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Risk management > Barclays risk management strategy

i The following pages provide a comprehensive overview of Barclays approach to risk management and more specific information on policies that the Group determines to be of particular significance in the current operating environment.

This section outlines the Group's strategy for managing risk and how risk culture has been developed to ensure that there is a set of objectives and practices which are shared across the Group. It provides details of the Group's governance, how responsibilities are assigned and the committee structure. The last section provides an insight into how risk management is part of the strategy setting process, including the planning process, the setting of risk appetite and stress testing across the Group.

These disclosures are unaudited unless otherwise stated

Barclays Risk Management Strategy (audited)

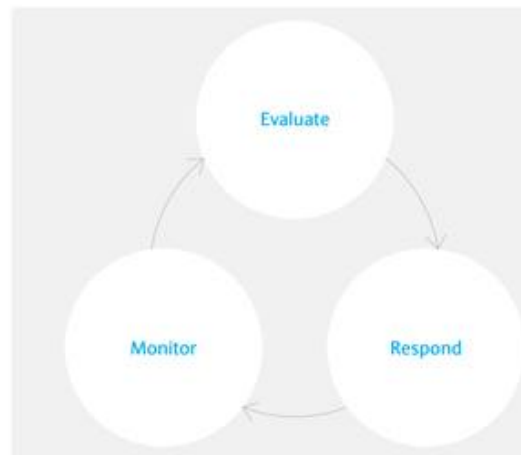
Barclays has clear risk management objectives and a well established strategy to deliver them, through core risk management processes.

At a strategic level, the risk management objectives are to:

- Identify the Group's significant risks;
- Formulate the Group's risk appetite and ensure that the business profile and plans are consistent with it;
- Optimise risk/return decisions by taking them as closely as possible to the business, while establishing strong and independent review and challenge structures;
- Ensure that business growth plans are properly supported by effective risk infrastructure;
- Manage the risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions; and
- Help executives improve the control and coordination of risk taking across the business.

In February 2013, Barclays announced the outcome of its strategic review and set out its commitments for 2015 which are critical to making Barclays the 'Go-To' bank for all its stakeholders.

The aim of the 'Go-To' risk management process is to provide a structured, practical and easily understood set of three steps – Evaluate, Respond and Monitor (the E-R-M process) – that enables management to identify and assess those risks, determine the appropriate risk response, and then monitor the effectiveness of the risk response and changes to the risk profile.



1. Evaluate: Risk evaluation must be carried out by those individuals, teams and departments that are best placed to identify and assess the potential risks, and include those responsible for delivering the objectives under review.

2. Respond: The appropriate risk response effectively and efficiently ensures that risks are kept within appetite, which is the level of risk that Barclays is prepared to accept whilst pursuing its business strategy. There are three types of response: accept the risk but take the necessary mitigating actions such as using risk controls; stop the existing activity/do not start the proposed activity, or continue the activity but lay off risks to another party e.g. insurance.

3. Monitor: Once risks have been identified and measured, and controls put in place, progress towards objectives must be tracked. Monitoring must be ongoing and can prompt re-evaluation of the risks and/or changes in responses. Monitoring must be carried out proactively and is wider than just 'reporting' and includes ensuring risks are being maintained within risk appetite and checking that controls are functioning as intended and remain fit for purpose.

The process is orientated around material risks impacting delivery of objectives, and is used to promote an efficient and effective approach to risk management. This three step risk management process:

- Can be applied to every objective at every level in the bank, both top-down or bottom-up;
- Is embedded into the business decision making process;
- Guides our response to changes in the external or internal environment in which existing activities are conducted; and

As part of this commitment the Barclays 'Go-To' Enterprise Risk Management Framework (ERMF) sets out the activities, tools, techniques and organisational arrangements so that material risks facing the Bank can be better identified and understood, and that appropriate responses are in place to protect Barclays and prevent detriment to its customers, colleagues or community. This will help the Bank meet its goals, and enhance its ability to respond to new opportunities.

- Involves all staff and all three lines of defence (see page 380)

Barclays' risk culture – enabling the 'Go-To' bank

In every area of Barclays' activities, outcomes of decisions or actions may be uncertain and could potentially impact whether, or how well, the Group delivers against its objectives. Risk management, therefore, plays a significant role in the Group achieving its goals and in turning Barclays into 'Go-To' bank.

Barclays risk culture is the set of objectives and practices, shared across the organisation, that drive and govern risk management.

