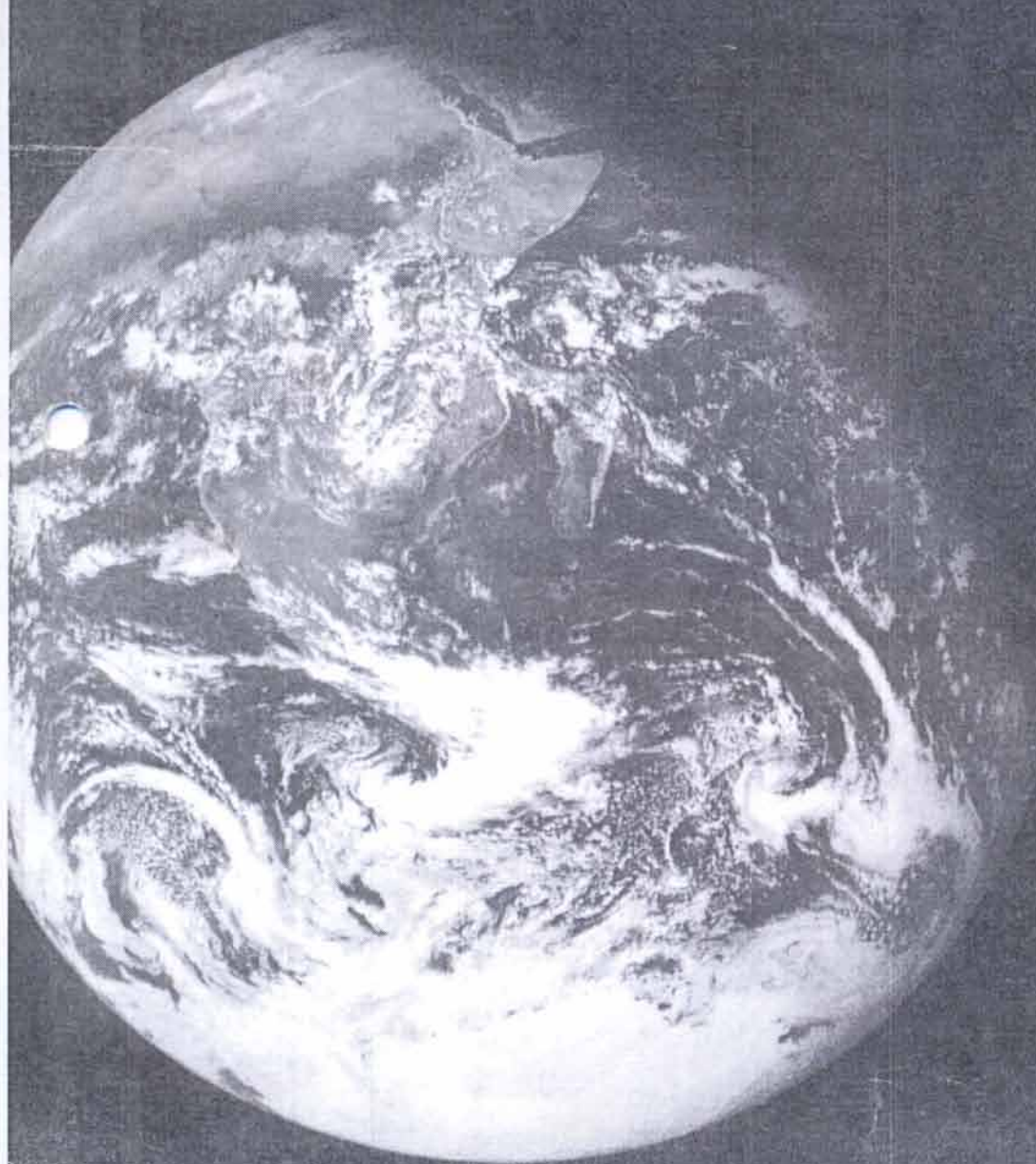




Barclays Bank of Kenya Limited

Annual Report and Financial Statements for the Year Ended 31 December 2002



BARCLAYS

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Barclays Africa Financial Review

Barclays Africa provides banking services to personal and corporate customers in North Africa, sub-Saharan Africa and islands in the Indian Ocean. The portfolio comprises banking operations in Botswana, Egypt, Ghana, Kenya, Mauritius, Seychelles, South Africa, Tanzania, Uganda, Zambia and Zimbabwe.

In November 2002, Barclays acquired the business of BNPI Mauritius.

During the year, significant restructuring initiatives were undertaken to reposition our businesses in the light of challenges posed by the deteriorating economic situation in certain African countries.

Operating profit decreased 19% (£25m) to £105 million (2001: £130m). This decrease was mainly attributable to the situation in Zimbabwe, where there was a decline in profit of £14 million. All businesses remained profitable in local currencies.

Net interest income fell 9% (£16m) to £160 million (2001: £176m) primarily attributable to the effects of Zimbabwe. Excluding Zimbabwe, net interest income increased 2% (£3m) to £151 million (2001: £148m) reflecting growth in customer balances with lending up 29% to £1.5 billion and deposits rising 25% to £2.5 billion. Net interest margins fell due to the impact of lower interest rates, particularly affecting deposit margins.

Net fees and commissions decreased 12% (£16m) to £114 million (2001: £130m), mainly due to Zimbabwe.

Operating costs declined 9% (£14m) to £143 million (2001: £157m) largely as a result of the impact of Zimbabwe. The cost income ratio increased marginally to 52% (2001: 50%) with tight control of costs offsetting increased strategic investment spend.

Provisions increased by 8% (£2m) to £27 million (2001: £25m).

	2002 £m	2001 £m
Net interest income	160	176
Net fees and commissions	114	130
Other operating income	1	6
Operating income	275	312
Operating costs	(143)	(157)
Provisions for bad and doubtful debts	(27)	(25)
Operating profit	105	130
Restructuring costs	(16)	(7)
Profit before tax and exceptional items	89	123

Barclays Bank of Kenya limited

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 banking 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 56 branches with 67 ATMs and a strong customer base of 494,000 customer accounts spread across the country. The Bank's financial performance over the years has built confidence among the 35,000 shareholders, with a reputation as one of the leading blue chip companies on the Nairobi Stock Exchange.



Right: Mary Asava (Service Delivery), Samuel Lasoi (Compliance) and Aurolah Hluiko (Service Delivery) take part in a community initiative called "Make A Difference Day" (see Social Responsibility on page 9). They are seen here planting a tree at the Cottelengo Children's Home.



Right: Nakuru East staff doing a clean-up during the MADD event.

Board of Directors



1. SAM AMBUNDO
Chairman (age 73). Joined the Board on 28 May 1982 and was a former General Manager of the Bank. He is a Director of the Export Promotion Council and Kenya Power and Lighting Company Limited.



7. DAVID JAMES
Executive Director (age 53). Joined the Board on 25 April 2001. He is an Associate of the Chartered Institute of Bankers and has worked with Barclays Group since 1967. Currently Director - Risk Management.



2. ADAN MOHAMED
Executive Director (age 40). 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 Managing Director.



8. AYISI MAKATIANI
Non-executive Director (age 36). Joined the Board on 26 June 2002. He is a BSc. Electrical Engineering graduate from Massachusetts Institute of Technology (MIT), Boston. He is the Executive Chairman of Gallium Capital Partners.



3. CHARLES ONGWAE
Executive Director (age 42). Joined the Board on 26 June 2002. He is a Bachelor of Commerce graduate from the University of Nairobi. He also holds an MBA from the same university and is a Certified Public Accountant. Currently Finance Director.



9. MARTIN OKECH
Non-executive Director (age 60). Joined the Board on 26 March 1998. He is a Director of Meliso Limited, former Managing Director of ICL and current Chairman of ICL.



4. DOMINIC BRUYNSEELS
Overseas based non-executive Director (age 43). He is an Associate of the Chartered Institute of Bankers (UK) and holds an MBA degree. Currently Chief Executive - Barclays Africa.



10. SHANTILAL SHAH
Non-executive Director (age 63). Joined the Board on 29 August 2001. He is Chairman of the Board of Governors - M.P. Shah Hospital and the Executive Chairman of General Accident Insurance Company.



5. PAUL CHEMNG'OREM
Non-executive Director (age 53). Joined the Board on 26 March 1998. He is a Director of International Distillers of Kenya Limited, Uchumi Supermarkets, Kenya Liquor, Taptok Limited and African Diatomite Limited. Currently Managing Director of Kenya Wine Agencies Limited and Chairman of Kenya Utalii College.



11. AMIN HABIB
Executive Director (age 37). Joined the Board on 25 September 2002. He is a BSc. Industrial Engineering graduate from the University of California. Currently Corporate Director.



6. ROSE OGEKA
Non-executive Director (age 42). 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. Currently the Finance Director of Skynet Worldwide Express (Kenya) and Vice Chairlady of the Institute of Certified Public Accountants of Kenya.



12. MORRIS WAHOME
Non-executive Director (age 63). Joined the Board on 27 March 1993 and was a former General Manager of the Bank. He is a Director of Plaza Trust, Transebel, Mosi Limited, Mureka Investments, Maliko, Waco Limited and the College of Banking and Finance of Kenya.

Notice of Annual General Meeting

Notice is hereby given that the twenty fourth Annual General Meeting of the shareholders of Barclays Bank of Kenya Limited will be held at the Plenary Hall, Kenyatta International Conference Centre, Harambee Avenue, Nairobi on Friday 25 April 2003 at 11:00 to transact the following business:

1. To confirm the Minutes of the twenty third Annual General Meeting held on 10 May 2002.
2. To receive, consider and if thought fit, adopt the Annual Report and Financial Statements for the year ended 31 December 2002, together with the Directors' and Auditors' 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:
 - i. P.K. Chemng'orem
 - ii. D. Bruynseels

M.J. Okech 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 96 of the Company's Articles of Association.

- b) In accordance with Article No. 101 of the Company's Articles of Association, the following directors are due to retire, this being the first Annual General Meeting to be held since their appointment and being eligible, individually offer themselves for re-election:
 - i. A. Makatiani
 - ii. A. Habib
 - iii. C. Ongwae
5. To fix the remuneration of the directors.
6. To appoint auditors.
7. To transact any other business of an Annual General Meeting.

8. Special business
 - a) Special Notice has been received by the Company pursuant to Section 142 of the Companies Act (Cap.486) that the following resolution be proposed in accordance with Section 186(5) of the said Act for the consideration of the shareholders:

"THAT Samuel Okwayo Joshwa Ambundo who is over the age of 70 years, be and is hereby re-elected as a director of the Company."

- b) To consider, and if thought fit, to pass the following resolutions as ordinary resolutions:
 - i. "That the authorised share capital of the Company be increased from one billion nine hundred million Shillings (Shs1,900,000,000) divided into one hundred and ninety million (190,000,000) shares of ten Shillings each (Shs10) to two billion forty million (Shs2,040,000,000) by the creation of fourteen million ordinary shares of ten Shillings each (Shs10) to rank *pari passu* with existing ordinary shares of the Company in all respects."

- ii. "That in pursuance of article 127 of the Company's Article of Association and subject to the approval of the Capital Markets Authority being obtained pursuant to rule 41A of the Capital Markets Authority (Amendment) rules 1994 and to the Nairobi Stock Exchange approving the listing of new ordinary shares of the Company, and upon the recommendation of the Board, it is desirable to capitalise the sum of one hundred eighty five million one hundred sixty six thousand Shillings (Shs185,166,000) being the amounts standing to the credit of the Revenue Reserve Account and that accordingly such sum be set free for distribution amongst the holders of the ordinary shares in the capital of the Company on the register of members as at 20 March 2003 on condition that the same not be paid in cash but be applied in paying up in full at par eighteen million five hundred sixteen

thousand six hundred ordinary shares of ten Shillings each (Shs10) each in the capital of the Company and the such 18,516,600 shares credited as fully paid accordingly be allotted to such persons respectively in the proportion of one (1) of such shares for every ten (10) ordinary shares so distributed shall rank *pari passu* with the existing issued ordinary shares and shall be treated for all purposes as an increase of the normal amount of capital of the Company held by each such shareholder and not as income and the directors be and are hereby authorised to attend to all matters required to give effect to this resolution."

