

BARCLAYS PRIVATE BANK LIMITED
(Registered Number 1957770)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1998



BARCLAYS PRIVATE BANK LIMITED

DIRECTORS' REPORT

The Directors present their report together with the financial statements for the year ended 31 December 1998.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to provide a full wealth management service for private clients and a portfolio management service for charities and pension funds. All the Company's activities are in respect of continuing operations.

The Company is regulated by the Securities and Futures Authority, for the conduct of its investment business.

YEAR 2000 COMPLIANCE

A formal Year 2000 programme was initiated in early 1996 with compliance projects in place across the whole company. The programme is directed by a steering committee of senior management.

All areas of the business have completed assessments and planning and are actively undertaking the necessary corrective action. Testing processes, which are a large part of the work, began early in 1998. The Year 2000 programme plan envisages achieving compliance in all continuing core systems by early 1999. [The Company is also closely monitoring the progress of its suppliers towards achieving Year 2000 compliance].

It is difficult to estimate precisely the costs involved because of the scale and complexity of the issue and the work necessary to complete it. Costs for 1998 were £522,000. Over a four year period ending December 2000 total costs are expected to be around £532,000. Much of this cost will be met by redeploying existing resources.

EURO COMPLIANCE

A formal Euro programme was initiated in early 1998 and is responsible for ensuring compliance projects are in place across the whole Company. The programme is directed by Alison Malton, our Chief Operating Officer, with progress reviewed by a steering committee of senior management. Testing processes, which are a large part of the work, began early in 1998. The Euro programme has achieved compliance for 1999. The total amount spent on the Euro Programme to date is approximately £297,000.

RESULTS AND DIVIDEND FOR THE YEAR

The Directors report that the profit of the Company for the year ended 31 December 1998, after providing for corporation tax, amounted to £5.020m (1997: £3.115m). The Directors do not recommend the payment of a dividend, and the profit will be transferred to reserves.

BARCLAYS PRIVATE BANK LIMITED

DIRECTORS' REPORT (Continued)

DIRECTORS

The Directors who served during the year are as shown below:

Graeme Percival Hansen (Chairman, appointed 20 November 1998)
Michael Hardwick Tomalin O.B.E. (resigned 5 January 1999)
Richard James Amos
Noland Carter
Simon Culliford (resigned 30 September 1998)
John K Grieves
Heather Jill Maizels
Alison Jane Malton
Charles Frederick Pinney
Sir Anthony Reeve
Robert George Skinner (appointed 11 May 1998)

DIRECTORS' INTERESTS IN SHARES

All Directors of the Company are also Directors of Barclays Directors Limited and their interests in shares are disclosed in the accounts of that company.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE POLICY

Barclays Bank PLC continues to maintain liability insurance cover for its Directors and Officers and those of its subsidiary undertakings in the UK and overseas, under a Directors' and Officers' liability insurance policy.

BARCLAYS PRIVATE BANK LIMITED

DIRECTORS' REPORT (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the Auditors' report set out on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the financial statements.

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The Directors consider that in preparing the financial statements on pages 5 to 16, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all the accounting standards which they consider to be applicable have been followed. The financial statements have been prepared on a going concern basis

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent fraud or other irregularities.

The Directors confirm that they are satisfied the Company has adequate resources to continue its business for the foreseeable future.

AUDITORS

On the 13 December 1990 an elective Resolution was passed by the shareholders of the Company pursuant to Section 386 of the Companies Act 1985 to dispense with the obligation to appoint Auditors annually.

PricewaterhouseCoopers has signified its willingness to continue in office.

