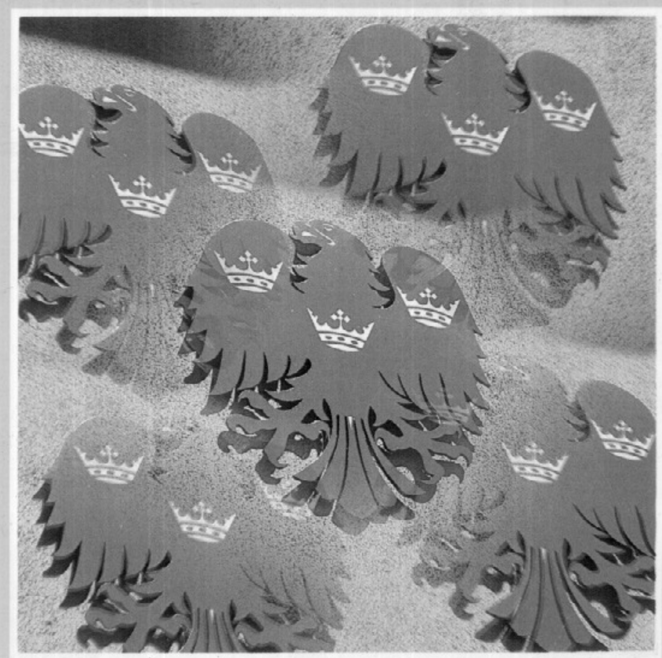


Barclays Bank of Kenya Limited
Annual Report 1990

BARCLAYS

Report and Accounts for the year ended 31 December 1990

Contents

Directors and Officials at 31 December 1990

Directors	S.N. Waruhiu	Chairman
	*R.A. Bird	Managing Director
	F.M. Mbiru	General Manager
	S.O.J. Ambundo	
	C.D.K. Arap-Kirui	
	*A.M. Archdeacon	(alternate M.N. Wahome)
	J.K. Ilako	
	E.N. Mngola, EBS	
	*J.H.C. Whicker	(alternate * M.O. Bristow)
	*British	
Secretary	M.A. Mughal	
Auditors	Deloitte Haskins & Sells, Ring Road, Westlands, P.O. Box 40092, Nairobi.	
Registered Office	Bank House, Moi Avenue, P.O. Box 30120, Nairobi.	
Registrars and Transfer Office	Barclays Bank of Kenya Limited, P.O. Box 30120, Nairobi.	

Barclays Bank Board....(l-r) Robert Bird, Ayoob Mughal, Japeth Ilako, Michael Bristow, Morris Wahome, Sam Ambundo, Fred Mbiru, Eric Mngola, EBS, Charles Arap-Kirui, Sam Waruhiu.

Notice of Annual General Meeting

NOTICE is hereby given that the Twelfth Annual General Meeting of the Company will be held at the Plenary Hall, Kenyatta International Conference Centre, Harambee Avenue, Nairobi on Friday 24 May 1991 at 11.00 am for the following purposes:

i To receive and consider the audited Accounts for the year ended 31 December 1990 and the Directors' and Auditors' reports thereon.

ii To declare a dividend.

iii (a) To re-elect S.O.J. Ambundo, a Director retiring by rotation, who, being eligible, offers himself for re-election.

(b) To re-elect A.M. Archdeacon, a Director retiring by rotation, who, being eligible, offers himself for re-election.

iv To fix remuneration of the Directors.

v To note that Deloitte Haskins & Sells will continue in office as the Auditors by virtue of Section 159(2) of the Companies Act (Cap. 486) and authorise the Directors to fix their remuneration.

By order of the Board

J.A.O. Adera
Secretary

P.O. Box 30120,
Nairobi.

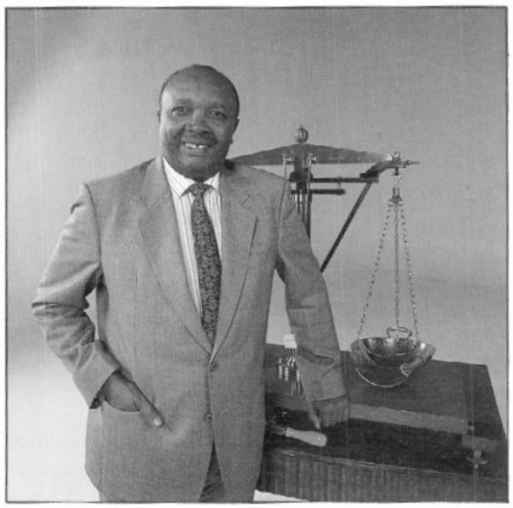
17 April, 1991

Note: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote 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 be lodged at the Registered Office of the Company, 6th Floor, Bank House, Moi Avenue, P O Box 30120, Nairobi or posted in time to reach not later than 11.00 am on Thursday 23 May 1991.

Chairman's Statement

Taarifa ya Mwenyekiti

As I forecast in our last Annual Report, 1990 was a difficult year economically for Kenya. Coffee and tea prices remained relatively depressed, although this situation was offset to some extent by buoyancy in the tourism sector. At the same time there were growing signs of a world recession and fears of diversion of international aid resources from Africa to the liberalising economies of eastern Europe. As if this were not enough, the second half of the year saw the creation and escalation of the Gulf crisis which had an immediate and negative effect on Kenya through higher oil prices and economic uncertainty.



Not surprisingly, Government has had to maintain tight control over certain sectors of the economy, notably the expansion of the money supply, in order to curb the growth of the inflation rate. This has meant continuance and tightening of the credit restrictions introduced in late 1987, including the imposition of interest-free deposit penalties for those banks exceeding their credit ceilings. Interest rates have also risen steadily and foreign exchange reserves have been low, placing some strain on Government's import liberalisation programme.

All of these factors have placed severe limitations on the profitability and cash flows of many of our corporate customers, including the ability to reinvest and expand.

Notwithstanding these difficult economic and trading conditions, I am pleased to report that the Barclays Bank of Kenya

Kama nilivyobashiri katika Taarifa yetu ya mwaka jana, mwaka 1990 ulikuwa kweli mwaka wenye matatizo mengi kuhusu uchumi wa Kenya. Bei za kahawa na majani chai zilianguka, walakini, hali hiyo iliimarika kidogo kwa kustawika kwa sekta ya utalii. Wakati huo huo ishara za kuchakaa kwa hali ya uchumi kote ulimwenguni ziliendelea kuonekana na vile vile wasiwasi kwamba pengine zile fedha za mikopo za kimataifa zilizokuwa zikiletwa Afrika zingeweza kupelekwa Uropa ya Mashariki ambako uchumi unaanza kustawika. Isitoshe, sehemu ya pili ya mwisho wa mwaka huo ikashuhudia kuanza na kuendelea kwa msukusuko wa vita katika Ghuba, hali ambayo haikukawia kusababisha bei za mafuta kupanda sana pamoja na hali dhaifu ya uchumi nchini Kenya.

