position. The sector's liquidity position remained high with the average ratio of liquid assets to customer deposits during the year standing at more than double the statutory minimum of 20%.

The month-on-month underlying inflation was contained at 3.5% by the end of the year. The noticeably tight monetary policies adopted by the Central Bank contributed to the lower levels of inflation, though the overall

**3 awards pointing to the same thing:  
Barclays is Kenya's No.1 bank.**

## Chairman's Statement (continued)

inflation capped the year at 7.6% due to escalating oil prices and a prolonged drought that has devastated parts of the country. Inflation is expected to display volatility in the year ahead, especially the overall inflation as the impact of continued drought and high international oil prices bite. The Central Bank has commendably maintained a stable interest rate regime over the year 2005 and is expected to keep interest rates stable over 2006. We expect short term interest rates to remain within a narrow range of those seen in 2005.

During the year, the Minister for Finance established the Monetary Policy and Advisory Committee which is expected to play a key role in ensuring stability of the country's monetary policy. This is a welcome initiative by the industry and we look forward to the regular outcome of its deliberation on key economic indicators.

The Kenya shilling experienced unprecedented strength in 2005 on the back of stable and relatively higher interest rates compared to the international money markets. The shilling's strength was further underpinned by strong performance in the export sector especially tourism and horticulture. The shilling is expected to see limited volatility in the year ahead.



Barclays Bank Chairman, Francis Okello, lays a foundation stone for a Shs 1.5 million classroom block at Ndimu Primary School in Nakuru. Looking on is the bank's Managing Director Adan Mohamed.

Looking forward, the economy is expected to grow at similar rates into 2006 mainly supported by the prevailing monetary and fiscal policies and impending privatisation of the transport and telecommunication sectors. However, it should be noted that sustained growth stands the risk of losing momentum if the drought situation continues into the second quarter of 2006 and focus continues to be taken away from economic issues following the ongoing political issues in the country.

### CORPORATE SOCIAL INVESTMENT

Barclays Kenya's Corporate Social Investment programme is highly regarded in the country and by our many partners in the communities where we do business. The Bank contributed Shs 40 million in 2005 in support of various community initiatives. The bank's key focus areas include Health, with special attention to HIV/AIDS and Malaria, and Education, especially that of the Girl-Child. The bank offers employees the opportunity to engage in community work through various activities such as "Make A Difference Day"(MADD), the shilling for shilling programme where the Bank matches funds raised by staff on community activities and the Employee Involvement scheme which entitles every member of staff to two days time off every calendar year to participate in community projects.

Our employees have been recognized by the Barclays Group through the prestigious Chairman's Award for Community where Kenya has clinched the top awards for six years consecutively. In the 2005 Chairman's Award, Barclays Kenya won 2 Awards, one in the individual category, and the other for the best overall team effort. The Africa Investment Award and the Chairman's awards are a clear indication that our work with the community is earning us excellent recognition both internally and externally.

## Chairman's Statement (continued)

### THE BOARD

There were a few changes in the Board during 2005.

I took over as Chairman of the Board of Barclays Bank of Kenya from our long serving Chairman and colleague Mr Sam Ambundo who retired from the board at our last Annual General Meeting, officially ending an illustrious career with Barclays that spanned 57 years.

Sam was appointed to the Board on 28th May 1982 and served in this capacity for twenty two years, eight of which he was Chairman of the Board. During his entire career with the bank, Sam has set a fine example of resilience and adaptability. Sam was able to successfully advise and work with a fast changing banking environment and was instrumental in transforming the bank from a privately owned company to one of the most respected companies at the Nairobi Stock Exchange. Sam will continue to be an integral part of the Barclays family as a key stakeholder and customer. I wish Sam and his family the very best in his well deserved retirement.



Former Chairman Sam Ambundo (centre) at a farewell party attended by the current Chairman Francis Okomo-Okello and Managing Director Adan Mohamed.

As the new Chairman, I am delighted to have been given the opportunity to Chair the Board and I shall do my best to undertake this challenge and magnanimous mandate with the confidence, knowledge and trust that, in the discharge of my responsibilities, I shall continue to receive the necessary facilitation and support from my colleagues in the Board, Management, Shareholders and other stakeholders.

I am pleased to inform you that during the year, one of the senior members of management, Carol Musyoka, was appointed an Executive Director to replace Amin Habib who was transferred to our business in United Arab Emirates in a similar position of a Corporate Director. Musyoka's appointment brings the number of ladies on the Board to four and this is a significant improvement compared to four years ago when we had only one lady on the Board.

Please join me in wishing both Amin and Carol the best in their new roles.

### CONCLUSION

May I take this opportune moment to convey my appreciation to the Board, Management and Staff of the Bank for the tireless and splendid efforts that have seen Barclays Kenya attain yet again, greater heights of performance in 2005. We also thank our other stakeholders including shareholders, customers, communities in which we do business for their gratifying trust and confidence in us.

We shall reciprocate such trust and confidence through the continued provision of exemplary service.

**FRANCIS OKOMO-OKELLO**  
**CHAIRMAN**

# Taarifa ya Mwenyekiti



**Francis Okomo-Okello**  
Mwenyekiti

Nina furaha kuu nikiwasilisha ripoti hii ya kila mwaka na taarifa za hesabu na fedha za benki yenu za mwaka uliomalizikia Desemba 31, 2005. Ingawa tulikumbana na changamoto nyingi, nina furaha kuwaarifu kwamba Benki ilipata matokeo ya kuridhisha.

Katika mwaka wa 2005, Benki ilitambuliwa na kutuzwa kwa huduma zake za kipekee nchini. Baadhi ya tuzo za kutamaniwa tulizopokea ni pamoja na: Bingwa katika kundi la benki katika tuzo la kila mwaka la Financial Reporting Award of Excellence lililoandaliwa na Certified Public Accountants (ICPAK), Capital Markets Authority (CMA) na Soko la Hisa la Nairobi (NSE). Benki ilishinda pia Africa Investment Award kwa mradi wake bora wa kujituma wa kuunga mkono Malengo ya Milenia ya Maendeleo kwa kutambua juhudi zetu katika kuunga mkono elimu ya watoto wasichana na pia kwa kuwa na sera bora zaidi nchini za masuala ya usimamizi wa wafanya kazi zinazothamini familia. Gazeti heshimika la Financial Times la Uingereza liliiteua Barclays kuwa Benki Bora katika Kenya.

## **MTAZAMO WA UCHUMI WA KENYA NA MATARAJIO YA 2006**

Uchumi wa Kenya ulikua kwa asilimia tano mwaka huo, ikilinganishwa na asilimia 4.3 mnamo 2004. Palikuwa na matokeo muhimu na ya kutia moyo katika sekta nyingi, lakini hasa utalii, uchukuzi na mawasiliano, ujenzi na viwanda. Hata hivyo, ustawi katika baadhi ya sekta uliendelea kukwamishwa na mambo kama vile gharama ya juu ya umeme na kuzorota kwa muundo msingi, kama vile barabara, miongoni mwa mengine.

Tukitazama mbele, thamani ya jumla ya bidhaa na huduma nchini (GDP) inatarajiwa kukua kwa kiwango sawa hata katika 2006, hasa kwa sababu ya sera zilizopo za shughuli za pesa na hazina, na pia mipango inayotarajiwa ya Serikali kuuza shughuli za uchukuzi na mawasiliano. Hata hivyo, ni muhimu kufahamu kwamba ustawi thabiti

huenda ukaathirika iwapo njaa iliyopo kwa sasa itaendelea hadi robo ya pili ya 2006, na kusukumwa kando kwa masuala ya kiuchumi kufuatia ripoti za majuzi za kesi za ufasidi nchini.

Sekta ya benki iliendelea kuwa thabiti kutokana na mazingira mazuri ya shughuli muhimu za kiuchumi ambazo zilichangia pakubwa katika kuongeza kiasi cha mikopo iliyochukuliwa na mashirika na kampuni binafsi. Utoaji mikopo na advansi uliendelea kushika sehemu kubwa ya shughuli za sekta ya Benki ya hadi asilimia 58 ya jumla ya mali zilizomilikiwa na benki zote kufikia Desemba 31, 2005. Hali hii ilisababisha kuongezeka kwa pesa zilizokopwa na sekta ya binafsi kwa asilimia 15, huku kiasi kikubwa kikichukuliwa na wenye viwanda, biashara na watu binafsi. Akiba za wateja ziliongezeka kwa zaidi ya Shilingi 50 bilioni na kufikisha jumla ya zaidi ya Shilingi 500 bilioni mnamo 2005, hasa kwa sababu ya ongezeko la mikopo iliyotolewa kwa sekta ya binafsi, ongezeko la akiba na mapato na kuimarika kwa mapato ya biashara ya kimataifa. Uwezo wa sekta ya benki kulipia huduma, bidhaa na madeni unaotokana na kiasi cha pesa zilizomilikiwa na biashara, uliendelea kuwa wa hali ya juu. Kiwango cha jumla cha fedha za kufanyia biashara kikilinganishwa na akiba ya wateja mwaka huo kilikuwa zaidi ya mara mbili ya kiwango kinachohitaika kisheria cha asilimia 20.

Kiwango cha kupanda kwa gharama cha kila mwezi ukilinganishwa na msimu sawa mwaka uliotangulia kilibakia asilimia 3.5 kufikia mwisho wa mwaka. Kiwango hiki kilibakia chini kwa sababu ya sera kali za usimamizi wa pesa zilizobuniwa na Benki Kuu, ingawa kiwango cha jumla cha mwaka wote kilifikia asilimia 7.6 kwa sababu ya kuongezeka kasi kwa bei za mafuta na msimu mrefu wa ukame uliokumba baadhi ya maeneo ya nchi. Yatarajiwa kiwango cha kupanda kwa gharama kitaendelea kuongezeka kutokana na madhara ya ukame na bei za kimataifa za mafuta.

# Taarifa ya Mwenyekiti (inaendela)

Benki Kuu imejitahidi, na inastahili pongezi, kudumisha viwango imara vya riba mnamo 2005, hali ambayo inatarajiwa kuendelezwa hata 2006. Tunataraji kwamba riba inayolipwa kwa akiba za muda mfupi itabakia kati ya asilimia saba na tisa.

Mwaka huo, Waziri wa Fedha alibuni Kamati ya Mashauri ya Masula ya Pesa ambayo inatarajiwa kutimiza jukumu muhimu katika kuhakikisha uthabiti wa sera ya pesa nchini.

Shilingi ya Kenya iliendelea kuimarika mnamo 2005 kwa njia ambayo haikuwa na ulinganisho wowote wa awali na pia viwango vya riba vilikua ikilinganishwa na viwango muhimu vya ubadilishanai pesa. Uthabiti wa shilingi uliongezewa nguvu na matokeo mazuri ya biashara ya kuuza nje bidhaa na huduma, na hasa utalii na uuzaji wa mboga, matunda na maua.

Thamani ya shilingi haitarajiwi kuwa na mabadiliko makubwa mwaka huu. Kadhalika, inatarajiwa kwamba kiwango cha thamani ya shilingi kikilinganishwa na cha dola za Amerika hakitabadilika sana, hasa kwa sababu ya kuendelea kuimarika kwa uchumi.

## UWEKEZAJI KATIKA JUKUMU LA KIJAMII

Mradi wa uwekezaji wa jukumu la kijamii unaheshimika sana nchini na washirika wetu wengi katika jamii tunamofanyia biashara. Benki ilitoa Shilingi 40 milioni mnamo 2005 kusahaidia miradi mbalimbali ya kijamii. Benki ililenga zaidi HIV/Ukimwi na malaria, na pia elimu na hasa elimu ya watoto wasichana. Benki huwapatia watumishi wake nafasi ya kushiriki katika huduma kwa jamii kupitia kwa shughuli kama vile Make A Difference Day (MADD), mradi wa shilingi kwa shilingi ambapo wafanya kazi wakitoa pesa za miradi ya jamii, Benki nayo inatoa kiasi sawa. Tuna pia mpango wa kushirikisha waajiriwa ambao humpatia kila mfanya kazi muda wa siku mbili kila mwaka kushiriki katika miradi ya jamii.

Wafanya kazi wetu wametambuliwa na kundi la Barclays kupitia kwa tuzo la

fahari, Chairman's Award for Community, ambapo Kenya imejishindia tuzo bora zaidi kwa miaka sita mfululizo. Katika 2005 Chairman's Award, Barclays Kenya ilipata tuzo mbili, moja la ngazi ya watu binafsi na jingine katika kiwango cha juhudi za timu. Africa Investment Award na Chairman's Award ni dhahirisho wazi kwamba kazi tunazofanyia jamii zimetuwezesha kutambulikana nchini na pia nje.

## HALMASHAURI

Palikuwa na mabadiliko machache kwenye halmashauri mwaka wa 2004. Nilishika hatamu za Mwenyekiti wa Halmashauri ya Barclays Bank of Kenya kutoka kwa Mwenyekiti wetu aliyetumika kwa muda mrefu na pia mwenzetu, Sam mbundo, ambaye alijiuzulu kutoka kwenye halmashauri katika mkutano wetu mkuu wa kila mwaka uliopita, na kufikisha kikomo utumishi adhimu na Barclays.

Sam aliteuliwa kujiunga na halmashauri mnamo Mei 28, 1982 na kutumika katika wadhifa huu kwa miaka 22, kwa miaka minane akiwa Mwenyekiti. Kwa muda wote aliotumika katika Benki, Sam aliweka mfano mwema wa uvumilivu na moyo wa kukubali mabadiliko. Aliweza, na kwa ufanisi mkubwa, kutoa ushauri na kufanya kazi katika mazingira ya Benki yaliyokuwa yanabadilika kasi. Kadhalika, alikuwa mhusika mkuu katika kuibadilisha Benki kutoka kuwa kampuni ya binafsi na kuifanya mojawapo ya kampuni heshimika katika Soko la Hisa la Nairobi. Sam ataendelea kuwa sehemu muhimu ya familia ya Barclays akiwa mshika dau mkuu na pia mteja. Ninamtakia Sam na familia yake kila la heri katika maisha yake anayoyastahili ya mstaafu.

Nikiwa Mwenyekiti mpya, nina furaha kupewa nafasi ya kuisimamia Halmashauri na nitafanya kila niwezalo kutekeleza jukumu hili na kutunza wadhifa wa heshima kwa imani na ufahamu kamili. Sina shaka kwamba katika kutekeleza majukumu yangu, nitaendelea kuungwa mkono kikamilifu na wahusika wenzangu katika Halmashauri, wasimamizi wa Benki, wenye hisa na washika dau wengine.



## Taarifa ya Mwenyekiti (inaendela)

Nina furaha kuwaarifu kwamba mwaka huo, mmoja wa mamenea wetu wakuu, Carol Musyoka, aliteuliwa kujiunga na halmashauri kuchukua mahala pa Amin Habib ambaye alihamishiwa United Arab Emirates kwa wadhifa sawa akiwa Corporate Director. Uteuzi wa Bi Musyoka unafikisha wane idadi ya wanawake katika Halmashauri. Hii ni hatua muhimu ikilinganishwa na hali ilivyokuwa miaka minne iliyopita wakati palikuwa na mwanamke mmoja pekee katika Halmashauri.

Ninawaomba muungane nami katika kuwatakia Amina na Carol kila la kheri katika majukumu yao mapya.

### HITIMISHO

Ninaomba nichukue fursa hii kushukuru Halmashauri, wasimamizi na wafanya kazi wa Benki kwa juhudi zenu za kipekee ambazo ziliwezesha Barclays Kenya, kwa mara nyingine, kupata matokeo bora zaidi. Tunawashukuru pia washika dau wetu, ikiwa ni pamoja na wenye hisa, wateja na jamii tunamofanyia biashara, kwa kutuamini na kuwa na imani nasi.

Kwa upande wetu, tutalipa uaminifu huo na imani kwa kuendelea kutoa huduma za kipekee na za hali ya juu.

**FRANCIS OKOMO-OKELLO**  
**MWENYEKITI**



# Managing Director's Report



**Adan Mohamed**  
Managing Director

As we continue to do business in an increasingly competitive space, I am proud of our achievements in the course of 2005. We did this by delighting our customers through innovative products and solutions, while ensuring we remain a trusted partner – as a bank should be. In 2005, our efforts have been locally and internationally recognised by among other agencies, the Kenya Institute of Management & the African Investor, for excellence in financial management, human resources practices, and outstanding contribution to the communities in which we operate and the banker magazine for being the best bank in Kenya.

## Financial Review

Barclays recorded strong results in 2005 on the back of business growth, improved risk profile and the good quality of our people.

The profit before tax for the year ended 31 December 2005 was Shs 5,427 million, compared to Shs 5,391 million achieved in 2004 (Restated Shs 5,569 million). This result was achieved through a combination of growth in income and lower impairment charges.

Total income for the year was Shs 14,275 million representing 3.6% growth over 2004 figure of Shs 13,953 million. Interest income at Shs 9,348 million was 15.7% higher compared to Shs 8,078 million for 2004 mainly due to growth in volume, improved quality of loans and advances and a higher interest rate regime in 2005, which also saw interest expense grew by 115.7% from Shs 445 million in 2004 to Shs 960m in 2005. Fees, commission and other income declined in 2005 to Shs 5,888 million (2004: Shs 6320 million) due to decline in transaction volumes during the year following the closure of ten branches and regulatory control on tariff review.

The bank has continued to commit substantial investments in restructuring and updating its operating systems. Total expenditure in this area amounted to Shs 739 million representing 9.8% of the full year's revenue costs. Adjusting for one off pension credit of Shs 789 million

(2005:NIL) and restructuring costs of Shs 695 million (2005: Shs 739 million), the underlying operating costs of the business grew by 3%

The Risk profile of the bank continued to improve during the year as more focus was put on booking good quality lending and recovery of non performing loans. As a result impairment charge for the year was Shs 1,329 million representing a 30% decrease over 2004. The bank will continue to focus on the remaining portfolio of non performing loans not withstanding the challenges in our legal system.