- iii. "That should any of the said bonus shares not be issued by reason of fractions of a share being disregarded, the directors may allot and issue the same to such persons and upon such terms and conditions as they may think fit."

By order of the Board
R. Onyancha, Secretary,
P O Box 30120, Code 00100,
Nairobi.

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, Mezzanine 6, Barclays Plaza, Loita Street, P.O. Box 30120, Nairobi 00100 or be posted, so as to reach the Company not later than 11:00 am on Wednesday 23 April 2003.

Note 2. Any member may by notice duly signed by him and delivered to the registered office of the Company not less than three 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

Tungependa kuwajulisha kuwa mkutano mkuu wa ishirini na nne wa kila mwaka wa Benki ya Barclays Kenya utafanywa katika ukumbi wa Plenary, katika ukumbi wa mikutano ya kimataifa wa Kenyatta (jengo la Kenyatta International Conference Centre), barabara ya Harambee Avenue, mnamo Ijumaa tarehe 25 Mwezi wa nne (Aprili) mwaka 2003 saa tano asubuhi kutekeleza shughuli zifuatazo:

1. Kuhakiki kumbukumbu za mkutano mkuu wa ishirini na tatu wa kila mwaka uliofanywa mwaka jana mwezi wa tano tarehe kumi.
2. Kupokea, kujadili, na ikiwa sawa, kuikubali taarifa ya kila mwaka na taarifa za Kifedha za mwaka uliomalizika tarehe Disemba 31 (2002), pamoja na Ripoti za Wakurugenzi na Wakaguzi Hesabu kuhusu hayo.
3. Kutangaza mgawo wa faida.
4. Kuwateua Wakurugenzi
 - a) Kufuatana na vibainishi 94 na 96 vya kanuni za misingi ya ushirikiano za kampuni, Wakurugenzi wafuatao wanatarajiwa kustaafu kwa zamu na kwa vile bado wanastahili, wanajitolea kuteuliwa tena.
 - i. Bw. P.K Chemng'orem
 - ii. Bw. D. Bruynseels
 - Bw. M.J Okech ameeleza Kampuni kuhusu azima yake ya kustaafu katika mkutano mkuu ujao wa kila mwaka. Hivyo basi hatajitolea kuteuliwa tena chini ya Kibainishi 96 cha kanuni za misingi ya ushirikiano za kampuni.
 - b) Kufuatana na kibainishi 101 cha kanuni za misingi ya ushirikiano za kampuni, wakurugenzi wafuatao wanaotarajiwa kustaafu kwani huu ndio mkutano mkuu wa kwanza kufanywa tangu kuteuliwa kwao, wanajitolea kuteuliwa tena.
 - i. Bw. A Makatiani
 - ii. Bw. A Habib
 - iii. Bw. C.Ongwae
5. Kukadiria malipo ya Wakurugenzi
6. Kuteua Wakaguzi Hesabu
7. Kuendesha shughuli zozote zingine za mkutano mkuu wa Mwaka.

8. Shughuli Muhimu.
 - a) Kampuni imepokea taarifa maalum kufuatana na sehemu 142 ya Kanuni za Kampuni (Fungu 486, la Sheria za Kenya) ya kuwa azimio lifuatalo lipendekezwe kwa mujibu wa sehemu 186 (5) ya Kanuni iliyotajwa kwa mazingatio ya wenye hisa.

"Kuwa Bw. Samuel Okwaya Joshua Ambundo aliye na umri zaidi ya 70 aendelee kuwa mkurugenzi wa kampuni. Na hapa ameteuliwa tena kuwa mkurugenzi wa kampuni.
 - b) Kujadili na iwapo itaonekana sawa kupitisha maazimio yafuatayo kama maazimio ya kawaida.
 - i) Kuwa rasilimali za hisa zilizokubaliwa za kampuni ziongezwe kutoka bilioni moja, na milioni tisa (1,900,000,000) iliyogawanywa katika hisa mia moja tisini milioni, za shilingi kumi kila moja hadi bilioni mbili na milioni arobaini (2,040, 000,000) kwa kubuni hisa milioni kumi na nne (14,000,000) za kawaida za Sh 10 kila moja zitakazo kuwa sawa kwa hali zote na hisa za kawaida zilizoko za Kampuni.
 - ii) Kwamba kufuatilia masharti ya kibainishi cha 127 cha kanuni za misingi ya ushirikiano za kampuni na kutegemea kama idhini itapatikana kutoka kwa (Shirika la Masoko Nchini) Capital Markets Authority kulingana na kibainishi cha 41 A cha Kanuni za Capital Markets Authority za 1994 (Sheria zilizorekebisha) na kutegemea idhini ya kutoa hisa mpya za kawaida kutoka kwa Soko la Hisa la Nairobi (NSE), ingekuwa jambo la busara kugeuza kuwa rasilimali shilingi 185,166,000 ambazo ni fedha kutoka akaunti ya masazo ya pato ya kampuni na kwamba fedha hizi zitolewe kwa minajili ya kusambazwa kwa wanahisa wanaoshikilia hisa za kawaida kwenye rasilimali ya kampuni na waliosajiliwa kufikia mwisho wa siku ya kazi mnamo tarehe 20 Machi 2003. Hata hivyo, mgawo huu hautagawanywa kifedha bali utatumiwa kulipa kikamilifu hisa 18, 516,600 za shilingi 10 kwa kila hisa katika rasilimali ya kampuni na kwamba hisa hizi za kawaida 18, 516,600 zilizosajiliwa kwamba

zimelipwa kikamilifu zigawanywe kwa kila mtu katika uwiano wa hisa moja kwa kila hisa kumi za kawaida zilizokwenye kampuni kwa muda huo. Inapendekezwa kwamba hisa hizi zitakazogawanywa ziwe kiwango sawa na zile hisa za kawaida zilizokuwepo awali na zitachukuliwa kama kuongezeka kwa rasilimali ya kampuni iliyoshikiliwa na kila mwana hisa bali si kama mapato. Na Wakurugenzi hapa wamepewa idhini kufanya yote yatakoyotakikana kutekeleza azimio hili.

- iii) Kwamba iwapo kuna hisa zozote za ziada ambazo hazijatolewa kwa sababu ya kupuuzwa kwa hisa isiyo kamili, wakurugenzi wanaweza kuzikabidhi hisa hizo za ziada kwa mtu yeyote kulingana na kanuni na masharti watakayoona kuwa mwafaka.

**Kwa Amri ya Halmashauari
R. Onyancha (Bi)
Katibu
S.L.P 30120, code 00100
Nairobi**

Noti 1: Mwana chama anayeweza kuhudhuria na kupiga kura katika mikutano anaruhusiwa kuteua wakala kumwakilisha. Sio lazima wakala huyo awe mwanachama wa kampuni. Ili iwe halali, fomu ya uwakilishaji iliyotolewa pamoja na ripoti hii ni lazima ikamilishwe na mwanachama na ipelekwe katika ofisi ilikosajiliwa kampuni, Mezzanine 6, Barclays Plaza, Loita Street, S.L.P 30120, Nairobi 00100 ama itumwe na ifike kabla ya saa tano asubuhi, Jumatano Aprili tarehe 23 mwaka 2003.

Noti 2 : Mwanachama yeyote anaweza kulipendekeza jina la mtu yeyote anayemtaka kuwa mkurugenzi wa kampuni. Taarifa hii inayoorodhesha jina la mtu yule aliyependekezwa lazima itiwie sahihi na yule anayependekeza vile vile na yule aliyependekezwa ili kuonyesha nia yake ya kutaka kuchaguliwa kama mkurugenzi. Taarifa hii lazima ifike kwenye ofisi ilikosajiliwa kampuni siku tatu kabla ya mkutano lakini si zaidi ya siku ishirini na nane mbele ya mkutano.

Chairman's Statement



Sam Ambundo
Chairman

I am delighted to present to you our Annual Report and Financial Statements for the year ended 31 December 2002.

Review of the Kenyan economy

It was a challenging year for the Kenyan economy mainly due to political uncertainties that were caused by the presidential and parliamentary elections that took place peacefully towards the end of December 2002.

The Kenyan economy recorded poor performance in 2002 with GDP growth for the year estimated at just below 1% as a result of a slow down in the growth of key sectors including agriculture, manufacturing, building and construction, transport and communications as well as tourism. Agricultural production was particularly hampered by low prices for tea, coffee, and sugar. Growth in the manufacturing sector was constrained by low domestic demand, high cost of power and competition from imports, while the tourism sector was adversely affected by fear of travel associated with terrorist activities and heightened risks of war in the Middle East. Other factors that slowed down economic growth in various sectors were, among others, low levels of investment due to political uncertainty, worn out infrastructure and unreliable communications.

However, despite the grim performance on the overall economic outturn in 2002, there were also some highlights. One area in which Kenya made significant progress was in sustaining macro-economic stability in an environment of a widening budget deficit. By pursuing a tight monetary stance, the Central Bank of Kenya was able to contain the growth of money supply to below 10%. Monetary policy was greatly assisted by a low demand for credit by the private sector due to the depressed state of the economy. The impact of that policy was that the level of annual overall inflation remained below 2% for most of 2002.

Another area in which progress was achieved was in the level of interest rates. The benchmark 91-day Treasury bill rate

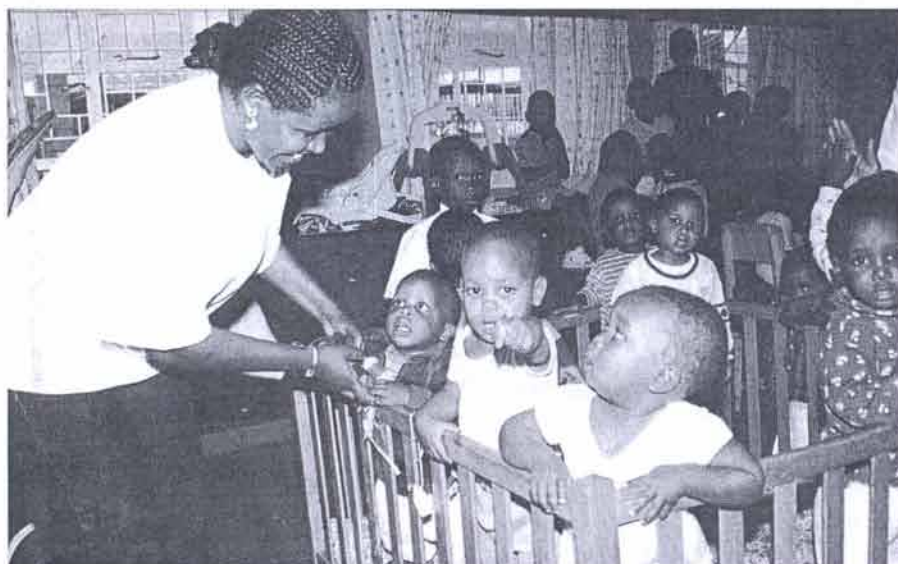
declined from 11% in January 2002 to 8% by the end of the year. This was driven mainly by excess liquidity conditions in the market in the run-up to the general elections and the government's restructuring of domestic debt aimed at lengthening the maturity profile of the debt through a bias towards longer dated Treasury bonds. The Treasury bond yields at December 2002 were between 10.5% and 13.75% for 1 to 5 year bonds.