Si jambo la kushangaza kwamba Serikali ililazimika kuendelea kudhibiti sekta fulani za uchumi, na zaidi kuhusu upanuzi wa vyanzo vya fedha, ili kuzuia bei za bidhaa na huduma kukiuka zaidi na mwishowe kuathiri uchumi. Hii ilimaanisha kwamba vikwazo dhidi ya mikopo ambavyo vilizinduliwa mwishoni mwa mwaka 1987 vilizidi kuendelea pamoja na kule kutozwa malipo fulani kwa zile benki zinazotoa mikopo kukiuka viwango vilivyowekwa na Serikali. Viwango vya riba vimepanda pole pole na huku akiba ya fedha za kigeni nayo ikadidimia, na kuleta matatizo kidogo dhidi ya mradi wa Serikali wa kuhifadhi fedha za kigeni.

Mambo hayo yote yakaleta vikwazo vikali kuhusu faida na fedha taslimu za wateja

Barclaycard....Barclaycard is a charge card, cash card, and cheque guarantee card all in one - that's Barclays.

Barclaycard....Barclaycard ni kadi yenye thamani ya fedha na inaweza pia kuwa dhamana kwa hundi. Yenyewe ni kadi moja tu lakini inafanya kazi hizo zote - na hiyo ni Barclays.

Group achieved a pre-tax profit of shs598 million for the year, an increase of 24% over 1989. Of this figure Barclays Bank of Kenya Limited itself contributed shs484 million and Barclays Merchant Finance Limited shs54 million with National Industrial Credit Limited being shs60 million.

Whilst this improvement is due in part to revenue flowing from increased lendings, the greatest contribution came from non-interest income, which reflects our drive to improve earnings from trade-related business and non lending-oriented products, particularly in view of credit restrictions and narrowing interest margins on lendings. Unfortunately, costs also rose steadily, well ahead of the inflation rate, mainly as a result of the continued growth in our infrastructure and the introduction of VAT. These factors were however offset to some extent by improved productivity flowing from computerisation, enhanced systems and increased staff training.

Turning to our Consolidated Balance Sheet total assets grew by 21% to shs18,300 million and customer deposits increased by 25% to shs14,583 million, to fund higher lendings of shs10,286 million which were up by 12%. Most of the increase in customer deposits came from interest-bearing term deposits, mainly raised by our two non-banking financial institute subsidiaries, including the new negotiable certificates of deposit which were launched by Barclays Merchant Finance and National Industrial Credit during the year.

The growth in our Balance Sheet enabled us to gain a large number of new customers

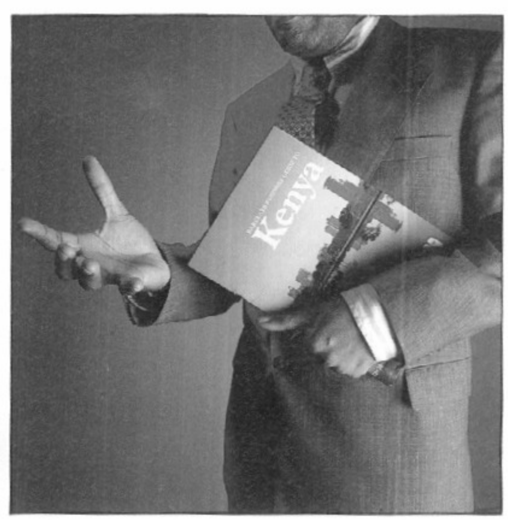
wetu wakubwa, pamoja na kuwafanya wasiweze kupanua biashara zao na kutumia fedha nyingi na pia kustawisha biashara.

Ijapokuwa tulikumbwa na matatizo haya ya uchumi na hali mbaya za biashara, nina furaha kuwajulisha kwamba Kundi la Barclays Bank of Kenya lilijipatia faida ya shs598 milioni mwakani kabla ya kuondoa fungu la kodi kwa ongezeko la karibu asilimia 24 zaidi ya mwaka 1989. Kati ya fedha hizo, Barclays Bank of Kenya Limited yenyewe ilichangisha shs484 milioni na Barclays Merchant Finance Limited shs54 milioni na faida kutoka National Industrial Credit Limited ikiwa shs60 milioni.

Ingawa kwa upande mwingine, imarisho hili lilisababishwa na fedha zilizotokana na kule kutoa mikopo mingi, mchango mkubwa zaidi ulitokana na mapato yasiyostahiki riba, na hii inaonyesha jitihada zetu za kuimarisha mapato yetu kutoka chanzo cha biashara na

Accounts....Whether for personal or for business you can open an account without fuss - that's Barclays.

Akaunti....Hata kama unataka kufungua akaunti yako bi nafsi ama ya biashara unaweza kufanya hivyo bila udhia wo wote - na hiyo ni Barclays.



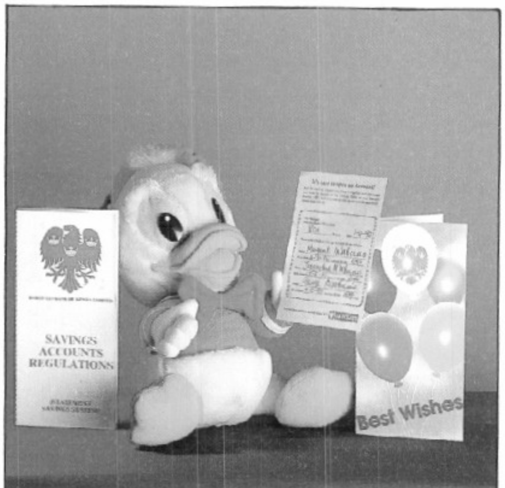
Investment....We advise local and international investors on what they need to know through Barclays Business Guide to Kenya - that's Barclays.

Kustawisha uchumi....Tunatoa mawaidha kamili kwa wafanya biashara wa humu nchini na wale wa kimataifa wanapokusudia kutoa fedha zao ili zitumike kwa ustawi nchini - na hiyo ni Barclays.

with 60,045 new accounts being opened during the year, making a total of almost 100,000 current accounts and just over 500,000 savings accounts.

In my 1989 statement I outlined our strategy in terms of increasing efficiency, productivity and, above all, improving service to customers. Our computerisation programme has been an important part of this process and, during 1990, our fifth and final computer centre, at Kisumu, was established. Computerisation of our Mount Kenya area branches was completed and work on Western Kenya is well under way. By mid-1991 all our branches throughout Kenya will have been computerised, an exercise that has taken two and a half years, cost more than shs100 million in equipment alone and involved many of our staff. We are now well placed to meet the technological changes and competitive challenges that will take place in banking in Kenya during the 1990's.

Expansion of representation, both new and existing, has continued apace with Barclays again being by far the most active of the commercial banks in this respect during 1990. New offices were opened at Migori, Nyali, Burnt Forest, Kutus, Matunda, Kitui and Voi, with our agencies at Chuka, Diani, Mbale, Webuye and Kapsabet being upgraded to branch or self-accounting status. These representational changes together with extension and refurbishing work on 17 of our existing offices involved a record shs160 million being spent on Bank premises during the year. A further shs75 million was spent on equipment.



Children's savings account.... We pioneered savings accounts for children - that's Barclays.

Akaunti ya akiba ya watoto....Sisi ndio tuliozindua akaunti ya akiba ya watoto - na hiyo ni Barclays.

huduma nyingine zisizohusika na ukopaji, na hasa kwa ajili ya vikwazo vinavyohusu utoaji wa madeni na kupunguzwa kwa faida inayotokana na riba wakati mkopo unapotolewa.