BY ORDER OF THE BOARD



J Mills
Assistant Secretary
54 Lombard Street
London EC3P 3AH

4 June 1999

BARCLAYS PRIVATE BANK LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF BARCLAYS PRIVATE BANK LIMITED

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of Directors and Auditors

The directors are responsible for preparing the Annual Report, including as described on page 3 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
London

4 June 1999

BARCLAYS PRIVATE BANK LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998

| | <u>Notes</u> | <u>1998</u> <u>£000</u> | <u>1997</u> <u>£000</u> |
|--|--------------|----------------------------|----------------------------|
| Interest receivable | 2 | 71,321 | 66,429 |
| Interest payable | 2 | <u>(59,433)</u> | <u>(57,123)</u> |
| NET INTEREST INCOME | | 11,888 | 9,306 |
| Fees and commissions receivable | | <u>23,183</u> | <u>18,412</u> |
| OPERATING INCOME | | 35,071 | 27,718 |
| Administrative expenses | | <u>(26,919)</u> | <u>(21,869)</u> |
| OPERATING PROFIT BEFORE PROVISIONS | | 8,152 | 5,849 |
| Provisions for bad and doubtful debts | 3 | <u>23</u> | <u>28</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 4 | 8,175 | 5,877 |
| Taxation | 6 | <u>3,155</u> | <u>2,762</u> |
| PROFIT FOR THE FINANCIAL YEAR | 18 | 5,020 | 3,115 |
| Retained profits brought forward | | <u>14,400</u> | <u>11,285</u> |
| Retained profits carried forward | | <u>19,420</u> | <u>14,400</u> |

The Company has no recognised gains or losses other than its profit for the year.

All the Company's activities are in respect of continuing operations.

The notes on pages 7 to 16 form part of these financial statements.

BARCLAYS PRIVATE BANK LIMITED

BALANCE SHEET as at 31 DECEMBER 1998

| | <u>Notes</u> | 1998 <u>£000</u> | 1997 <u>£000</u> |
|--|--------------|---------------------|---------------------|
| ASSETS | | | |
| Cash and balances at central banks | 7 | 319 | 326 |
| Loans and advances to banks | 8 | 1,236,268 | 1,160,810 |
| Loans and advances to clients | 9 | 152,281 | 106,375 |
| Settlement balances | 12 | 21,433 | 11,601 |
| Other assets | | 776 | 231 |
| Prepayments and accrued income | | 8,292 | 7,472 |
| Tangible fixed assets | 10 | 2,467 | 27 |
| Intangible fixed assets | 11 | 35,000 | 37,000 |
| Deferred taxation | 16 | 51 | - |
| Total assets | | <u>1,456,887</u> | <u>1,323,842</u> |
| LIABILITIES | | | |
| Items in the course of transmission to banks | 13 | 5,932 | 4,815 |
| Client accounts | 14 | 1,157,735 | 1,111,292 |
| Settlement balances | 12 | 21,286 | 7,374 |
| Accruals and deferred income | | 5,863 | 5,094 |
| Other liabilities | 15 | 5,735 | 3,652 |
| Intra group balances | | <u>199,516</u> | <u>135,815</u> |
| | | 1,396,067 | 1,268,042 |
| SHAREHOLDERS FUNDS | | | |
| Called up share capital | 17 | 12,000 | 12,000 |
| Share premium | | 29,400 | 29,400 |
| Profit and loss account | | <u>19,420</u> | <u>14,400</u> |
| Shareholders' funds | 18 | <u>60,820</u> | <u>55,800</u> |
| TOTAL LIABILITIES | | <u>1,456,887</u> | <u>1,323,842</u> |
| MEMORANDUM ITEMS | | | |
| Contingent liabilities | 19 | 32,299 | 36,679 |
| Commitments | 19 | 21,698 | 20,917 |

The Board of Directors approved the financial statements set out on pages 5 to 16 on 4 JUNE 1999

On behalf of the Board



GP HANSEN Chairman

The notes on pages 7 to 16 form part of these financial statements.

BARCLAYS PRIVATE BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 1998

1 ACCOUNTING POLICIES

(1) Accounting convention

The financial statements are drawn up in accordance with Schedule 9 of the Companies Act 1985 and have been prepared under the historical cost convention and in accordance with applicable accounting standards and Statements of Recommended Accounting Practice issued by the British Bankers' Association.

The Company's results are consolidated with Barclays PLC whose financial statements are publicly available. Accordingly, the Company has elected to utilise the exemption provided by Financial Reporting Standard 1 (Revised 1997) on Cash Flow Statements and Financial Reporting Standard 8 (Related Party Disclosures) and has not presented its own cash flow statement nor certain related party disclosures.