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The Salz Review^a issued recommendations to improve the culture of Barclays. Specifically, to develop a consistently strong risk culture, the report recommended:

- Embedding a strong, consistent risk control framework in all the businesses, that articulates responsibilities across the three lines of defence, and that reinforces the role of the front line;
- Clear risk appetite statements for all types of risk, embed adherence in all business units, and reinforce with strong management actions in cases of breaches; and
- Embedding risk and compliance criteria in performance evaluations, and in remuneration and promotion decisions.

During 2013 work streams have been initiated which implement the recommendations and help position the risk function to effectively and efficiently support Barclays' strategy.

The 'Transform Risk' initiative

During 2013 a new global management structure for risk was unveiled to improve delivery against the Transform commitments, to meet the demands of the regulators, the Board, and the wider business and also to create an appropriate environment for risk colleagues to work, advance their careers and contribute to the success of the Bank.

'Transform Risk' is being led by the Risk Executive Committee, coordinated by the global Risk COO, and supported by a team of people from across the risk function. It represents a significant shift in the operating model, process and systems, and will support the drive for both greater effectiveness and efficiency.

The Transform programme has provided the opportunity to extend best practices to more functions and business units, and in other cases identify needed updates or improvements. This work has been captured in the new Enterprise Risk Management Framework (ERMF) that has been deployed across the organisation and provides a common set of principles and standards that will form the fundamental elements of the risk culture.

The components of the ERMF set out a philosophy and approach that is applicable to the whole bank, to all colleagues and to all types of risk, hence establishing, maintaining and improving the risk culture of Barclays.

See Risk Governance and Assigning Responsibilities on page 379 for more information.

Risk appetite and the 'Tone from the top'

Communicating and enforcing risk appetite in all businesses creates a common understanding and fosters debate around what types of risks are acceptable, and what levels are appropriate at business and Group level.

To develop a consistently strong risk culture across the Group, Barclays has communicated clear statements as to the Group risk appetite for all risk types and further embedded adherence to Group-wide appetite into all businesses. In particular, risk appetite:

- Articulates the types and level of risk we are willing to take and why, to enable specific risk taking activities. It

See Risk appetite on page 386 for more information.

Supporting colleagues to manage risk – in the right way

By supporting colleagues to manage Risk in the right way, the Group seeks to ensure that all risk managers share the Barclays values and a common understanding of the role that risk management plays in promoting them:

- Risk Management capability and ability to act in a risk aware manner forms part of the assessment process for all new and promotion candidates globally;
- Management of risk and control is assessed as part of the annual performance appraisal process for all colleagues globally. Positive risk management behaviours will be rewarded;
- The Being Barclays Global Induction programme supports new colleagues in understanding the importance of risk to how Barclays does business and the link to the Barclays values; and
- Leadership Master Classes cover the building, sustaining and supporting a trustworthy organisation and are offered to colleagues globally.

Risk Governance and Assigning Responsibilities (audited)

Responsibility for risk management resides at all levels of the Group, from the Board and the Executive Committee down through the organisation to each business manager and risk specialist. Barclays distributes these responsibilities so that risk/return decisions are: taken at the most appropriate level; as close as possible to the business; and, subject to robust and effective review and challenge. The responsibilities for effective review and challenges reside with senior managers, risk oversight committees, the independent Group Risk function, the Board Financial Risk Committee (BFRC), Board Conduct, Reputation and Operational Risk Committee (BCROR), Board Enterprise Wide Risk Committee (BEWRC) and, ultimately, the Board.

As part of the Transform programme, the Group has introduced the Enterprise Risk Management Framework (ERMF) which sets out standard group-wide governance arrangements. It also sets out the roles and responsibilities of all employees with respect to risk management, including the Chief Risk Officer and the Chief Executive Officer. The ERMF is a key deliverable of the programme and sets out a comprehensive and effective approach for the management of all risks at Barclays and supports the step change in risk management and control including:

- Sustainable and consistent implementation of the three lines of defence (see three lines of defence below);
- Further improvements to the management of risks including increased focus on Conduct and Reputational risks;
- Consistent application of Barclays risk appetite across all Principal Risks; and,
- Streamlining and simplification of the policy hierarchy.

The ERMF is intended to be widely read and to set out a philosophy and approach that is applicable to the whole bank, all colleagues and to all types of risk. It also sets out

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also specifies those risks we seek to avoid and why, to constrain specific risk taking activities;

- It will be embedded within key decision making processes including business planning, mergers and acquisitions, new product approvals and business change initiatives;
- It provides for performance management and disciplinary consequences in cases of breach; and
- Ultimately owned by the Group CEO, who is responsible for leading, managing and organising executive management to achieve execution of the Barclays strategy and business plans in line with risk appetite.

specific requirements for key individuals, including the Chief Risk Officer and Group Chief Executive, to undertake and the overall governance framework that will oversee its effective operation.