The government's financial operations during the year saw the stock of Treasury bonds rise from Shs80.3 billion to Shs130.5 billion while Treasury bills declined from Shs96.8 billion to Shs82.9 billion. This shift from Treasury bills to bonds helped to raise the average maturity of domestic debt from 8 months in June 2001 to 1.81 years in December 2002, thus easing the debt service burden. Whilst the government is expected to continue substituting Treasury bills with bonds, sustainable low interest rates can only be achieved through a reduction in domestic government borrowing which has a 'crowding out effect' on the private sector, leading to high interest rates.

The Shilling exchange rate remained virtually at the same level as in 2001 confined largely within the Shs78 - Shs79 range per US Dollar and only breaching the Shs80 level in the run-up to the December elections. However, in the last week of 2002 the local unit posted gains against the US Dollar to close the year at Shs77 levels amid high expectations that the new government will be able to turn around the economy. The Shilling's stability during the year is attributed to the high level of foreign exchange reserves coupled with a fall in the demand for imports and growth in agricultural exports, mainly tea and horticultural products.

The operating environment for the banking sector in 2002 was a difficult one as evidenced by the reduced level of profitability for the entire banking sector. Many problems that constrained the sector in 2001 flowed into 2002. However, the main reason for the reduction in profitability was the decline in interest income, high levels of restructuring costs and continuing provision for bad and doubtful debts.

Chairman's Statement (continued)



Left: Consolata Wanjiku cheering up HIV/AIDS infected children at Barnardos Children's Home.

were undermined by the depressed state of private sector demand for credit.

Corporate governance

Several changes aimed at adding further competencies and experiences to our Board were made during the year. Adan Mohamed, our new Managing Director, replaced Isaac Takawira who was appointed Country Manager, Barclays South Africa. Charles Ongwae replaced Adan Mohamed as Finance and Planning Director and Amin Habib took over from James Turner as Corporate Director. Following the retirement of Dr Eric Mngola, Japheth Ilako and Philip Howell, two new non-executive directors were appointed, Rose Ogega and Ayisi Makatiani. On my behalf and that of the Board, I would like to welcome the new members and thank the retiring members for their valuable contributions during the year. I wish you well in your new endeavours.

The Bank is managed on the principles of Value Based Management (VBM). This is a decision-making framework to guide management processes and provide a set of tools for maximising the value of an organisation. VBM enables us to manage for value, helping us to make better decisions about how we deliver superior service to our

customers and superior returns for our shareholders. We have aligned performance management and incentives to VBM. Going forward, we believe that VBM will enable us to continue unlocking the hidden value of our capital, skills and reputation thus making it possible for us to deliver superior returns for shareholders.

Transparency

From 2002 the Central Bank of Kenya made it mandatory for all banks to disclose their unaudited accounts on a quarterly basis. The quarterly disclosure of the profit and loss account and balance sheet provides investors and regulators with a powerful tool to monitor and make informed, effective decisions on the performance and stability of banks.

We believe that transparency holds competitive advantage as it allows investors and regulators to make more effective comparisons between organisations. Transparency also creates value by allowing investors to make more informed judgements about future profit streams. We further believe that transparency is a positive demonstration of the effective discharge of the Board's accountabilities to its stakeholders. Your Board is therefore committed to ensuring the highest standards of transparency in spirit and actual best

Social responsibility

At Barclays we are committed to the ideal of making a difference in the communities in which we do business. The Barclays community support programme is one of the biggest in the world. We do not see our social responsibilities as conflicting with business objectives, neither do we see them as merely an add-on. We believe that supporting the wider community helps to define who we are and how we differ from our competitors.

We are actively involved in community support activities, the broad aims being to have a clear, lasting and beneficial impact on the local community. Our employees are personally involved in supporting minority groups, going beyond business-as-usual to meet the specific needs of the community.

In Kenya, our community focus in 2002 was on HIV/AIDS, education and the disabled, which saw us donating to charitable organisations such as The Association of People Living with Aids, the African Medical Research Foundation, the Association of the Physically Disabled in Kenya, Red Cross Kenya and the Aga Khan Foundation. Our staff went the extra mile by raising Shs12.5 million through the annual

Charity Walk, the proceeds of which were distributed to various organisations such as Cottelengo (a home for HIV/AIDS children), Missionary of Charity, Shangilia Mtoto wa Africa and renovating the cancer ward at Kenyatta Hospital. Together with the Charity Walk, the Bank contributed Shs31.8 million to various charitable causes.

In October 2002, staff across Barclays Africa participated in a community initiative called Make A Difference Day (MADD), which involved assisting various communities in which they live and work. In Kenya, some of the activities included refurbishing the Central Police Station, painting and cleaning children's homes, hospitals and market places as well as donating blood.

In future, Barclays Kenya will continue to support ongoing programmes in the areas of HIV/AIDS awareness, education and the disabled.

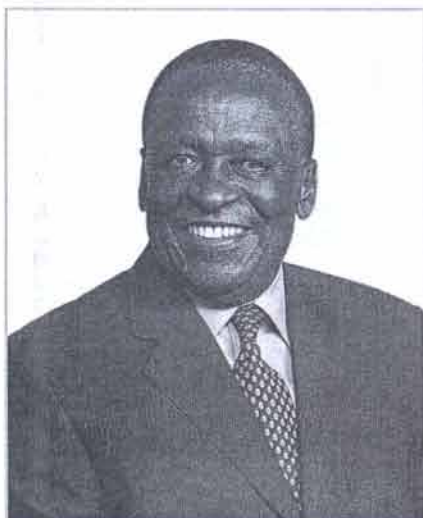
Finally, I would like to take this opportunity to thank my fellow Board members and staff for their dedicated support and commitment throughout the year.

Sam Ambundo
Chairman



Left: Sheba Murigi of Head Office marking pavements on a busy road within the city during the MADD event.

Taarifa ya Mwenyekiti



Sam Ambundo
Mwenyekiti

Ninafurahia sana kuwakabidhi taarifa zetu za mwaka na za kifedha kwa mwaka uliomalizika tarehe 31 Disemba 2002.

Uchunguzi wa uchumi wa Kenya

Mwaka wa 2002 ulikuwa wa majaribu kwa uchumi wa nchi ya Kenya hasa kwa sababu ya hali geu geu ya kisiasa iliyoshamiri kwa sehemu kubwa ya mwaka, hali ambayo ililetwa na kuwepo kwa uchaguzi wa rais na wa wabunge uliofanyika kwa amani mwishoni mwa Disemba.

Uchumi wa Kenya haukufanya vema sana katika mwaka wa 2002. Pato la jumla la kitaifa la mwaka wa 2002 lilikadiriwa kuwa chini ya asilimia moja (1%) kwa sababu ya kupunguka kwa sekta muhimu za kiuchumi kama vile ukulima, utengenezaji, ujenzi, uchukuzi na mawasiliano na vile vile utalii.

Mazao ya kilimo hasa yalididimika kwa ajili ya bei za chini za mazao kama vile chai, kahawa na sukari. Kukua kwa sekta ya utengenezaji kulizoroteshwa na mahitaji hafifu ya bidhaa hizo nchini, bei ghali ya nguvu za umeme na kwa sababu ya bidhaa zilizouzwa hapa nchini kutoka nchi za nje. Sekta ya utalii nayo iliathiriwa na woga wa watalii kuitembelea Kenya kwa sababu ya ushambulizi wa kigaidi na uwezekano mkubwa wa kuweko kwa vita huko Mashariki ya Kati.

Mambo mengine yaliyozoroteshwa kukua kwa uchumi katika medani kadha wa kadha ni hali za chini za uwekezaji nchini iliyosababishwa na hali geu geu za kisiasa, amara zilizozorota na vifaa duni vya mawasiliano.

Hata hivyo, licha ya hali hiyo duni ya kiuchumi mwaka 2002, kulikuwa na maendeleo kadha wa kadha. Medani moja hasa ambapo Kenya ilionyesha udhibiti ni uhifadhi wa uchumi licha ya kuwepo kwa kuongezeka upungufu wa fedha. Kwa kufuatilia mpango wa kujinyima kifedha, Benki Kuu ya Kenya iliweza kuuweka usambazaji wa fedha nchini katika kiwango cha chini ya asilimia kumi (10%). Sera za kifedha

zilisaidiwa sana na mahitaji ya chini ya riba katika sekta za kibinafsi kutokana na hali duni ya uchumi. Matokeo ya sera hiyo ya kifedha yalikuwa ni kukiweka kiwango cha kupanda kwa gharama ya maisha chini ya asilimia mbili (2%).

Sehemu nyingine iliyofana sana mwaka wa 2002 ni viwango vya vima vya riba. Alama teule ya kima cha hawala cha serikali cha siku tisini na moja (91) kilishuka kutoka asilimia kumi na moja (11%) mwezi wa Januari hadi asilimia nane (8%) mwishoni mwa mwaka 2002. Jambo hili liliwezesha kwa kuweko kwa fedha nyingi sokoni kwenye muda uliotangulia uchaguzi wa rais na wabunge, na harakati za serikali za kupanga upya deni la nchi ili kuongeza muda wa upevu wa madeni haya kwa kuongeza muda wa kupevuka kwa hawala za serikali. Faida za hawala za serikali mwezi Disemba mwaka 2002 zilikuwa katikati ya takriban asilimia kumi nukta tano (10.50%) na asilimia kumi na tatu nukta saba tano (13.75%) kwa hawala za serikali zinazokomaa baada ya mwaka mmoja hadi mitano. Harakati za kifedha za serikali mwaka 2002 zilisababisha kukua kwa thamani ya hawala za muda mrefu kutoka shilingi bilioni 80.3 hadi shilingi bilioni 130.5 ilhali thamani ya hawala za muda mfupi zilishuka kutoka shilingi bilioni 96.8 hadi shilingi bilioni 82.9. Mabadiliko haya kutoka matumizi ya hawala za muda mfupi kwa zile za muda mrefu, ziliwezesha serikali kupandisha upevu wa kawaida wa deni la humu nchini kutoka miezi minane mwezi wa Juni 2001 hadi mwaka mmoja na miezi minane mwezi wa Disemba 2002, na kuwezesha kupunguza uzito wa deni la nchi.

Ingawa serikali inatarajiwa kuendelea kubadilisha hawala za muda mfupi kwa zile za muda mrefu, kutozwa kwa kima cha riba cha kiwango cha chini kutawezekana tu iwapo serikali itapunguza kukopa kwake kwa fedha kutoka humu nchini, jambo ambalo husababisha utozaji wa kima cha riba cha juu sana.

Thamani ya shilingi ikilinganishwa na ile ya dola hazikuhitilafiana sana mwaka 2002 na mwaka wa 2001 na

hakukukuwepo mabadiliko makubwa sana katika vima vya thamani hizi miaka hii miwili. Kima hiki kilibaki katikati ya shilingi 78 na 79 kwa ununuzi wa dola ya Amerika na kilipita kiwango cha shilingi 80 kwenye muda uliotangulia uchaguzi wa rais na wabunge mwezi Disemba. Hata hivyo, katika wiki za mwisho za Disemba, kwa ajili ya matarajio makubwa kwamba serikali mpya ingekuza muelekeo wa kiuchumi, kima hiki kilishuka na kufika shilingi 77.

Kuimarika kwa nguvu ya shilingi mwaka 2002 kulisababishwa na kuwepo kwa limbi la pesa za kigeni nchini pamoja na kupunguka kwa bidhaa kutoka nchi za nje na kuwepo kwa biasharanje hasa ya chai na mazao ya ukulima wa bustani.