Customer loans and advances rose by 3.7% to Shs 65.6 billion from Shs 63.2 billion in 2004 driven principally by growth in corporate asset finance, real estate, manufacturing and public sector lendings, demonstrating Barclays' continued lead in the market as the banker and business partner of choice. The confidence, trust and passion that customers have in the Bank continued throughout the year and as a result customers' deposits grew to Shs 81.8 billion (2004: Shs 80.4 billion). This was quite remarkable considering that we closed ten branches in 2005 in a market of stiff competition for quality customer deposits.

The Bank's liquidity remained high averaging 34% of eligible deposits against the statutory minimum of 20%. This liquidity comprises balances held in the statutory cash reserve with the Central Bank, Treasury bills and bonds holdings, placings of foreign currency balances and operating cash balances held at Barclays' branches.

Following the steady growth of earnings, our shareholder's funds stand at Shs 13.4 billion at the end of 2005, up from Shs 12.5 billion in 2004. I am pleased to report that on the basis of our capital strength, the directors have recommended a final dividend of Shs 11 per share making the total dividend for the year Shs 14 per share. An interim dividend of Shs 3 per share was paid in October 2005. The total cash dividend amounts to Shs 2,856 million.

## Managing Director's Report (continued)

This level of payout has enabled the bank to maintain the same dividend payment for three years running demonstrating the consistency of our dividend payout strategy.

### RETAIL BANKING

2005 saw the introduction of the mortgage product to our local business customers and also the introduction of a 5 year fixed mortgage for personal customers. This introduction is in line with our commitment to keep reviewing and improving the product offering in line with customer feedback and expectations. During the year we also re-launched the Junior Eagle Savings account, a special account tailored for the under eighteen. Barclays believes in encouraging young people to start saving early as this translates to responsible adults in financial affairs. We also became the first bank to introduce a 'sharia' compliant current account - the La Riba account which is available to both Muslim and non-Muslim customers who do not wish to be paid or to pay interest. This is the first step in offering

fully 'sharia' compliant products with plans to offer 'sharia' compliant mortgages and asset finance in 2006.

#### Premier:

During the year we re-launched our premier offering, introducing new asset and liability products to cater for these customers. We also refurbished the premier centre at Barclays Plaza bringing it to a world class premier banking environment.

#### Business club:

During the year we had a very successful trip to Guangzhou in China and Hong Kong for 750 of our business club customers. The trip was very well received by our customers with major deals struck with the Chinese business community. We also organised a group of 30 business club customers to visit South Africa thus establishing Barclays as the bank of choice for the Small and Medium Enterprises segment. Our commitment to this segment is to continue offering exposure as well as the credit to allow for meaningful, sustainable growth.

حساب لاربا

La Riba Current account

A new world of Sharia compliant banking

- Open to all Muslims and non-Muslims
- 24 hour service
- Zero minimum balance
- Interest-free banking
- Cash card bill payment
- Single fee per month
- Approved by Shari'ah and Finance experts

Contact your nearest Barclays branch today for more details

BARCLAYS

Looking forward into 2006, we will continue to improve on our service offering, introducing new products and ensuring that our customers get value for money. This is something we are very much committed to as a bank, as it is the only way we shall become the pre eminent bank in Africa.

### CORPORATE BANKING

Corporate Banking exhibited continued strong growth on the back of a significant penetration of products such as asset finance and trade finance within our existing client base as well as new customer acquisitions. Further, a strong sales team supported by excellent product team as well as customer service differentiation via the corporate service centres propelled the income growth.

The year 2005 was important for Corporate as it was at the forefront of all the major structured transactions undertaken in Kenya. The Bank was the co-arranger for the Athi River Mining

## Managing Director's Report (continued)

Bond of Shs 800m as well as the Celtel Bond transaction valued at Shs 4.5 billion. The successful placement of the two bonds illustrated our excellent market knowledge and ability to undertake structured and large scale funding.

Corporate banking continued to be at the forefront of product development and in August 2005 we launched the Direct Debit product. This cash management product makes payments simple, fast and secure in an arrangement where customers effect transfers by sending encrypted electronic files containing payment details of the bank. The product provides flexibility to our corporate customers who need to collect revenue from their clientele by facilitating an automated mechanism of debiting accounts, which essentially accelerates cash flow management for our customers. We also continued to diversify our asset portfolio in selected prime real estate development and agriculture.

Our custodial services also received significant visibility to the market and were the proud recipients of a Domestic

Custody rating of A- rating by Thomas Murray, the specialist custody rating, risk management and research firm. The bank was appointed as custodian to the recently formed Central Depository Settlement Corporation (CDSC). The rating agency found that the bank has implemented a strong control culture within its custody operation. Strengths were demonstrated in its settlements processes (income and corporate actions). A daily automated reconciliation procedure of its own records to those of the CDSC has been implemented to improve asset safety standards

Our commitment to improve service to our corporate customers extended to Mombasa where we opened a new Corporate Service Centre in our Nkrumah branch and rolled out Corporate Customer Service Desks at some of our major branches; Westlands, Hurlingham and Queensway branches. The Mombasa centre will now provide seamless service execution and faster turn around times for urgent corporate transactions. The Desks will allow corporate customers to drop off instructions for transactions as well as provide a one stop shop for query resolution.

**What does Mkopo wa Salo mean?**

*"It means the world."*

**The new Barclays Mkopo wa Salo**

Whatever your heart is set on, whether it's a new car, education, for future or anything else, Mkopo wa Salo from Barclays means a whole new world of affordability.

- 12-month loans of up to Kshs 1 million
- Flexible tenor options
- Available to non-Barclays customers

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**BARCLAYS**

### TREASURY SERVICES

Treasury had another excellent year in 2005 despite a difficult environment characterised by uncertainty on the political front but buttressed by a relatively stable economic climate which saw steady interest rates and a strong Kenya shilling throughout the year. The Treasury team maintained its leading role in the financial markets and helped execute landmark hedging transactions for key clients seeking market risk management solutions. The increased attention to evolving customer needs saw the execution of a series of successful forums through the year which helped us partner with our clients in the provision of Treasury solutions.

Asset and Liability Management was further embedded by the adoption of key market value at risk measurement methodology in line with global risk management practice. The introduction

## Managing Director's Report (continued)

of the Real Time Gross Settlement clearing system in Kenya in July 2005 was well received and is expected to provide a platform for efficiency and financial deepening in the coming years which will pass on significant benefits to our growing customer base.

The emphasis for the Treasury in 2006 is to enhance the Treasury Product base by consolidating the Group expertise in foreign exchange and interest rate derivatives and roll out standard and bespoke Treasury solutions for our customers. We will continue to improve on our systems and skills to match the changing sophisticated needs of our customers and the Treasury markets. Our emphasis on a regional approach to providing customer solutions will be enhanced by expanding our presence in the East African Treasury markets. This is expected to firm-up our status as the Bank of Choice for Treasury solutions.

### CARD BUSINESS

2005 was a year that saw a lot of changes on various fronts at Barclaycard. All these changes were ultimately targeted at improving the quality of

service offered to our cardholders and merchants.

Operationally, the entire merchant database was migrated from the old operating system (MCCP) to a more robust and flexible operating system (PRIME) that will ensure significant improvement in our operational platform stability. In May, our merchant services business set another "first" when it became the sole acquirer of the American Express (AMEX) card locally. With the continued growth in tourism industry, this will translate into significant increase in merchant turnovers especially in the hospitality industry.

Towards the end of the year, we unveiled our "new and fresh" Barclaycard Visual Identity. This new identity will herald the launch of new products, features, sales campaigns and operational communication material to our new and existing customers.

### CREDIT RISK MANAGEMENT

Improving the credit risk profile of the lending book continues to be the overriding objective of the Bank as this will ensure sustainability of earnings into the future. This has been achieved through continuous improvements to our credit risk assessment and monitoring and control processes as well as improvements in the skills of our team of credit risk professionals through training and coaching.

The quality of the corporate asset book has continued to improve as the bank continued to be extremely selective in the choice of loans and advances it books, but also through the introduction of new products with lower credit risk such as Distributor Finance. The Barclays Business Support area also achieved significant successes in closing off some difficult historical cases as well as nursing and returning more than 20 corporate customers experiencing various difficulties, back to profitability.

The retail asset book is being diversified through increasing the share of lower



The Barclays Bank Managing Director, Adan Mohamed paints at Olympic Primary School in Nairobi as students and the bank's staff look on.



# Managing Director's Report (continued)

risk products such as mortgages and scheme loans. A new Retail Credit Risk structure was piloted during the year with excellent results and will be fully implemented during 2006. This will facilitate better monitoring, control and recovery of delinquent advances.

During the year, the Bank refined its impairment methodology in line with International Financial Reporting Standard (IFRS) 39. The methodology is more cashflow-based as opposed to collateral-based. The Central Bank of Kenya issued new prudential regulations on loan classification and provisioning come into force on 1st January 2006. The challenge for 2006 is to align the IFRS requirements with the new prudential guidelines.

## OUR STAFF

In 2005, we continued to drive our objectives to make Barclays a great employer where great people are proud to work. A number of initiatives were implemented aimed at creating a good work environment for our staff.

We achieved our key HR strategies for 2005 which included development of a world class leadership capability and talent program; institutionalising employee relations as a key enabler to business performance; embedding a high performance culture at all levels and delivering on agreed Employee Opinion Survey action plans.

We launched a formal Equality & Diversity policy that seeks to ensure that we employ a diverse and representative workforce where each individual is respected and valued regardless of their background whilst creating an environment that is free from discrimination and which allows people to realise their full potential.

The Bank continued to work closely with the representatives of the staff union and management association. In May 2005, a historic partnership agreement was signed between the Bank's leadership and staff representatives in the Union and Management Association. The

agreement is instrumental in fostering progressive and modern employee relations and formalising a way of working between the union representatives and the Bank.

The Bank has put substantial investment in the development and up-skilling of its staff. During the year, we launched the Barclays University, which is an ultra modern self learning facility which aims to give all Barclays employees an opportunity to learn, develop themselves and take control of their careers and lives. This learning centre will offer a single source of learning options that individuals can tailor to fit their personal or professional aspirations through on-line resources.

The Bank also continued to focus on the welfare of its staff in 2005 through the launch of a comprehensive Wellness Programme which aims to provide Barclays employees and their dependants with a range of options to support them in achieving optimal mental and physical health. Apart from offering clinical support for employees living with terminal illness, the programme offers Independent Counselling and Advisory Services (ICAS) and 24-hour a day personal support and information services.

## CONCLUSION

Looking forward, I am confident that Barclays is well placed to face the challenges of a dynamic banking leverage on its local and international strength to capture opportunities ahead.

Finally, I would like to thank the Central Bank of Kenya for their guidance and support, our staff for their immense contribution during the year and the Board for their wise counsel. I also take this opportunity to thank our customers and shareholders for their investment, trust, confidence and support.

**ADAN MOHAMED  
MANAGING DIRECTOR**

# Taarifa ya Mkurugenzi Mkuu



Adan Mohamed  
Mkurugenzi Mkuu

Tukiendelea kufanya biashara kwa mafanikio makubwa, ninasikia fahari kwamba tunafanya hivi kwa kuwaridhisha wateja wetu kwa kuwapatia bidhaa bora na wakati huo huo tukihakikisha hatuyumbi katika mwelekeo wetu kama benki. Mwaka 2005 juhudi zetu zilitambuliwa hapa nchini na kimataifa na mashirika mbalimbali ikiwemo Kenya Institute of Management na wawekezaji wa nchi za Afrika, kwa kufanya kazi kwa ubora na usimamizi mzuri wa pesa, huduma za wafanyakazi na kuchangia katika shughuli za jamii.

Safari ya kuirekebisha Barclays Kenya kuwa benki inayoheshimiwa na kutambuliwa kwa huduma za kifedha nchini, kama benki inayotoa huduma na bidhaa zenye ubora wa hali ya juu, kuhakikisha mazingira mazuri ya kazi kwa wafanyakazi wake na kutoa mchango katika jamii inaendelea vizuri. Benki ina furaha kubwa kupigiwa kura kama benki bora zaidi katika Afrika Mashariki na wakuu 250 wa mashirika na kampuni kubwa za Afrika Mashariki na benki bora zaidi Kenya na majarida ya Euromoney na Banker.

## TATHMINI YA KIFEDHA

Benki yako ilipata matokeo bora mnamo 2005 na kudhihirisha uimara na mwelekeo wetu wa kujiimarisha. Mchanganyiko wa kukua, kuboresha mianya ya kupunguza biashara na watu wetu wenye ujuzi, vimihakikisha kwamba kumekuwa na uboreshaji wa huduma zetu mwaka 2005.

Faida iliyopatikana kabla ya kodi kwa mwaka uliomalizikia Desemba 31, 2005 ilikuwa Shilingi 5,427 milioni ukilinganisha na Shilingi 5,391 milioni zilizopatikana 2004. Matokeo haya mazuri yalipatikana kupitia mchanganyiko wa asilimia 92 ya kukua kwa mapato, biashara yetu ya kawaida na gharama ndogo za uendeshaji wa kazi za kila siku.

Jumla ya mapato mwaka huo ilikuwa Shilingi 14,275 milioni ikiwakilisha kukua kwa asilimia 3.6 tofauti na mwaka 2004 ambapo pato lilikuwa

Shilingi 13,953 milioni. Faida ilikuwa Shilingi 9,348 milioni, pesa ambazo zilikuwa zaidi kwa asilimia 15.7 ikilinganisha na Shilingi 8,078 milioni mwaka 2004 hasa kutokana na kukua kwa wateja, kuboresha masharti ya mikopo na hasa kiwango kikubwa cha riba ya faida mwaka 2005. Hata hivyo, kiwango cha faida kilikua kwa asilimia 115.7% kutoka Shilingi 445 milioni mnamo 2004 hadi Shilingi 960 milioni mnamo 2005.

Ada, asilimia ya faida na mapato mengine hazikubadilika sana 2005 na kuwa Shilingi 5,888 milioni (2004: Shilingi 6,143 milioni) kwa sababu ya kupungua kwa kiwango cha biashara mwaka huo kufuatia kufungwa kwa matawi 10. Hakuna ada iliyopitishwa kuongezwa na waziri tangu 2002. Benki pia imeanzisha huduma kadha ili kuhakikisha kiasi cha ada kinaongezeka katika siku za usoni na huduma hizi mpya ni pamoja na ya kwanza ya Sharia katika Kenya.

Benki imeendelea kuanzisha vitega uchumi kadha katika kurekebisha na kuimarisha mfumo wake wa uendeshaji. Jumla ya matumizi katika sehemu hii ilifikia Shilingi 739 milioni na kuwakilisha 9.8% ya gharama za mwaka mzima za matumizi. Jumla ya gharama zote zilikuwa Shilingi 7,519 milioni (2004: 6,471) na kama mwaka uliofuata ulirekebishwa kulingana na hazina ya pensheni na kuingiza kwenye mafao, mchango uliongezeka kwa 5.5% kabla ya ongezeko la mwaka la 7.6%

Kiwango cha bima ya thamani ya benki kiliendelea kuwa bora katika mwaka huu, kwani tulilenga zaidi kuanzisha mikopo bora zaidi na kurahisisha masharti ya kukopa pesa. Matokeo yake kiwango cha ada iliyotowza mwaka huu ilikuwa Shilingi 1,329 milioni ikiwakilisha asilimia 30 chini zaidi kuliko 2004. Benki itaendelea kulenga unafuu wa mikopo kwa wateja wake.

Mikopo ya wateja na malipo ya awali ya pesa iliongezeka kwa asilimia 3.7 na kufikia Shilingi 65.6 bilioni kutoka Shilingi 63.2 bilioni mnamo 2004 ambayo ilichangiwa na kukua kwa



# Taarifa ya Mkurugenzi Mkuu (inaendelea)

mikopo ya kampuni, mikopo ya nyumba, sekta ya kutengeneza bidhaa na kuthibitisha kwamba Barclays imeendelea kuongoza kama benki na mshirika wa biashara wa wengi. Imani na uhakika ambao wateja wako nao kwa benki ya Barclays imeendelea kuwepo mwaka mzima na matokeo yake kiasi cha pesa zinazowekwa na wateja kiliongezeka na kufikia Shilingi 81.8 bilioni (2004: Shilingi 80.4 bilioni). Haya yamekuwa mafanikio makubwa ukizingatia kwamba tulifunga matawi 10 mnamo 2005 katika soko lililokuwa na ushindani mkubwa wa kupata wateja zaidi.

Uwezo wa kupata pesa wa benki umekuwa mkubwa kwa wastani wa 34% ya pesa zinazowekwa dhidi ya zile zisizokuwa na uhakika 20%

Pesa hizo za kufanyia biashara zinajumuisha salio katika akiba kwenye Benki Kuu ya Kenya, hundi za Hazina, bondi, salio za pesa za kigeni na salio za uendeshaji wa shughuli za kila siku katika matawi ya Barclays.

Kufuatia kuongezeka kwa kipato, pesa za wamiliki hisa wetu zilikuwa Shilingi 13.4 bilioni mwishoni mwa 2005, kiasi ambacho kimeongezeka kutoka Shilingi 12.5 bilioni mwaka 2004. Nina furaha kuripoti kwamba kwa msingi wa uimarishaji wa mtaji wetu, wakurugenzi wamependekeza malipo ya faida za wamiliki hisa ziwe Shilingi 11 kwa kila hisa na kujumuisha idadi ya malipo ya faida za wamiliki kwa mwaka kuwa Shilingi 14 kwa kila hisa. Malipo ya awali ya faida ya Shilingi 3 kwa kila hisa yalilipwa mnamo Oktoba. Jumla ya pesa zitakazolipwa faida ya wamiliki hisa ni Shilingi 2,856 milioni. Kiwango hiki cha malipo kimwezesha benki kuwa na kiasi sawa cha malipo ya faida kwa muda wa miaka mitatu, hali inayothibitisha ubora na uimara wa utaratibu wetu wa kulipa faida kwa wamiliki hisa.