The ERMF sets out the activities, tools, techniques and organisational arrangements to ensure that all material risks are identified and understood, and that appropriate responses are in place to protect the Group and prevent detriment to its customers, colleagues or community, enabling the Bank to meet its goals, and enhance our ability to respond to new opportunities.

Note
a An independent review by Anthony Salz, commissioned by the Board

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The ERMF includes those risks incurred by Barclays that are foreseeable, continuous, and material enough to merit establishing specific bank-wide control frameworks. These are known as Key Risks and are grouped into six Principal Risks. Conduct and Reputation risks were reclassified as Principal Risks in 2013. See Principal Risks on page 384 for more information.

A clear and consistent control framework entails specific responsibilities. As a result, not only has the definition of the three lines of defence been clarified (see three lines of defence below) but its scope has been extended to all businesses and functions. This creates the proper context for setting standards and establishing the right practices throughout the bank. See Barclays' risk culture – enabling the 'Go-To' bank on pages 378 and 379 for more information.

Three lines of defence

The three lines of defence operating model enables Barclays to separate risk management activities between those parties that:

1. Own and take risk, and implement controls (first line);
2. Oversee and challenge the first line, provide second line risk manactivity and support controls (second line); and
3. Provide assurance that the E-R-M process is fit for purpose, and that it is being carried out as intended (third line).

The Enterprise Risk Management process is the 'defence' and organising businesses and functions into three 'lines' enhances the E-R-M process by formalising independence and challenge, whilst still promoting collaboration and the flow of information between all areas:

First Line: Own and take risk, and implement controls

First line activities are characterised by:

- Ownership of and direct responsibility for Barclays' returns or elements of Barclays' P&L; or
- Ownership of major operations, systems and processes fundamental to the operation of the bank; or
- Direct linkage of objective setting, performance assessment and reward to P&L performance.

With respect to risk management the first line responsibilities include:

- Taking primary accountability for risk identification, ownership, management and control (including performance of portfolios, trading positions, operational risks, etc.) within approved mandate, as documented under the Key Risk Control Frameworks, including embedding a supportive risk culture;
- Collaborating with second line on implementing and improving risk management processes and controls;
- Monitoring the effectiveness of risk controls and the risk profile compared to the approved risk appetite; and
- Maintaining an effective control environment across all risks, processes and operations arising from the

With respect to risk management the second line of defence responsibilities include:

- Defining the Enterprise Risk Management Framework;
- Establishing the control environments for the Key Risks, including Key Risk Control Frameworks, policies, and standards;
- Defining delegated discretions and set limits within the control frameworks to empower risk taking by the first line;
- Assisting in the direction of the portfolio to achieve performance against risk appetite;
- May define and operate approval processes for certain decisions within the second line to protect the Bank from material risks;
- Communicating, educating and advising the first line on their understanding of the risk framework and its requirements;
- Collaborating with the first line to support business growth and drive an appropriate balance between risk and reward without diminishing the independence from the first line; and
- Reporting on the effectiveness of the risk and control environment to executive management and Board committees.

Third line: Provide assurance that the E-R-M process is fit for purpose, and that it is being carried out as intended

Third line activities are characterised by:

- Providing independent and timely assurance to the Board and Executive Management over the effectiveness of governance, risk management and control.

With respect to risk management the third line of defence responsibilities include:

- Assessing the effectiveness of risk management and risk mitigation in the context of the current and expected business environment; and
- Acting independently and objectively, without taking responsibility for the operations of the bank or the definition of the Enterprise Risk Management Framework and Group policies.

Governance (audited)

Governance Structure

Risk exists when the outcome of taking a particular decision or course of action is uncertain and could potentially impact whether, or how well, we deliver on our objectives.

Barclays faces risks throughout its business, every day, in everything it does. Some risks we choose to take after appropriate consideration – like lending money to a customer. Other risks may arise from unintended consequences of internal actions, for example an IT system failure or poor sales practices. Finally, some risks are the result of events outside the Bank but which impact our business – such as major exposure through trading or

business, including implementing standards to meet Group policies.