(2) Interest receivable

Interest income is recognised in the profit and loss account as it accrues other than interest of doubtful collectability which is credited to a suspense account and excluded from interest income. The closing balance on the suspense account is netted in the balance sheet against accrued interest receivable or, as the case may be, the amount debited to the borrower. Suspended interest is written off when there is no longer any realistic prospect of it being recovered.

(3) Interest payable

Interest payable is recognised in the profit and loss account as it accrues.

(4) Fees and commissions receivable

Fees and commissions receivable are exclusive of VAT and consist of: commission charged to external clients on Stock Exchange transactions; fees for the management of external client portfolios; arrangement fees for loans, guarantees, acceptances and credits; financial planning commissions and banking transaction fees.

(5) Deferred taxation

Deferred taxation is provided at the estimated rates at which future taxation will become payable on all timing differences between the accounting and taxation treatment of income and expense where, in the opinion of the Directors, it is probable that a liability or asset will crystallise.

(6) Leases

The Company uses property, furniture and equipment which is provided for use by other companies within the Barclays PLC group. An intercompany recharge is levied and the Company accounts for these costs on an accruals basis.

BARCLAYS PRIVATE BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 1998 (Continued)

(7) Foreign exchange

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated at the rate of exchange ruling at the date of the settlement of the transaction. Exchange differences are accounted for in the profit and loss account.

(8) Goodwill

Goodwill arises on the acquisition of subsidiary and associated undertakings and other businesses acquired. It represents the excess of cost over fair value of the share of net tangible assets acquired. Such goodwill is capitalised as an intangible asset and amortised against profit over its expected life, usually twenty years. Capitalised goodwill is written off when judged to be irrecoverable.

(9) Bad and doubtful debts

Specific provisions are made against advances for which recovery is considered to be doubtful. General provision is made in respect of losses which although not yet specifically identified, are known from experience to be present in any portfolio of bank advances. Loans and advances are written off when there is no realistic prospect of recovery.

(10) Off balance sheet instruments including derivatives

Transactions in off-balance sheet instruments are measured at fair value and the resultant profits and losses are included in dealing profits, except those in respect of specifically designated hedging transactions which are taken to profit in accordance with the accounting treatment of the underlying transaction. Notional amounts of the contracts are not recorded on the balance sheet

BARCLAYS PRIVATE BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 1998 (Continued)

2 INTEREST RECEIVABLE AND PAYABLE

| <u>Interest receivable</u> | <u>1998</u> £000 | <u>1997</u> £000 |
|--|---------------------|---------------------|
| Loans and advances to intra group banks | 66,539 | 62,401 |
| Loans and advances to clients | <u>4,782</u> | <u>4,028</u> |
| | <u>71,321</u> | <u>66,429</u> |
| <u>Interest payable</u> | | |
| Deposits by intra group banks | 54 | 42 |
| Client accounts: Current and demand accounts | 16,681 | 13,356 |
| Savings accounts | - | - |
| Other time deposits | <u>42,698</u> | <u>43,725</u> |
| | <u>59,433</u> | <u>57,123</u> |

3 PROVISIONS FOR BAD AND DOUBTFUL DEBTS

| | <u>1998</u> £000 | <u>1997</u> £000 |
|-----------------------------------|---------------------|---------------------|
| Specific provisions - credit risk | 23 | 28 |
| General provisions - credit risk | <u>-</u> | <u>-</u> |
| | <u>23</u> | <u>28</u> |

4 OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The operating profit on ordinary activities before taxation has been arrived at after charging:

| | <u>1998</u> £000 | <u>1997</u> £000 |
|--|---------------------|---------------------|
| Amounts paid to related undertakings in respect of operating lease obligations | 2,250 | 1,949 |
| Auditors' remuneration | 34 | 40 |
| Auditors' fees for non audit work | <u>5</u> | <u>10</u> |
| | <u>2,289</u> | <u>1,999</u> |

BARCLAYS PRIVATE BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 1998 (Continued)