## HUDUMA ZA REJA REJA

### **Bidhaa:**

Mwaka 2005 ulipelekea kuanzishwa kwa huduma ya mikopo ya nyumba kwa wateja wetu wa hapa nchini na pia tukaanzisha huduma ya malipo ya miaka 5

ya mkopo wa nyumba kwa wateja binafsi. Kuanzishwa kwa huduma hii kunaendana na kujitolea kwetu kurekebisha na kuboresha bidhaa kulingana na maoni na ushauri tunayopatiwa na wateja kwa jinsi wanavyotarajia tuwahudumie. Katika mwaka huu, pia tulizindua akaunti ya Junior Eagle Savings, ambayo ni akaunti maalumu kwa watoto wenye umri chini ya miaka 18. Barclays inaamini kuwahamasisha vijana waanze kutunza pesa zao mapema, kwani jambo hili linamaanisha wakiwa wakubwa watakuwa wanaelewa umuhimu wa kutunza pesa. Pia tulikuwa benki ya kwanza kuanzisha akaunti ya "Sharia" ambayo ni akaunti ya La Riba kwa ajili ya waumini Waislamu na wale wasio Waislamu ambao hawataki kulipa riba ya faida kwenye akaunti zao. Hii ilikuwa hatua ya kwanza katika kutoa bidhaa zinazofuata utaratibu wa "Sharia" ambapo pia kuna mipango ya kuanzisha mikopo ya nyumba ya "Sharia" na utunzaji pesa 2006.

### **Premier:**

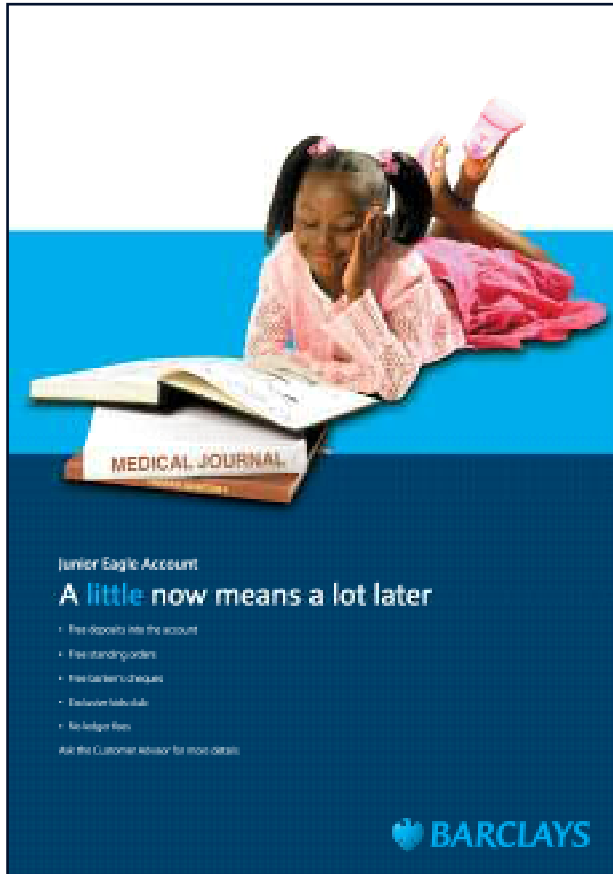
Katika mwaka huo tulizindua tena huduma yetu ya Premier na kuanzisha bidhaa za faida na zile zisizokuwa na uhakika ili kuweza kuwahudumia wateja wetu wa kundi hili. Pia tulikarabati kituo cha Premier katika jengo la Barclays Plaza na kukifanya kituo hicho kiwe na mazingira ya kipekee ya benki.

### **Business club:**

Katika mwaka huu. Tulikuwa na ziara yenye mafanikio makubwa katika mji wa Guangzhou nchini China na Hong Kong kwa wateja wetu 750 wa Business Club. Ziara hiyo ilikuwa ya mafanikio makubwa na tulipokelewa vyema na wateja ambapo tulifikia makubaliano na wafanyabiashara wa China. Pia tulitayarisha kundi la wateja 30 wa Business Club watembelee Afrika Kusini ambapo walitambua kuwa Barclays ni benki inayofaa kwa wafanyabiashara wadogo na wakubwa. Jukumu letu katika kundi hili ni kuendelea kuwafunulia nafasi nyingine za biashara wateja wetu na pia kuikuza zaidi benki.

Tukitarajia mafanikio zaidi 2006, tutaendelea kuboresha huduma zetu na kuanzisha bidhaa mpya na kuhakikisha kwamba wateja wetu wanapata faida ya

## Taarifa ya Mkurugenzi Mkuu (inaendelea)



pesa yao. Hili ni jambo ambalo tumepania kutekeleza kama benki, kwani ndio njia pekee tunayoweka kuwa benki inayoongoza na kutegemewa Afrika.

### HUDUMA ZA BENKI KWA MAKAMPUNI NA MASHIRIKA

Huduma za benki za kampuni imeendelea kukua zaidi kufuatia kuanzishwa kwa huduma zaidi za mali na biashara miongoni mwa wateja wetu pamoja na kupata wateja wapya. Pia wafanya kazi wetu wa idara ya mauzo wanaoitambua na kuifanya kazi yao kwa ufanisi na huduma ya wateja, imechangia kuongeza kipato.

2005 ulikuwa ni mwaka muhimu kwa huduma za benki, kwani iliongoza katika mfumo wa huduma za benki zinazofanyika Kenya. Benki ilihusika katika kutayarisha bondi ya kampuni ya Athi River Mining ya Shilingi 800 milioni pamoja na bondi ya Celtel iliyokuwa na thamani ya Shilingi 4.5 bilioni. Mafanikio ya kupitisha bondi hizo mbili yalidhihirisha uelewetu wa soko nchini na uwezo wa kusimamia pesa za kampuni kubwa.

Huduma za benki za makampuni na mashirika iliendelea kuwa mojawapo ya shughuli kubwa tulizotengeneza mnamo Agosti 2005, tulipozindua huduma ya moja kwa moja ya mikopo kwa kampuni. Huduma hii ya kusimamia pesa, inarahisisha malipo, kuyaharakisha na kuweka katika

utaratibu ambapo wateja wanaweza kuhamisha pesa kwa kutumia faili za siri kwenye mfumo wa kompyuta zenye maelezo ya malipo kwa benki nyingine. Huduma hii inarahisisha shughuli za malipo za wateja wetu wenye makampuni makubwa, ambao wanahitaji kukusanya pesa kutoka kwa wateja wao kwa kuweka mfumo wa malipo kupitia mtandao wa kompyuta moja kwa moja katika akaunti, jambo linalorahisisha ulipaji na ukusanyaji wa pesa kwa wateja wetu. Pia tuliendelea kupanua kiasi cha mali katika sehemu kadha za ujenngaji nyumba na kilimo.

Huduma zetu pia zimeanza kuonekana wazi katika soko na ambapo wateja wanaopata huduma hizo hapa nchini ambao walipatiwa alama A na kampuni ya Thomas Murray, ambayo inashughulika na kutathmini huduma na utafiti wa masuala mbalimbali ya utendaji kazi wa kampuni. Benki ilituliwa kama msimamizi katika taasisi iliyoanzishwa hivi karibuni ya Central Depository Settlement Corporation (CDSC). Taasisi hiyo ya kutathmini viwango ilitambua kwamba benki imetelekeza mfumo imara wa usimamizi wa pesa za wateja. Uimara wake ulithibitishwa katika utaratibu wake wa upangaji makazi (kuhusu masuala ya pesa na hatua ya kampuni). Utaratibu wa kila siku wa kuchunguza rekodi zake na zile za CDSC umetekelezwa ili kuboresha ubora wa ulinzi wa mali zake.

Jukumu letu la kuboresha huduma za wateja wetu wa makampuni, limepanuliwa hadi Mombasa ambako tulifungua kituo kipya cha kuhudumia wateja katika tawi letu la Nkrumah na pia tukaanzisha idara ya kuhudumia wateja katika baadhi ya matawi yetu makubwa; Westlands, Hurlingham na Queensway. Kituo cha Mombasa sasa kitakuwa kikitoa huduma kwa kampuni kubwa pia. Idara hiyo pia itawapatia nafasi wateja na kutoa maelekezo ya huduma wanazotaka wapatiwe ama huduma za benki na pia kutoa ushauri kwa masuala mbalimbali ya kifedha.

### HUDUMA ZA HAZINA

Hazina yetu ilikuwa na mwaka mzuri sana wa 2005 mbali ya mazingira magumu yaliyochangiwa na wimbi la masuala ya kisiasa, laini ikaimarishwa na kuimarika kwa uchumi hali iliyopelekea kuimarika kwa kiwango cha fisa na kuimarika shilingi ya Kenya mwaka mzima.

Hazina iliendelea kuimarika na kuongoza katika masoko ya pesa na kuhusika katika huduma za kifedha kwa wateja wake wakubwa wanaotaka masuluhisho ya kupata soko. Kuongezeka kwa huduma kwa wateja kulipelekea kufanikiwa na masuala mbalimbali mwaka mzima, jambo ambalo lilitusaidia kama washirika na wateja wetu katika kupata masuluhisho ya hazina.

Usimamizi wa mali na mali zisizokuwa na uhakika, uliimarishwa zaidi kwa kuanza kutumika kwa mfumo wa thamani ya soko katika utaratibu wa kutathmini kuepuka hasara kulingana na mfumo unaotumika duniani kote. Kuanzishwa kwa mfumo wa Real Time Gross Settlement

## Taarifa ya Mkurugenzi Mkuu (inaendelea)

katika Kenya mnamo Julai, 2005 kulipokelewa vyema na kunatarajiwa kutoa nafasi ya mafanikio ya kifedha katika miaka ijayo, ambayo itakuwa na faida kubwa kwa wateja wetu ambao wanaendelea kuongezeka.

Msisitizo wa Hazina kwa mwaka 2006 ni kuimarisha bidhaa za hazina kwa kushirikisha utaalum wa benki katika ubadilinishanaji wa pesa za kigeni na kiwango cha faida na kupata masuluhisho ya mafanikio ya hazina kwa wateja wetu.

Tutaendelea kuboresha huduma na mfumo wetu ili kuweza kuendana na mabadiliko ya mahitaji ya wateja wetu na masoko ya hazina.

Msisitizo wetu katika kufikia eneo kubwa kwa kuwapatia wateja masuluhisho utaimarishwa kwa kupanua uwepo wetu katika masoko ya hazina kwenye Afrika Mashariki. Jambo hili linatarajiwa kuimarisha hadhi yetu kama benki inayochaguliwa kwa masuluhisho ya masuala ya hazina.

### BIASHARA YA KADI

2005 ulikuwa mwaka ambao tuliona mabadiliko makubwa katika matabaka mbalimbali ya Barclaycard. Mabadiliko yote haya yalilenga kuboresha kiwango cha huduma zinazotolewa kwa wenyewe kazi hizo na wahusika wengine.

Kiutendaji kazi, mfumo mzima mtandao wa kompyuta ulihamishwa kutoka mfumo wa MCCP hadi mfumo wa PRIME ambao ni rahisi zaidi kiundeshaji na ambao ulihakikisha uboreshaji katika utendaji kazi wake. Mnamo Mei, huduma zetu za wateja zilishika nambari “moja” wakati zilipokuwa pekee zilizoweza kupatikana kadi ya America Express (AMEX) hapa nchini. Kufuatia kukua kwa sekta ya utalii, hatua hii ilimaanisha kuongezeka kwa wateja na matumizi ya pesa hasa katika sekta ya utalii. Kuelekea mwishoni mwa mwaka, tulianzisha kazi yetu mpya ya Visual Identity. Kadi hii mpya ilimaanisha uzinduzi wa bidhaa mpya, kampeni ya

### Senior Management Team



(Back L to R) Kathleen Openda, Head of Corporate Affairs; Yusuf Omari, Head of Assurance; Joseph Muremwa, Director IT and Operations; Carol Musyoka, Director Corporate Banking; Kamau Kuria, Head of Change; Laban Omangi, Head of Risk Advisory Services; Kihara Maina, Treasurer; Irene Kamau, Acting HR Business Partner; Charles Ongwae, Director Finance and Planning; Chris Akiwumi, Head of Legal Services.

(Front L to R) Kariuki Ngari, Director Retail; Ben Dabrah, Director Credit Risk; Adan Mohamed, Managing Director; Wanjiru Nduati, Company Secretary; Frank Ileri, Head of Barclaycard.

# Taarifa ya Mkurugenzi Mkuu (inaendelea)

mauzo na mawasiliano zaidi kwa wateja wetu wapya na wale tuliokuwa nao.

## BIMA YA MIKOPO

Kupunguza hatari ya madeni kwa wanaokopesha bado ni lengo kuu la benki, kwani jambo hili litahakikisha uhakika wa kipato katika siku za baadaye. Jambo hili limefanikiwa kupitia uboreshaji wa tathmini yetu ya hatari za mikopo na pia kuboresha ujuzi na uelewao wa wafanyakazi wetu wa kutathmini hatari ya mikopo kupitia mafunzo na uelimishaji.

Kiwango cha usimamizi wa mali za kampuni kimeendelea kuimarika, wakati benki ikiendelea kuwa makini katika uchaguzi wa mikopo na pesa zinazotolewa na pia kupitia kuanzishwa kwa bidhaa mpya zenye hatari ndogo za madeni kama vile Distributor Finance.

Kitengo cha usaidizi wa biashara cha Barclays pia kilipata mafanikio makubwa kwa kufunga baadhi ya kesi ngumu za kihistoria na pia kufanikiwa kurekebisha na kuinua tena kampunia zaidi ya 20 ambazo ni wateja wetu waliokuwa wanakabiliwa na hali ngumu za aina mbalimbali, kupata tena faida.

Usimamizi wa mali zisizokuwa rasmi unaendelea kupanuliwa kupitia kuongeza hisa za bidhaa zenye hatari ndogo ya kuleta hasara kama vile mikopo ya nyumba na mikopo ya miradi midogo. Mfumo mpya wa usimamizi wa kudhibiti hasara ulianzishwa katika mwaka huu na ukaleta matokeo mazuri ya awali na utatekelezwa vyema mwaka 2006. Hatua hii itasaidia usimamizi bora, udhibiti na upatikanaji wa mikopo.

Katika mwaka huu, benki ilinoa zaidi mfumo wake wa kifedha kulingana na kiwango cha kimataifa Finacial Reporting Standard (IFRS) 39. Mfumo huu unashughulika zaidi na jinsi pesa zinavyotolewa na kuingia benki, tofauti na mfumo wa zamani ambao ulikuwa ukijumuisha vyote kwa pamoja. Benki Kuu ya Kenya ilitoa sheria mpya kuhusiana na aina za mikopo zinazotolewa kwa wateja na sheria hiyo ilianza kutumika Januari Mosi, 2006. Jukumu linalotukabili 2006 ni kurekebisha mahitaji ya IFRS kulingana na utaratibu mpya uliotolewa.

## WAFANYAKAZI WETU

Mwaka 2005, tuliendelea na malengo yetu ya kuifanya Barclays iwe mwajiri bora zaidi ambako watu wanajisikia sifa kufanya kazi kwenye benki hii. Hatua kadha zilitekelezwa zikiwa na madhumuni ya kuweka mazingira mazuri ya kazi kwa wafanyakazi wetu.

Tulifanikisha lengo letu kuu za uajiri mwaka 2005, ambalo likikuwa ni pamoja na kuendeleza uongozi wa kiwango cha kimataifa na utaratibu wa kutambua vipaji vya wafanyakazi; kusisitiza uhusiano na wafanya kazi kama nguzo kuu za kufanikisha utendaji kazi; kusisitiza utendaji kazi wa kiwango cha juu katika ngazi zote na kutekeleza mapendekezo ya wafanyakazi kuhusiana na mipango ya utendaji kazi ya benki.

Tulizindua sera ya kiwango bora na ujumuishaji wa wahusika wote, ambayo ilikuwa na madhumuni ya kuhakikisha kuwa tunakuwa na ushirikishaji na wawakilishi wa wafanyakazi ambako kila mfanya kazi anaheshimiwa na kuthaminiwa bila ya kujali hali za watokako na wakati huo huo kuweka mazingira ambayo hayana ubaguzi na ambayo yanapatia nafasi wafanyakazi watambue uwezo wao.

Benki iliendelea kufanya kazi kwa karibu na wawakilishi wa chama cha wafanyakazi na utawala wa chama chao. Mnamo Mei, 2005 mkataba wa kihistoria ya makubaliano ulisainiwa baina ya uongozi wa benki na wawakilishi wa chama cha wafanyakazi. Mkataba huo unahusu kuweka uhusiano wa wazi baina ya wawakilishi wa chama cha wafanyakazi na benki.

Benki pia inatilia maanani uendelezaji wa wafanyakazi wake. Katika mwaka huu, tulizindua Chuo Kikuu cha Barclays, ambacho kina vifaa vya kisasa vya mafunzo, ambacho kina madhumuni ya kuwapatia wafanyakazi wote wa Barclays na familia wanaowategemea ya nafasi kujifunza, kujiendeleza na kusimamia kazi na maisha yao. Kituo hiki cha mafunzo kitakuwa ni chanzo kikuu cha kujifunza kwa watu wenye nia ya kujiongeza ujuzi na elimu yao kupitia mtandao wa kompyuta.

## Taarifa ya Mkurugenzi Mkuu (inaendelea)

Benki pia iliendelea kuangalia hali ya maisha ya wafanyakazi wake katika mwaka 2005 kupitia kuzinduliwa mpango wa kuangalia maisha ya wafanyakazi, ambao una madhumuni ya kuwapatia wafanyakazi wa Barclays na familia zao nafasi ya kuwahakikishia afya zao za akili na mwili. Mbali ya kutoa usaidizi wa matibabu kwa wafanyakazi walio wagonjwa mahututi, mpango huo pia unatoa huduma za ushahuri (ICAS) na huduma za usaidizi binafsi na kupatiwa maelezo yanayostahili.

### HITIMISHO

Nikiangalia mbele, nina uhakika kwamba Barclays ina nafasi nzuri ya kukabiliana na majukumu mbalimbali pamoja na vikwazo katika hali ya baadae ya sekta ya benki na inaweza kufanikiwa nafasi inapojitokeza.