Kwa bahati mbaya, gharama za kuendesha biashara zilipanda pole pole, zikifuatwa na kule kukiuka hovyo kwa bei za bidhaa na huduma, hasa kutokana na kule kuendelea kuimarika kwa benki yetu na pia kule kuanzishwa kwa VAT. Ingawaje, mambo haya yaliimarishwa kidogo na faida iliyopatikana kwa utumizi wa Kompyuta, sera nzuri ya kazi na mafunzo mema waliyopewa wafanyakazi wetu.

Tukitupia jicho Mizania iliyounganishwa, jumla ya rasilmali ya kudumu iliongezeka kwa asilimia 21 hadi shs18,300 milioni na akiba za wateja zikaongezeka kwa asilimia 25 hadi shs14,583 milioni ili zitumike kwa mikopo mingi zaidi ya shs10,286 milioni, kiasi ambacho kiliongezeka kwa asilimia 12. Sehemu kubwa ya ongezeko la akiba za wateja ilitokana na akiba zinazostahiki riba, na hasa akiba zinazotokana na kampuni mbili zisizohusika na shughuli za mabenki ambazo zilihusika nasi, pamoja na ile huduma mpya iitwayo "Negotiable Certificate of Deposit," iliyozinduliwa na Barclays Merchant Finance na National Industrial Credit mwakani.

Imarisho katika Mizania yetu lilituletea idadi kubwa ya wateja wapya na hapo tukanufaika kufungua akaunti mpya 60,045 mwakani, tukiwa na jumla ya akaunti ya biashara (current accounts) 100,000 hivi na zaidi ya akaunti inayohifadhiwa kwa muda na kuzalisha riba (savings accounts) zilizozidi 500,000.

Katika taarifa yangu ya mwaka 1989 nilieleza kinaganaga juhudi zetu za kuongeza ubora wa kazi, kuendesha shughuli kwa njia ya faida, na zaidi kuimarisha huduma zetu kwa wateja. Mradi wetu wa kuweka Kompyuta imekuwa mojawapo ya maendeleo hayo na katika mwaka 1990, kituo chetu cha tano na cha mwisho katika mradi huu, kule Kisumu, kikajengwa. Shughuli zetu za kuweka Kompyuta katika matawi yetu ya Mlima Kenya zilitekelezwa na shughuli kama hiyo huko Magharibi ya Kenya tayari zimeanza. Kufikia katikati ya mwaka 1991 matawi yetu yote kote nchini Kenya yatakuwa yamewekwa Kompyuta, kazi ambayo

PTA....PTA travellers' cheques, we sell them and we change them - that's Barclays.

PTA....Hundi za safari ziitwazo PTA Travellers' cheques," zinauzwa na pia kuvunjwa na Barclays - na hiyo ni Barclays.

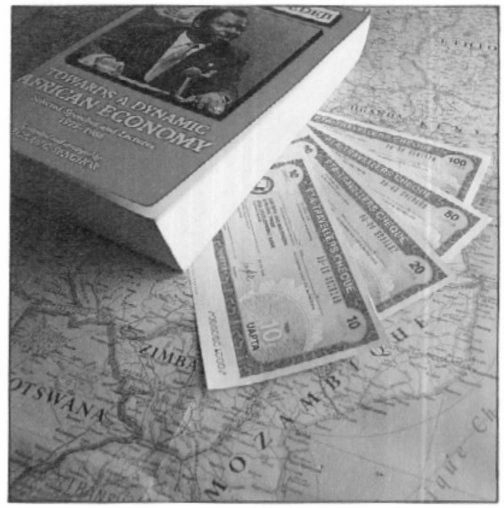
Perhaps I should mention here the crucial factor of profitability in terms of expansion of the Bank's balance sheet and infrastructure. Whilst our consolidated pre-tax profit of shs598 million may seem to be a very large figure, it must be remembered that approximately half of this figure or shs289 million will be paid to the Government in tax. A further amount of shs160 million is proposed to be paid to you, the shareholders, by way of dividend, leaving shs132 million to be placed in Reserves for expansion of our business.

When one considers that last year alone we spent more than shs235 million on premises and equipment, it will be appreciated that, without such profits, the Bank would be unable to grow. At the same time the Banking Act strictly controls the amount of capital and reserves we must maintain in relation to the size of our balance sheet. Here again it can be seen that, unless our reserves are increased from retained profits, we would be unable to take on more deposits and thus our lending capability would be inhibited.

Another area to benefit from our increasing profits, as in previous years, is our Social Responsibility Fund. Each year we set aside approximately 1% of our pre-tax profits for charitable donations, sponsorship and supporting, through the Barclays Bank Development Fund, income generating projects, usually community based. In 1990 shs4.3 million was spent in this connection.

It is our Small Business Unit that manages the Barclays Bank Development Fund but their primary activity continues to be the important role they are playing in the development of small scale enterprises. Our Small Business Unit is well established now and works in close co-operation with USAID, ILO, PRIDE, KWFT, Dag Hammarskjold Foundation, K-MAP, KREP and other organisations. A number of business clinics for customers have been held and have proved to be highly valued by them and enhanced training has been given to our staff involved in small business support and lending.

New products are important both in terms of customer service and diversification away from our traditional services. The launch of Barclaycard in April 1990 was thus an important step in this direction. Apart from providing an excellent money management



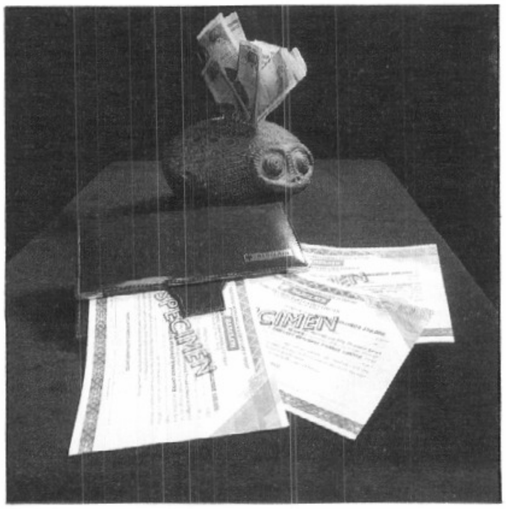
ilichukua miaka miwili u nusu na kugharimu zaidi ya shs100 milioni kwa vifaa pekee na wafanyakazi wetu wengi wakishiriki katika kazi hiyo. Sasa hivi tuko tayari kabisa kupambana na mabadiliko ya kiteknolojia pamoja na mashindano ya kibiashara ambayo yatatokea nchini Kenya katika miaka ya tisini.

Upanuzi kwa upande wa mawakala yetu, ya zamani na hata ya sasa, umeendelea sambamba na maendeleo ya Barclays, benki ambayo ndiyo iliyokuwa na shughuli nyingi zaidi ya benki zote katika mwaka 1990. Ofisi mpya zilifunguliwa kule Migori, Nyali, Burnt Forest, Kutus, Matunda, Kitui na Voi huku mawakala yetu kule Chuka, Diani, Mbale, Webuye na Kapsabet yakipandishwa vyeo kuwa matawi makubwa ama madogo. Mabadiliko haya ya wakala pamoja na kupanua ama kufanya upya ofisi zetu 17 za sasa yalifanya kiasi kilichovunja rekodi cha shs160 milioni kutumika kwa majengo ya benki hii mwakani. Kiasi kingine cha fedha kipatacho shs75 milioni kilitumika kwa vifaa.