Mazingara ya biashara ya uwekaji fedha mwaka 2002 yalikuwa magumu kama inavyodhirishwa na kupunguka kwa faida kwenye sekta ya mabanki. Shida nyingi zilizoikumba sekta hii ya mabanki katika mwaka wa 2001 zilitiririka kwenye mwaka wa 2002. Hata hivyo, sababu kuu hasa zilizopelekea kupunguka kwa faida katika sekta ya mabanki mwaka 2002 ilikuwa ni kupunguka kwa vima vya riba, gharama kubwa za kupanga upya sekta hii ya mabanki na kuendelea kuweka kinga kwa madeni yasiyotarajiwa kulipwa. Njia mpya za kuongeza mapato ya kifedha zilidunishwa sekta ya kibinafsi kutotaka kuchukua fedha kwa riba.

Uongozi wa Shirika

Tunafurahi sana kuwaeleza kwamba mabadiliko kadha ya uongozi yalitekelezwa kwenye benki kwa minajili ya kuongeza ustadi na tajriba kwenye halmashauri ya wakurugenzi. Bwana Isaac Takawira alihamishwa Afrika Kusini mwezi wa julai 2002 na mahala pake pakachukuliwa na Bwana Adan Mohamed, ambaye ni Mkurugenzi wetu Mkuu mpya. Wakurugenzi wawili wapya waliteuliwa mwaka 2002. Bwana Charles Ongwae aliteuliwa kupachukua mahala pa Adan Mohammed aliyekuwa Mkurugenzi wa Fedha na Mipango, naye Bwana Amin Habib aliteuliwa kupachukua mahala pa Bwana James Turner aliyekuwa Mkurugenzi wa Shirika.

Kutokana na kustaafu kwa Daktari Eric Mngola, Bwana na Japheth Ilako na Bwana Philip Howell, ilitubidi kuwateua Bi. Rose Ogega na Bwana Ayisi Makatiani kama wakurugenzi wawili wapya.

Kwa niaba yangu na kwa niaba ya Halmashauri ya wakurugenzi ningependa kuwakaribisha wakurugenzi wapya na kuwashukuru wakurugenzi waliostaafu kwa usaidizi na mchango wao wa thamani kubwa kwa shirika. Ninawatakiya kila la heri kwenye juhudi na shughuli zenu za siku za usoni.

Benki hii inaongozwa kulingana na kanuni za uongozi unaozingatia thamani (Value Based Management). Huu ni mfumo wa uongozi unaozingatia maamuzi yanayofuata sera za uongozi na kulipatia shirika vyombo vinavyoliwezesha kuongeza thamani yake. Uongozi huu unaozingatia thamani unatuwezesha kuongoza kwa ustadi na kutusaidia kufanya maamuzi bora ya jinsi za kuwapa wateja wetu huduma bora zaidi na kuwapa wanahisa wetu faida bora zaidi. Tumepanga na kuwapa marupurupu viongozi wanaotekeleza uongozi huu unaozingatia thamani. Katika siku za usoni, tunatarajia kwamba uongozi huu unaozingatia thamani utatuwezesha kufichua thamani ya rasilimali yetu, ujuzi wetu na sifa zetu na kutuwezesha kuwapatia wanahisa wetu faida bora zaidi.

Udhahiri

Kutoka mwanzo wa mwaka 2002, Benki kuu ya Kenya iliifanya sheria kwamba kila benki lazima ifichue hesabu zake za kifedha ambazo hazijakaguliwa kila baada ya miezi mitatu. Kufichua huku kila baada ya miezi mitatu kwa akaunti za faida na hasara na mizania zitawapatia wawekezaji na warekebishaji kifaa muhimu cha kuchunguza na kufanya maamuzi mema na ya kufana ya utekelezaji na ustadi wa benki. Tunaamini kwamba udhahiri hukuza thamani ya benki kwa kuwaruhusu wawekezaji fedha na warekebishaji kulinganisha ustadi wa mashirika mbali mbali. Vile vile, udhahiri huongeza thamani kwa

Taarifa ya Mwenyekiti (inaendelea)

zinazonuiwa kupatikana katika siku za usoni. Zaidi ya haya, tunaamini kwamba udhahiri ni kielelezo halisi cha jinsi halmashauri ilivyo na wajibu kwa washika dau.

Kwa sababu hiyo, tunawahakikishia kwamba halmashauri yenu imejitolea kuhakikisha kwamba itawapeni uaminifu wa hali ya juu kikazi na kimatendo.

Wajibu Kwa Umma.

Benki ya Barclays imejitolea kikamilifu kuleta mabadiliko katika maisha ya umma na katika maeneo ambako tunafanya biashara. Mpango wa umma wa Barclays ni mmojawepo wa mipango mikubwa ya usaidizi ya umma duniani kote. Hatuoni kwamba usaidizi wetu wa umma unazozana kivyovyote na biashara zetu ama kama kwamba usaidizi huo wa umma ni jukumu la ziada. Tunaamini kwamba usaidizi wa umma husaidia kufasili ubinafsi wetu kama benki na vile vile kufasili jinsi tunavyotofautiana na wapinzani wetu kibiashara.

Tunashughulika sana na mipango ya kusaidia umma. Mipango hii lazima iwe madhubuti na yenye manufaa kwa wakaazi wa maeneo yanayolengwa kunufaika. Wafanyikazi wetu wanajihusisha kibinafsi na mipango hii ya kuwasaidia wale wachache wanaohitaji msaada kwa kufanya zaidi ya kazi zao za kiofisi na kuyahudumia mahitaji ya kibinafsi ya umma.

Katika mwaka wa 2002 mipango yetu ya kuisaidia umma nchini Kenya ililenga waliodhuriwa na ugonjwa wa HIV/UKIMWI, elimu na vilema. Katika mipango hii, tulitoa misaada ya kifedha kwa mashirika ya usaidizi kama vile Shirika la Watu Wanaoishi na Ukimwi (Association of People Living with Aids), Taasisi ya Utafiti wa Madawa, Afrika (African Medical Research Foundation), Shirika la Walemavu Nchini Kenya (Association of the Physically Disabled in Kenya), Shirika la Msalaba Mwekundu

(The Red Cross) na Taasisi ya Aga Khan (The Aga Khan Foundation).

Katika matembezi ya kila mwaka ya Barclays Charity Walk, wafanyikazi wetu walijikakamua na kukusanya Shilingi milioni 12.5. Fedha hizo zilisambazwa kwa miradi kadha wa kadha kama vile Cottelengo (makao ya watoto wanaouguwa na ugonjwa wa HIV/UKIMWI), Mamishonari wanaojihusisha na Misaada (Missionary of Charity), Shangilia Mtoto wa Afrika na katika kukarabati wadi ya cansa katika hospitali kuu ya Kenyatta. Benki ya Barclays ilitoa misaada ya takriban shilingi milioni 31.8 kwa miradi kadha wa kadha ya usaidizi (kujumuisha pamoja na fedha zilizokusanywa kwenye matembezi ya kila mwaka)

Mwezi wa Oktoba 2002, wafanyikazi wa Barclays Afrika kote walishiriki katika mpango mmoja wa kusaidia umma ulioitwa Make A Difference Day (MADD). Mpango huu ulinuiwa kuwasaidia wakaazi wa mitaa wanakoishi na kufanya kazi wafanyikazi hawa wa Barclays. Hapa nchini Kenya, baadhi ya hii miradi ilikuwa kama vile kukikarabati kituo kikuu cha polisi cha Central, kupiga rangi na kusafisha makao ya watoto, hospitali na masoko na vile vile kutoa damu.

Katika siku za usoni, benki ya Barclays itaendeleza miradi ya kuwafahamisha wananchi juu ya ugonjwa wa HIV/UKIMWI, elimu na kuwasaidia vilema.

Hatimaye ningependa kuichukua fursa hii kuwashukuru wakurugenzi wenzangu na wafanyikazi wa Benki kwa usaidizi wao na kwa kuniunga mkono mwaka mzima.

Sam Ambundo

Mwenyekiti.

Managing Director's Report



Adan Mohamed
Managing Director

Financial review

I am pleased to report that Barclays Bank of Kenya recorded a satisfactory performance during the difficult and uncertain economic and political environment that prevailed for most of 2002.

Total income grew by 2% from Shs11,262 million in 2001 to Shs11,464 million in 2002. Net interest income declined from Shs6,771 million to Shs6,389 million in 2002 mainly due to the lower interest rate environment. However, the decrease in net interest income was offset by growth in non-interest income of 13.7% to Shs5,105 million as a result of our continued focus on growing our share of non-interest income.

Focus on cost management continued to remain one of our key objectives in 2002. Overall costs increased by 24% including a non-recurring restructuring cost of Shs1,419 million during the year. This enabled us to successfully implement several cost saving initiatives such as centralisation of bank processing activities, reorganising structure within our brand network and streamlining our administrative and support overheads. Going forward it should be noted that the benefits from restructuring costs, coupled with growth in non-interest income, will improve our cost income ratio and also enable us to operate in a low interest rate environment.

Due to the difficult economic environment during the last five years, many of our customers faced severe financial difficulties and, as a result, our provisions on loans and advances grew from Shs1,037 million in 2001 to Shs1,513 million in 2002. Net specific provisions were Shs1,692 million (2001: Shs1,252m) while general provisions registered a decrease of Shs179 million due to the Bank's continued efforts to clean existing lendings. Non-performing book to total advances book deteriorated during the year to 15% compared to 13.5% the previous year.

Group (Barclays Bank of Kenya and its subsidiary companies) profit before

taxation declined by 39.8% from the 2001 level of Shs4,235 million to Shs2,550 million in 2002. Earnings per share was Shs10, return on shareholders' funds was 17.9% while return on assets stood at 2.1%. The decrease in profits was mainly due to the lower interest rate regime, heavy restructuring costs of Shs1,419 million (2001: Shs496m) and an increased provisions charge. Adjusting for non-recurring restructuring costs, profit before tax is Shs4,255 million which is 13.5% below that of 2001.

Total assets grew by 16.6% from Shs73,647 million to Shs85,914 million by the end of 2002. Lendings to our customers increased by 9.8% during the year from Shs45,654 million to close at Shs50,165 million. The increase in lending to customers was funded by growth in customer deposits of 21.2% to Shs68,827 million. The growth in deposits is mainly attributed to the confidence that customers have in the Bank and also the attractiveness of our deposit products. Total capital expenditure for the year was Shs229 million, the bulk of which was spent on refurbishing branch premises.

Our liquidity ratio remained high, averaging in excess of 40% of eligible deposits throughout the year as compared to the Central Bank minimum guideline of 20%. This liquidity comprised balances held in the statutory cash reserve with the Central Bank, Treasury bill holdings, placings of foreign currency balances and operating cash balances held at our branches. Managing liquidity in our Bank ensures that we are able to meet both maturing deposits and satisfy customers' needs for additional borrowing, while also complying with statutory guidelines.

Our capital base remains strong, well in excess of the statutory minimum capital requirements. Shareholder funds stood at Shs9,989 million compared to Shs11,400 million in 2001. The decrease in shareholder funds is attributed to payment of interim and final proposed dividends for 2002. Considering the Bank's strong capital base and

Managing Director's Report (continued)

directors have recommended a total dividend of Shs12 per share, bringing total cash payment to Shs2,222 million for the year. In addition, the directors have recommended a bonus issue of one share for every 10 (1:10) ordinary shares of Shs10 each to complement the cash dividend.