Second Line: Oversee and challenge the first line, provide second line risk management activity and support controls

Second line activities are characterised by:

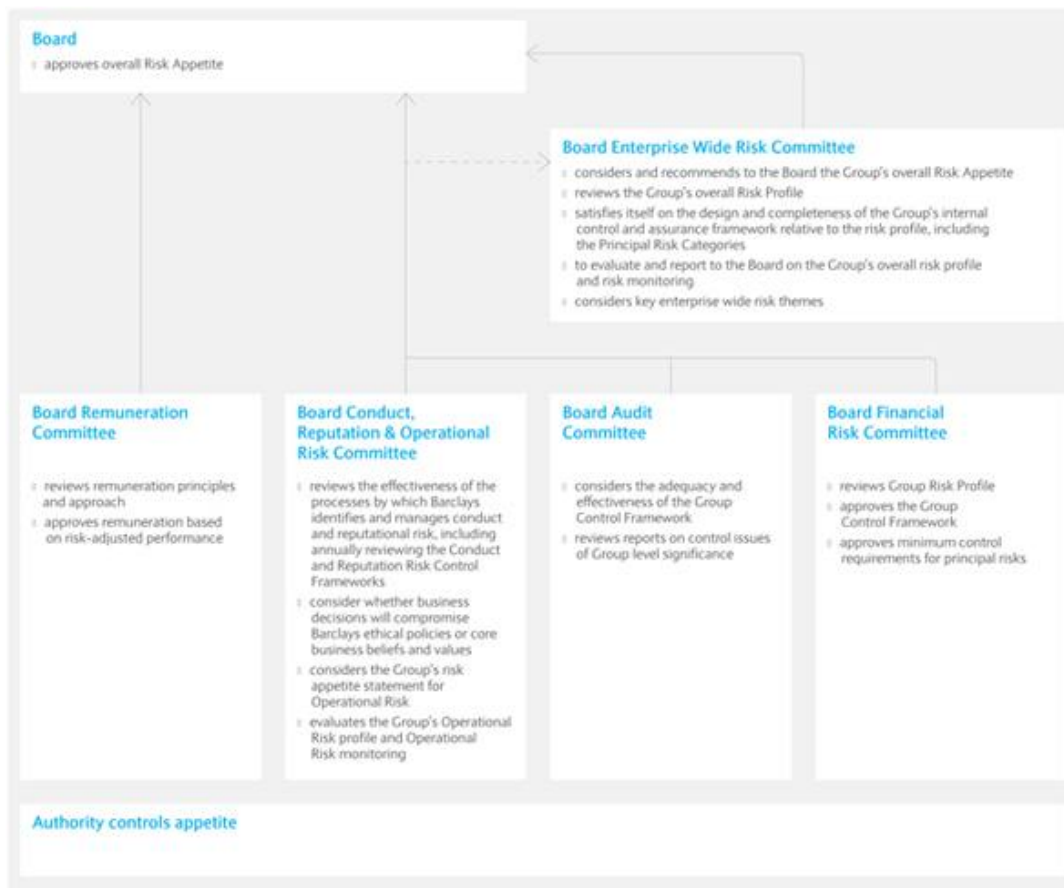
- Oversight, monitoring and challenge of the first line of defence activities;
- Design, ownership or operation of Key Risk Control Frameworks impacting the activities of the first line of defence;
- Operation of certain second line risk management activities; and
- No direct linkage of objective setting, performance assessment and reward to revenue (measures related to mitigation of losses and balancing risk and reward are permissible).

lending to a market counterparty which later fails.

All employees must play their part in the Bank's risk management, regardless of position, function or location, and are required to be familiar with risk management policies that are relevant to their activities, know how to escalate actual or potential risk issues, and have a role appropriate level of awareness of the Enterprise Risk Management Framework, risk management process and governance arrangements.

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There are four key Board level committees which review and monitor risk across the Group. These are: the Board, the Board Enterprise Wide Risk Committee, the Board Financial Risk Committee and the Board Conduct, Reputation and Operational Risk Committee.

The Board

The Board (Board of Directors of Barclays PLC) is responsible for approving risk appetite (see the Barclays risk management strategy section on page 378), which is the level of risk the Group chooses to take in pursuit of its business objectives. The Chief Risk Officer regularly presents a report to the Board summarising developments in the risk environment and performance trends in the key portfolios. The Board oversees the management of the most significant risks through the regular review of risk exposures and related key controls. Executive management responsibilities relating to this are set via the Group's ERMF.