Pengine ningezungumzia hapo kuhusu jambo la maana ła faida mintaarafu ya imarisho la Mizania ya Benki hii na matengeneo yake. Ingawa faida yetu iliyounganishwa ya shs598 milioni, kabla ya kutoa fungu la kodi, yaweza kuonekana ni fedha nyingi mno, lazima tukumbuke kwamba nusu ya hesabu hii, ama shs289 milioni zitalipwa kama kodi kwa hazina ya Serikali. Kiasi kingine zaidi cha shs160 milioni kitalipwa kwenu, nyinyi wenyehisa, kama migawo, na shs132 milioni zilizosalia zitatengwa katika hifadhi maalum kwa

Certificates of deposit.... Certificates of deposit, the modern money instruments - that's another Barclays service.

"Certificates of deposit"...."Certificates of deposit", ni vyombo vya kisasa vyenye thamani ya fedha - na hiyo ni huduma nyingine inayotolewa na Barclays.



service to our customers and non customers alike, Barclaycard promises to be an important revenue earner for the Bank.

Barclays Merchant Finance which successfully completed its first year of operation with an encouraging profit, maintained Barclays lead in the syndicated loan market and is actively working on a number of innovative products and services.

Innovation in terms of new products and services is essential if the Kenyan banking sector is to meet the important challenges set for it both by Government and the general public, corporate and private, and we will do all we can to ensure that Barclays maintains its lead in this respect.

It is particularly pleasing to note the important part being played by the Central Bank of Kenya in the development and diversification of the financial markets.

Computerisation.... We have spent shs100 million in computerisation to meet the technological challenges of today and tomorrow - that's Barclays.

Mashine za Kompyuta....Tumetumia shilingi milioni 100 kwa kuweka mitambo ya Kompyuta ili kutekeleza yale mashindano ya kibiashara ya leo na kesho ya kiteknolojia - na hiyo ni Barclays.

minajili ya upanuzi wa biashara yetu siku za usoni.

Mtu anapokumbuka kwamba mwaka uliopita pekee tulitumia zaidi ya shs235 milioni kwa majengo na vifaa, mtaona kwamba, bila ya faida kama hiyo, Benki hii haitaweza kuendelea. Wakati huo huo Sheria ya Benki inadhibiti kabisa kiasi cha rasilmali na akiba maalum tunazopaswa kudumisha kulingana na ukubwa wa Mizania yetu. Hapa tena, mnaweza kuona kwamba tusipoongeza akiba zetu maalum kutoka kwa faida tulizotenga, hatutaweza kupokea akiba zaidi za wateja na kwa hivyo uwezo wetu wa kukopesha fedha utaweza kufinywa.

Eneo jingine tunaloweza kunufaika nalo kutokana na faida zetu zinazoongezeka, kama ilivyokuwa miaka iliyotangulia, ni mfuko wetu wa fedha uitwao "Social Responsibility Fund." Kila mwaka tunatenga asilimia 1 hivi ya faida yetu ambayo fungu lake la kodi halijatolewa ili itumike kwa michango ya kufadhilisha miradi mbali mbali kupitia Barclays Bank Development Fund. Michango hiyo hutumika kwa miradi inayojiletea fedha yenyewe, na kwa kawaida huwa inategemea msingi wa jamii. Katika mwaka 1990 shs4.3 milioni zilitumiwa kwa makusudi hayo.

Ni idara yetu inayohusika na biashara ndogo ndogo ndiyo inayosimamia mfuko wetu wa fedha wa Barclays Bank Development Fund lakini shughuli muhimu ya mfuko huo bado ni ule wa kutekeleza wajibu muhimu wanaotimiza kuhusu usitawi wa biashara ndogo ndogo. Idara yetu inayohusika na biashara ndogo ndogo imeimarika vyema na inashirikiana kikamilifu na USAID, ILO, PRIDE, KWFT, Dag Hammarskjold Foundation, K-MAP, KREP na vikao vinginevyo. Idadi kubwa ya semina za biashara zilizoandaliwa kwa wateja zilithaminiwa sana na wateja hao na mafunzo ya juu yakaandaliwa wafanyakazi wetu wanaohusika na kutoa mikopo kwa wateja wadogo wadogo na kuwasaidia.

Bidhaa mpya ni kitu muhimu kwa wateja kuhusu huduma na biashara tofauti na ile ya kawaida. Kuzinduliwa kwa Barclaycard mwezi Aprili 1990 kulikuwa ni hatua muhimu kwa huduma hii. Mbali na kutoa huduma bora kabisa kwa wateja wote na pia wale ambao si wateja wetu, Barclaycard ina matumaini ya kuwa chanzo kizuri cha kuleta fedha kwa benki hii.

Commerce.... With experience and expertise we give importers and exporters, large or small, the financial tools they need to do international business - that's Barclays.

Biashara....Kwa ule ujuzi na ubingwa tulio nao, tunawapa wafanya biashara waingizao bidhaa humu nchini na wale wanaouza bidhaa ng'ambo - wakiwa wakubwa ama wadogo - mahitaji yao ya fedha wanayohitaji kuendesha biashara za Kimataifa - na hiyo ni Barclays.

They were closely involved in the creation of the Negotiable Certificates of Deposit and, more recently, have introduced Foreign Exchange Bearer Certificates of Deposit and an Export Rediscount Scheme. As in the past we will co-operate closely with them in these important developments.

The expansion of the Bank's network and activities has, naturally, resulted in the employment of more Kenyans and, during 1990, we took on a record number of 248 new staff giving a total complement of 3,320. Good communication with such a large work-force is essential and further efforts were made during the year, to ensure that staff at all levels are fully aware of the Bank's policies and objectives and that they are encouraged to put forward their ideas and views. Only in this way can we ensure that we are all moving in the same direction. They also, of course, recognise that the Bank's successes will benefit them directly in terms of job opportunities and promotion as well as through the Bank's Profit Sharing Scheme under which almost shs24 million has been disbursed to them in respect of our 1990 profits.

I mentioned earlier the importance of staff training in our strategy. I am pleased to note that 1,592 staff attended training courses both in Kenya and overseas during the year. We also established a subsidiary training facility in central Nairobi and plans for our new residential training college at Karen are well advanced. In addition to formal training courses, in-branch training forms an integral part of staff development

Barclays Merchant Finance, ambayo ilikamilisha vyema mwaka wake wa kwanza ilijipatia faida nzuri, ikidumisha ile sifa nzuri ya Barclays ya uongozi kwenye soko la mkopo lijulikanalo kama "Syndicated Loan Market" na bado wanaendelea kutafuta bidhaa na huduma nyingine tofauti kabisa.

Utafutaji wa bidhaa na huduma mpya ni kitu muhimu iwapo sekta ya benki ya Kenya itamudu mwito mpya na muhimu unaowakabili kutoka kwa Serikali ama umma, kampuni kubwa kubwa ama watu bi nafsi, na tutafanya cho chote tunachoweza kuhakikisha kwamba Barclays inadumisha uongozi wake katika sekta hii.

Ni jambo la kupendeza kuutambua ule wajibu muhimu unaotekelezwa na Benki Kuu ya Kenya katika kustawisha masoko ya fedha na kutafuta biashara tofauti ya fedha. Benki Kuu ya Kenya ilihusika sana na shughuli za kuanzishwa kwa huduma iitwayo "Negotiable Certificates of Deposit," na hivi majuzi tu Benki Kuu ikazindua aina nyingine ya huduma iitwayo "Foreign Exchange Bearer Certificates of Deposit" na "Export Rediscount Scheme." Kama ilivyokuwa kawaida yetu hapo zamani, tutashirikiana kikamilifu na Benki Kuu ya Kenya katika huduma hizi za maana.