Mwisho, ningependa kuishukuru Benki Kuu ya Kenya kwa maelekezo na usaidizi, wafanyakazi wetu na wenzetu katika Kamati ya Usimamizi Nchini kwa mchango wao mkubwa katika kuikuza Barclays pamoja na Bodi kwa ushauri wao wa busara. Pia ningependa nichukue nafasi hii kuwashukuru wateja wetu na wamiliki hisa kwa kuwekeza pesa zao, uaminifu, imani na kutuunga mkomo.

**ADAN MOHAMED,  
MENEJA MKURUGENZI.**

# Report Of The Directors For The Year Ended 31 December 2005

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2005.

## Principal activities

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

## Results

The results for the year are set out on page 39 to 74.

## Dividends

An interim dividend of Shs 3 per share amounting Shs 611 million was paid during 2005. Subject to the approval of the shareholders, the Directors recommend a final dividend for the year of Shs11 Per share, amounting to Shs 2,241 million. This will be paid on or about June 30th 2006 to shareholders registered at close of business on May 26th 2006. This distribution would leave a balance of retained group profit for the year of Shs 867 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 the next page.

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

Paul K. Chemngorem  
Jane W. Karuku  
Brown M. Ondego

Ayisi Makatiani who has served as a Director of the Board since June 2002 has advised the company of his intention to retire at the forthcoming Annual General Meeting. Consequently, he will not offer himself for re-election under Article No. 96 of the Company's Articles of Association.

In accordance with Article No. 101 of the Company's Articles of Association, Carol Musyoka is due for retirement this being the first Annual General Meeting to be held since her appointment and being eligible, individually offer herself 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 director's fees and amounts received under employment contracts for executive directors

The aggregate amount of emoluments for director's services rendered in the financial year is disclosed on page 39 to 74.

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

## Auditors

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

## By Order of the Board.

**Wanjiru Nduati**  
Company Secretary  
Nairobi



# Report Of The Directors For The Year Ended 31 December 2005

(continued)

## **Directors**

Francis Okomo-Okello  
Adan Mohamed  
Charles O. Ongwae  
Carol Musyoka  
Paul K. Chemngorem  
Ayisi B. Makatiani  
Rose N. Ogega  
Brown M. Ondego  
Jane W. Karuku  
Dominic Bruynseels

Chairman  
Managing Director

## **Company Secretary**

Wanjiru Nduati

## **Auditors**

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

## **Registered Office**

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

## **Registrar and Transfer Office**

Barclays Advisory & Registrar Services Ltd  
Bank House, Moi Avenue, 1st Floor  
P.O. Box 30120 Code 00100  
Nairobi

# Taarifa ya Wakurugenzi

Wakurugenzi wanafuraha kuwasilisha ripoti yao pamoja na taarifa za kifedha zilizokaguliwa kwa mwaka uliomalizika tarehe 31 Disemba 2005.

## Shughuli muhimu

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

## Matokeo

Matokeo ya mwaka yamechapishwa katika ukurasa wa 39 hadi 74.

## Mgao wa faida

Mgao wa faida wa muda wa Sh3 kwa kila hisa ambao kwa jumla ulikuwa Sh611 milioni, ulilipwa katika 2005. Iwapo wenye hisa wataidhinisha, wakurugenzi wanapendekeza mgao wa faida wa mwisho wa Sh11 kwa kila hisa, ambao utakuwa jumla ya shilingi milioni 2,241. Mgao huu utalipwa kufikia Juni 30, 2006 kwa wenye hisa waliosajiliwa kufikia kumalizika kwa shughuli za kibiashara Mei 26, 2006. Malipo hayo yakitolewa, yatabakisha Sh 867 milioni za faida itakayohifadhiwa kwa mwaka na ambayo itapelekwa kwenye hifadhi za mapato za kampuni.

## Taarifa za kifedha

Kufikia tarehe ya ripoti hii, wakurugenzi hawakufahamu hali zozote, ambazo zingefanya thamani za rasilimali zilizopo kwenye taarifa za hesabu na fedha za kampuni hii kuwa za kupotosha.

## Wakurugenzi

Wanahalmashauri ya wakurugenzi ambao walihudumu mwaka 2005 na kufikia wakati wa ripoti hii wameorodheshwa kwenye ukurasa ufuatao:

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

Paul Chengorem  
Jane W. Karuku  
Brown Ondego

Ayisi Makatiani ambaye ametumika kama mkurugenzi tangu Juni 2002, amearifu kampuni kwamba ananua kustaafu katika mkutano mkuu ujao wa mwaka. Hivyo basi, hatajitolea kuchaguliwa tena chini ya Kifungu 96 cha Kanuni za Kampuni.

Kuambatana na Kifungu 101 cha Kanuni za Kampuni hii, Carol Musyoka anapswa kustaafu, kwani huu ni mkutano mkuu wa mwaka kufanyika tangu alipoteuliwa na kwa vile anahitimu, atajitolea mwenyewe binafsi kuchaguliwa tena.

## Marupurupu ya wakurugenzi

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

Jumla ya marupurupu ya wakurugenzi kwa huduma walizotoa katika mwaka huo wa matumizi ya kifedha, imeelezwa katika ukurasa 39 hadi 74.

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

## Wakaguzi wa hesabu

Wakaguzi wa hesabu ya pesa , PricewaterhouseCoopers, wameeleza wazi wazi kwamba wakjo tayari kuendelea na jukumu hilo kuambatana na sehemu 159(2) ya Sheria ya Makampuni (Cap 486) na sehemu 24(1) ya Sheria ya Benki (Cap 488).

Kwa Agizo la Halmashauri.

Wanjiru Nduati  
KATIBU WA KAMPUNI  
Nairobi

Wakurugenzi

## Taarifa ya Wakurugenzi (inaendelea)

Francis Okomo-Okello      Mwenyekiti  
A. A. Mohamed              Mkurugenzi mkuu  
Charles .O. Ongwae  
Carol Musyoka  
Paul K. Chemngorem  
Ayisi B. Makatiani  
Rose N. Ogega  
Brown M. Ondego  
Jane W. Karuku  
Dominic Brunyseels

**Katibu wa Kampuni**  
Wanjiru Nduati

**Wakaguzi wa hezabu**  
PriceWaterhouseCoopers  
Rahimtulla  
Upper Hill  
P.O.Box 41968 Code 00100  
Nairobi

**Afisi iliyosajiliwa**  
Barclays Plaza  
Loita Street  
PO Box 30120 Code 00100  
Nairobi

**Msajili na afisi ya ubadilishaji wa umiliki**  
Barclays Advisory & Registrar Services Ltd  
Bank House, Moi Avenue, 1st Floor  
P.O.Box 30120 Code 00100  
Nairobi

## Statement of Directors' Responsibilities

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

International Financial Reporting Standards and the requirements of the Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the group and of the company and of the group's profit. 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 adequate systems of internal financial control.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with

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

Francis Okomo-Okello  
Chairman

Adan Mohamed  
Managing Director

21 February 2006

# Corporate Governance Statement for 2005

At Barclays we are committed to having robust corporate governance practices in place and applying the highest standards of business integrity in all our activities. The Bank achieves this by using a risk-based approach to establish and review the system of internal controls. There are three Management Committees and three Board Committees that are entrusted with the responsibility of driving performance, delighting customers, enhancing our reputation and building pride and passion for the Bank while ensuring that the Bank continues to adopt best corporate governance practices.

## Country Management Committee (CMC)

The CMC is responsible for setting and implementation of country strategy and policies. The committee holds a strategy planning session every year with the Board of Directors to agree on key strategies and policies.

## Assets & Liabilities Committee (ALCO)

Throughout the year, ALCO has been tasked with managing financial risk specifically liquidity, interest rates, market risk, capital management and balance sheet structure. It meets once a month and is instrumental in advising the Bank on the availability and viability of various investment opportunities that culminate in managing risks and portfolio matching.

## Governance and Control Committee

To enhance greater cohesiveness amongst the Barclays entities in the region, the Committee has expanded its operations to cover both Barclays Bank of Uganda Limited and Barclays Bank of Tanzania Limited in addition to its existing role in Barclays Bank of Kenya Limited. Responsible for guiding policy, monitoring the regulatory and internal control mechanisms and review of operational risk. The committee meets quarterly with at least one meeting in each of the three countries.

## Board Audit Committee

In 2005, the Audit Committee received and reviewed the annual, half year and quarterly financial statements and prior to making recommendations to the board in relation to the results. The committee continually evaluated the effectiveness of the internal control systems and received findings of the internal and external audit reports and management's action to address them. The Committee has direct access to the Assurance function, Company Secretary and Legal Counsel as well as the authority to engage external professional advisors.

## Board Advances Committee

The Advances Committee oversees the credit risk profile of the Bank, reviewing policy in regard to credit advances and monitoring the health of the Bank's lending book as well as advising on business support and recovery strategies.

## Board External Relations Committee

The mandate of External Relations Committee is to advise the Board and support the Management of the Bank in the conduct of its relationship with key stakeholders. In this regard, it reviews and monitors on a quarterly basis, the media activities undertaken by Management, the Bank's strategy on communications and their effectiveness and the internal resources required to achieve the implementation of the stated policies, strategies and objectives.

## Board's Performance in 2005

In addition to their governance responsibilities outlined above, the board committees during the year carried out an evaluation of the roles, responsibilities and effectiveness of the committees, Feedback gathered from this exercise has been invaluable in setting out both the Committees and the Board's agenda for 2006. During 2005, the Board reviewed the performance of its own Committees as well as that of Management and made several policy and strategic decisions that saw the Bank achieve its set targets. An induction session was conducted for all Board Members during the year. In order to assure shareholders of our commitment to getting involved in activities that create and enhance shareholder value the Board will continue to carry out the annual evaluation and impact exercise.

## 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 (vi) of the financial statements. No member of the Board indicated any willingness to acquire shares of the company. Directors are required to disclose all areas of conflict of interest to the Board and are excluded from voting on such areas.

## The Board and committees of the Board.

This year the Board continued to ensure that the Bank meets its responsibilities to the shareholders and ensures that adequate controls exist to protect the Bank's assets against major risks. The board has closely been monitoring financial performance, advising on regulatory relationships and compliance, reviewing external audit performance and overseeing strategic planning. These key tasks have been achieved during the boards quarterly ordinary meetings and additional special meetings convened to review accounts and receive and review audit and regulatory reports.

Currently made up of six Non-Executive Directors and three Executive Directors, the board members also service on three principal committees, with specific delegated responsibilities. The composition and functions of the Board committees are all chaired and dominated by the independent and non-executive members of the Board.



# Corporate Social Responsibility Report for 2005

## MILES AHEAD IN KENYA

The main community activity in 2005 was the Miles Ahead initiative. The Miles Ahead involved 5 four-wheel drive vehicles driven over land from London to Capetown stopping in each country where Barclays has a presence. The vehicles were flagged off by Barclays Group Chairman, Matt Barrett. Providing an excellent platform to raise funds for social upliftment, the initiative aimed to demonstrate Barclays' commitment to communities, customers, colleagues and all stakeholders in Africa, Middle East and Europe. The support focused on education, public health, social inclusion e.g., street children and orphans, the environment and members of the society living with disabilities, with a special bias to Africa.

In Kenya, the Miles Ahead initiative was launched by Barclays Group Chief Executive, John Varley, on June 2, 2005 and this launch ushered in several activities to raise funds to support the needs of our communities. All community activities and fundraising were geared towards fighting malaria and supporting girls' education in the country. In Kenya the initiative raised Shs 25 million.



Assistant Minister of Education Kilemi Mwiria with Managing Director Adan Mohammed participating in Miles Ahead walk.

## MALARIA CAMPAIGN

Our Retail team raised over Ksh 5 million to assist in the fight against malaria. This enabled us distribute over 20,000 mosquito nets in Kisumu, Kisii, Rift Valley and Mombasa. Over 40 activities, including bowling, the Coast Beach run, and dinners were undertaken to raise funds for this initiative. The beneficiaries of these mosquito nets were mainly expectant mothers and children under five years of age. Children were also immunized against various diseases. Barclays worked in partnership with World Vision and the Ministry of Health who offered logistical and technical support.



Mombasa District Commissioner and Director of Retail Kariuki Ngari distributing mosquito nets at Port Reitz, Mombasa.

## GIRLS' EDUCATION

In support of the girl-child education, a girls' soccer tournament was launched on August 13, 2005 in which 45 girls football clubs participated. The girls' soccer tournament, the flag ship of the Miles Ahead banner, sought to untap girls' soccer talent in Kenya.. The prizes for the top three winning teams were in form of school fees vouchers worth Ksh 1.6 million which were given to the 48 team members. In addition to the Ksh 1.6 million, Barclays also contributed Ksh 3 million and 20 computers to Starehe Girls Centre. Established in 2005, Starehe Girls Centre is a national centre of excellence for bright but disadvantaged girls.

# Corporate Social Responsibility Report for 2005



Mary Ogolla of MYSA Mathare North (left) and Linet Wekesa of MYSA Huruma go for the ball during the quarter final match of the Barclays Girls' Soccer Challenge.



Corporate team at work at Kwetu Home of Nairobi during one of MADD events.

## MAKE A DIFFERENCE DAY

Make a Difference Day (MADD) in Kenya took place in October, 2005 and about 1,300 employees actively participated in various projects across the country. Our community programme goes beyond just giving out money or handouts to the community. Our employees share their time and skills with the community to empower them and make a difference in their lives. This was well articulated by the MADD 2005 activities which ranged from giving motivational talks to Standard 8 pupils as they prepared to sit for their final primary examinations; painting schools walls; tidying up the Nairobi Cemetery and rehabilitating a home for street children.



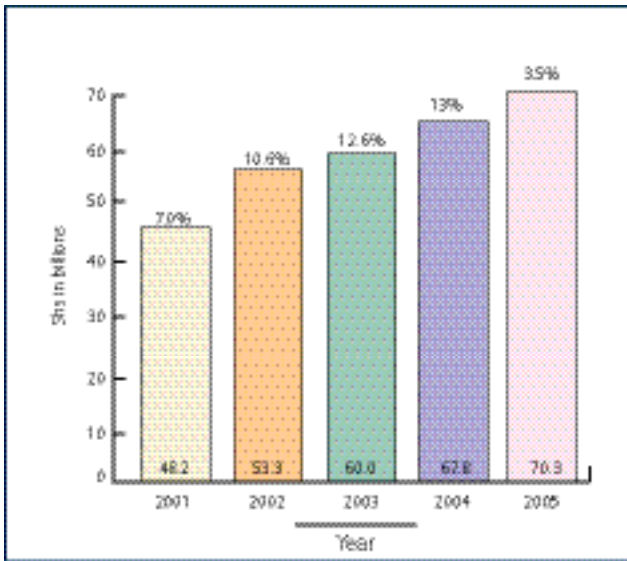
Starehe Girls' Centre students try their hands on one of the 20 Computers donated by Barclays Bank to the school last year.

# Five Year Group Review

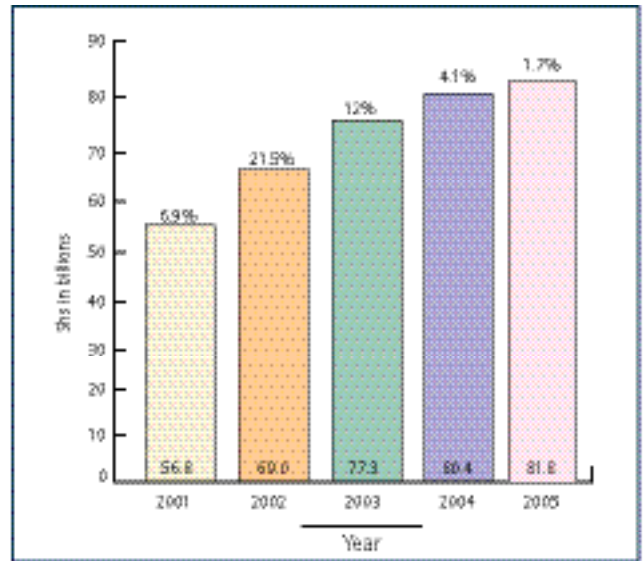
	2001	2002	2003	2004	2005
	Shs Million	Shs Million	Shs Million	Shs Million (restated)	Shs Million
Operating Income	11,262	11,494	13,942	13,953	14,275
Operating expenses	(5,990)	(7,431)	(7,539)	(6,471)	(7,519)
Impairment losses on loans and advances	(1,037)	(1,513)	(1,613)	(1,913)	(1,329)
Profit before tax	4,235	2,550	4,790	5,569	5,427
Net profit	2,955	1,783	3,367	3,820	3,729
Earnings per share (Shs)	16.0	10.0	17.0	19.0	18.00
Dividends per share (Shs)	14.0	12.0	14.0	14.0	14.00
Loans and advances to customers (gross)	48,186	53,335	60,038	67,750	70,220
Provision for loan impairment	(2,532)	(2,664)	(3,568)	(4,718)	(4,658)
Cash and short term funds	13,723	15,187	13,816	16,062	15,663
Government securities	10,289	16,189	22,885	21,470	15,767
Property and Equipment	1,749	1,427	1,411	1,580	1,503
Other assets	2,232	2,440	2,073	7,648	5,731
<b>Total Assets</b>	<b>73,647</b>	<b>85,914</b>	<b>96,655</b>	<b>109,792</b>	<b>104,226</b>
Customer deposits	56,788	69,023	77,266	80,449	81,800
Other liabilities	5,459	6,902	8,367	17,058	9,249
<b>Total Liabilities</b>	<b>62,247</b>	<b>75,925</b>	<b>85,633</b>	<b>97,507</b>	<b>91,049</b>
<b>Net assets</b>	<b>11,400</b>	<b>9,989</b>	<b>11,022</b>	<b>12,285</b>	<b>13,177</b>
<b>Shareholders funds</b>	<b>11,400</b>	<b>9,989</b>	<b>11,022</b>	<b>12,285</b>	<b>13,177</b>
<b>Performance ratios</b>					
Return on Capital employed	26%	18%	31%	30%	28%
Return on assets	4%	2%	3%	3%	3%
Provisions Charge / Loans and Advances	2%	3%	3%	3%	2%
<b>Balance sheet ratios</b>					
Gross advances to deposits (%)	85%	77%	78%	84%	86%
Provisions / Gross Advances	5%	5%	6%	7%	7%
Classified Debt / Gross Advances	12%	15%	15%	13%	13%
Liquidity (%)	38%	42%	45%	45%	34%
<b>Others</b>					
Staff Numbers	1,981	1,811	1,741	1,775	1,762
Number of shareholders	34,665	34,540	33,938	33,545	33,556