Corporate Banking

We have continued with our efforts to create a Corporate Bank of world class standards. During the year we recruited a number of experienced corporate bankers to support this sector.

The Corporate team's main focus was on key growth areas of the economy, primarily the export driven areas such as agriculture. New product developments were also in focus during the year, leading to the introduction of a new Asset Finance product set.

Looking forward, the Corporate team aims to re-align itself into different industry streams so as to serve our customers' needs more efficiently in 2003. The team also aims to provide solutions structured to client requirements, upgrade the product proposition and enhance our brand visibility.

Our mission is to provide the best products and services to our customers, backed by a world-class service delivery platform and underpinned by a dynamic team of relationship and product managers.

Treasury Services

Treasury has seen an excellent year, starting with a move to the newly refurbished, customer-friendly Dealing Room. This brought with it a dedicated Treasury sales team, able to offer improved Treasury solutions to Corporate and Business Banking customers.

Our Liquidity Management team continued to extract more value from the balance sheet, maintaining the net interest margin despite a falling interest rate environment and maintaining an overall reduction in interest rate and

liquidity risks. At the same time we continued to increase our visibility in the market through the Market Making team's management of our foreign exchange and money market positions. This saw growth in both the turnover and foreign exchange income despite tough economic conditions.

With increasing customer sophistication, our focus in 2003 is to broaden our Treasury product offering through building capabilities in foreign exchange and interest rate derivatives and to increase our fixed income trading activities.

Retail Banking

The past year was a good year for our Retail Banking business. To reinforce our position as the best Retail Bank in the country, we launched Telephone Banking. This innovative service was a first for the Kenyan market and a trendsetter in opening up new banking channels for our customers.

The expansion of Prestige Banking, which offers exclusive personal banking services to our customers, continued in upcountry branches. New Prestige centres were opened in Kisumu, Nakuru, Mombasa and Eldoret. All the new centres have been a great success.

In 2002, we increased our focus on sales and service by centralising most of our branch operations into Central Processing Centres in Nairobi. This focus on sales and service has resulted in the significant growth of our personal lending business, an area that represents a fast growing income stream for the Bank.

Going forward, Retail Banking will focus on the Retail Small Business segment, now renamed Local Business. To help this segment grow, we have launched a programme which includes the support of business customer advisors who will assist customers with day-to-day business banking needs. In addition a Business Solution package has been developed comprising an integrated range of products and services designed to help customers manage business

Managing Director's Report (continued)

finances more efficiently. We are also forming Business Clubs, led by business development managers, who will offer advice on business issues, give regular seminars on business practice and create networking opportunities for club members. A new application process has been introduced for this segment, providing fast, uncomplicated access to finance.

Risk management

During 2002, we continued our quest for quality within the loan and advances portfolio. With the continuing decline in economic activity we have, as a matter of prudence, raised substantial amounts of provisions, primarily against some of our larger Corporate customers who continue to face difficult trading conditions. With the restructuring of the Debt Recovery Unit, completed early in the year, we have been able to recover substantially larger amounts of debts previously written off. We have also collected significant amounts owed from classified debtors, through sensible negotiations and settlements.

The specialised unit, Barclays Business Support, has registered notable successes in being able to identify businesses facing difficulties early on. Innovative solutions have been developed, leading to the turnaround of a number of customers who had previously been watchlisted due to their poor trading results and cashflow constraints. This unit has amply demonstrated that with full customer support and cooperation, much can be achieved for both the customer and the Bank in situations that had hitherto led to conflict and forced sale of assets.

Although the Corporate and Business Banking portfolio initially declined in volume as a result of provisions for non-performing loans, there was an overall increase in the good book portfolio as poorer assets were replaced with quality lendings following a cautious approach to business development. The Corporate Relationship Support team played an active role in facilitating the structuring of deals for new and existing

customers as well as monitoring the receipt of timely and accurate management information.

As a result, our internal measurement of credit risk in our Corporate and Business Banking portfolio improved by 50% allowing a further small release of general provision of Shs179 million but still retaining Shs750 million as a general reserve against future bad debts.

The very successful Retail Risk Unit, where lending decisions in the Personal sector have been centralised in one unit in Nairobi, has overseen the further substantial expansion of our flourishing Barclayloan product. Despite a substantial increase in the total loans outstanding, arrears levels remain at a particularly modest level. This unit has now introduced credit references for all new loans and has been further expanded to sanction, monitor and control our advances to the Local Business sector with a new suite of products launched to suit this particular market.

Further enhancements to the way that credit risk is managed will be introduced in 2003, creating a world-class team of credit professionals to support the Corporate and Retail offerings.

Operations and Technology Services

Service Delivery (Operations and IT) continued to focus on making substantial improvements to operational efficiency, risk management, customer service, the development of its people and the planning required to transform the business using the latest information technology.

Our key operational efficiencies in 2002 have been achieved through implementing a new centralised processing model and creating a much tighter and more focused management structure. In our management of operational risk, new support processes have been introduced to monitor and correct weaknesses in our management controls and operational risk

Managing Director's Report (continued)

management activity. These have been successful in reducing our exposure to operational risk within the business.

In our aim to constantly delight our customers, the new operating model allows us to provide better, more consistent customer service through monitoring our service levels. The new model also allows us to fix service shortcomings more quickly and with sustainable solutions.

During the past 12 months we have completed the detailed planning to transform our business. This transformation uses the latest information technology to radically change the way we do business for the benefit of all stakeholders. Delivery of the Transformation Programme is expected to make significant progress over the next 12 months.

Our staff

Our staff are integral to our success and we have invested in a number of initiatives to ensure that we employ the best and brightest in the industry. The commitment of our staff earned us two prestigious awards during 2002: 'Best Bank in Kenya' by *Banker* (FT, UK) and *Market Intelligence* magazines.

We have successfully continued to use performance management plans for all our management staff. In line with this, we have re-engineered our pay and reward systems to ensure that we are among the best in our class, creating a clear link between an individual's performance, potential, qualifications and market rates.

To achieve our objective of becoming an 'employer of choice' we conduct an annual employee opinion survey to gather the views of our employees. Our senior management takes the survey results very seriously and, where necessary, corrective action is taken.

We have two associations representing staff interests and a lot of effort goes into harmonising the relationship between management and staff. It is worth mentioning that we are enjoying

a healthy employee relations climate. This has enabled us to resolve a number of issues quickly, efficiently and to the satisfaction of both management and staff.

Looking forward

Following the successful and peaceful elections in December 2002, and in view of the new government's initiatives to address the structural issues underlying poor economic performance, I am optimistic that the economy will register some improvement in the second half of 2003. We believe that the new government is committed to restoring donor and investor confidence to ensure resumption of donor funding from the International Monetary Fund (IMF), World Bank and others. Restoring investor confidence, coupled with initiatives to improve public sector services, will boost economic growth in the medium term, providing us with the platform to build on our satisfactory 2002 results. Barclays has a robust strategy, sound values and a strong team. It is well positioned for the future.

Conclusion

I thank the Central Bank of Kenya for its guidance and support. I would also like to express my gratitude to all our staff for their continuing commitment to serve our customers as well as to my management team and to the Board for their wise counsel. Special thanks to our customers for their support - without them these results could not have been achieved.

Adan Mohamed
Managing Director



Adan Mohammed
Mkurugenzi Mkuu

Taarifa ya Mkurugenzi Mkuu

Ninafurahi sana kuwaarifu kwamba Benki ya Barclays ya Kenya iliweza kupata matokeo mazuri katika muda mugumu na hali geu geu ya kiuchumi na kisiasa iliyoikumba nchi ya Kenya mwaka 2002.

Jumla ya mapato iliongezeka kwa asilimia mbili (2%) kutoka shilingi milioni 11,262 mwaka wa 2001 hadi shilingi milioni 11,464 mwaka wa 2002. Mapato kutoka riba yalishuka kutoka shilingi milioni 6,771 mwaka 2001 hadi shilingi milioni 6,389 mwaka 2002 hasa kwa sababu ya vima vya chini vya utozaji wa riba. Hata hivyo, kupunguka huku kwa mapato ya riba kulifidiwa na kukua kwa mapato yasiyotozwa riba ya asilimia kumi na tatu nukta saba (13.7%) hadi shilingi milioni 5,105 kwa sababu ya jitihada zetu katika kukuza mapato yetu yasiyotozwa riba.

Mwaka 2002, lengo letu la usimamizi wa gharama liliendelea kuchukua umuhimu. Jumla ya gharama zilipanda kwa asilimia ishirini na nne (24%) zikijumulishwa na gharama ya mara moja ya shilingi milioni 1,419 iliyotumiwa kwa mipangilio mipya mwaka 2002. Jambo hili lilituwezesha kutekeleza kwa kufana miradi kadha ya kupunguza gharama kama vile kuleta pamoja shughuli zote za benki, kupangilia upya milundo katika mifumo ya matawi yetu, na kuleta ufanisi katika uongozi na usimamizi wa gharama za uendeshaji. Kuangazia mbele, lazima tutilie maanani kwamba faida zinazopatikana kutokana na gharama za mipangilio mipya pamoja na kuongezeka kwa mapato yasiyotozwa riba kutatusaidia kuufanya bora uwiano kati ya gharama na mapato, na kutuwezesha kufanya biashara katika mazingira ya kima cha chini cha riba.

Kwa sababu ya mazingira duni ya hali ya uchumi yaliyokuwepo katika miaka mitano iliyopita, wengi wa wateja wetu wamepatwa na shida za kifedha na imetubidi kuongeza masurufu ya kutosha ya madeni ambayo hayatalipwa kutoka shilingi milioni 1,037 mwaka 2001 hadi shilingi milioni 1,513 mwaka 2002. Masurufu ya kutosha haswa yalikuwa shilingi milioni 1,692 (kulingana na shilingi milioni 1,252

mwaka 2001) ilhali masurufu ya jumla yalipungua hadi shilingi milioni 179 kwa ajili ya harakati zinazoendelea za benki kupunguza idadi ya mikopo iliyopo kwa sasa. Uwiano kati ya mikopo isiyotarajiwa kulipwa na idadi ya mikopo iliyotolewa mwaka 2002 ulizorota kutoka asilimia kumi na tatu nukta tano (13.5%) mwaka 2001 hadi asilimia kumi na tano mwaka 2002.

Faida ya shirika kabla ya kulipa ushuru ilipunguka kwa asilimia thelathini na tisa nukta nane kutoka kiwango cha awali cha shilingi milioni 4,235 mwaka 2001 hadi shilingi milioni 2,550 mwaka wa 2002. Mapato kwa kila hisa yalikuwa shilingi kumi, mapato kutokana na fedha za washika hisa yalikuwa asilimia kumi na saba nukta tisa (17.9), ilhali mapato kutokana na matumizi ya rasilimali yalikuwa asilimia mbili nukta moja (2.1%). Kushuka kwa jumla ya faida kulisababishwa na kushuka kwa kima cha ya riba, mipangilio mingi mipya iliyogharimu takriban shilingi milioni 1,419 (kulingana na milioni 496). Tukitia maanani, gharama zisizo rejefu, faida kabla ya kulipa ushuru itakuwa shilingi milioni 4,255 ambayo ni asilimia kumi na tatu nukta tano (13.5%) chini ya faida ya mwaka wa 2001.