5 EMPLOYEES

With the exception of the Chairman and Chief Executive, all the staff are employed by Barclays Private Banking Services Limited and their costs are recharged by means of an intercompany charge. The Chairman and Chief Executive are employed elsewhere within the Barclays group and the costs of the Chief Executive are recharged to the Company. In 1998 the total recharge was £ 11,890,071 (1997: £5,734,617).

| <u>Directors' emoluments</u> | <u>1998</u> £000 | <u>1997</u> £000 |
|--|---------------------|---------------------|
| Directors' emoluments in respect of their services to the Company: | | |
| Aggregate Emoluments | 871 | 696 |
| Aggregate amounts receivable under the long-term incentive schemes | 78 | 63 |
| Compensation for loss of office | - | 142 |
| | <u>949</u> | <u>901</u> |

No directors (1997 : Nil) have retirement benefits accruing under money purchase pension schemes. In addition retirement benefits are accruing to 5 (1997 : 5) directors under a Barclays Group defined benefit pension scheme.

| <u>Highest Paid Director</u> | <u>1998</u> £000 | <u>1997</u> £000 |
|---|---------------------|---------------------|
| Aggregate emoluments and benefits under long-term incentive schemes | 206 | 205 |
| Defined benefit pension scheme: | | |
| Accrued pension at end of year (£'000 per annum) | 49 | 42 |

BARCLAYS PRIVATE BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 1998 (Continued)

5 EMPLOYEES (Continued)

Contracts with Directors and connected persons and with senior executives

The aggregate amounts outstanding at 31 December 1998 under transactions, arrangements and agreements made by the Company who are, or were during the year, Directors of the Company and persons connected with them and for senior executives, within the meaning of the Banking Act 1987 were:

| | Number of Directors -or senior executives | Number of connected persons | Amount £000 |
|----------------|--|--------------------------------|----------------|
| Director loans | None | - | Nil |

6 TAXATION

| | |
|-------------|-------------|
| <u>1998</u> | <u>1997</u> |
| £000 | £000 |

The taxation charge comprises:

| | | |
|---|--------------|--------------|
| Corporation tax at 31.0% (1997: 31.5%) on profit for the year | 3,155 | 2,496 |
| Under provision in previous year | - | 379 |
| Deferred taxation (Note 16) | - | (113) |
| | <u>3,155</u> | <u>2,762</u> |

7 CASH AND BALANCES AT CENTRAL BANKS

At 31 December 1998, cash and balances at Central Banks includes physical cash held in vaults of £319,000 (1997 : £225,000).

8 LOANS AND ADVANCES TO BANKS

| | <u>1998</u> | | | <u>1997</u> | | |
|--|--------------------|--------------|------------------|--------------------|--------------|------------------|
| | £000 | | | £000 | | |
| | <u>Intra-group</u> | <u>Other</u> | <u>Total</u> | <u>Intra-group</u> | <u>Other</u> | <u>Total</u> |
| Repayable on demand | 488,501 | - | 488,501 | 415,509 | - | 415,509 |
| Not more than three months | 655,275 | - | 655,275 | 689,150 | - | 689,150 |
| Over three months but not more than one year | 85,286 | - | 85,286 | 55,295 | - | 55,295 |
| Over one year but not more than five years | 6,353 | - | 6,353 | 147 | - | 147 |
| Over five years | <u>853</u> | <u>-</u> | <u>853</u> | <u>709</u> | <u>-</u> | <u>709</u> |
| | <u>1,236,268</u> | <u>-</u> | <u>1,236,268</u> | <u>1,160,810</u> | <u>-</u> | <u>1,160,810</u> |

BARCLAYS PRIVATE BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 1998 (Continued)

9 LOANS AND ADVANCES TO CLIENTS

| | <u>1998</u> £000 | <u>1997</u> £000 |
|--|---------------------|---------------------|
| Repayable on demand | 34,505 | 31,240 |
| Not more than three months | 72,202 | 33,819 |
| Over three months but not more than one year | 10,040 | 21,625 |
| Over one year but not more than five years | 18,304 | 14,447 |
| Over five years | 17,426 | 5,440 |
| Less provisions | <u>(196)</u> | <u>(196)</u> |
| | <u>152,281</u> | <u>106,375</u> |

10 TANGIBLE FIXED ASSETS

| | Equipment <u>1998</u> £000 | Equipment <u>1997</u> £000 |
|--------------------------|----------------------------------|----------------------------------|
| Cost or valuation | | |
| At beginning of year | 27 | 27 |
| Addition at cost | <u>2,440</u> | <u>-</u> |
| At end of year | <u>2,467</u> | <u>27</u> |

Additions during 1998 included a £2.25m spend on capital expenditure and refurbishment of 43 Brook Street, a property held under operating leases.