# Financial Graphs and Charts

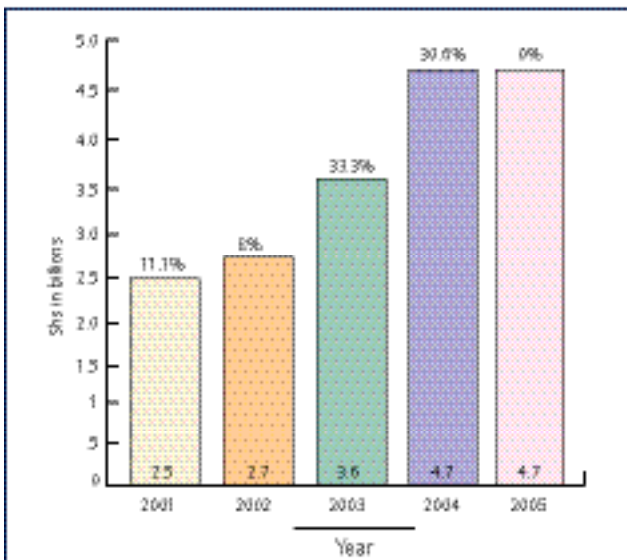
Advances to customers (gross)



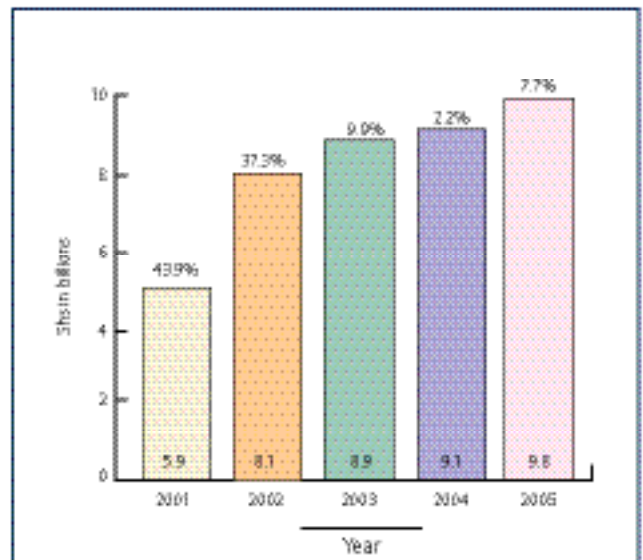
Customer deposits



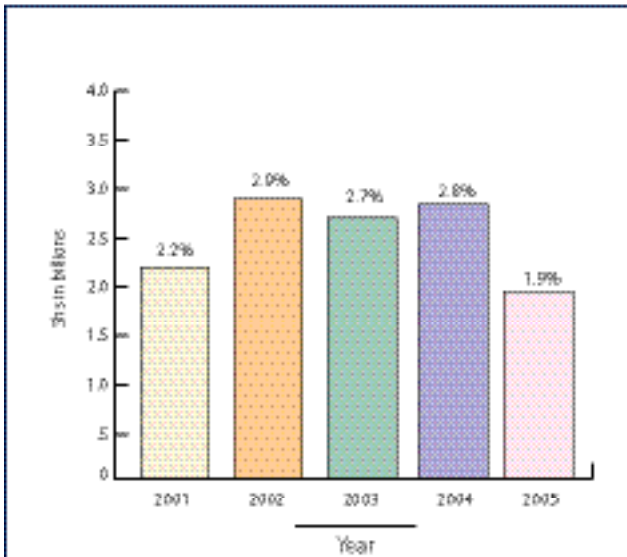
Provisions for impaired loans and advances



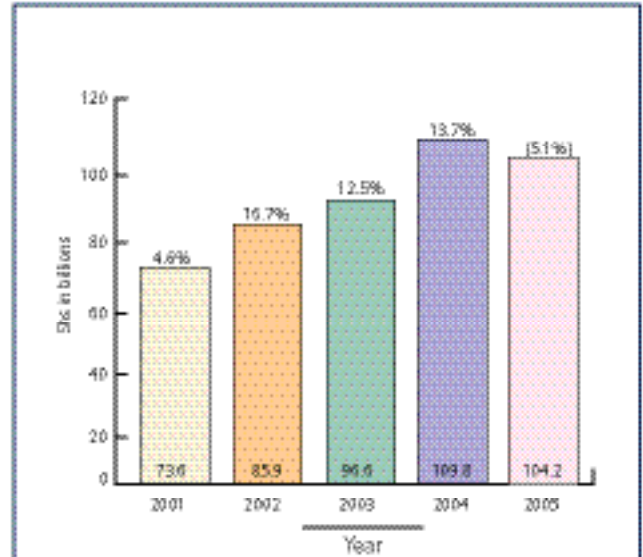
Impaired loans and advances (gross)



Provisions charge as a % of gross advances



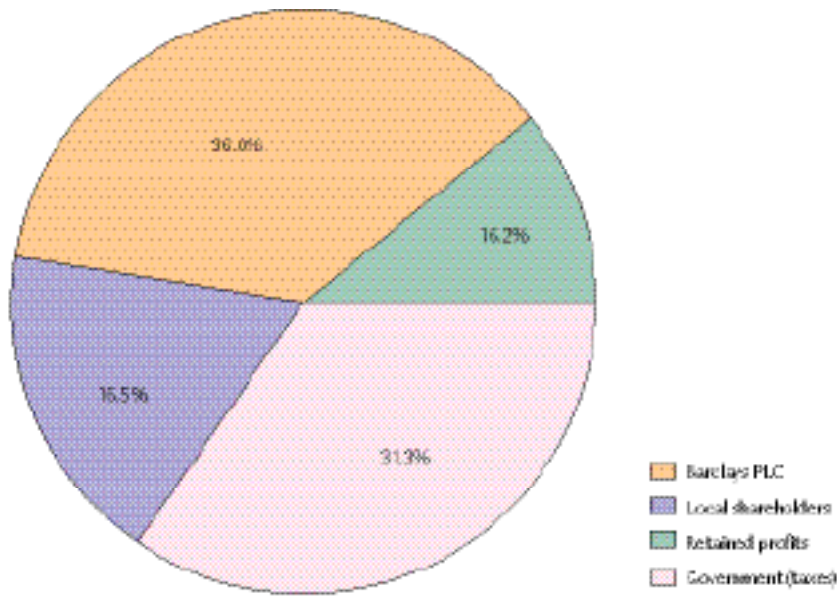
Total assets



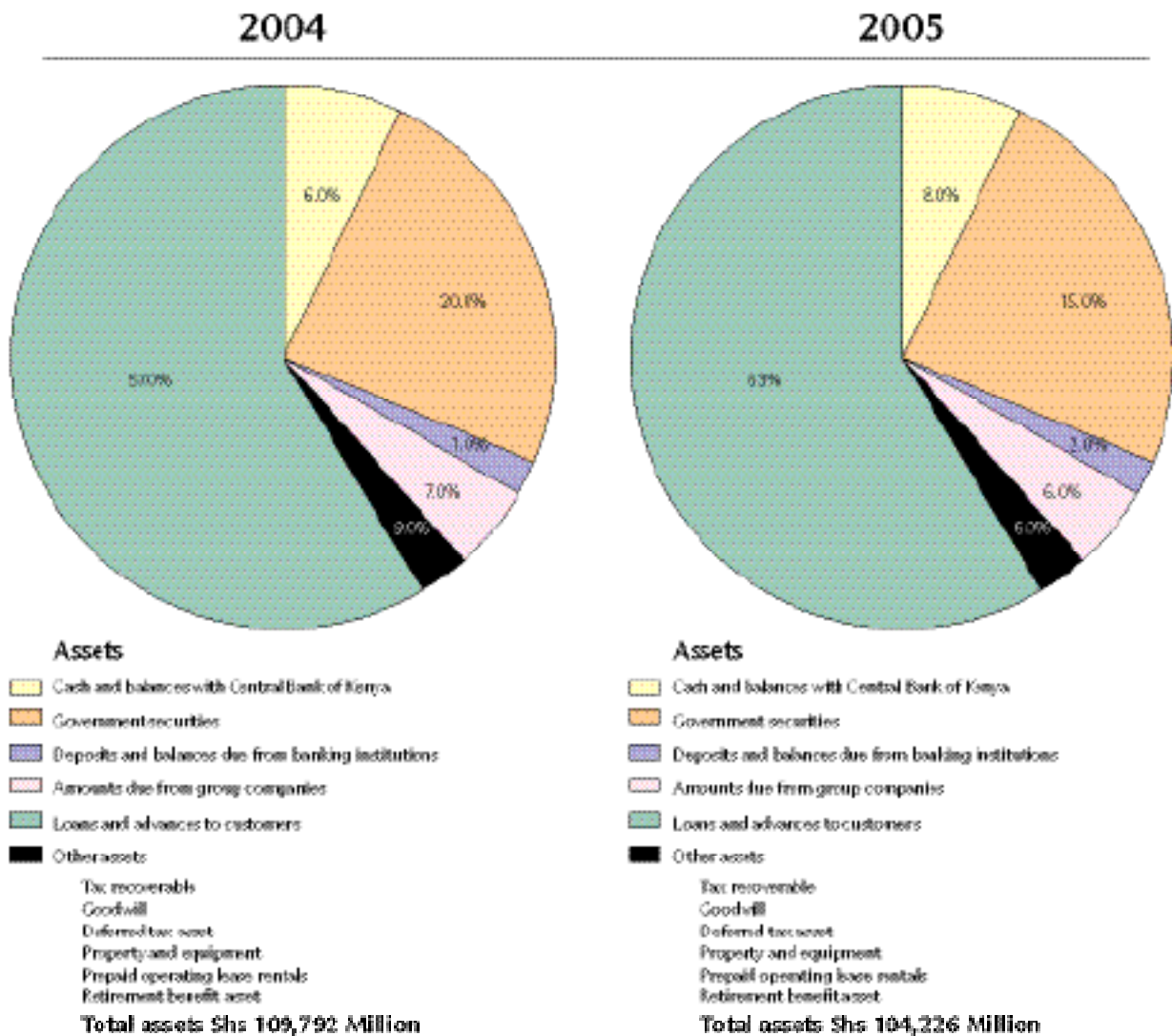


# Financial Graphs and Charts (continued)

Distribution of profit before tax



Distribution of assets



# Report of the Auditors to the Members of Barclays Bank of Kenya Limited

We have audited the consolidated financial statements of Barclays Bank of Kenya Limited (the company) and its subsidiaries (together, the group) for the year ended 31 December 2005 set out on pages 39 to 74 and the accompanying balance sheet of the company standing alone as at 31 December 2005 (the financial statements).

## Respective responsibilities of directors and auditors

The directors are responsible for the preparation of financial statements, as described on page 30. Our responsibility is to express an independent opinion on the financial statements based on our audit.

## Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements.

We have obtained all the information and explanations that to the best of our knowledge and belief were necessary for the purposes of our audit and we believe our audit provides a reasonable basis for our opinion.

## Opinion

In our opinion proper books of account have been kept and the financial statements give a true and fair view of the state of the financial affairs of the group and of the company at 31 December 2005 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. The balance sheet of the company is in agreement with its books of account.

**PRICEWATERHOUSECOOPERS** 

Certified Public Accountants  
Nairobi

21 February 2006



# Taarifa ya Wakaguzi wa hesabu kwa Wenye-hisa wa Barclays Bank of Kenya Limited

Tumefanya ukaguzi wa taarifa za hesabu ya pesa za kampuni ya Barclays Bank kwa mwaka uliomalizika Desemba 31, 2005 kama zilivyochapishwa katika kurasa za 39 hadi 74 (taarifa za hesabu).

## Wajibu wa wakurugenzi na wahasibu

Wakurugenzi wana jukumu la kutayarisha taarifa za kifedha zilizoko katika ukurasa wa 30. Jukumu letu ni kutoa maoni yetu kuhusu taarifa hizo za fedha kulingana na ukaguzi wetu.

## Msingi wa kauli

Tulifanya ukaguzi wetu kulingana na viwango vya kimataifa vya ukaguzi wa hesabu (International Standards on Auditing). Viwango hivyo vinahitaji tuwe na mpango na kutekeleza ukaguzi wetu ili kupata hakikisho kwamba taarifa hizo za kifedha ni sahihi. Ukaguzi huo unajumuisha uchunguzi, ukadiriaji na kuthibitisha wazi wazi kiasi cha fedha kilichoko kwenye taarifa hizo. Pia unajumuisha ukadiriaji wa maongozi ya uhasibu yaliyotumiwa na makadirio muhimu yaliyofanywa na wakurugenzi na kutathmini masuala yote ya taarifa hizo za fedha.

Tumepata habari na maelezo yote ambayo tunajua na kuamini yalikuwa muhimu kwa malengo ya ukaguzi wetu na tunaamini kuwa ukaguzi wetu unatoa msingi wa kukubalika wa kauli yetu.

## Kauli

Kauli yetu ni kwamba rekodi za uhasibu zimewekwa na taarifa za fedha zinadhihirisha kwa ukweli na haki ya jinsi hali ilivyo ya masuala ya ifedha ya kundi na kampuni kufikia Desemba 31, 2005 na ya faida na fedha za kundi hilo kwa mwaka uliopita na inaambatana na viwango vya uhasibu wa kimataifa na Sheria ya Makampuni ya Kenya. Taarifa ya kupima hali ya kifedha ya shughuli zote za benki hii inalingana na rekodi za hesabu zilizopo.

**PRICEWATERHOUSECOOPERS** 

Wahasibu walioidhinishwa wa umma

21 Februari 2006

Nairobi

*Maandishi yalio juu ni tafsiri ya Kiswahili ya 'Ripoti ya Wakaguzi kwa wanchama wa Barclays Bank of Kenya Limited', inayoonekana katika ukurasa wa 37. Iwapo patatokea ubishi wowote katika ufafanuzi wa Taarifa ya Wakaguzi, tafsiri ya Kiingereza ndiyo itakayo tambulika kama inayofaa.*

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

# Consolidated Profit and Loss Statement

For the year ended 31 December 2005

	Notes	2005 Shs million	Restated 2004 Shs million
Interest income	4	9,348	8,078
Interest expense	5	(960)	(445)
<b>Net interest income</b>		<b>8,388</b>	<b>7,633</b>
Net fees and commission income		4,830	5,084
Foreign exchange income		1,059	1,183
Other operating income		(2)	53
<b>Operating income</b>		<b>14,275</b>	<b>13,953</b>
Impairment losses on loans and advances	15	(1,329)	(1,913)
Other operating expenses	6	(7,519)	(6,471)
<b>Profit before income tax</b>		<b>5,427</b>	<b>5,569</b>
Income tax expense	8	(1,698)	(1,749)
<b>Profit for the year</b>		<b>3,729</b>	<b>3,820</b>
<b>Earnings per share</b>			
- Basic and diluted (Shs per share)	9	18	19
<b>Dividends: (Shs million)</b>			
Interim dividends – paid in the year	10	611	611
Proposed final dividend for the year	10	2,241	2,241
		<b>2,852</b>	<b>2,852</b>

# Consolidated Balance Sheet

For the year ended 31 December 2005

	Notes	2005 Shs million	Restated 2004 Shs million
<b>ASSETS</b>			
Cash and balances with Central Bank of Kenya	11	7,894	7,049
Government securities: available-for-sale securities	12	15,767	21,470
Deposits and balances due from banking institutions	13	1,821	1,310
Balances due from group companies	35	5,771	7,566
Other assets	14	4,063	6,053
Loans and advances to customers	15	65,562	63,032
Current income tax recoverable		177	137
Goodwill	17	128	128
Property and equipment	19	1,503	1,580
Prepaid operating lease rentals	20	99	102
Retirement benefit asset	21	1,441	1,365
<b>Total assets</b>		<b>104,226</b>	<b>109,792</b>
<b>LIABILITIES</b>			
Customer deposits	22	81,800	80,449
Deposits and balances due to banking institutions	23	1,675	1,427
Lines of credit	24	1,709	2,416
Other liabilities	25	4,513	7,082
Balance due to group companies	35	1,031	6,102
Deferred income tax	18	321	31
<b>Total liabilities</b>		<b>91,049</b>	<b>97,507</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	26	2,037	2,037
Revaluation reserves: available-for-sale securities		(8)	(23)
Retained earnings		8,907	8,030
Proposed dividend	10	2,241	2,241
<b>Total shareholders' equity</b>		<b>13,177</b>	<b>12,285</b>
<b>Total equity and liabilities</b>		<b>104,226</b>	<b>109,792</b>

The financial statements on pages 39 to 74 were approved for issue by the Board of Directors on 21 February 2006 and signed on its behalf by:

Francis Okomo-Okello  
Director

Adan Mohamed  
Director

Charles Ongwae  
Director

Wanjiru Nduati  
Secretary

# Company Balance Sheet

For the year ended 31 December 2005

	Notes	2005 Shs million	Restated 2004 Shs million
<b>ASSETS</b>			
Cash and balances with Central Bank of Kenya	11	7,894	7,049
Government securities: available-for-sale securities	12	15,647	21,316
Deposits and balances due from banking institutions	13	1,821	1,310
Amounts due from group companies	35	5,771	7,566
Amounts due from subsidiary company		-	31
Other assets	14	4,059	6,042
Loans and advances to customers	15	65,562	63,032
Current income tax recoverable		162	130
Investments in subsidiary companies	16	435	432
Goodwill	17	128	128
Property and equipment	19	1,503	1,580
Prepaid operating lease rentals	20	99	102
Retirement benefit asset	21	1,441	1,365
<b>Total assets</b>		<b>104,522</b>	<b>110,083</b>
<b>LIABILITIES</b>			
Customer deposits	22	81,800	80,449
Deposits and balances due to banking institutions	23	1,675	1,427
Lines of credit	24	1,709	2,416
Other liabilities	25	4,809	7,367
Amounts due to group companies	35	1,031	6,102
Deferred income tax	18	321	37
<b>Total liabilities</b>		<b>91,345</b>	<b>97,798</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	26	2,037	2,037
Revaluation reserve		248	230
Revaluation reserve: available-for-sale securities		(8)	(23)
Retained earnings		8,659	7,800
Proposed dividend	10	2,241	2,241
<b>Total shareholders' equity</b>		<b>13,177</b>	<b>12,285</b>
<b>Total equity and liabilities</b>		<b>104,522</b>	<b>110,083</b>

The financial statements on pages 39 to 74 were approved for issue by the Board of Directors on 21 February 2006 and signed on its behalf by:

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Director

Adan Mohamed  
Director

Charles Ongwae  
Director

Wanjiru Nduati  
Secretary

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2005

	Notes	Share capital	Retained earnings	Revaluation reserves on available-for-sale-securities	Proposed dividends	Total
		Shs million	Shs million	Shs million	Shs million	Shs million
<b>Year ended 31 December 2004</b>						
At start of year						
-as previously reported		2,037	7,355	-	1,630	11,022
-reclassification of fair value changes of available for sale securities		-	(97)	97	-	-
-first time application of the effective interest rate method	(i)	-	(196)	-	-	(196)
-as restated		2,037	7,062	97	1,630	10,826
Net change in available						
-for-sale-securities		-	-	(120)	-	(120)
Profit for the year		-	3,820	-	-	3,820
Dividends:						
- final for 2003 paid		-	-	-	(1,630)	(1,630)
- interim for 2004 paid		-	(611)	-	-	(611)
- proposed final for 2004	10	-	(2,241)	-	2,241	-
At end of year		2,037	8,030	(23)	2,241	12,285
<b>Year ended 31 December 2005</b>						
At start of year						
- as previously reported		2,037	8,197	-	2,241	12,475
- reclassification of fair value changes of available for sale securities		-	23	(23)	-	-
- first time application of the effective interest rate method	(i)	-	(190)	-	-	(190)
- as restated		2,037	8,030	(23)	2,241	12,285
Net change in available-for-sale securities						
Profit for the year		-	3,729	15	-	15
Dividends:						
- final for 2004 paid		-	-	-	(2,241)	(2,241)
- interim for 2005 paid		-	(611)	-	-	(611)
- proposed final for 2005	10	-	(2,241)	-	2,241	-
At end of year		2,037	8,907	(8)	2,241	13,177

(i) The effect of applying the effective interest rate method has in the past been considered to be insignificant. However, in the current year the group made a decision to adjust for its effects.

