



Media Release

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For Immediate Release

BARCLAYS BANK REPORTS PROFIT AFTER TAX OF KES 8.4 BILLION

Barclays Bank of Kenya has today announced a profit after tax of KES 8.4 bn for the year ended 31 December 2015. During the period under review, the bank registered a 16% growth in net customer assets.

Investments made in new revenue generating streams such as Bancassurance, mortgage and SME saw the bank's total income grow fourfold compared to the previous year, an endorsement of the bank's diversification strategy. SME, which the bank has identified as a key growth pillar, grew its lending book by 27% year –on- year.

This year's growth was impacted by volatility in the macroeconomic environment as a result of fluctuating interest rates and a weakening shilling which had an effect on the bank's trading book. This is in addition to an increase in impairment charges due to external shocks and a reduction in margins due to the rising cost of funds.

“In the last three years, we have invested heavily in new businesses in a move aimed at diversifying our revenue generating streams so that we can wean the business performance from a reliance on cost management. Whilst it's still too early for some of these businesses to make a significant impact on our income, they are all showing signs of growth and the bank is therefore confident that they will soon pay off,” said Mr. Jeremy Awori, Managing Director, Barclays Bank of Kenya.

Notable highlights of the financial results for the year include:

- Total interest income grew by 10% to KES 25bn on the back of growth in interest earning assets.
- Net customer assets increased by 16% to KES 145bn (2014: KES. 126bn)
- Customer deposits maintained at KES 165bn
- Capital adequacy ratio remained strong at 18.4% against a regulatory limit of 14.5%
- Liquidity ratio of 34.1% remained strong against the regulatory minimum of 20%

Other Highlights include:

Income

Net interest income increased by 4% to KES 20.4 bn up from KES 19.6 bn in the same period last year. The growth in net interest income was impacted by a 46% rise in interest expense arising from 70 basis points increase in cost of funds. Unexpected fluctuations in interest rates in the market led to a significant mark to market loss on government securities. However, new revenue streams such as Bancassurance pushed non-interest income up by 4% to KES 9.1bn. Total Operating Income rose by 4% to KES 29.5 bn compared to KES 28.2 bn in the same period last year.

Balance Sheet Growth

Total assets went up by 7% to KES 241bn up from KES 226bn. A key contributor to this growth was the 16% increase in customer assets. The launch of centres of excellence (Mortgage and Asset Finance) coupled with the diversification agenda catalyzed this growth. Customer deposits were maintained at KES 165bn to manage the rising cost of funds.

Asset Quality

Despite the rising trends of non-performing loans in the industry, the bank's ratio of gross non-performing loans to gross loans at 3.6% is below industry trends. However, the loan loss rate went up marginally by 10 basis points to 1.2% from 1.1% in 2014. We have taken a cautious approach to our impairment and made provisions for our exposure to the banks that have been placed under statutory management.

Capital

The capital adequacy ratio for the bank as at end of December was 18.4% which was significantly higher than the 14.5% prescribed by CBK meaning that the bank is well capitalised to support future balance sheet growth.

Liquidity

The liquidity ratio is strong at 34.1% compared to the regulatory minimum of 20%. This position provides us with a strong base to meet our customers' needs.

Looking forward

This year, Barclays Bank of Kenya is celebrating its centenary year and to mark this significant milestone, Awori reaffirmed the bank's commitment to continue its diversification agenda by launching even more new revenue generating streams including starting a stock brokerage business.

The bank further plans to enhance its accessibility by implementing a robust Agency banking strategy with Postal Corporation of Kenya and other partners and to continue its systems upgrade by modernizing its entire ATM fleet by June this year. As indicated during the launch of its centennial celebrations, Barclays has earmarked SME, women, youth and innovation as key growth pillars for the bank and will therefore be making commensurate investments in these four areas.

On the future of Barclays in this market, Mr. Awori stated the following, "Barclays Bank of Kenya has a strong capital base and liquidity position that ensures we are able to deliver value to all our stakeholders. Our institution is founded on and governed by clear structures and sound business practices that have ensured our successful existence in this country for the last century. We would therefore like to assure you that we remain committed to this market and focused on delivering our growth strategy which is anchored on offering excellent service to our customers and value for our shareholders."

Conclusion:

In conclusion, Mr. Awori thanked the Board of Directors, employees, customers and shareholders for their continued support.

About Barclays Bank of Kenya

Barclays Bank of Kenya is one of Kenya's leading financial institutions. Established in 1916, Barclays has been a major player in Kenya's financial landscape engaged in personal banking, Enterprise, credit cards, corporate and Bancassurance. The bank offers end to end financial solutions to retail, enterprise and corporate customers and its regional and global footprint enables it to offer cutting edge financial solutions to its clients. The bank is a leader in the credit card space. It has also been associated with a number of market firsts including the launch of the first ATM, Sharia Banking and unsecured lending. The bank has presence in 38 counties. It has 121 branches, 229 ATMs and a robust Internet and Mobile banking platform. The bank's purpose is to help people achieve their ambitions – in the right way. For further information about Barclays, please visit our website. www.barclays.co.ke

About Barclays Africa Group

Barclays Africa Group Limited is listed on the Johannesburg Stock Exchange and is one of Africa's largest financial services groups. We are uniquely positioned as a fully local, fully regional and fully international bank. We offer personal and business banking, credit cards, corporate and investment banking, wealth and investment management and insurance.

Barclays Africa is 62.3% owned by Barclays Bank PLC (Barclays). At 31 December 2015, we had 847,8 million shares in issue and a market capitalisation of R121.6 billion. We operate in 12 countries with about 40 thousand permanent employees and we serve more than 12 million customers.

Our registered head office is in Johannesburg, South Africa and we have majority stakes in banks in Botswana, Ghana, Kenya, Mauritius, Mozambique, Seychelles, South Africa, Tanzania (Barclays Bank Tanzania and National Bank of Commerce), Uganda and Zambia. We also have representative offices in Namibia and Nigeria. Barclays Bank PLC has operations in Egypt and Zimbabwe which continue to be run by Barclays Africa operationally.

For further information about Barclays Africa, please visit our website www.barclaysafrica.com.