Upanuzi wa matengenco na shughuli za Benki hii, siku zote, huwafanya Wakenya wengi kuajiriwa kazi, na mnamo mwaka 1990, tuliajiri idadi kubwa kupita kiasi cha wafanyakazi wapya wapatao 248 na kufanya jumla ya wafanyakazi wetu wote kuwa 3,320. Mawasiliano mazuri na idadi kubwa kama hiyo ya wafanyakazi ni jambo la lazima na juhudi nyingi zilifanywa mwakani kuhakikisha kwamba wafanyakazi wa tabaka zote wanafahamu kabisa maongozi ya Benki hii na shabaha zake na kwamba wana nafasi nzuri ya kutoa maoni na mawaidha yao. Ni kwa njia kama hiyo tu ndiyo tunaweza kuhakikisha kwamba sote tunafuata barabara moja. Wao pia, bila shaka, wanafahamu kwamba mafanikio ya Benki yatawafaidi moja kwa moja kwa kutoa nafasi za kazi na kupandishwa vyeo kupitia ule mradi wa Benki wa Kugawanyana Faida na Wafanyakazi ambao chini yake karibu shs24 milioni zimegawanywa kwa wafanyakazi kutokana na faida zetu zilizopatikana mnamo mwaka 1990.

Hapo awali nilizungumzia umuhimu wa kuwafundisha wafanyakazi harakati zetu za

Travellers' cheques in foreign currency....Our travellers' cheques can be exchanged in most countries in the world - that's Barclays.

Hundi za safari za sarafu ya kigeni....Hundi zetu za safari (Travellers' Cheques), zinaweza kuvunjwa katika nchi nyingi duniani - na hiyo ni Barclays.

and, to assist this activity, five regional training officers were appointed during the year. Their role is to advise branch management on all aspects of in-branch and formal training as well as providing some direct training at branches, particularly in the field of customer service.

As usual I would like to pay tribute here to our management and staff and thank them on behalf of my co-directors and no doubt, our shareholders, for another excellent year's work.

There were no changes in your Board of Directors during the year. I would like to take this opportunity of thanking them for the support they have given to me during 1990. We are an active Board and meet a minimum of twelve times each year. At least four of these meetings are held out of Nairobi which gives us an opportunity of meeting many of our customers in different parts of the country.

Finally, looking ahead to 1991, the picture is unfortunately somewhat depressing. As I write the effects of the Gulf War are still with us and many countries of the world are in recession. Kenya cannot help but be very adversely affected by these factors. We are therefore looking at a year of consolidation and limited growth during 1991. As an important player in the economic scene we will also be doing all that is reasonably possible to assist both our customers and Goverment to overcome the difficulties which will undoubtedly arise.

S.N. Waruhiu
Chairman

kazi, nami nafurahi kuona kwamba wafanyakazi 1,592 walihudhuria mafunzo humu nchini Kenya na ng'ambo pia mwakani. Tumeanzisha pia kituo kingine cha mafunzo Nairobi ya Kati na mipango ya kuanzisha chuo chetu kingine chenye makao ya wanafunzi huko Karen inaendelea vyema sana. Mbali na mafunzo ya kawaida, mafunzo yanayoendeshwa kwenye matawi yetu ni kiini cha mafunzo ya wafanyakazi wetu na, ili kutilia mkazo shughuli hii, maafisa watano wa majimbo wanaoshughulika na mafunzo waliajiriwa mwakani. Wajibu wao ni kuwashauri wakuu wanaosimamia matawi ya Benki kuhusu mambo yote ya mafunzo yanayoendeshwa katika matawi pamoja na mafunzo ya kawaida na vile vile kutoa mafunzo fulani fulani moja kwa moja kwa matawi, na hasa yale mafunzo yanayohusu huduma za wateja wetu. Kama ilivyo kawaida ningependa kutoa shukrani zangu kwa wakuu wa Benki na wafanyakazi pia nikiwashukuru kwa niaba ya wakurugenzi wenzangu, kwa kazi nzuri waliyoifanya tena mwaka huu.

Hapakuwepo mabadiliko katika Halmashauri ya Wakurugenzi mwakani, walakini, ningependa kuchukua nafasi hii na kuwashukuru kwa kuniunga mkono mnamo mwaka 1990. Halmashauri hii ni kikao chenye shughuli nyingi na hukutana kwa muda usiopungua mara 12 kila mwaka. Mikutano isiyopungua minne hufanywa Nairobi na hii hutupatia nafasi ya kukutana na wateja wetu wengi katika sehemu mbali mbali za nchi hii.

Nikimaliza, huku nikiwa na matumainio mema ya mwaka 1991, mandhari ninayoiona, kwa bahati mbaya, ni ya huzuni kidogo. Sasa hivi ninapoandika taarifa hii ile hali ya vita vya Ghuba bado inatuathiri na huku nchi nyingi ulimwenguni zikikumbwa na udhaifu wa uchumi.

Kenya haiwezi kujikinga na hali mbaya kama hiyo ambayo itaiathiri, kwa hivyo tunatazamia mwaka 1991 kama mwaka wa kugandamiza na usio na usitawi mwingi. Tukiwa washiriki wakubwa katika mandhari ya uchumi tutakuwa vile vile tunajitahidi kufanya lile tunaloweza ili kuwasaidia wateja wetu na Serikali pia kupambana vikali na matatizo ambayo bila shaka yatatokea.

S.N. Waruhiu
Mwenyekiti

Report of the Directors

The Directors have pleasure in presenting their report and the accounts for the year ended 31 December 1990.

Activities

The Bank provides, in its own name and through subsidiary companies, an extensive range of banking, financial and related services.

Results

	shs million
Pretax profit of the group for the year	598
Taxation thereon	289
Profit after taxation	309

Dividend

The Directors recommend a first and final dividend for the year of shs 2.80 per share. This will be paid on or about 27 May 1991 to shareholders registered as at the close of business on 26 March 1991. This distribution together with minority interest share in group profits of shs17 million, leaves a balance of retained group profit for the year of shs132 million.

Directors

The present members of the Board of Directors are shown on page 2.

G.L. Thomas resigned as an alternate Director to A.M. Archdeacon on 16 January 1990. M.N. Wahome was appointed an alternate Director to A.M. Archdeacon on 26 January 1990.

Secretary

J.A.O. Adera was appointed Secretary following the resignation of M.A. Mughal on 26 January 1991.

Auditors

The accounts have been audited by Deloitte Haskins & Sells, who have confirmed their willingness to continue in office in accordance with section 159(2) of the Companies Act.

By order of the Board

J.A.O. Adera

Secretary

Nairobi
22 February 1991

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

We have examined the accounts on pages 13 to 21 and have obtained all the information and explanations considered necessary for our audit.

In our opinion:

1 Proper books of account have been kept by the company and the company's balance sheet is in agreement therewith.

2 The accounts, which comply with the Companies Act, give a true and fair view of the state of affairs of the company and the group at 31 December 1990 and of the profit and source and application of funds of the group for the year ended on that date.