# Company Statement of Changes in Equity

For the year ended 31 December 2005

	Notes	Share capital	Revaluation reserves on equity	Retained earnings	Revaluation reserves on available for sale	Proposed dividends	Total
		Shs million	Shs million	Shs million	Shs million	Shs million	Shs million
Year ended 31 December 2004							
At start of year		2,037	252	7,103		1,630	11,022
-as previously reported							
-reclassification of fair value changes of available for sale securities		-	-	(97)	97	-	-
- first time application of the effective interest rate method	(i)	-	-	(196)	-	-	(196)
- as restated		2,037	252	6,810	97	1,630	10,826
Loss on revaluation of investment in subsidiary company		-	(22)	-	-	-	(22)
Net gains recognised directly in equity		-	(22)	-	-	-	(22)
Net change in available-for-sale securities		-	-	-	(120)	-	(120)
Profit for the year		-	-	3,842	-	-	3,842
Total recognised income for 2004							
Dividends:							
- final for 2003 paid		-	-	-	-	(1,630)	(1,630)
- interim for 2004 paid		-	-	(611)	-	-	(611)
- proposed final for 2004	10	-	-	(2,241)	-	2,241	-
At end of year		2,037	230	7,800	(23)	2,241	12,285
Year ended 31 December 2005							
At start of year							
- as previously reported		2,037	230	7,967	-	2,241	12,475
- reclassification of fair value changes of available for sale securities		-	-	23	(23)	-	-
- first time application of the effective interest rate method	(i)	-	-	(190)	-	-	(190)
- as restated		2,037	230	7,800	(23)	2,241	12,285
Surplus on revaluation of investment in subsidiary		-	18	-	-	-	18
Net gains recognised directly in equity		-	18	-	-	-	18
Net change in available for sale securities		-	-	-	15	-	15
Profit for the year		-	-	3,711	-	-	3,711
Total recognised income for 2005							
Dividends:							
- final for 2004 paid		-	-	-	-	(2,241)	(2,241)
- interim for 2005 paid		-	-	(611)	-	-	(611)
- proposed final for 2005	10	-	-	(2,241)	-	2,241	-
At end of year		2,037	248	8,659	(8)	2,241	13,177

(i) The effect of applying the effective interest rate method has in the past been considered to be insignificant. However, in the current year the group made a decision to adjust for its effects.



# Consolidated Cash Flow Statement

For the year ended 31 December 2005

	Notes	2005 Shs million	2004 Shs million
<b>Cash flows from operating activities</b>			
Interest receipts		8,990	8,156
Interest payments		(875)	(487)
Net fee and commission receipts		4,830	5,084
Other income received		1,057	1,211
Recoveries from loans previously written off	15	361	464
Payments to employees and suppliers		(7,777)	(7,474)
Tax paid		(1,444)	(2,338)
		<hr/>	<hr/>
Cash flows from operating activities before changes in operating assets and liabilities		5,142	4,616
Changes in operating assets and liabilities:			
- loans and advances		(3,429)	(9,207)
- other assets		1,990	(1,211)
- CBK cash reserve requirement	30	(67)	(390)
- government securities maturing after 90 days		(1,410)	4,417
- administered funds		(707)	(476)
- customer deposits		1,266	3,101
- other liabilities		(2,559)	612
- amounts due to group companies		(5,071)	4,454
		<hr/>	<hr/>
Net cash from operating activities		(4,845)	5,916
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	19	(203)	(455)
Proceeds from sale of property and equipment		33	102
		<hr/>	<hr/>
Net cash used in investing activities		(170)	(353)
<b>Cash flows from financing activities</b>			
Dividends paid		(2,852)	(2,241)
		<hr/>	<hr/>
Net cash used in financing activities		(2,852)	(2,241)
		<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>		(7,867)	3,322
Cash and cash equivalents at beginning of year	30	26,044	22,722
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	30	18,177	26,044
		<hr/> <hr/>	<hr/> <hr/>

# Notes To The Financial Statements

for the year ended 31 December 2005

## 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:

Mezzanine 3  
Barclays Plaza  
Loita Street  
PO Box 30120  
NAIROBI

The shares of the company are listed in 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 consolidated financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The consolidated financial statements are presented in the functional currency, Kenya Shillings (Shs) and rounded to the nearest million and prepared under the historical cost convention as modified by the revaluation of available for sale investment securities and financial assets at fair value through the profit and loss statement.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates. 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 4

In 2005 several new and revised standards became effective for the first time and have been adopted by the group where relevant to its operations. The adoption of these new and revised standards had

no material effect on the company's accounting policies or disclosures, except as follows:

IAS 16 (revised 2003) has required the disclosure of comparative figures for movements in property and equipment;

IAS 24 (revised 2003) has affected the identification of related parties and some other related party disclosures.

IAS 39 (revised 2003) has resulted in the recognition of changes in fair value of available-for-sale financial assets in equity. Previously, these were recognised in the Profit and loss. A prior year adjustment has been passed to transfer fair value changes on these assets previously recognised in the profit and loss statement to the revaluation reserve in equity.

### (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 statement for all interest bearing instruments measured at amortised cost using the effective interest method.

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

# Notes To The Financial Statements (continued)

For the year ended 31 December 2005

## 2 Summary of significant accounting policies (continued)

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

### (d) Fees and Commission income

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

### (e) Translation of foreign currencies

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

### (f) Financial assets

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

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

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

#### (b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that

are not quoted in an active market. They arise when the bank provides money, goods or services directly to a debtor with no intention of trading the receivable.

#### (c) Available-for-sale

Available-for-sale investments are those non-derivative financial assets that are not classified under any of the categories (a) to (b) above. Purchases and sales of financial assets at fair value through profit or loss and available-for-sale are recognised on trade-date – the date on which the bank commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus, for all financial assets except those carried at fair value through profit or loss, transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the group has transferred substantially all risks and rewards of ownership.

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

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

#### (g) Leases

Assets leased to customers under agreements, which transfer substantially all the risks and rewards of ownership, with or without ultimate 2

# Notes To The Financial Statements (continued)

For the year ended 31 December 2005

## 2 Summary of significant accounting policies (continued)

legal title, are classified as finance leases. When assets are held subject to a finance lease, the present value of the lease payments, discounted at the rate of interest implicit in the lease, is recognised as a receivable. The difference between the total payments receivable under the lease and the present value of the receivable is recognised as unearned finance income, which is allocated to accounting periods under the pre-tax net investment method to reflect a constant periodic rate of return.

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

### (h) Impairment of financial assets

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

- a) significant financial difficulty of the issuer or obligor;
- b) a breach of contract, such as default or delinquency in interest or principal repayments;
- c) the bank granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;

- d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
  - e) the disappearance of an active market for that financial asset because of financial difficulties;
- or
- f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
    - adverse changes in the payment status of borrowers in the group; or
    - national or local economic conditions that correlate with defaults on the assets in the group.

### (i) Assets carried at amortised cost

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

If there is objective evidence that an impairment loss on loans or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial instrument's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Profit and loss statement. If a loan or held-to-maturity investment has a variable

# Notes To The Financial Statements (continued)

For the year ended 31 December 2005

## 2 Summary of significant accounting policies (continued)

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 statement.

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 statements.

### (i) Investments in subsidiaries

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

### (j) Property and equipment

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

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

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

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

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

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

### (k) Offsetting

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

# Notes To The Financial Statements (continued)

For the year ended 31 December 2005

## 2 Summary of significant accounting policies (continued)

### (l) Goodwill

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

Adoption of IFRS 3, IAS 36 (revised 2004) and IAS 38 (revised 2004) resulted in a change in the accounting policy for goodwill. Until 31 December 2005, goodwill was amortised on a straight line basis over a period not exceeding 20 years; and assessed for an indication of impairment at each balance sheet date.

In accordance with the provisions of IFRS 3, the group ceased amortisation of goodwill from 1 January 2005; the accumulated amortisation as at 31 December 2005 has been eliminated with a corresponding decrease in cost of goodwill. From the year ended 31 December 2005 onwards goodwill is tested annually for impairment as well as when there are indications of impairment.

### (m) Sale and Repurchase agreements

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

Securities purchased from Central Bank of Kenya under agreements to resell ('reverse repos') are disclosed as Treasury bills as they are held-to-maturity after which they are purchased and are not negotiable/discounted during the tenure. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

### (n) Employee benefits

#### (i) Retirement benefit obligation

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

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

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

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

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

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



# Notes To The Financial Statements (continued)

For the year ended 31 December 2005

## 2 Summary of significant accounting policies (continued)

### (ii) Other employee entitlements

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

### (o) Income tax expense

Income tax expense is the aggregate of the charge to the Profit and loss statement account in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the profit for the year determined in accordance with the Kenyan Income Tax Act.

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

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

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

### (p) Dividends payable

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

### (q) Derivative financial instruments

Derivatives, which comprise solely forward foreign exchange contracts, 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 statement.

### (r) Provisions

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

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

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

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

### (s) Cash and cash equivalents

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

### (t) Acceptances and letters of credit

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

# Notes To The Financial Statements (continued)

For the year ended 31 December 2005

## 2 Summary of significant accounting policies (continued)

### (u) Fiduciary activities

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

### (v) Segment reporting

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

## 3 Critical accounting estimates

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

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

### (i) Bad and doubtful debts

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

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

For larger accounts, this is done on an individual basis and all relevant considerations that have a bearing on the expected future cash flows are taken into account, for example the business prospects for the customer, the realisable value of collateral, the group's position relative to other

claimants and the reliability of customer information. Subjective judgements are made in this process that may vary from person to person and team to team. Judgements may also change with time as new information becomes available.

Within the retail and small business portfolio, which comprise a large number of small homogeneous assets, statistical techniques are used to raise identified impairment on a portfolio basis, based on historical recovery rates.

These statistical techniques use as primary inputs the extent to which accounts in the portfolio are in arrears and historical information on the eventual losses encountered from such delinquent portfolios. The models do not contain judgemental inputs but judgement and knowledge is needed in selecting the statistical methods to use when the models are developed or revised.

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

### (ii) Fair value of financial instruments

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

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

# Notes to the Financial Statements (continued)

For the year ended 31 December 2005

4	Interest income	2005 Shs million	2004 Shs million
	Loans and advances	7,373	6,849
	Government securities	1,464	895
	Cash and short term funds	321	199
	Other	190	135
		9,348	8,078
		9,348	8,078
5	Interest expense		
	Customer deposits	814	370
	Deposits by banks	67	10
	Other	79	65
		960	445
		960	445
6	Other operating expenses		
	Staff costs (Note 7)	2,500	1,913
	Other administrative expenses	5,019	4,558
		7,519	6,471
		7,519	6,471
	Other administrative expenses include:		
	Depreciation (Note 19)	244	231
	Amortisation of leasehold land (Note 20)	2	3
	Operating lease rentals	251	269
	Auditors' remuneration	10	8
		244	231
		244	231

# Notes to the Financial Statements (continued)

For the year ended 31 December 2005

7 Staff costs	2005 Shs million	2004 Shs million
The following items are included within staff costs:		
Restructuring costs - Net termination benefit	460	252
Retirement benefit costs		
- group's retirement benefit scheme	91	58
- parent company's scheme	1	1
- National Social Security Fund	3	2
(Gain) on curtailment of the retirement benefit scheme	-	(798)

	2005 Number	2004 Number
The number of persons employed by the group as at year end was:	1,762	1,775

8 Income tax expense	2005 Shs million	2004 Shs million
Current income tax	1,404	1,437
Deferred income tax (Note 18)	294	312
	1,698	1,749

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:

	2005 Shs million	2004 Shs million
Profit before income tax	5,427	5,569
Tax calculated at the statutory tax rate of 30% (2004: 30%)	1,628	1,671
Tax effect of:		
Income not subject to tax	(254)	(15)
Expenses not deductible for tax purposes	324	93
Income tax expense	1,698	1,749

# Notes to the Financial Statements (continued)

For the year ended 31 December 2005

## 9 Earnings per share

Basic earnings per share are calculated on the profit attributable to shareholders of Shs 3,729 million (2004: Shs 3,820 million) and on the weighted average number of ordinary shares outstanding during the period.

	2005 Shs million	2004 Shs million
Net profit attributable to shareholders (Shs million)	3,729	3,820
Adjusted weighted average number of ordinary shares in issue (millions)	203.7	203.7
Basic earnings per share (Shs)	18	19

There were no potentially dilutive shares outstanding at 31 December 2005 or 2004. Diluted earnings per share are therefore the same as basic earnings per share.

## 10 Dividends per share

Proposed dividends are accounted for as a separate component of equity until they have been ratified at an annual general meeting. At the forthcoming annual general meeting to be held on 28 April 2006, a final dividend in respect of the year ended 31 December 2005 of Shs 11 per share amounting to a total of Shs 2,241 million is to be proposed. During the year an interim dividend of Shs 3 per share, amounting to a total of Shs 611 million was paid. The total dividend for the year is therefore Shs 14 per share (2004: Shs 14), amounting to a total of Shs 2,852 million (2003: Shs 2,852 million).

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

## 11 Cash and balances with Central Bank of Kenya

	Group and company	
	2005 Shs million	2004 Shs million
Cash in hand	2,758	1,975
Balances with Central Bank of Kenya	5,136	5,074
	7,894	7,049

## Notes to the Financial Statements (continued)

For the year ended 31 December 2005

### 12. Government securities

#### Available-for-sale securities

	Group		Company	
	2005 Shs million	2004 Shs million	2005 Shs million	2004 Shs million
Treasury bills and bonds:				
Maturing within 90 days of the date of acquisition	9,503	16,616	9,383	16,462
Maturing after 90 days of the date of acquisition	6,264	4,854	6,264	4,854
	<b>15,767</b>	<b>21,470</b>	<b>15,647</b>	<b>21,316</b>

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 2005 was 9.0% (2004: 4.2%).

### 13 Deposits and balances due from banking institutions

	Group and company	
	2005 Shs million	2004 Shs million
Items in course of collection from other banks	1,232	1,151
Placements with other banks	420	2
Other balances	169	157
	<b>1,821</b>	<b>1,310</b>

### 14 Other assets

	Group		Company	
	2005 Shs million	2004 Shs million	2005 Shs million	2004 Shs million
Financial guarantee	244	-	244	-
Derivative financial instruments	820	3,787	820	3,787
Other assets	2,999	2,266	2,995	2,255
	<b>4,063</b>	<b>6,053</b>	<b>4,059</b>	<b>6,042</b>



## Notes to the Financial Statements (continued)

For the year ended 31 December 2005

### 15 Loans and advances to customers

	Group and Company	
	2005 Shs million	2004 Shs million
Overdrafts	10,707	12,321
Commercial loans	54,235	52,654
Advances under finance lease agreements	3,167	1,298
Bills discounted	1,318	686
Bills negotiated	15	51
Other	778	740
<b>Gross loans and advances to customers</b>	<b>70,220</b>	<b>67,750</b>
<b>Less:</b>		
Provisions for impairment of loans and advances		
- Identified	(4,583)	(3,844)
- Unidentified	(75)	(874)
<b>Loans and advances to customers net of provisions</b>	<b>65,562</b>	<b>63,032</b>

The aggregate amount of impaired loans included in the balance sheet (net of impairment losses) is Shs 4,493 million (2004: Shs 5,237 million).