The Board Enterprise Wide Risk Committee (BEWRC)

The BEWRC was introduced in 2013 and is a committee of the Board, from which it derives its authority and to which it regularly reports. The principal purpose of the Committee is to review, on behalf of the Board, management's recommendations on risk, in particular:

- Consider and recommend to the Board the Group's overall risk appetite;
- Review, on behalf of the Board, the Group's overall Risk Profile; and
- Satisfy itself on the design and completeness of the Group's internal control and assurance framework relative to the risk profile, including the Principal Risk categories.

BEWRC membership comprises the Group Chairman and Chairmen of the Board Audit Committee, Board Conduct, Reputation and Operational Risk Committee, Board Financial Risk Committee and Board Remuneration Committee. The Group CEO, Group CRO, Group Finance Director, Head of Compliance, General Counsel and Chief Internal Auditor are mandatory attendees.

The Board Financial Risk Committee (BFRC)

BFRC monitors the Group's risk profile against the agreed appetite. Where actual performance differs from expectations, the actions being taken by management are reviewed to ensure that the BFRC is comfortable with them. After each meeting, the Chair of the BFRC prepares a report for the next meeting of the Board. Barclays first established a separate BFRC in 1999 and all members are non-executive directors. The Finance Director and the Chief Risk Officer attend each meeting as a matter of course.

The BFRC receives regular and comprehensive reports on risk methodologies and the Group's risk profile including the key issues affecting each business portfolio and forward risk trends. The Committee also commissions in-depth analyses of significant risk topics, which are presented by the Chief Risk Officer or senior risk managers in the businesses. The Chair of the Committee prepares a statement each year on its activities (see the BFRC Chairman's report on page 70).

The Board Conduct, Reputation and Operational Risk Committee (BCROR)

The BCROR was created in 2013 in order to strengthen the Board level governance over conduct risk and reputation matters. It reviews the effectiveness of the processes by which Barclays identifies and manages conduct and reputational risk and considers whether business decisions will compromise Barclays ethical policies or core business beliefs and values. It also considers the Group's risk appetite statement for operational risk and evaluates the Group's operational risk profile and operational risk monitoring.

In addition, the Board Audit and Board Remuneration Committees receive regular reports on risk to assist them in the undertaking of their duties. See the BCROR Chairman's Report on page 73 for additional details of its membership and activities of the BCROR.

The Board Audit Committee (BAC)

The BAC receives quarterly reports on control issues of significance and a half-yearly review of the adequacy of impairment allowances, which it reviews relative to the risk inherent in the portfolios, the business environment, the Group's policies and methodologies and the performance trends of peer banks. The Chair of the BAC also sits on the BFRC. See the BAC Chairman's Report on page 62 for additional details on the membership and activities of the BAC.

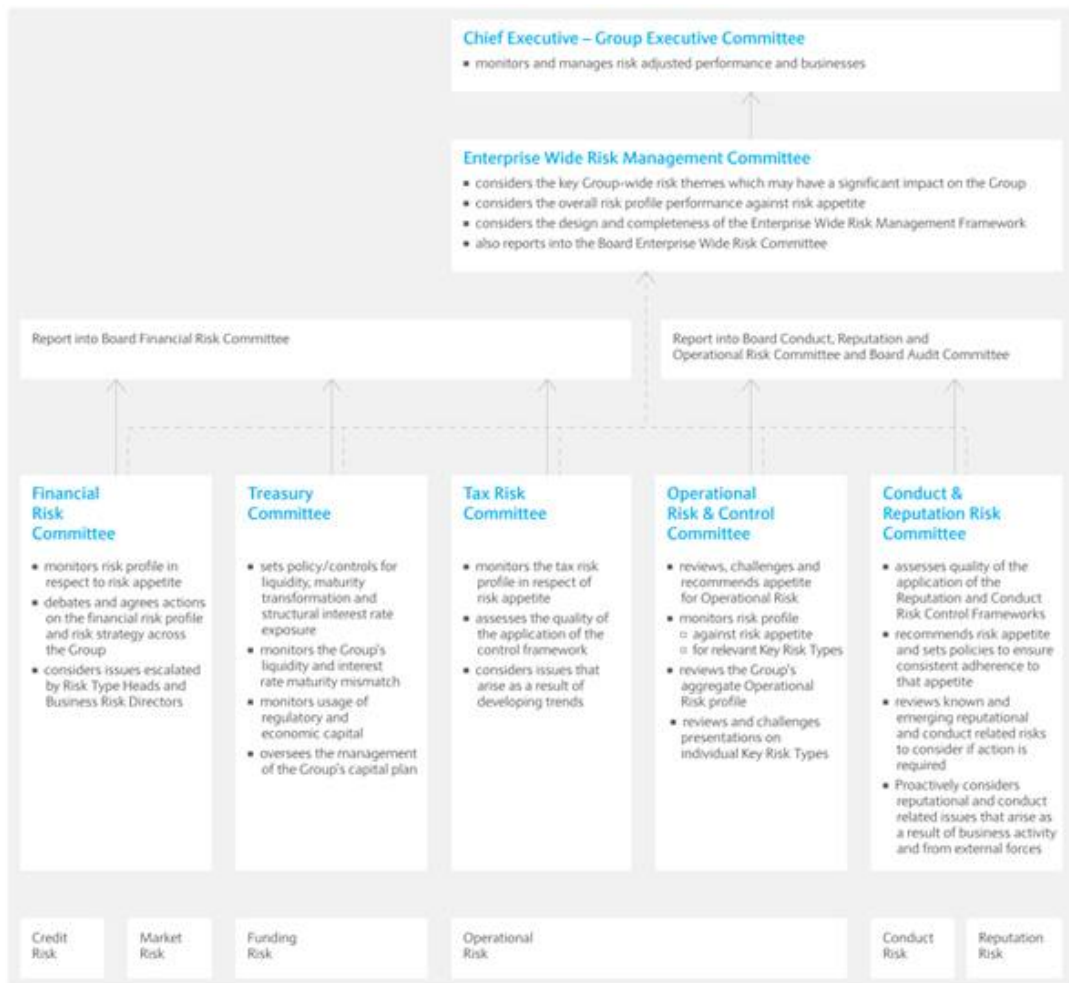
The Board Remuneration Committee (BRC)