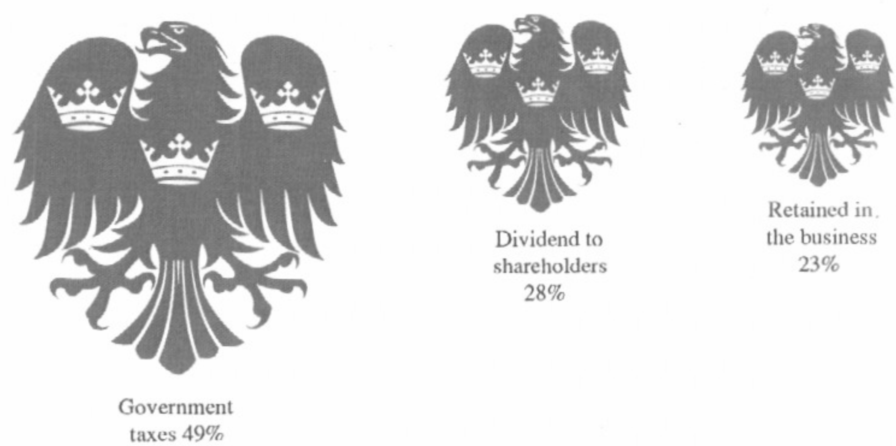
Deloitte Haskins & Sells
Certified Public Accountants (Kenya)

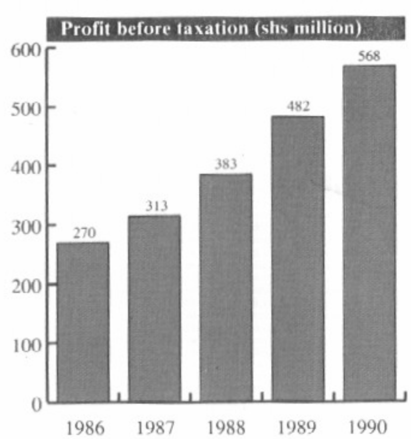
Nairobi
28 February 1991

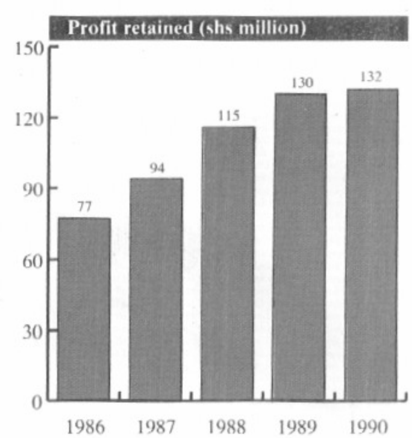
Consolidated Profit and Loss Account
for the year ended 31 December 1990

	Notes	1990 shs million	1989 shs million
Operating profit	2	598	470
Share of profit of associated company		—	12
Profit before taxation		598	482
Taxation	3	289	238
Profit after taxation	4	309	244
Minority interest		(17)	—
Profit attributable to shareholders		292	244
Dividend	5	160	114
Retained profit for the year	15	132	130
		shs	shs
Earnings per share	6	5.11	4.27

Distribution of profit before tax after adjusting for minority interest







Excluding minority interest share of Group profits.

Consolidated Balance Sheet

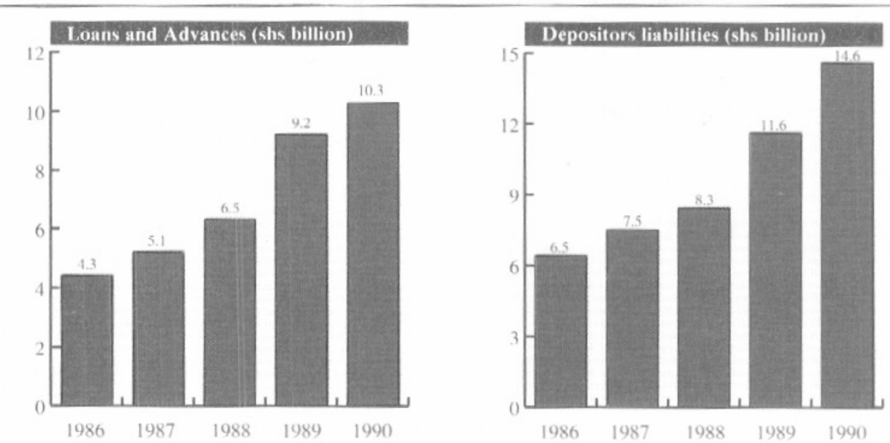
31 December 1990

	Notes	1990 shs million	1989 shs million
Assets			
Cash and short term funds	7	5,504	3,584
Investments	8	1,619	1,176
Advances and other accounts	9	10,353	9,624
Amounts due from group companies		53	80
Property and equipment	11 & 12	771	604
		18,300	15,068
Liabilities			
Deposits and customers' current accounts		14,583	11,630
Other liabilities	12 & 13	1,909	1,785
Taxation		265	297
Amounts due to group companies		65	68
Dividend proposed		160	114
		16,982	13,894
Capital resources			
Minority interests		71	59
Share capital	14	572	191
Reserves	15	675	924
		1,318	1,174
		18,300	15,068

The accounts on pages 13 to 21 were approved by the Board of Directors on 22 February 1991 and were signed on its behalf by:

S.N. Waruhiu)
R.A. Bird) Directors
F.M. Mbiru)

J.A.O. Adera) Secretary



Balance Sheet of the Bank

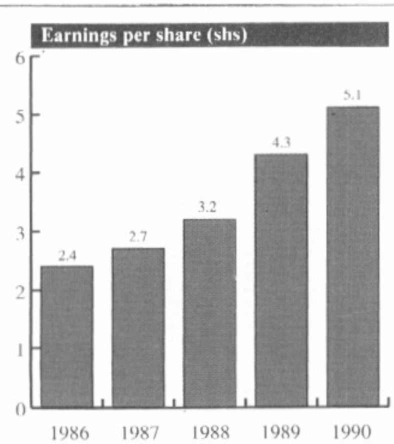
31 December 1990

	Notes	1990 shs million	1989 shs million
Assets			
Cash and short term funds	7	4,981	3,179
Investments	8	937	1,166
Advances and other accounts	9	7,131	7,332
Amount due from subsidiary company		6	134
Amounts due from group companies		53	80
Investments in subsidiary companies	10	300	158
Property and equipment	11 & 12	768	601
		14,176	12,650
Liabilities			
Deposits and customers' current accounts		10,357	9,455
Other liabilities	12 & 13	1,649	1,656
Taxation		214	259
Amount due to subsidiary company		484	15
Amounts due to group companies		65	38
Dividend proposed		160	114
		12,929	11,537
Capital resources			
Share capital	14	572	191
Reserves	15	675	922
		1,247	1,113
		14,176	12,650

The accounts on pages 13 to 21 were approved by the Board of Directors on 22 February 1991 and were signed on its behalf by:

S.N. Waruhiu)
R.A. Bird) Directors
F.M. Mbiru)

J.A.O. Adera) Secretary



The corresponding figures for the previous years have been revised to take into account the bonus issue made in 1990.