Jumla ya rasilimali ilikua kwa asilimia kumi na sita nukta sita (16.6%) kutoka shilingi milioni 73,647 hadi shilingi milioni 85,914 mwisho wa 2002. Mikopo kwa wateja wetu iliongezeka kwa asilimia tisa nukta nane (9.8%) mwaka 2002 kutoka shilingi milioni 45,654 hadi takriban shilingi milioni 50,165. Kuongezeka huku kwa mikopo kwa wateja wetu kuliwezesha na kuongezeka kwa uwekaji wa akiba katika benki na wateja wetu. Uwekaji huu ulikua kwa asilimia 21.2% hadi shilingi milioni 68,827. Kuongezeka huku kwa uwekaji wa fedha katika benki kunaonyesha kwamba wateja wetu wana imani na benki yao na kwamba wanavutiwa na huduma zetu za uwekaji wa fedha.

Jumla ya matumizi ya fedha mwaka 2002 yalikuwa shilingi milioni 229. Kiwango kikubwa cha matumizi haya kilienda katika shughuli za ukarabati wa afisi zetu.

Taarifa ya Mkurugenzi Mkuu (inaendelea)

Ukwasi wetu ulibaki juu sana, ukikaribia takriban asilimia 40% ya fedha zilizowekwa kwenye benki mwaka mzima kulingana na kiwango cha chini cha asilimia 20% kilichokubaliwa na Benki kuu ya Kenya. Ukwasi huu ulijumuisha kiwango cha chini cha baki cha fedha kwenye benki kuu ya Kenya, kilichokubaliwa kisheria, hawala za serikali, uwekaji wa fedha za kigeni na matumizi ya fedha zilizowekwa katika matawi yetu. Kwa kuhifadhi ukwasi huu katika benki yetu kunahakikisha kwamba tunaweza kulipa madeni yaliyopevuka na kutosheleza mahitaji ya wateja wetu ya mikopo na vile vile kutii sheria.

Msingi wetu wa mtaji umezidi kuwa stadi na kupita kiasi cha chini cha kisheria. Fedha za washika hisa zilikuwa takriban shilingi milioni 9,989 zikilinganishwa na shilingi milioni 11,400 mwaka wa 2001. Kupunguka huku kwa fedha za washika hisa kulisababishwa na kulipwa kwa migawo ya kati na ya mwisho ya wana hisa ya mwaka wa 2002. Kutokana na uimaarifu wetu kirasilmali, na kuhifadhi faida ya miaka iliyopita, wakurugenzi wameonelea kwamba jumla ya malipo ya mgawo were shilingi 12 utolewe kwa kila hisa. Hali hii italeta malipo ya shilingi milioni 2,222 mwaka 2002 kwa wana hisa. Vile vile, wakurugenzi wameonelea kwamba, juu ya fedha za mgawo, kila mwana hisa apewe hisa moja ya ziada kwa kila hisa kumi za kawaida alizonazo.

Benki kwa Mashirika

Tumeendelea na juhudi zetu za kujenga benki ya mashirika ya kiwango cha juu duniani. Mwaka 2002, tuliwateua wanabanki kadha stadi kuhimili sekta hii ya benki kwa mashirika. Shabaha kubwa ya wanabanki hawa ilikuwa kuzilenga sekta za uchumi zinazokua kistadi hasa zile zinazohusisha uuzaji wa bidhaa kwenye masoko ya kigeni kama vile ukulima. Huduma mpya zilikusudiwa mwaka 2002, jambo hili lilisababisha kuanzishwa kwa sekta ya usimamizi wa fedha na rasilimali.

Tukiangaza mbele, wanabanki hawa wanauia na kujiingiza katika viwanda

mbali mbali ili kuyatumikia vema zaidi mahitaji ya wateja wetu mwaka huu. Wanabanki hawa vile vile watawahudumia wateja kwa kuwapa suluhisho mwafaka, kustawisha muundo wa mfumo huu wa benki kwa mashirika na vile vile kuistawisha bidhaa hii. Lengo letu ni kuwapa wateja wetu huduma na bidhaa nzuri zilizohimiliwa na huduma za hali ya juu na zenye misingi mema ya utekelezaji na zilizosajiliwa na timu ya mameneja wa uhusiano na wa bidhaa walio stadi.

Huduma za Idara ya Fedha

Huduma ya idara ya fedha ilikuwa na mwaka wa kufana sana ulioanza kwa kuhamia kwenye ofisi zetu zilizokarabatiwa na zinazotilia maanani mahitaji ya wateja wetu. Kuhamia huku vile vile kulisajiliwa na timu ya idara ya fedha iliyojitolea na kijizatiti kutoa huduma na mawaidha kwa wateja wetu wa Kimashirika na Wafanyi biashara.

Idara yetu ya kuimarisha ukwasi iliendelea kufanya bidii zaidi na kuweza kudumisha na kuviweka vima vya riba katika viwango wastani ingawaje mazingira ya riba nchini yalikuwa yakizorota. Vile vile, idara hii iliweza kudumisha vima vya riba. Wakati huo huo, tuliendelea kukuza soko kwa kuitumia timu yetu ya Utengenezaji wa soko (Market Making Team) na kutunza fedha zetu za kigeni na masoko yetu ya fedha. Jambo hili liliwezesha kukua kwa mapato na fedha za kigeni ingawaje uchumi ulikuwa unazorota.

Kutokana na kuongezeka kwa ustaarabu wa wateja wetu, lengo letu mwaka 2003, ni kukuza idara yetu ya fedha kwa kupanua nyanda za fedha za kigeni na vima vya riba na kuongeza shughuli zetu za mapato imara katika uwekaji wa fedha.

Sekta ya Benki Reja Reja

Mwaka uliopita ulikuwa wa kufana sana kwa sekta yetu ya benki reja reja. Ili kuimarisha msimamo wetu kama benki bora zaidi ya reja reja nchini, tulianzisha huduma ya benki kwa kutumia simu. Huduma hii vumbuzi ilikuwa ya kwanza ya aina yake nchini na ilikuwa vumbuzi

Taarifa ya Mkurugenzi Mkuu (inaendelea)

kwa kuwafungulia wateja wetu njia mpya za uwekaji wa fedha.

Upanuaji wa sekta ya uwekaji wa fedha (benki) wa Prestige (Prestige Banking) ambayo inawapa wateja wetu huduma ya binafsi ya uwekaji wa fedha iliendelea kusambaa katika matawi yetu kote nchini. Sekta hii ya uwekaji wa fedha ya Prestige ilianzishwa katika matawi yetu ya Kisumu, Nakuru, Mombasa na Eldoret. Huduma hii imekuwa ya kufana sana katika matawi yetu yote.

Mwaka 2002, tuliongeza shabaha yetu ya uuzaji na utoaji wa huduma kwa kuzileta pamoja shughuli za matawi yetu. Shabaha hii katika uuzaji na utoaji wa huduma kumesababisha matokeo muhimu katika biashara yetu ya mikopo ya kibinafsi ambayo ni biashara inayozidi kukua haraka na kuleta mapato mengi katika benki.

Kuangaza mbele, sekta ya benkireja, italenga biasharareja ambazo sasa zitaitwa Biashara za kienyeji (Local Business). Ili kuwezesha biashara hizi kukua, tumeanzisha, mradi unaohusisha wasaidizi wa wanabiashara ambao watawasaidia wateja kwa mahitaji yao ya kila siku ya uwekaji pesa. Vile vile, mradi unaowapa masuluhisho wanabiashara (Business Solution Package) umeanzishwa ili kuunganisha bidhaa kadha wa kadha na huduma mbali mbali zitakazowasaidia wateja kuzihifadhi biashara zao bora zaidi. Kwa wateja wetu amabao ni wafanyi biashara wadogo, tuko katika harakati za kuunda vyama vitakavyoongozwa na mameneja watekelezaji ambao watawapatia wateja hawa mawaidha mwafaka na miongozo kuhusu maswala magumu ya kibiashara. Vile vile mameneja hawa wataongoza semina kadha wa kadha zitakazogusia uendeshaji mwema wa biashara na kuwapa wanabiashara hawa fursa za kuungana na wanabiashara wengine wadogo. Vile vile tumeanzisha muundo mpya wa kujiunga na kipenge hiki cha biashara kitakacho wasaidia wana biashara kupata fedha kwa njia ya haraka na iliyo rahisi.

Usimamizi wa Hadhari

Mwaka 2002, tuliendelea na harakati

zetu za kuhakikisha ubora katika medani ya mikopo. Kutokana na hali ya kuzorota kwa uchumi nchini, tumeonelea kwamba ni jambo la busara kuongeza masurufu ya kutosha hasa kwa wateja wetu wa kimashirika amabao wanaendelea kukabiliwa na shida za kibiashara.

Kutokana na kuunda upya kitengo chetu cha ukusanyishaji wa madeni, kilichoanzishwa mapema mwaka 2002, tumeweza kukusanya madeni mengi makubwa ambayo yalikuwa yametupiliwa mbali hapo awali. Vile vile tumeweza kukusanya madeni makubwa kutoka kwa makundi mbali mbali ya wadeni waliotabakishwa kwa njia ya mashauriano na mapatano.

Idara ya kuwasaidia wafanyi biashara ya Barclays Business Support, imeweza kufanikiwa sana, kutokana na kuweza kuzitambua mapema biashara zilizokuwa zikikumbwa na shida na kuzitatua shida hizi na kuziamsha tena biashara hizi ambazo awali zilikuwa zimeorodheshwa kati ya biashara zisizofana na zilizokumbwa na shida za kifedha. Idara hii imeonyesha wazi wazi kwamba benki ikishirikiana vema na wateja, mengi yaweza kutatuliwa na tunaweza kuepuka ugomvi uliokuwepo kati ya benki na wateja hasa kutokana na kuuza kwa lazima kwa rasilimali za wateja.

Ingawaje hapo awali, medani ya Mashirika na biashara ilikuwa imedidimia kwa sababu ya kuwepo kwa masarufu makubwa yaliyowekwa kwa mikopo iliyotarajiwa kwamba haitalipwa, hivi sasa, jumla ya mikopo inayolipwa ama kufanya vema, imeongezeka huku tukizibadilisha rasilimali mbovu na mikopo bora kutokana na mielekeo ya tahadhari ya ukuzaji wa biashara. Idara ya ushirikiano wa mashirika, ilitekeleza wajibu mkubwa wa kurahisisha na kujenga upya miradi mipya kwa wateja waliopo na wateja wapya na vile vile kusimamia upokeaji wa habari za uongozi wa biashara zilizo sahihi na zilizofika wakati uliofaa. Kwa ajili ya haya, makadirio yetu ya riba katika medani ya mashirika na benki ya biashara ilikuwa bora na kuongezeka kwa asilimia hamsini (50%) na kupunguza masurufu yetu kwa

Taarifa ya Mkurugenzi Mkuu (inaendelea)

Idara ya kufana sana ya Retail Risk Unit, ambayo inasimamia mikopo kwa watu binafsi na ambayo iko na kitengo chake cha pekee mjini Nairobi, ilisimamia ukuzi mkubwa wa huduma yetu ya mkopo ya Barclayloan. Bidhaa hii ya Barclayloan haswa ni huduma ya kuwapa mikopo kwa riba wateja wetu wanaofanya kazi mbali mbali. Ingawaje idadi ya mikopo iliyotolewa ni kubwa, idadi ya riba au mikopo ambayo bado haijalipwa imebaki kuwa wastani. Idara hii sasa imeanzisha kumbukumbu za riba kwa kila mkopo mpya na vile vile imekuzwa ili kuitunza na kuisimamia mikopo kwa wanfanyi biashara humu nchini. Vile vile, tumetoa huduma kadha wa kadha mpya ili kuyatosheleza mahitaji ya wanabiashara hawa.

Vile vile, njia mpya za usimamizi wa hadhari za riba kwenye mikopo zitaanzishwa mwaka huu ili kujenga idara ya wafanyi kazi wa hali ya juu watakaovisimamia vitengo vya mikopo kwa mashirika na wafanyi biashara reja reja.