The BRC receives a detailed report on risk management performance from the BFRC which is considered in the setting of performance objectives in the context of incentive packages. See the Remuneration Report on page 89 for additional details on membership and activities of the Board Remuneration Committee.

Summaries of the relevant business, professional and risk management experience of the Directors of the Board are given in the Board of Directors section on pages 83 to 85. The terms of reference for each of the principal Board Committees are available from the Corporate Governance section at: <http://group.barclays.com/About-us/Management-structure/Corporate-governance>.

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Reporting and Control



The launch of the Transform programme and subsequent introduction of the ERMF has introduced a more integrated 'One Risk' approach to how the Group manages risk, including governance, risk appetite, processes, and the effectiveness of its controls, together with leveraging colleague development opportunities.

During its day-to-day operations the Group faces a number of risks, which may be: i) assessed and considered appropriate (e.g. granting a loan to a customer); ii) as a result of unintended consequences of internal actions (e.g. IT system failure); or (iii) as a result of events outside the Group's control but which impacts our business (e.g. financial disruption in a region in which the Group operates).

The Group's approach to risk taking is structured, systematic and comprehensive, built into the decision making as objectives and aligned to the Evaluate, Respond and Monitor (E-R-M) process as defined in the section 'Barclays Risk Management Strategy'.

The Enterprise Wide Risk Management Committee (EWRMC) was created in 2013 and was established by, and derives its authority from, the Group Chief Risk Officer (CRO). It supports the CRO in the provision of oversight and challenge of the systems and controls in respect of risk management, particularly:

- Review, challenge and recommend risk appetite;
- Monitor risk profile against risk appetite; and
- Review the design and completeness of the ERMF and Principal Risk categories.

EWRMC membership includes the Group CRO, Group Chief Executive Officer (CEO), Group Finance Director, Group General Counsel, and Head of Compliance.

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The CRO is a member of the Executive Committee and has overall day-to-day accountability for risk management under delegated authority from the CEO. While the CEO is accountable for proposing a risk appetite that underpins the strategic plan to the Board for approval, the CRO is responsible for providing oversight, advice and challenge to the CEO, and providing a recommendation to the Board. Risk appetite therefore sets the 'tone from the top' and provides a basis for ongoing dialogue between management and Board level around Barclays' current and evolving risk profile.

The CRO manages the independent Group Risk function and chairs the Financial Risk Committee (FRC) and the Operational Risk and Control Committee (ORCC), which monitor the Group's financial and non-financial risk profile relative to established risk appetite. Reporting to the CRO, and working in the Group Risk function, are risk type heads for retail credit risk, wholesale credit risk, market risk, operational risk and fraud risk. The risk type heads are responsible for establishing a Group-wide framework for oversight of the relevant risks and controls. The risk type teams liaise with each business as part of the monitoring and management processes.