Consolidated Statement of Source and Application of Funds
for the year ended 31 December 1990

	1990 shs million	1989 shs million
Source of funds		
Profit before taxation	598	482
Adjustment for items not involving the movement of funds:		
Depreciation of property and equipment	67	49
Surplus on disposal of property and equipment	(3)	—
Total generated from operations	662	531
Funds from other sources		
Minority interests	—	59
Proceeds on issue of shares	—	88
Proceeds on sale of property and equipment	4	—
Dividend received from associated company	—	5
	666	683
Application of funds		
Assets on acquisition of subsidiary	—	3
Expenditure on fixed assets	235	139
Taxation paid	321	185
Dividend paid - parent company shareholders	42	64
- minority shareholders	5	—
	603	391
	63	292
Represented by:		
Increase/(decrease) in working resources		
Cash and short term funds	1,920	907
Investments	443	161
Advances and other accounts	729	3,089
Group companies	(24)	53
Deposits and customers' current accounts	(2,953)	(3,245)
Other liabilities	(52)	(673)
	63	292

Notes to the Accounts

for the year ended 31 December 1990

1 Accounting policies

Basis of accounting

The group accounts are prepared on the historical cost convention modified to include the revaluation of certain assets.

Consolidation

The consolidated accounts include the accounts of Barclays Bank of Kenya Limited and its subsidiary companies made up to 31 December. Details of the subsidiary companies are given in note 10.

Investment in subsidiary companies

Investments in subsidiary companies are stated at Directors' valuation based on the net asset value of each subsidiary company at the balance sheet date.

Depreciation

Depreciation is provided on equipment on a straight line basis over five years. Leasehold properties with less than fifty years of the lease outstanding and leasehold land are depreciated on a straight line basis over the remaining period of the lease. Buildings on long leasehold and freehold land are depreciated on a straight line basis over 50 years.

Bad and doubtful debts

Specific provisions are made against advances when, in the opinion of the Directors, recovery is doubtful. In addition, general provisions are maintained, based on management's evaluation of the portfolios of advances and other exposures, in respect of losses which, although not specifically identified, are known from experience to be present in any such portfolio.

Current taxation

Current taxation is provided in the profit and loss account on the basis of the profit included therein adjusted according to the fiscal laws of Kenya.

Deferred taxation

Deferred taxation is provided on timing differences between the accounting and taxation treatment of income and expenditure where, in the opinion of the Directors, a significant liability to taxation will crystallise in the foreseeable future.

Foreign currencies

Assets and liabilities in foreign currencies are expressed in Kenya shillings at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies during the year are converted at the rates ruling at the time of the transactions. The resulting profits or losses are dealt with in the profit and loss account.

2 Operating profit

	1990 shs million	1989 shs million
The operating profit of the group is arrived at after charging:		
Depreciation of property and equipment	67	49
Directors' emoluments		
Fees	1	1
Other emoluments	9	3
Auditors' remuneration	1	1
Contribution to Deposit Protection Fund	11	8
and after crediting:		
Insurance provision in previous years no longer required	—	16
Income from investments	218	144

3 Taxation

	1990 shs million	1989 shs million
Current taxation charge based on the profit for the year calculated at the corporation rate of 42.5 per cent (1989 - 45 per cent)	289	240
Overprovision in prior years	—	(8)
	289	232
Share of associated company's taxation	—	6
	289	238

4 Profit after taxation

Of the profit after taxation, shs256 million (1989 - shs217 million) has been dealt with in the accounts of Barclays Bank of Kenya Limited.

5 Dividend

	1990 shs million	1989 shs million
First and final dividend proposed (gross) of 28 per cent (1989 - 60 per cent)	160	114

6 Earnings per share

Earnings per share are calculated on the profit attributable to shareholders of shs292 million (1989 -shs244 million) and on the number of shares in issue at the balance sheet date. The corresponding figure for 1989 has been adjusted accordingly.

7 Cash and short term funds

	THE GROUP		THE BANK	
	1990 shs million	1989 shs million	1990 shs million	1989 shs million
Cash in hand, balance with the Central Bank of Kenya and current accounts with other banks	1,674	999	1,674	998
Items in course of collection	1,686	1,410	1,686	1,410
Kenya Government bills and other bills available for re-discount with the Central Bank of Kenya	2,144	1,175	1,621	771
	5,504	3,584	4,981	3,179

8 Investments - at cost

	THE GROUP 1990	THE GROUP 1989	THE BANK 1990	THE BANK 1989
Trade investment (not quoted)	1	—	1	—
Kenya Government Treasury Bonds and Stock (not quoted)	946	1,176	936	1,166
Debenture stocks and commercial paper (not quoted)	672	—	—	—
	1,619	1,176	937	1,166
Directors' valuation of investments	1,615	1,172	937	1,166

9 Advances and other accounts

	THE GROUP 1990 shs million	THE GROUP 1989 shs million	THE BANK 1990 shs million	THE BANK 1989 shs million
Lendings to customers	10,286	9,181	7,211	7,082
Finance leases receivable	—	50	—	—
	10,286	9,231	7,211	7,082
Less: provisions	159	149	100	98
	10,127	9,082	7,111	6,984
Other accounts	226	542	20	348
	10,353	9,624	7,131	7,332
Provisions at 31 December:				
Specific	65	67	32	42
General	94	82	68	56
	159	149	100	98

10 Subsidiary companies

	Percentage of shareholding	1990 shs million	1989 shs million
Investment in subsidiary companies:			
Barclays Merchant Finance Limited	100%	233	100
National Industrial Credit Limited	51%	67	58
Barclays (Kenya) Nominees Limited	100%	—	—
		300	158

11 Property and equipment

Group	Property shs million	Equipment shs million	Total shs million
Cost or valuation			
At 1 January 1990	549	210	759
Additions	160	75	235
Disposals	—	(6)	(6)
At 31 December 1990	709	279	988
Comprising			
Valuation - 1982 and prior years	1	—	1
- 1988	438	—	438
Cost	270	279	549
	709	279	988
Depreciation			
At 1 January 1990	40	115	155
Charge for the year	27	40	67
Eliminated on disposals	—	(5)	(5)
At 31 December 1990	67	150	217
Net book value			
At 31 December 1990	642	129	771
At 31 December 1989	509	95	604

11 Property and equipment *(Continued)*

The Bank	**Property** shs million	**Equipment** shs million	**Total** shs million
Cost or valuation			
At 1 January 1990	548	204	752
Additions	160	73	233
Disposals	—	(6)	(6)
At 31 December 1990	708	271	979
Comprising			
Valuation - 1988	438	—	438
Cost	270	271	541
	708	271	979
Depreciation			
At 1 January 1990	40	111	151
Charge for the year	27	38	65
Eliminated on disposals	—	(5)	(5)
At 31 December 1990	67	144	211
Net book value			
At 31 December 1990	641	127	768
At 31 December 1989	508	93	601

12 Leased assets	1990 shs million	**1989** shs million
Included in property and equipment of the group and the Bank (note 11) is equipment subject to finance leases with a net book value of	3	7
The relevant liability, excluding interest, is included in other liabilities:		
Repayable within 1 year	2	3
Repayable between 1 and 5 years	6	8
	8	11

	THE GROUP		THE BANK	
13 Other liabilities	1990 shs million	**1989** shs million	1990 shs million	**1989** shs million
Unpaid dividends	132	54	126	48

Included in other liabilities are amounts representing that part of the 1988 and 1989 dividends payable to non-resident shareholders. Exchange control approval to remit these dividends had not been received at the balance sheet date.