Huduma za Utekelezi na teknolojia

Utoaji wa huduma uliendelea kulenga njia ambazo zingewezesha kufanya bora zaidi utekelezi, usimamizi wa hadhari, huduma kwa wateja na maendeleo ya watu wake na mipango inayotakikana ili kuzigeuza biashara kwa kutumia teknolojia ya taaluma (IT). Mafanikio yetu makubwa katika utekelezi bora mwaka 2002 yaliwezekana kwa kutumia mfumo wa mmoja wa utengenezaji na kujenga mfumo wa uongozi ulio na lengo maalum. Katika jitihada zetu za kupunguza hatari katika utekelezi, mbinu mpya za usimamizi zimeanzishwa ili kusimamia na kusawazisha unyonge uliopo katika sera zetu za uongozi na harakati zetu za kupunguza madhara katika utekelezi.

Katika lengo letu la kuwaridhisha wateja wetu kila mara, mtindo huu mpya wa utekelezi unatuwezesha kuwapa wateja wetu huduma bora zaidi kwa kutumia masimamizi yanayozingatia lengo. Mbinu hii mpya vile vile inatuwezesha kusawazisha upungufu katika utoaji wa

huduma kwa njia ya haraka kwa kutumia masuluhisho ya kudumu.

Katika miezi kumi na miwili iliyopita, tumemaliza kutekeleza mipango yetu itakayo tuwezesha kuigeuza biashara yetu. Ugeuzi huu unategemea matumizi ya teknolojia ya taaluma ili kugeuza kabisa namna tunavyofanya biashara yetu kwa manufaa ya wahusika wote.

Wafanyikazi Wetu

Wafanyikazi wetu wamekuwa muhimu sana kwa mafanikio yetu na tumejikakamua kuanzisha mbinu kadha wa kadha zitakazohakikisha kwamba wafanyi kazi wetu ndio bora zaidi katika sekta za mabengi. Kujitolea kwa wafanyikazi wetu kilituwezesha kushinda zawadi mbili za sifa mwaka 2002: kutajwa na jalada la Banker na jalada la Market Intelligence kuwa benki bora zaidi nchini Kenya.

Tumeendelea kutumia mipango ya kufana ya uongozi kwa viongozi wetu wote. Kulingana na mipango hii, tumejenga upya sera zetu za malipo na kuwatuza wafanyikazi wetu ili kuhakikisha kwamba benki yetu ni bora zaidi nchini na kuhakikisha kwamba tumeunda kiungo halisi baina ya utekelezaji, uwezo wa wafanyikazi wetu na vima vya soko.

Ili kutekeleza shabaha letu la kuwa muajiri bora ziadi, kila mwaka, benki yetu imeendesha utafiti wa wafanyi kazi ili kukusanya maoni ya wafanyi kazi wetu. Viongozi wa benki huchukua maoni hayo kwa makini sana na iwapo inabidi, maoni haya hutumiwa kurekebisha utata wowote uliopo.

Benki yetu ina mashirika mawili yanayosimamia matakwa ya wafanyi kazi wetu na kila jitihada hufanywa ili kupatanisha uhusiano kati ya viongozi wetu na wafanyikazi. Ni muhimu kutaja kwamba benki yetu inafurahia kuwa na wafanyikazi walioridhika. Jambo hili limetuwezesha kutatua maswala kadha wa kadha kwa haraka na kwa njia bora na inayowaridhisha wafanyi kazi na viongozi.

Kuangazia Mbele

Kutokana na uchaguzi wa raisi na wa wabunge uliokuwa wa amani na uliofana mnamo Disemba 2002, na kutokana na harakati za serikali kuhakikisha kwamba swala la miundo ya kiuchumi iliyozorota litatatuliwa, ninafikiri kwamba uchumi wetu utakuwa bora zaidi mwaka huu. Tuna imani kwamba serikali mpya itajizatiti kurejesha mikopo toka nje humu nchini na kurudisha imani ya waweka fedha nchini humu ili kuhakikisha kurejeshwa kwa usaidizi na mikopo kutoka nje na mashirika kama vile Shirika la Fedha la Dunia (IMF) na Benki ya Dunia (World Bank) na kadhalika. Kurejeshwa huku kwa imani ya waweka fedha nchini pamoja na harakati za kufanya bora zaidi huduma katika sekta ya umma, kutaongeza kukua kwa uchumi katika muda mfupi ujao na vile vile kutatupatia jukwa hususa la kujenga zaidi kutokana na matokeo yetu mazuri ya mwaka 2002. Benki ya Barclays iko na mipango imara, mielekeo hususa na timu imara.

Tumejizatiti vilivyo kwa miaka ya usoni.

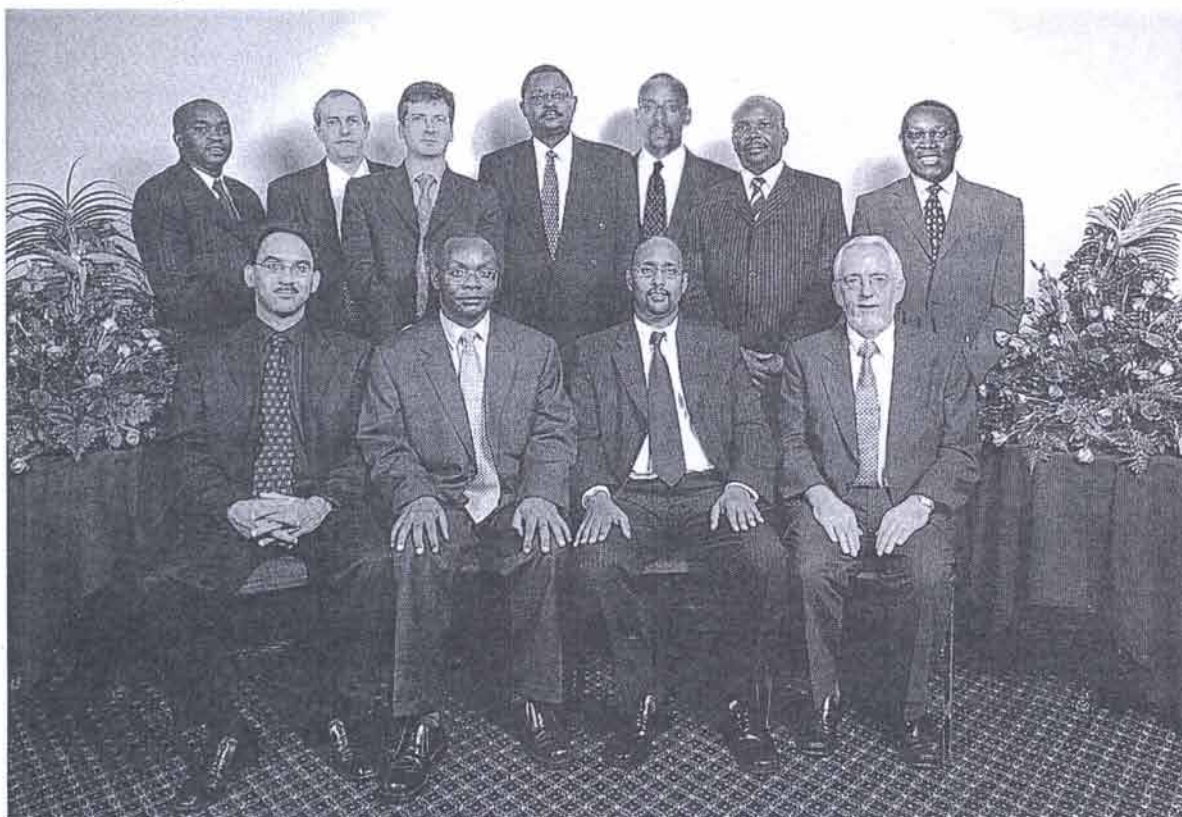
Hitimisho

Kwa kumalizia, ningependa kuishukuru Benki Kuu ya Kenya kwa muongozo wake na usaidizi wake. Vile vile, ningependa kuwashukuru wafanyikazi wetu wote kwa kujitolea kwao kuwahudumia wateja wetu. Vile vile, ningependa kuwashukuru wenzangu walioko kwenye timu ya uongozi wa benki hii na kuishukuru halmashauri ya wakurugenzi kwa mawaidha yao ya hekima. Ningependa vile vile kuwashukuru wateja wetu kwa kuendelea kutuina. Bila wao, matokeo haya mema hayangeweza kupatikana.

Adan Mohammed

Mkurugenzi Mkuu.

Senior Management Team



Standing from left: Nick Mbuvi *Treasurer*, Simon Clarke *Regional Head of Assurance*, Peter Horton *Director, Barclays Business Support*, Martin Oduor-Otieno, *Regional Head, Barclays Business Support*, Frank Ireri, *Director Service Delivery*, Charles Maranga, *Regional Head Human Resources*, George Ooko, *Director, Regional Retail Banking*
Sitting from left: Amin Habib, *Director, Corporate Banking*, Charles Ongwae, *Director Finance and Planning*, Adan Mohamed, *Managing Director*, David James, *Director, Credit Risk*.

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2002.

Principal Activities

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

Results

The results for the year are set out on page 32.

Dividends

Two interim dividends of Shs3 per share totaling Shs1,110 million (2001: Shs509m) were paid on 11 October and 11 December 2002 respectively. Subject to the approval of the shareholders, the directors recommend a final dividend for the year of Shs6 per share, amounting to Shs1,112 million (2001: Shs2,084m). This will be paid on or about 24 April 2003 to shareholders registered at the close of business on 20 March 2003.

Authorised share capital

The directors recommend that the authorised share capital of the Company be increased from Shs1,900,000,000 to Shs2,040,000,000 by creation of an additional 14,000,000 ordinary shares of Shs10 each.

Bonus issue

The directors recommend that in pursuance of Article 127 of the Company's Articles of Association, and subject to the approval of the Capital Markets Authority being obtained pursuant to rule 41A of the Capital Markets Authority Amendment Rules 1994 and to Nairobi Stock Exchange

approving the listing of new ordinary shares of the Company, it is desirable to capitalise the sum of one hundred and eighty five million one hundred and sixty six thousand Shillings (Shs185,166,000) being part of the revenue reserve account and that accordingly such sum be set free for distribution amongst the holders of ordinary shares in the capital of the Company on the register of members at 20 March 2003, on condition that the same is not paid in cash but be applied in paying up in full at par eighteen million five hundred and sixteen thousand six hundred ordinary shares of ten Shillings each (Shs10), each in the capital of the Company, and that such 18,516,600 ordinary shares credited as fully paid accordingly be allotted to such persons respectively in the proportion of one (1) such share for every ten (10) ordinary shares in the Company then held by such persons (fractions of a share to be disregarded) and the shares so distributed shall rank *pari passu* with the existing issued ordinary shares and shall be treated for all purposes as an increase of the nominal amount of capital of the Company held by each such shareholder and not as income.

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 are shown below.

P. Chemng'orem and D. Bruynseels retire from the Board by rotation, under Article Nos. 94 and 96 of the Company's Articles of Association, at the forthcoming Annual General Meeting and being eligible offer themselves for re-election. M.J. Okech has advised the Company of his intention to retire at the forthcoming Annual General Meeting.

Directors' Report (continued)

Consequently he will not offer himself for re-election under Article 96 of the Company's Articles of Association.

In addition A. Makatiani, A. Habib and C. Ongwae retire from the Board at the Annual General Meeting under Article No.101 of the Company's Articles of Association and being eligible offer themselves for re-election.

S. O. J. Ambundo, having attained the mandatory retirement age of 70 years is due for retirement from the Board.

A special notice has been received proposing his re-election as a director of the Company and shall be tabled at the said Annual General Meeting.