In addition, each business has an embedded risk management function, headed by a Business Chief Risk Officer (BCRO). BCROs and their teams are responsible for assisting business heads in the identification and management of their business risk profiles and for implementing appropriate controls. These teams also assist Group Risk in the formulation of Group policies and their implementation across the businesses. The business risk directors report jointly to their respective business heads and to the CRO.

The risk type heads within the Group Risk function and the BCROs within the businesses report to the Chief Risk Officer and are members of the FRC or ORCC as appropriate.

During 2013 a Risk Executive Committee was created, which is responsible for the effectiveness and efficiency of risk management and embedding a strong risk culture, approval of the Group's risk governance framework, and agreement and endorsement of the overall infrastructure strategy for the risk function. It is also the senior decision making forum for the risk function excluding matters relating to the risk profile. It is chaired by the CRO with a membership comprising senior risk management from the risk centre and the businesses.

The CEO must consult the Chairman of the BFRC in respect of the Chief Risk Officer's performance appraisal and compensation as well as all appointments to or departures from the role.

The Group Treasurer heads the Group Treasury function and chairs the Treasury Committee which:

- Manages the Group's liquidity, maturity transformation and structural interest rate exposure through the setting of policies and controls;
- Monitors the Group's liquidity and interest rate maturity mismatch;
- Monitors usage of regulatory and economic capital; and

Principal Risks (audited)

Risk management responsibilities are laid out in the ERMF, which covers the categories of risk in which Barclays has its most significant actual or potential risk exposures.

The ERMF:

- Creates clear ownership and accountability;
- Ensures the Group's most significant risk exposures are understood and managed in accordance with agreed risk appetite (for financial risks) and risk tolerances (for non-financial risks); and
- Ensures regular reporting of both risk exposures and the operating effectiveness of controls.

A Principal Risk comprises individual Key Risk Types to allow for more granular analysis of the risk associated within it. The six Principal Risks are: i) Credit; ii) Market; iii) Funding; iv) Operational; v) Conduct; and vi) Reputation.

Each Key Risk is owned by a senior individual known as the Group Key Risk Officer who is responsible for developing a risk appetite statement and overseeing and managing the risk in line with the ERMF. This includes the documentation, communication and maintenance of a risk control framework which makes clear, for every business across the firm, the mandated control requirements in managing exposures to that Key Risk. These control requirements are given further specification, according to the business or risk type, to provide a complete and appropriate system of internal control.

Business function heads are responsible for obtaining ongoing assurance that the key controls they have put in place to manage the risks to their business objectives are operating effectively. Six-monthly reviews support the regulatory requirement for Barclays to make an annual statement about its system of internal controls.

Group Key Risk Officers report their assessments of the risk exposure and control effectiveness to Group-level oversight committees and their assessments form the basis of the reports that go to the:

BFRC:

- Financial Risk Committee has oversight of Credit and Market Risks; and
- Treasury Committee has oversight of Funding Risk.

and, BCRORC:

- Operational Risk and Control Committee has oversight of all Operational Risk types, with the exception of Tax Risk, which is primarily overseen by the Tax Risk Committee; and
- Conduct and Reputation Risk Committee has oversight of the Conduct and Reputation Risks.

Each Group Key Risk Officer also undertakes an annual programme of risk based conformance reviews.

- Has oversight of the management of the Group's capital plan.

The Head of Compliance chairs the Conduct and Reputation Committee which assesses quality of the application of the Reputation and Conduct Risk Control Frameworks. It also recommends risk appetite, sets policies to ensure consistent adherence to that appetite, and reviews known and emerging reputational and conduct related risks to consider if action is required.

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Conformance and assurance

Conformance and assurance is undertaken to assess the control environment:

Conformance: Activities undertaken to check the degree to which defined processes are being followed.

- Conformance testing – is a planned, systematic and documented programme of checking, that has the objective of providing evidence that controls have been operated in accordance with documented process. Testing results provide management with a view of the effectiveness of the control environment supporting their operations.
- Conformance review – is a planned, risk based programme of activity to assess the quality of conformance testing. Conformance review is undertaken by individuals who are independent of the management team running the operations. Review results enable management to assess how much assurance they can place on the results of conformance testing. Conformance testing and conformance review may also identify opportunities for improvement to policies and standards.

Assurance: Undertaken to independently assess the overall enterprise risk management framework, which includes testing specific elements of the control environment documented in standards and checking that conformance activities are reliable, to provide the Board confidence in the risk and control framework.