	THE GROUP		THE BANK	
	1990	1989	1990	1989
	shs million	shs million	shs million	shs million
14 Share capital				
Authorised				
58,100,000 (1989 - 20,000,000) ordinary shares of shs10 each	581	200	581	200
Issued and fully paid				
57,150,000 (1989 - 19,050,000) ordinary shares of shs10 each	572	191	572	191

15 Reserves

	Share premium	Revaluation	Revenue	Total
	shs million	shs million	shs million	shs million
Group				
At 1 January 1990	141	182	601	924
Share issue expenses	(4)	—	—	(4)
Retained profit for the year	—	—	132	132
Bonus issue	—	—	(381)	(381)
Adjustment to prior year goodwill on acquisition	—	—	4	4
At 31 December 1990	137	182	356	675
The Bank				
At 1 January 1990	141	182	599	922
Share issue expenses	(4)	—	—	(4)
Retained profit for the year	—	—	96	96
Surplus on revaluation of investment in subsidiary companies	—	42	—	42
Bonus issue	—	—	(381)	(381)
At 31 December 1990	137	224	314	675

	THE GROUP		THE BANK	
	1990	1989	1990	1989
16 Contingent liabilities	shs million	shs million	shs million	shs million
Guarantees to third parties, performance bonds and indemnities	3,836	3,474	3,666	3,474
Guarantees to subsidiary company	—	—	779	—
17 Commitments for capital expenditure				
Contracted and not provided in these accounts	70	81	70	80
Authorised but not yet contracted	361	138	361	138

BARCLAYS

Barclays Bank Branches

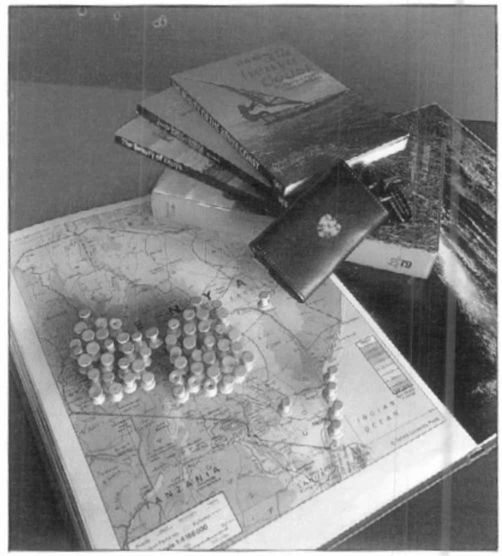
as at 31 December 1990

Branches.... We have 96 branches, sub-branches, agencies and mobile banks all over Kenya - that's Barclays.

Matawi yetu.... Tuna matawi 96, matawi madogo madogo, mawakala na benki za magari kote nchini Kenya - na hiyo ni Barclays.

Upcountry

Bamburi
Bungoma
Burnt Forest
Chogoria
Chuka
Diani
Eldama Ravine
Eldoret
Embu
Engineers
Garissa
Homa Bay
Igoji
Isiolo
Kakamega
Kangari
Kapenguria
Kapsabet
Karatina
Karen
Kericho
Keroka
Kerugoya
Kiambu
Kilifi
Kiriaini
Kisii
Kisumu
Kitale
Kitui
Kutus
Limuru
Litein
Machakos
Magadi
Malindi
Maragua
Matunda
Maseno
Maua
Mbale
Meru
Molo
Murang'a
Mwea Tebere
Migori
Naivasha
Nakuru East
Nakuru West
Nandi Hills
Nanyuki
Narok
Ngong
Njabini
Nyahururu
Nyeri
Kimathi Way — Nyeri
Ol'Kalou
Othaya
Runyenjes
Sotik
Thika
Watamu
Webuye
Voi



Nairobi

Changamwe Road
Enterprise Road
Haile Selassie Ave.
Harambee Avenue
Hurlingham
JKI Airport
Kenyatta Avenue
Lavington Green
Market Branch
Moi Avenue
Muthaiga
Pioneer House
Queensway House
River Road
Union Towers
Westlands

Mombasa

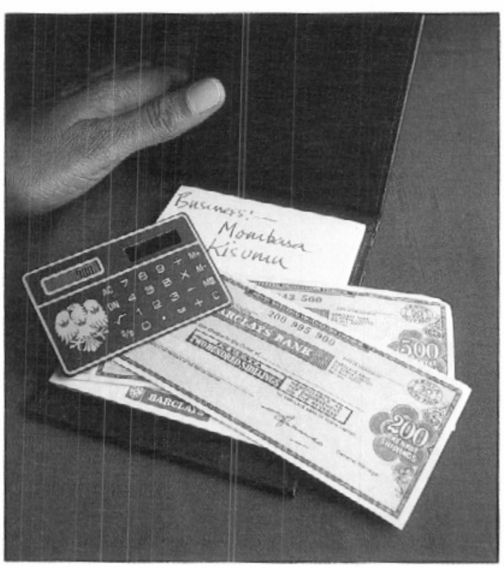
Changamwe
Digo Road
Moi Avenue
Nkrumah Road
Ratna Shopping Centre

Mobile Banks

BAT Nairobi
Karangatha
Kinoro
Kipipiri
Lare
Malakisi
Murungaru
Mutuate Trade Centre
Ndunyu Njeru
Ol'Karia

Local travellers' cheques.... Travellers' cheques in Kenya shillings; buy them from Barclays, change them anywhere in Kenya - that's Barclays.

Hundi za safari za humu nchini zenye thamani ya shilingi za Kenya (Local Travellers' Cheques) zinaweza kununuliwa kutoka kwa Barclays na kuvunjwa po pote nchini Kenya - na hiyo ni Barclays.



BARCLAYS

Proxy form for Annual General Meeting

The Secretary,
Barclays Bank of Kenya Limited,
P O Box 30120, Nairobi.

I/we ____

CAPITAL LETTERS PLEASE

of ____

being a Member/Members of the above named Company, hereby appoint

____

of ____

or failing him the Chairman of the Meeting as my proxy to vote for me/us and on my/our behalf at the Twelfth Annual General Meeting of the Company to be held on Friday 24 May 1991 and at any adjournment of it.

My/our proxy is to vote as indicated in respect of the following Resolutions:-

(Please indicate with an X in the spaces below how you wish your votes to be cast for or against any of the Resolutions. If no indication is given your proxy will be free to vote as he/she wishes).

Ordinary business

		for	against
(i) To approve the Directors' Report and Accounts for the year ended 31 December 1990		☐	☐
(ii) To declare a dividend		☐	☐
(iii) To re-elect retiring Directors	(a) S.O.J. Ambundo	☐	☐
	(b) A.M. Archdeacon	☐	☐
(iv) To fix Directors' remuneration		☐	☐
(v) To authorise the Directors to fix the remuneration of the Auditors		☐	☐

Dated ____ 1991

Signature(s) ____

____

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

BARCLAYS

FOLD 2
KISHA KUNJA HAPA

STAMP

FOLD 1
KUNJA HAPA KWANZA

The Secretary
Barclays Bank of Kenya Limited
P O Box 30120
NAIROBI
Kenya

FOLD 3
HALAFU KUNJA HAPA

INSERT FLAP INSIDE
SASA INGIZA SEHEMU YA KARATASI HII NDANI YA MKUNJO ILI IONEKANE KAMA BAHASHA