Directors' benefits

Since the last Annual General Meeting of the Company to the date of this report, no director has received or become entitled to receive any benefit other than directors' fees and amounts received under employment contracts for executive directors.

The aggregate amount of emoluments for directors' services rendered in the financial year is disclosed on page 58.

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

R. Onyancha, Secretary, Nairobi.

Directors:

S. O. J. Ambundo - Chairman

A. Mohamed - Managing Director

M. N. Wahome

P. K. Chemng'orem

M. J. Okech

D. Bruynseels* (Alternate Charles Simmonds*)

D. L. James*

S. R. Shah

R. Ogega (Appointed on 19/04/2002)

A. B. Makatiani (Appointed on 26/06/2002)

C. Ongwae (Appointed on 01/07/2002)

A. Habib (Appointed on 26/10/2002)

J. A. Turner* (Resigned on 01/07/2002)

I.G. Takawira (Resigned on 01/07/2002)

Dr. E.N. Mngola (Retired on 10/05/2002)

J.K. Ilako (Retired on 10/05/2002)

P. Howel (Resigned on 01/03/2002)

*British

Secretary

R. Onyancha

Auditors

PriceWaterhouseCoopers
Rahimtulla Trust Towers
Upper Hill Road
PO Box 41968
Code 00100
Nairobi

Registered Office

Barclays Plaza Loita Street
PO Box 30120
Code 00100
Nairobi

Registrar and Transfer Office

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

Taarifa ya Wakurugenzi

Wakurugenzi wanafurahi sana kuwawasilishieni taarifa yao pamoja na taarifa iliyokaguliwa ya kifedha ya mwaka uliomalizika mnamo tarehe 31 Disemba 2001.

Shuguli Muhimu

Kampuni kwa kutumia jina lake na majina ya kampuni zake tanzu hutoa huduma kadha wa kadha za kibenki na huduma zingine za kifedha na huduma zingine zinazohusiana na benki na imesajiliwa chini ya Sheria za Mabenki.

Matokeo

Matokeo ya mwaka 2002 yamechapishwa kwenye ukurasa wa 32.

Migawo

Migawo miwili ya muda ya shilingi 3.00 kwa kila hisa za jumla ya shilingi milioni 1,110 (ikilinganishwa na shilingi milioni 509 mwaka 2001) ililipwa mnamo tarehe 11 Oktoba 2002 na mnamo tarehe 11 Disemba 2002. Kwa idhini ya wana hisa, wakurugenzi wanapendekeza mgawo wa mwisho wa mwaka wa shilingi 6.00 kwa kila hisa za jumla ya shilingi milioni 1112 (ikilinganishwa na shilingi milioni 2048 mwaka 2001). Mgawo huu wa mwisho utalipwa mnamo tarehe 25 Aprili 2003 kwa wale wanahisa waliosajiliwa kufikia mwisho wa siku ya kazi mnamo tarehe 20 Machi 2003.

Rasilmali Iliyokubaliwa kutokana na hisa

Wakurugenzi wanapendekeza kwamba rasilmali iliyokubaliwa kutokana na hisa ya iongezwe kutoka shilingi 1,900,000,000 hadi shilingi 2,040,000,000 kwa kutolewa upya kwa hisa za kawaida 14,000,000 za shilingi 10 kwa kila hisa.

Mgawo wa Ziada

Wakurugenzi wamependekeza kwamba kwa kufuatilia masharti ya kibainishi cha 127 cha kanuni za msingi za ushirikiano za kampuni na kutegemea kama idhini itapatikana kutoka kwa Shirika la Masoko Nchini (Capital

Markets Authority) kulingana na kibainishi cha 41 A cha Kanuni za Capital Markets Authority za 1994 (zilizorekebisha) na kutegemea idhini ya kutoa hisa mpya za kawaida kutoka kwa Soko la Hisa la Nairobi (NSE), ingekuwa jambo la busara kugeuza kuwa rasilmali shilingi 185,166,000 ambazo ni fedha kutoka akaunti ya masazo ya pato ya kampuni na kwamba fedha hizi zitolewe kwa minajili ya kusambazwa kwa wanahisa wanaoshikilia hisa za kawaida kwenye rasilmali ya kampuni na waliosajiliwa kufikia mwisho wa siku ya kazi mnamo tarehe 20 Machi 2003. Hata hivyo, mgawo huu hautagawanywa kifedha bali utatumiwa kulipa kikamilifu hisa 18, 516,600 za shilingi 10 kwa kila hisa katika rasilmali ya kampuni na kwamba hisa hizi za kawaida 18, 516,600 zilizosajiliwa kwamba zimelipwa kikamilifu zigawanywe kwa kila mtu katika uwiano wa hisa moja kwa kila hisa kumi za kawaida zilizo kwenye kampuni kwa muda huo. Inapendekezwa kwamba hisa hizi zitakozogawanywa ziwe kiwango sawa na zile hisa za kawaida zilizokuwepo awali na zitachukuliwa kama kuongezeka kwa rasilmali ya kampuni iliyoshikiliwa na kila mwana hisa bali si kama mapato.

Taarifa za Kifedha

Wakati taarifa hii ilipotolewa, wakurugenzi hawakuwa na fahamu yoyote ya jambo lolote ambalo lingefanya thamani zilizohusishwa na mali kwenye taarifa za kifedha za kundi kuwa zinapotosha.

Wakurugenzi

Majina ya wanachama wa halmashauri ya wakurugenzi waliohudumia mwaka 2002 kufikia tarehe ya ripoti hii yameorodheshwa hapa chini.

Bwana P. Chemngoren na Bwana D. Bruynseels watastaafu kutoka halmashauri kwa mzunguko kulingana na vibainishi vya 94 na 96 vya kanuni za misingi ya ushirikiano za kampuni. Wakati wa kikao kijacho cha mkutano wa mwaka, kwa kuwa wanastahili kujitolea tena kuchaguliwa, wanajitolea

Taarifa ya Wakurugenzi (inaendelea)

ameishauri kampuni kuhusu nia yake ya kustaafu kwenye kikao kijacho cha mkutano wa mwaka. Kwa hivyo, Bwana M.J. Okech hatajitolea kuchaguliwa tena chini ya kibainishi 101 cha kanuni za misingi ya ushirikiano za kampuni.

Vile vile, Bwana A. Makatiani, Bwana A. Habib na Bwana C. Ongwae watastaafu kutoka Halmashauri ya Wakurugenzi chini ya kibainishi cha 101 cha kanuni za misingi ya ushirikiano za kampuni na kwa kuwa wanastahili kuchaguliwa tena wanajitolea kuchaguliwa kwenye kikao kijacho cha mkutano wa mwaka.

Bwana S.O.J. Ambundo ambaye amehitimu umri wa kustaafu kwa sheria wa miaka 70 anastaafu kutoka kwa halmashauri ya wabunge. Taarifa maalum imepokewa ikipendekeza keteuliwa kwake tena kama mkurugenzi wa kampuni na taarifa hiyo itawasilishwa katika kikao hicho cha Mkutano Mkuu wa Mwaka.

Riziku za Wakurugenzi

Tangu kikao cha mwisho cha Mkutano mkuu wa mwaka, hadi tarehe ya taarifa hii, hakuna mkurugenzi aliyepata ama aliyestahili kupokea ruzuku yeyote kutoka kwa kampuni ila malipo ya wakurugenzi na malipo yanayolipwa chini ya mikataba ya uajiri ya wakurugenzi watekelezi.

Jumla ya fedha za malipo ya wakurugenzi kwa huduma walizoipa kampuni mwaka 2002 zimeorodheshwa kwenye ukurasa wa 58.

Hakuna wakati wowote mwaka 2002 huu wa fedha au wakati wowote ule ambapo kulikuwa na mapatano baina ya Kampuni na wakurugenzi kwamba wakurugenzi hawa wangepata manufaa kwa namna ya kujipatia hisa kwenye stakabadhi za benki ama shirika lingine lolote.

Wakaguzi wa Hesabu

Wakaguzi wa hesabu wa Kampuni, Pricewaterhouse Coopers, wamedhihirisha nia yao ya kuendelea na wadhifa wao wa kukagua hesabu za kampuni kuambatana na kibainishi 159(2) cha Kanuni za Makampuni (Fungu 486 la Sheria za Kenya) na kibainishi 24(1) cha Kanuni za Mabenki (Fungu 488 la Sheria za Kenya)

Kwa Amri ya Halmashauri.

R. Onyancha, Katibu, Nairobi,

Wakurugenzi

S.O.J. Ambundo Mwenyekiti

A. Mohamed Mkurugenzi Mkuu

M.N. Wahome

P.K. Chemngorem

M.J. Okech

D. Bruynseels* (Mpokezi Charles Simmonds*)

D. L. James*

S. R. Shah

A.B. Makatiani (Aliteuliwa 26 Juni 2002)

C.O. Ongwae (Aliteuliwa 1 Julai 2002)

A. Habib (Aliteuliwa 25 Septemba 2002)

B. J. A. Turner* (Alistaafu 1 Julai 2002)

I. G. Takawira (Alistaafu 1 Julai 2002)

Dr. E. N. Mngola (Alistaafu 10 Mai 2002)

J. K. Ilako (Alistaafu 10 Mai 2002)

P. Howell (Alistaafu 1 Machi 2002)

*Waingereza

Katibu

R. Onyancha

Wakaguzi Hesabu

Price WaterhouseCoopers,
Rahimtulla Trust Towers,
Upper Hill,
S. L. Posta 41968 code 00100
Nairobi

Afisi Iliyoandikishwa

Jengo la Barclays Plaza
Barabara ya Loita Street
S. L. Posta 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 its profit or loss. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

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

Sam Ambundo
Chairman

20 February 2003

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 the Company and of its profit and loss. 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 control.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least 12 months from the date of this statement.

Adan Mohamed
Managing Director

Corporate Governance Statement

Corporate governance is the system of clearly defined authorities and responsibilities which result in the establishment, operation and maintenance of a system of internal control that is tested against legal requirements to ensure effectiveness.

Barclays is committed to business integrity and professionalism in all its activities. As part of this commitment the Board supports the highest standards of corporate governance and the development of best practice. As such, we liaise with our major institutional investor bodies on corporate governance issues and consider the corporate governance policies of our major institutional investors. In addition Barclays Bank of Kenya has adopted the Barclays Group internal corporate governance guidelines which address the responsibilities and composition of the Board and selection procedures for new directors and relationships with stakeholders.

Our primary regulator is the Central Bank of Kenya. We are governed by the Nairobi Stock Exchange (NSE) regulations as well as the Capital Markets Act (Cap485A).

The Board and Board Committees

The Board consists of the Chairman, who has no executive responsibilities, non-executive directors and executive directors. Executive directors generally have responsibility for making and implementing operational decisions and running the business. The non-executive directors support the skills and experience of the executive directors by approving and monitoring the implementation of strategy and policy based on their knowledge and experience of business and industry.

We have three principal Board Committees with specific delegated responsibilities:

Audit Committee

The Audit Committee meets with senior management, the internal audit team and the external audit team to review among others, the annual and compliance reports as well as the effectiveness of the system of internal control.

Advances Committee

The Advances Committee reviews the risk profile of the Group and recommends to the Board policies and standards for risk governance and management.

Human Resources Committee

The Human Resources Committee reviews human resource policies and also approves senior management appointments.

These committees are chaired by the non-executive members of the Board.

All the non-executive directors on the Board are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

The Board meets regularly and has a formal schedule of matters reserved to it. All directors have access to the Company Secretary and the Legal Counsel.

20 February 2003