All such loans have been written down to their recoverable amount.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2005

## 15 Loans and advances to customers (continued)

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

	Group and company		Total Shs million
	Identified provisions Shs million	Unidentified provision Shs Million	
<b>Year ended 31 December 2004</b>			
At 1 January 2004	2,652	916	3,568
New impairment provisions	2,547	-	2,547
Increase/(decrease) of impairment provisions	896	(42)	854
Recoveries and impairment provisions no longer required	(1,024)	-	(1,024)
Net increase/(decrease) in impairment provisions	2,419	(42)	2,377
Amounts written off during the current period	(1,227)	-	(1,227)
At 31 December 2004	3,844	874	4,718
Net increase in impairment provisions above Amount recovered previously written off	2,419 (464)	(42) -	2,377 (464)
<b>Net impairment charge to the profit and loss statement</b>	<b>1,955</b>	<b>(42)</b>	<b>1,913</b>
<b>Year ended 31 December 2005</b>			
At 1 January 2005	3,844	874	4,718
New impairment provisions	3,951	-	3,951
Increase/(decrease) impairment provisions	3,191	(799)	2,392
Recoveries and impairment provisions no longer required	(4,653)	-	(4,653)
Net increase/(decrease) in impairment provisions	2,489	(799)	1,690
Amounts written off during the current period	(1,750)	-	(1,750)
At 31 December 2005	4,583	75	4,658
Net increase/(decrease) in impairment provisions above Amounts recovered previously written off	2,489 (361)	(799) -	1,690 (361)
<b>Net impairment charge to the profit and loss statement</b>	<b>2,128</b>	<b>(799)</b>	<b>1,329</b>

The weighted average effective interest rate on loans and advances at 31 December 2005 was 11.1% (2004: 11.0%).

# Notes to the Financial Statements (continued)

For the year ended 31 December 2005

## 15 Loans and advances to customers (continued)

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

	Group and Company	
	2005	2004
	Shs million	Shs million
Gross investment in finance leases	3,687	1,484
Unearned future finance income on finance leases	(520)	(186)
Net investment in finance leases	3,167	1,298
The net investment in finance leases may be analysed as follows:		
Not later than 1 year	178	40
Later than 1 year and not later than 5 years	2,989	1,258
Net investment in finance leases	3,167	1,298

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

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

	Group and company	
	2005	2004
	%	%
Manufacturing	20	23
Wholesale and retail trade	5	3
Transport and communications	4	3
Business services	6	1
Agricultural	2	3
Private individuals	27	32
Other	36	35
	100	100

## 16 Investments in subsidiary companies

	Percentage Shareholding	Company	
		2005	2004
		Shs million	Shs million
Barclays Financial Services Limited	100%	275	275
Barclays Advisory and Registrar Services Limited	100%	160	157
Barclays (Kenya) Nominees Limited	100%	-	-
Barclays Mercantile Limited	100%	-	-
		435	432

Barclays Advisory and Registrar Services Limited provides registrar services, advice and acts as a sponsor for corporate clients requiring public share issues on the Nairobi Stock Exchange. Barclays (Kenya) Nominees Limited holds various securities on behalf of customers of Barclays Bank of Kenya Ltd. Barclays Financial Services Limited (formerly Barclays Mortgages Limited) and Barclays Mercantile Limited are dormant companies. All the subsidiaries are incorporated in Kenya.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2005

## 17 Goodwill

	2005 Shs million	2004 Shs million
Net book amount		
At start of the year	128	136
Amortisation charge for the year	-	(8)
At end of year	128	128

## 18 Deferred income tax

Deferred income tax is calculated, in full, on all temporary differences under the liability method using the enacted income tax rate of 30% (2004: 30%). The movement on the deferred tax account is as follows:

	2005 Shs million	2004 Shs million
At start of year	(31)	229
Profit and loss statement charge	(294)	(312)
Credit to equity	4	52
At end of year	(321)	(31)

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

	1.1.2005	Credited to profit and loss	Credited to equity	31.12.2005
<b>Deferred tax liabilities</b>				
Retirement benefit asset	(410)	(22)	-	(432)
<b>Deferred tax assets</b>				
Property and equipment on historical cost	107	(21)	-	86
Provisions	262	(240)	-	22
Available – for – sale bonds fair value change	10	(11)	4	3
Net deferred tax liability	(31)	(294)	4	(321)

## Notes to the Financial Statements (continued)

For the year ended 31 December 2005

### 19 Property and equipment

The Group and company 31 December 2004

	Freehold land and buildings Shs million	Buildings Shs million	Fixtures fittings & equipment Shs million	Motor vehicles Shs million	Total Shs million
<b>Cost</b>					
At 1 January 2004	87	1,442	3,057	222	4,808
Additions	-	182	272	1	455
Disposals	-	(56)	(42)	(106)	(204)
At 31 December 2004	87	1,568	3,287	117	5,059
<b>Depreciation</b>					
At 1 January 2004	28	485	2,710	174	3,397
Charge for the year	1	62	148	20	231
Eliminated on disposals	-	(13)	(40)	(96)	(149)
At 31 December 2004	29	534	2,818	98	3,479
<b>Net book amount</b>					
At 31 December 2004	58	1,034	469	19	1,580

The Group and company 31 December 2005

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

In the opinion of the directors there has been no impairment of property and equipment.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2005

## 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	
	2005 Shs million	2004 Shs million
At start of the year	102	109
Disposal	(1)	(4)
Amortisation charge for the year	(2)	(3)
At end of year	99	102

## 21 Retirement benefit assets

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

	Group and company	
	2005 Shs million	2004 Shs million
Present value of funded obligations	(5,990)	(6,033)
Fair value of scheme assets	6,397	6,526
Fund surplus	407	493
Unrecognised actuarial losses	1,034	872
Asset in the balance sheet	1,441	1,365

The amounts recognised in the Profit and loss statement for the year are as follows:

Current service cost	175	210
Interest cost	717	573
Expected return on plan assets	(820)	(693)
Amortisation of unrecognised actuarial losses	20	53
Net charge before curtailment gain	92	143
Gains on curtailment	-	(798)
Net charge for the year included in staff costs	92	(655)
Contributions paid	(168)	(156)
Movement in the asset recognised in the balance sheet	(76)	(811)



# Notes to the Financial Statements (continued)

For the year ended 31 December 2005

## 21 Retirement benefit assets (continued)

The actual return on scheme assets was 7 % (2004: 7%).

The principal actuarial assumptions used were as follows:

	2005	2004
- discount rate	14.0%	12.0%
- expected rate of return on scheme assets	15.0%	13.0%
- future salary increases	12.0%	10.0%
- future pension increases	8.0%	6.0%

## 22 Customer deposits

	Group and company	
	2005	2004
	Shs million	Shs million
Current and demand deposits	32,456	30,906
Savings accounts	33,209	37,256
Fixed deposit accounts	16,135	12,287
	<b>81,800</b>	<b>80,449</b>

The weighted average effective interest rate on interest bearing customer deposits as at 31 December 2005 was 1.0% (2004: 0.5%).

## 23 Deposits and balances due to banking institutions

	Group and company	
	2005	2004
	Shs million	Shs million
Items in the course of collection	-	77
Balances due to local banks	1,675	1,350
	<b>1,675</b>	<b>1,427</b>

## 24 Lines of credit

Administered funds relate to loans administered on behalf of the following agencies as follows:

European Investment Bank (EIB) Global Private Enterprises loan programme funding	1,072	1,476
PROPARCO funding	637	940
	<b>1,709</b>	<b>2,416</b>

The weighted average effective interest rate on the administered loans at 31 December 2005 was 1.5% (2004: 1.4%).

## Notes to the Financial Statements (continued)

For the year ended 31 December 2005

25 Other liabilities	Group		Company	
	2005 Shs million	2004 Shs million	2005 Shs million	2004 Shs million
Bills payable	852	1,385	852	1,385
Derivative financial instruments	820	3,787	820	3,787
Dividend payable to the group	377	-	377	-
Unclaimed dividends	187	151	187	151
Financial guarantees	230	-	230	-
Cash security	129	101	129	101
Other	1,918	1,658	2,214	1,943
	<b>4,513</b>	<b>7,082</b>	<b>4,809</b>	<b>7,367</b>

26 Share capital	Number of shares in millions	Ordinary shares Shs million
Balance at 1 January 2005	203.7	2,037
Balance at 31 December 2005	203.7	2,037

The total authorised number of ordinary shares is 204 million with a par value of Shs 10 per share.

All issued shares are fully paid.

The distribution of shareholders as at 31 December 2005 was as follows:

Share range	No. of shareholders	Shares held	%
Less than 500	12,093	2,306,287	1.1
501 to 5,000	20,535	25,477,703	12.5
5,001 to 10,000	376	2,695,250	1.3
10,001 to 100,000	498	12,178,501	6.1
100,001 to 1,000,000	46	10,268,308	5.0
Above 1,000,000	8	150,756,551	74.0
<b>Total</b>	<b>33,556</b>	<b>203,682,600</b>	<b>100</b>

The top ten shareholders as at 31 December 2005 were:

Name	Share held	%
1 Barclays Bank Plc	139,530,600	68.50
2 Barclays (Nominees) Kenya Limited – Account No. 9002	3,110,745	1.53
3 National Social Security Fund Board of Trustees	1,870,452	0.92
4 Barclays (Nominees) Kenya Limited – Account No. 1256	1,500,654	0.74
5 Nomura nominees A/C NSSF	1,321,423	0.65
6 Barclays (Nominees) Kenya Limited – Account No. 1853	1,232,126	0.60
7 Old Mutual Life Assurance Company Limited	1,130,181	0.55
8 Kenya Commercial Bank limited Nominees account No. 744	1,060,370	0.52
9 Apollo Insurance company Limited	605,565	0.30
10 Barclays (Nominees) Kenya Limited – Account No. 9230	524,901	0.26
Others	51,795,583	25.43

# Notes to the Financial Statements (continued)

For the year ended 31 December 2005

## 27 Off balance sheet financial instruments, contingent liabilities and commitments

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

	Group and company	
	2005 Shs million	2004 Shs million
<b>Contingent liabilities</b>		
Acceptances and letters of credit	6,011	3,456
Guarantee and performance bonds	9,722	8,662
	<b>15,733</b>	<b>12,118</b>

### Nature of the contingent liabilities

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

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

### Commitments

	Group and company	
	2005 Shs million	2004 Shs million
Undrawn formal stand-by facilities, credit lines and other commitments to lend	4,683	8,906
Foreign exchange spot settlement agreements	1	235
	<b>4,684</b>	<b>9,141</b>

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 loss is expected and therefore, no provision has been made in these accounts.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2005

## 28 Fiduciary activities

The group holds asset security documents on behalf of customers with a value of Shs 88,619 million (2004: Shs 70,199 million). Most of these securities are held by the custody services department. The assets held comprise of deposits with financial institutions, government securities, debentures, title deeds, quoted and unquoted shares.

## 29 Business segments analysis

### By Geographical segments

The major part of the business is all within Kenya.

### By Class of Business

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

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

### Profit and loss statement 31 December 2004

	Total Segment Shs million	Corporate Banking Shs million	Retail Banking Shs million	Unallocated Shs million
Net interest income	7,633	3,956	3,677	-
Non interest income et fees and commission income	6,320	2,312	4,008	-
<b>Operating income</b>	<b>13,953</b>	<b>6,268</b>	<b>7,685</b>	<b>-</b>
Impairment losses on loans and advances	(1,913)	(450)	(1,463)	-
Operating expenses	(6,471)	(362)	(2,016)	(4,093)
<b>Profit before income tax</b>	<b>5,569</b>	<b>5,456</b>	<b>4206</b>	<b>(4093)</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2005

## 29 Business segments analysis (continued)

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

### Profit and loss statement 31 December 2005

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

### Balance sheet as at 31 December 2004

Cash and balances with Central Bank of Kenya	7,049	-	-	7,049
Government securities	21,470	21,470	-	-
Deposits and balances due from Banking institutions	1,310	1,310	-	-
Balances due from group companies	7,566	7,566	-	-
Loans and advances to customers	63,032	39,651	23,381	-
Property and equipment	1,580	1,580	-	-
Other assets	7,785	-	-	7,785
<b>Total assets</b>	<b>109,792</b>	<b>71,577</b>	<b>23,381</b>	<b>14,834</b>

### LIABILITIES & EQUITY

Customer deposits	80,449	24,175	56,274	-
Deposits and balances due to banking institutions	1,427	1,427	-	-
Lines of credit	2,416	2,416	-	-
Other liabilities	7,072	-	-	7,072
Amounts due to group companies	6,102	6,102	-	-
Deferred income tax	31	31	-	-
Shareholders' equity	12,295	-	-	12,295
Inter-departmental lending	0	37,426	(32,893)	(4,533)
<b>Total Liabilities</b>	<b>109,792</b>	<b>71,577</b>	<b>23,381</b>	<b>14,834</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2005

## 29 Business segments analysis (continued)

Balance sheet	2005			
	Total Segment Shs million	Corporate Banking Shs million	Retail Banking Shs million	Unallocated Shs million
Cash and balances with Central Bank of Kenya	7,894	-	-	7,894
Government securities	15,767	15,767	-	-
Deposits and balances due from Banking institutions	1,821	1,821	-	-
Balances due from group companies	5,771	5,771	-	-
Loans and advances to customers	65,562	42,709	22,853	-
Property and equipment	1,503	1,503	-	-
Other assets	5,908	-	-	5,908
<b>Total assets</b>	<b>104,226</b>	<b>67,571</b>	<b>22,853</b>	<b>13,802</b>
<b>LIABILITIES &amp; EQUITY</b>				
Customer deposits	81,800	27,376	54,424	-
Deposits and balances due to banking institutions	1,675	1,675	-	-
Lines of credit	1,709	1,709	-	-
Other liabilities	4,513	-	-	4,513
Amounts due to group companies	1,031	1,031	-	-
Deferred income tax	321	321	-	-
Shareholders' equity	13,177	-	-	13,177
Inter-functional lending	-	35,459	(31,571)	(3,888)
<b>Total Liabilities</b>	<b>104,226</b>	<b>67,571</b>	<b>22,853</b>	<b>13,802</b>

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

	2005 Shs million	2004 Shs million
Cash and balances with Central Bank of Kenya	7,894	7,049
Government securities maturing within ninety days	9,503	16,616
Balances due from group companies	5,771	7,566
Deposit and balances due from banking institutions	1,821	1,310
Deposits and balances due to banking institutions	(1,675)	(1,427)
Central Bank of Kenya cash reserve requirement	(5,137)	(5,070)
	<b>18,177</b>	<b>26,044</b>

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

Banks are required to maintain a prescribed minimum cash balance with the Central Bank of Kenya that is not available to finance the bank's day-to-day activities. The amount is determined as 6% (2004: 6%) of the average outstanding customer deposits over a cash reserve cycle period of one month.



# Notes to the Financial Statements (continued)

For the year ended 31 December 2005

## 31 Interest rate risk

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

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

	Up to 1 month	1-3 Months	3-12 Months	Over 1 year	Non- interest Bearing	Total
<b>ASSETS</b>						
Cash and balances with Central Bank of Kenya	-	-	-	-	7,894	7,894
Government securities	1,250	4,321	7,906	2,290	-	15,767
Deposits and balances due from						
Banking institutions	589	-	-	-	1,232	1,821
Balances due from group companies	5,771	-	-	-	-	5,771
Other assets	-	-	-	-	4,063	4,063
Loans and advances to customers	65,562	-	-	-	-	65,562
Property and equipment	-	-	-	-	1,503	1,503
Prepaid operating lease rentals	-	-	-	-	99	99
Goodwill	-	-	-	-	128	128
Retirement benefit asset	-	-	-	-	1,441	1,441
Current income tax recoverable	-	-	-	-	177	177
<b>Total assets</b>	<b>73,172</b>	<b>4,321</b>	<b>7,906</b>	<b>2,290</b>	<b>16,537</b>	<b>104,226</b>
<b>LIABILITIES &amp; EQUITY</b>						
Customer deposits	45,424	8,400	2,085	858	25,033	81,800
Deposits and balances due to						
banking institutions	1,675	-	-	-	-	1,675
Lines of credit	-	-	-	1,709	-	1,709
Other liabilities	-	-	-	-	4,513	4,513
Amounts due to group companies	1,031	-	-	-	-	1,031
Deferred income tax	-	-	-	-	321	321
Shareholders' equity	-	-	-	-	13,177	13,177
<b>Total liabilities and equity</b>	<b>48,130</b>	<b>8,400</b>	<b>2,085</b>	<b>2,567</b>	<b>43,044</b>	<b>104,266</b>
<b>Interest sensitivity gap</b>	<b>25,042</b>	<b>(4,079)</b>	<b>5,821</b>	<b>(277)</b>	<b>(26,507)</b>	<b>-</b>
<b>As at 31 December 2004</b>						
Total assets	77,331	8,589	4,251	110	19,511	109,792
Total liabilities and Equity	54,278	10,865	698	2,729	41,222	109,792
<b>Interest sensitivity gap</b>	<b>23,053</b>	<b>(2,276)</b>	<b>3,553</b>	<b>(2,619)</b>	<b>(21,711)</b>	<b>-</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2005

## 32 Liquidity risk

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31 December 2004 to the contractual maturity date. All figures are in millions of shillings.