11 GOODWILL

| | <u>1998</u> £000 | <u>1997</u> £000 |
|------------------------------|---------------------|---------------------|
| At beginning of year | 37,000 | 39,000 |
| Additions | - | - |
| Amortisation charge for year | <u>(2,000)</u> | <u>(2,000)</u> |
| At end of year | <u>35,000</u> | <u>37,000</u> |

Goodwill is amortised through the profit and loss account over 20 years from the date of acquisition.

12 SETTLEMENT AMOUNTS

Included within settlement balances recoverable and settlement balances payable are balances with group undertakings of £Nil and £188,446 (1997: £1,914,656 and £3,663,148) respectively.

BARCLAYS PRIVATE BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 1998 **(Continued)**

13 ITEMS IN THE COURSE OF TRANSMISSION TO BANKS

| | <u>1998</u> | | | <u>1997</u> | | |
|---------------------|--------------|----------|--------------|--------------|----------|--------------|
| | Intra-Group | Other | Total | Intra-Group | Other | Total |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Repayable on demand | <u>5,932</u> | <u>-</u> | <u>5,932</u> | <u>4,815</u> | <u>-</u> | <u>4,815</u> |

14 CLIENT ACCOUNTS

| | <u>1998</u> | <u>1997</u> |
|--|------------------|------------------|
| | £000 | £000 |
| Repayable on demand | 410,913 | 399,205 |
| With agreed maturity dates or periods of notice, by remaining maturity | | |
| - 3 months or less but not repayable on demand | 654,705 | 655,936 |
| - 1 year or less but over 3 months | 85,286 | 55,295 |
| - 5 years or less but over 1 year | 5,978 | 147 |
| - over 5 years | <u>853</u> | <u>709</u> |
| | <u>1,157,735</u> | <u>1,111,292</u> |

15 OTHER LIABILITIES

| | <u>1998</u> | <u>1997</u> |
|------------------|--------------|--------------|
| | £000 | £000 |
| Corporation tax | 3,062 | 2,875 |
| Sundry creditors | <u>2,673</u> | <u>777</u> |
| | <u>5,735</u> | <u>3,652</u> |

16 DEFERRED TAXATION

| | <u>1998</u> | <u>1997</u> |
|-------------------------------|-------------|--------------|
| | £000 | £000 |
| Balance brought forward | (51) | 62 |
| Current year charge/(release) | <u>-</u> | <u>(113)</u> |
| Balance carried forward | <u>(51)</u> | <u>(51)</u> |

The deferred tax balance comprises a deferred tax asset of £51,000 (1997: £51,000) in respect of capital allowances

BARCLAYS PRIVATE BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 1998 (Continued)

17 CALLED UP SHARE CAPITAL

| | Number | | 1998 | 1997 |
|----------------------------|-------------------|-------------------|---------------|---------------|
| | 1998 | 1997 | £000 | £000 |
| Authorised | | | | |
| Ordinary shares of £1 each | <u>12,000,000</u> | <u>12,000,000</u> | <u>12,000</u> | <u>12,000</u> |
| Allotted and fully paid | | | | |
| Ordinary shares of £1 each | <u>12,000,000</u> | <u>12,000,000</u> | <u>12,000</u> | <u>12,000</u> |

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 1998 | 1997 |
|-----------------------------|---------------|---------------|
| | £000 | £000 |
| Opening shareholders' funds | 55,800 | 52,685 |
| Proceeds of shares issued | - | - |
| Profit retained | <u>5,020</u> | <u>3,115</u> |
| Closing shareholders' funds | <u>60,820</u> | <u>55,800</u> |

19 OFF BALANCE SHEET ITEMS

In common with other banks, the Company conducts business involving acceptances, guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. In addition, there are other off-balance sheet financial instruments, including options and forward foreign exchange contracts, the nominal amounts for which are not reflected in the balance sheet. The following table summarises the nominal principal amount of contingent liabilities and commitments with off-balance sheet risk as at 31 December 1998.

| | 1998 | 1998 | 1997 | 1997 |
|--|---------------|---------------|---------------|---------------|
| | Contract or | Risk | Contract or | Risk |
| | underlying | weighted | underlying | weighted |
| | principal | amount | principal | amount |
| | amount | | amount | |
| | £000 | £000 | £000 | £000 |
| <u>Contingent liabilities</u> | | | | |
| Acceptances and endorsements | | | | |
| Guarantees and assets pledged as collateral security | 27,873 | 26,369 | 34,278 | 28,377 |
| Other contingent liabilities | <u>4,426</u> | - | <u>2,401</u> | - |
| Off-balance sheet credit risk | <u>32,299</u> | <u>26,369</u> | <u>36,679</u> | <u>28,377</u> |
| <u>Commitments</u> | | | | |
| Loans not drawn down | <u>21,698</u> | <u>10,849</u> | <u>20,917</u> | <u>10,459</u> |
| Off-balance sheet credit risk | <u>21,698</u> | <u>10,849</u> | <u>20,917</u> | <u>10,459</u> |

BARCLAYS PRIVATE BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 1998 (Continued)

19 OFF BALANCE SHEET ITEMS (Continued)

At 31 December 1998 the company held client money of £72,314,859 (1997: £69,601,360) in accordance with the Financial Services (Client Money) Regulations 1991.

20 LEASE COMMITMENTS

The Company has entered into a number of lease agreements with other companies within the Barclays PLC group. The amount payable in respect of the forthcoming year comprises:

| | <u>Land and buildings</u> | | <u>Furniture and equipment</u> | |
|----------------------------|---------------------------|-------------|--------------------------------|-------------|
| | <u>1998</u> | <u>1997</u> | <u>1998</u> | <u>1997</u> |
| | £000 | £000 | £000 | £000 |
| Commitments expiring: | | | | |
| Within one year | 1,673 | 108 | 308 | 588 |
| Between one and five years | 3,573 | 2,356 | 838 | 192 |
| Over 5 years | - | - | 370 | - |

21 SEGMENTAL INFORMATION

In the opinion of the Directors there is only one class of business which is conducted from the United Kingdom.

22 SUBSIDIARY COMPANIES

The Company owns 100% of the issued ordinary share capital of Swan Nominees Limited and Zeban Nominees Limited, which are registered in England and Wales. Swan is a nominee Company which is used to register PEP holdings which are beneficially owned by clients of Barclays Private Bank Limited. Zeban is a nominee company used to register UK holdings which are beneficially owned by clients of Barclays Private Bank Limited. Both companies do not trade on its own account and therefore are not material for consolidation purposes.

23 CONTINGENT LIABILITIES

From time to time, Barclays Bank PLC will enter into bonds, indemnities, guarantees or other obligations on behalf of clients of Barclays Private Bank Limited under counter indemnities in favour of Barclays Bank PLC. Barclays Private Bank Limited has agreed to indemnify Barclays Bank PLC against all actions, proceedings, liabilities, claims, demands, damages, costs and expenses arising in respect of these transactions.

BARCLAYS PRIVATE BANK LIMITED

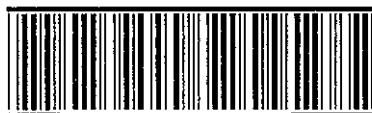
NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 1998 (Continued)

24 HOLDING COMPANIES

The parent company of the smallest group that presents group accounts is Barclays Bank PLC. The ultimate holding company and the parent company of the largest group that presents group accounts is Barclays PLC. Both companies are incorporated in Great Britain and are registered in England and Wales. The group accounts may be obtained from Barclays Bank PLC, 54 Lombard Street, London EC3P 3AH.



BARCLAYS PRIVATE BANK LIMITED



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COMPANIES HOUSE 29/06/99