	Up to 1 month	1-3 Months	3-12 Months	1-3 Years	3-5 Years	Over 5 years	Total
<b>ASSETS</b>							
Cash and balances with Central Bank of Kenya	7,894	-	-	-	-	-	7,894
Government securities	1,250	4,321	7,906	2,240	50	-	15,767
Deposits and balances due from banking institutions	1,821	-	-	-	-	-	1,821
Balances due from group companies	5,771	-	-	-	-	-	5,771
Other assets	4,063	-	-	-	-	-	4,063
Loans and advances to customers	18,013	4,231	9,021	13,791	12,497	8,009	65,562
Property and equipment	-	-	-	-	-	1,503	1,503
Prepaid operating lease rentals	-	-	-	-	-	99	99
Goodwill	-	-	-	-	-	128	128
Current income tax recoverable	-	-	177	-	-	-	177
Retirement benefit asset	-	-	-	1,441	-	-	1,441
<b>Total Assets</b>	<b>38,812</b>	<b>8,552</b>	<b>17,104</b>	<b>17,472</b>	<b>12,547</b>	<b>9,739</b>	<b>104,226</b>
<b>LIABILITIES &amp; EQUITY</b>							
Customer deposits	70,457	8,400	2,085	722	136	-	81,800
Deposits and balances due to banking institutions	1,675	-	-	-	-	-	1,675
Lines of credit	-	-	442	1,267	-	-	1,709
Other liabilities	4,513	-	-	-	-	-	4,513
Balances due to group companies	1,031	-	-	-	-	-	1,031
Deferred income tax	-	-	-	-	321	-	321
Shareholders equity	-	-	-	-	-	13,177	13,177
<b>Total liabilities &amp; equity</b>	<b>77,676</b>	<b>8,400</b>	<b>2,527</b>	<b>1,989</b>	<b>457</b>	<b>13,177</b>	<b>104,226</b>
<b>Net liquidity gap</b>	<b>(38,864)</b>	<b>152</b>	<b>14,577</b>	<b>15,483</b>	<b>12,090</b>	<b>(3,438)</b>	<b>-</b>
<b>As at 31 December 2004</b>							
Total assets	49,363	14,320	11,645	16,348	9,769	8,347	109,792
Total liabilities and equity	82,487	11,551	3,114	256	99	12,285	109,792
<b>Net liquidity gap</b>	<b>(33,124)</b>	<b>2,769</b>	<b>8,531</b>	<b>16,092</b>	<b>9,670</b>	<b>(3,938)</b>	<b>-</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2005

## 32 Liquidity risk (continued)

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

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

## 33 Currency risk

The group operates wholly within Kenya and its assets and liabilities are carried in the local currency. The group maintains trade with the majority shareholder and other correspondent banks and its foreign currency exposure as at 31 December 2005 was Shs 56 million (2004: Shs 106 million).

The various currencies to which the bank was exposed at 31 December 2005 are summarised in the table below (all amounts expressed in millions of Kenya Shillings):

As at 31 December 2005	USD	GBP	Euro	Other	Total
<b>Assets</b>					
Deposits and balances due to banking institutions and group companies	4,250	1,063	758	211	6,282
Loans and advances to customers	9,440	3	2,414	31	11,888
<b>Total assets</b>	<b>13,690</b>	<b>1,066</b>	<b>3,172</b>	<b>242</b>	<b>18,170</b>
<b>Liabilities</b>					
Customer deposits	10,561	895	2,512	102	14,070
Deposits and balances due to banking institutions and group companies	796	8	-	101	905
<b>Total liabilities</b>	<b>11,357</b>	<b>903</b>	<b>2,512</b>	<b>203</b>	<b>14,975</b>
<b>Net balance sheet position</b>	<b>2,333</b>	<b>163</b>	<b>660</b>	<b>39</b>	<b>(3,195)</b>
<b>Off balance sheet net notional position</b>	<b>(2,306)</b>	<b>(155)</b>	<b>(653)</b>	<b>(21)</b>	<b>(3,135)</b>
<b>Overall net position</b>	<b>27</b>	<b>8</b>	<b>7</b>	<b>18</b>	<b>60</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2005

## 33 Currency risk (continued)

As at 31 December 2004

Total assets	12,098	4,333	3,187	296	19,914
Total liabilities	16,118	4,173	2,445	257	22,993
Net balance sheet position	(4,020)	160	742	39	(3,079)
Off balance sheet net notional position	4,105	(160)	(737)	(23)	3,185
Overall net position	85	-	5	16	106

## 34 Financial risk management

### a) Strategy in using financial instruments

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

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

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

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

### b) Credit risk

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

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

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

# Notes to the Financial Statements (continued)

For the year ended 31 December 2005

## 35 Related parties

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:-

### i) Balances with group companies

	Group and company	
	2005 Shs million	2004 Shs million
<b>Due from:</b>		
Barclays Bank Plc	5,771	7,566
Interest income earned on the above	304	183
<b>Due to:</b>		
Barclays Bank Plc	993	5,787
Other group companies	38	315
	1,031	6,102
Interest income incurred on the above	36	25

The weighted average effective interest rates at 31 December 2005 on amounts due from group companies was 3.6% (2004: 2.7%) and on amounts due to group companies was 2.1% (2004: 1.7%).

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

### ii) Value of services provided

	Group and company	
	2005 Shs million	2004 Shs million
Barclays Bank Plc	1,974	1,969
Other group companies	172	160

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

# Notes to the Financial Statements (continued)

For the year ended 31 December 2005

## 35 Related parties (continued)

Advances to customers at 31 December 2005, include loans to directors, loans to companies controlled by directors or their families, and loans to employees as follows:-

### iii) Loans to related parties

	2005 Shs million	2004 Shs million
<b>Amounts due from directors</b>		
At the start of the year	24	90
Amounts advanced during the year	14	8
Repayments received	(10)	(74)
At the end of year	28	24

At 31 December 2005 advances to directors or companies controlled by directors or their families amounted to Shs 27 million (2004: Shs 24 million).

At 31 December 2005 advances to employees amounted to Shs 2,873 million (2004: Shs 2,956 million).

No provisions have been recognised in respect of loans given to the directors. (2004: Nil).

	2005 Shs million	2004 Shs million
Interest income earned	221	223

### iv) 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 2005 balances relating to directors deposits amounted to Shs 3 million (2004: Shs 3 million).

	2005 Shs million	2004 Shs million
<b>v) Key management compensation</b>		
Salaries and other short –term employment benefits	112	104

	2005 Shs million	2004 Shs million
<b>vi) Directors emoluments</b>		
-Fees for services as directors	13	8
-Other emoluments	43	39
(Included in key management compensation above)	43	39



# Notes to the Financial Statements (continued)

For the year ended 31 December 2005

## 35 Related parties (continued)

### (vii) Staff Pension Fund

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

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

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

	2005 Shs million	2004 Shs million
Transactions during the year		
Rent payable	43	392
Interest on fixed and time deposits	1	-
Custodian fee – Barclays Security Services Limited	11	10

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

	2005 Shs million	2004 Shs million
Outstanding balances:		
Due from Barclays Bank of Kenya Limited	1	1
Cash at bank - Barclays Bank of Kenya Limited	48	2

## Proxy Form

Barclays Advisory & Registrar Services  
Barclays Bank of Kenya Limited  
Bank House, Moi Avenue  
P. O Box 30120, Nairobi

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member of Barclays Bank of Kenya Limited, hereby appoint \_\_\_\_\_

\_\_\_\_\_

of (address) \_\_\_\_\_

or failing him/her \_\_\_\_\_

of (address) \_\_\_\_\_

and failing him/her the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the twenty seventh Annual General meeting of the Company to be held on 28 April 2006 and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2006.

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

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

\*Delete whichever is not applicable.

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

*NOTE 2. To be valid, this proxy form must be duly completed and delivered to the registered office of the Company not later than 11:00 am on Friday April 21 2006.*

*A member entitled to attend and vote at the meeting is entitled to appoint a proxy on his behalf. A proxy need not be a member of the Company. To be valid, a form of proxy which is provided with this report, must be duly completed by the member in proxy and must be lodged through Barclays Advisory and Registrar Services, P.O. Box 30120, Nairobi or be posted, so as to reach the Company not later than 11.00 a.m on Friday April 21 2006.*

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

Barclays Advisory & Registrar Services  
Barclays Bank of Kenya Limited  
Bank House, Moi Avenue  
P. O Box 30120, Nairobi

Mimi/Sisi \_\_\_\_\_

wa \_\_\_\_\_

Mwanachama/Wanachama wa Kampuni iliotajwa hapo juu, namteua \_\_\_\_\_

wa (anwani) \_\_\_\_\_

au kama siye \_\_\_\_\_

wa (anwani) \_\_\_\_\_

au badili yake Mwenyekiti wa Mkutano awe muwakilishi wangu/wetu kwa kupiga kura yangu/yetu na kwa niaba yangu/yetu kwenye kikao cha ishirini na saba cha Mkutano Mkuu wa Mwaka utakaofanyika siku ya tarehe 28 Aprili 2006 na kwenye uahirishwaji wake wowote.

Kwa ushahidi wangu/wetu \_\_\_\_\_

hii \_\_\_\_\_ siku ya \_\_\_\_\_ 2006.

Sahihi \_\_\_\_\_

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

\*Futa ile isiyo husika.

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

*IFAHAMIKE 2. Ili kuwa halali, fomu hii ya uwakilishi lazima ijazwe na kupelekwa kwenye afisi zilizo-andikishwa za kampuni sio baada ya saa tano asubuhi siku ya Ijumaa tarehe 21 Aprili 2006.*

*Mwanachama anaestahili kuhudhuria na kupiga kura mkutanoni anaweza kumteua mwakilishi ahudhurie kwa niaba yake. Si lazima mwakilishi awe mwanachama wa Kampuni. Ili kuswihi, mwanachama anahitajika kujaza fomu ya uwakilishi iliyoko kwenye taarifa hii na ni lazima ifikishwe katika Afisi iliyosajiliwa ya Kampuni, Orofa ya kwanza, Bank House, Barabara ya Moi Avenue, S. L. Posta 30120, Nairobi au itumwe kwa posta ili iwe imefika kwa Kampuni kabla ya saa Tano asubuhi siku ya Ijumaa tarehe 21 Aprili 2006.*

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

# Branch Network

Head Office	Address	Telephone	Fax
Barclays Plaza, Loita Street	Box 30120, 00100 Nairobi	(020) 313405, 313364, 241270	(020) 312392
Barclaycard Centre, Nairobi	Box 70292, 00400 Nairobi	(020) 2714471, 2717150	(020) 2715217
Mombasa Card Centre	Box 43212, 80100 Msa	(041) 316200 , 222940	(041) 223884
Plaza Business Centre	Box 46661, 00200 Nairobi	(020) 313364 , 241270	(020) 312392
Plaza Premier Centre	Box 46661, 00200 Nairobi	(020) 313364 , 241270	(020) 215769
<b>Nairobi Branches</b>			
ABC	Box 30120, 00100 Nairobi	(020) 4446641/2	(020) 4446642
Enterprise Road	Box 18060, 00500 Nairobi	(020) 530700/1, 530851 / 2	(020) 558846
Haile Selassie	Box 20415, 00200 Nairobi	(020) 221806 , 215895 , 219031 / 39	(020) 219039
Hurlingham	Box 34974, 00505 Nairobi	(020) 2710114 , 2715408 , 2710667	(020) 2715393
JKIA	Box 19011, 00501 Nairobi	(020) 822395 / 665 / 612 / 024, 833024	(020) 822021
Karen	Box 24189, 00502 Nairobi	(020) 882932 / 882162 / 3	(020) 884335
Market	Box 30018, 00200 Nairobi	(020) 222476 , 216992 , 223507 , 216976	(020) 311229
Moi Avenue	Box 30116, 00100 Nairobi	(020) 252244 , 210577	(020) 214197
Mombasa Road	Box 30120, 00100 Nairobi	(020) 350124 / 5 / 6	-
Muthaiga	Box 63419, 00619 Nairobi	(020) 3740624 / 3741501 / 2	(020) 3741507
NIC House	Box 72058, 00200 Nairobi	(020) 2715366 / 2714871	(020) 2714361
Plaza	Box 30120, 00100 Nairobi	(020) 241270 / 5, 313364	(020) 332392
Queensway	Box 30011, 00200 Nairobi	(020) 223161 / 6, 223176 / 7	(020) 213530
Rahimtulla	Box 30120, 00100 Nairobi	(020) 2719173 / 4	-
Ruaraka	Box 65090, 00618 Nairobi	(020) 802973, 861760 / 1	(020) 803755
Westlands	Box 14403, 00300 Nairobi	(020) 4442685 / 6 / 7, 4448911 / 2	(020) 4444776
Village Market		(020) 522741, 521963, 520042	(020) 522452
<b>Coast Branches</b>			
Bamburi	Box 90182, 80100 Mombasa	(041) 5485434, 5487168 / 7547	(041) 5487134
Changamwe	Box 93603, 80100 Mombasa	(041) 432094 / 2 / 75, 434753	(041) 432164
Diani	Box 685, 80400 Ukunda	(040) 3202448 / 9, 3202375	(040) 3203421
Digo Road	Box 90184, 80100 Mombasa	(041) 223667, 224570 / 3	(041) 315911
Malindi	Box 100, 80200 Malindi	(042) 30002, 30870 / 3	(042) 20692
Nkrumah Road Mombasa	Box 90182, 80100 Mombasa	(041) 311660 / 4, 229700	(041) 314477

## Branch Network (continued)

### Upcountry Branches

Bungoma	Box 91, 50200 Bungoma	(055) 30908	(055) 30475
Eldoret	Box 22, 30100 Eldoret	(053) 2032881 - 9	(053) 32890
Embu	Box 88, 60100 Embu	(068) 20066 / 7 / 8, 20906, 20249	(068) 30717
Kakamega	Box 1815, 30100 Kakamega	(056) 20831, 30028, 20618	(056) 20191
Karatina	Box 320, 10101 Karatina	(061) 72010 / 1, 72518	(061) 72528
Kericho	Box 79, 20200 Kericho	(052) 20274 / 5, 30607 / 8	(052) 30010
Kisii	Box 99, 40200 Kisii	(058) 20021 - 3, 20096 / 80 / 83	(058) 21029
Kisumu	Box 831, 40100 Kisumu	(057) 41210 / 11 / 29 / 45, 41281	(057) 40066
Kitale	Box 62, 30200 Kitale	(054) 20841 / 2, 30418 / 9	(054) 30925
Machakos	Box 652, 90100 Machakos	(044) 20144 / 5, 20333	(044) 21567
Meru	Box 92, 60200 Meru	(064) 20785 / 6, 30108	(064) 30927
Nakuru East	Box 59, 20100 Nakuru	(051) 211825 / 9, 42438 / 9	(051) 45994
Nakuru West	Box 111, 20100 Nakuru	(051) 211825 / 9, 42438 / 9	(051) 43844
Naivasha	Box 654, 20117 Naivasha	(050) 2021466, 2020202 / 3	(050) 2020139
Nanyuki	Box 214, 10400 Nanyuki	(062) 31880 / 2	(062) 32192
Nyahururu	Box 15, 20300 Nyahururu	(065) 32345	(065) 32347
Nyeri	Box 239, 10100 Nyeri	(061) 30792 / 5, 30871 / 20	(061) 30873
Thika	Box 219, 01000 Thika	(067) 30229, 21201, 30230	(067) 22318

### Prestige Centres

ABC Prestige Centre	Box 14403, 00300 Nairobi	(020) 4446641 / 2	(020) 4446642
Eldoret Prestige Centre	Box 22, 30100 Eldoret	(053)822327	(053) 822340
Enterprise Prestige Centre	Box 18060, 00500 Nairobi	(020)530700 / 1	(020) 530842
Harambee Prestige Centre	Box 72700, 00200 Nairobi	(020) 316162 / 72, 226140	(020) 311426
Hurlingham Prestige Centre	Box 34974, 00505 Nairobi	(020) 2710114, 2710667	(020) 2731179
Karen Prestige Centre	Box 24189, 00502 Nairobi	(020) 882932, 882162 / 3	(020) 884335
Kisumu Prestige Centre	Box 831, 40100 Kisumu	(057) 41210, 23244	(057) 40066
Malindi Prestige Centre	Box 100, 80200 Malindi	(042) 31530	(042) 20692
Moi Avenue Prestige Centre	Box 90182, 80100 Mombasa	(041) 226794, 220296, 220318	(041) 312647
Nakuru West Prestige Centre	Box 111, 20100 Nakuru	(051) 211825 / 9, 42438 / 40	(051) 43844
Nkrumah Rd Prestige Centre	Box 90182, 80100 Mombasa	(041) 311661 / 4, 229255	(041) 224699
Nyerere Avenue Prestige Centre	Box 90182, 80100 Mombasa	(041) 311461, 311427	(041) 311460
Plaza Prestige Centre	Box 46661, 00200 Nairobi	(020) 241270, 313364	(020) 312392
Queensway Prestige Centre	Box 30011, 00200 Nairobi	(020) 223161 / 6, 223176 / 7	(020) 213530
Rahimtulla Prestige Centre	Box 72058, 00200 Nairobi	(020) 2719173	(020) 2719176
Sarit Prestige Centre	Box 14403, 00300 Nairobi	(020) 3744742, 4449859	(020) 3747133
Warwick Prestige Centre	Box 63419, 00619 Nairobi	(020) 3755568	(020) 3755569
Yaya Prestige Centre	Box 34974, 00505 Nairobi	(020) 578329	(020) 578097



## Notice To Shareholders

The Nairobi Stock Exchange and the Central Depository and Settlement Corporation Limited (Central Depository) has prescribed that shares to be traded in a number of listed companies including Barclays Bank of Kenya Limited were immobilised from the 18th January 2005.

If you intend to trade your shares in the near future, then you are required to immobilise your shares. If you intend to buy shares of the company you should also open an account.

Immobilised shares or securities are those in respect of which the underlying share certificates have been deposited with the Central Depository. In order to do this, the shareholder or investor is required to open and maintain a securities account with the Central Depository. Shares that you deposit or buy will be credited to your account with the Central Depository. Shares that you sell will be debited from your account with the Central Depository. From now on share certificates will not be issued for shares that have been deposited in the shares account.

If you do not intend to trade with your shares for the time being, you are not compelled to immobilise. Barclays Advisory and Registrar Services Limited will continue to offer Registrar services as usual. Please note, however, that you will need to immobilise your shares at the time that you wish to trade them.

Immobilisation is intended only to centralise, quicken and make more efficient the process and system of handling shares traded on the Nairobi Stock Exchange. It will not have any impact on the value of your investment.

To open a securities account you will need to consult a Central Depository Agent. Barclays Bank is an appointed Central Depository Agent. To open such an account you will need to have your original identity card/passport and a recent passport size photograph of yourself.

For more information please contact the following persons:

Barclays Advisory and Registrar Services Limited, P. O. Box 34120, 00100 Nairobi or Telephone 210577 Ext. 4114, Fax 241301 and e-mail: [war@nairobiwayo@barclays.com](mailto:war@nairobiwayo@barclays.com)

Institutional investors please contact:

John Odhiambo at Barclays Security Services Kenya, P. O. Box 30120-00100 Nairobi Telephone 249270 Ext. 3259 Fax 240574 and e-mail: [john.odhiambo@barclays.com](mailto:john.odhiambo@barclays.com)

Wanjiru Nduati  
Company Secretary