Internal Audit is responsible for the independent review of risk management and the control environment. Its objective is to provide reliable, valued and timely assurance to the Board and Executive Management over the effectiveness of controls, mitigating current and evolving high risks and in so doing enhancing the controls culture within the Group. The BAC reviews and approves Internal Audit's plans and resources, and evaluates the effectiveness of Internal Audit. An assessment by external advisers is also carried out periodically.

The Executive Models Committee (EMC) is chaired by the Chief Risk Officer. The EMC, reports into the Enterprise Wide Risk Management Committee and fulfils the specific requirement of approving the Group's most material (A*) models, as required by the PRA. The EMC receives submissions from the businesses responsible for the A* models and reviews and approves A* models and Post Model Adjustments (PMAs) related to those models.

The Disclosure Committee reviews and evaluates the Group's disclosure controls and procedures and has responsibility for considering the materiality of information and determining disclosure obligations on a timely basis. It is chaired by the Group Finance Director. It reports into the Group Executive Committee and the BAC.

Risk management in the setting of strategy

The planning cycle is centred on the medium term planning (MTP) process, performed once a year. This embeds the Group's objectives into detailed business plans which take account the likely business and macroeconomic environment. The risk functions at Group and business levels are heavily involved in this process.

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The planning cycle



In addition to supporting transaction decisions, the measurement and control of credit, market, operational and other risks have considerable influence on Barclays' strategy. The Board is solely responsible for approving the MTP, the associated risk appetite statement, and the capital plans. As such, the business plans of Barclays must incur a level of risk that falls within the Board's tolerance, or be modified accordingly. The BFRC has been in place since 1999 and is devoted to review the firm's risk and make appropriate recommendations to the Board. For details of the activities of the Board and the BFRC in 2013 see the Governance Structure section on page 380 and 381 and the BFRC Chairman's report on page 70.

The risk appetite and the Group-wide stress testing processes, described below, are closely linked to the MTP process and also support strategic planning and capital adequacy. The risk appetite process ensures that senior management and the Board understand the MTP's sensitivities to key risk types, and includes a set of M&S limits to ensure the Group stays within appetite. Stress testing informs management on the impact to the business of detailed scenarios. Integral to the Group-wide stress testing process is to explicitly identify a set of actions that management would take to mitigate the impact of a stress.

One of the main objectives of managing risk is to ensure that Barclays achieves an adequate balance between capital requirements and resources. The capital planning cycle is fully integrated within strategic planning.

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Medium-Term Planning (MTP) process

The MTP process, performed annually, requires each business to present its plans for business performance over the coming five years (with a key focus on the first three years of the plan). The MTP details the businesses strategy, the portfolio composition and the expected risk trends. Achieving the planned performance in each business is dependent upon the ability of the business to manage its risks. It is an iterative process featuring weekly reviews at the most senior levels as the plan is updated until final agreement. The output includes a detailed statement of the Group's strategy over the medium-term, as well as detailed financial projections.

Risk managers support the MTP by providing robust review and challenge of the business plans to ensure that the financial projections are internally consistent; value creating; achievable given risk management capabilities (e.g. supported by appropriate risk infrastructure) and that they present a suitable balance between risk and reward. This culminates in the risk review meetings in which the CRO and senior management in each of our businesses discuss the findings from the risk reviews, and changes to the business plans are mandated as necessary.

The business plans are prepared with reference to a consistent set of economic assumptions which are agreed by senior management and reviewed within Group Risk to ensure that they appropriately reflect emerging risk trends. They are used as baseline scenarios in the stress testing and risk appetite processes.

The output from the business plan forms the basis of all strategic processes. In particular, the plans comprise projections of capital resources and requirements given profit generation, dividend policy and capital issuance. Risk variables are also considered, most importantly in the forecasting of the Group's impairment charge, on the assessment of the business capital requirements going forward and in sensitivity analyses of the plans (which include risk appetite and stress testing).

Risk appetite

Risk appetite is defined as the level of risk that Barclays is prepared to accept whilst pursuing its business strategy, recognising a range of possible outcomes as business plans are implemented.

Risk appetite sets the 'tone from the top' and provides a basis for ongoing dialogue between management and Board with respect to Barclays' current and evolving risk profile, allowing strategic and financial decisions to be made on an informed basis.

At Barclays, the risk appetite framework is intended to achieve the following objectives:

- Articulate the risks the Group is willing to take and why, to enable specific risk taking activities; and articulate those risks to avoid and why, to constrain specific risk taking activities;
- Consider all Principal and Key Risks both individually and, where appropriate, in aggregate;
- Consistently communicate the acceptable level of risk for different risk types; this may be expressed in financial or non-financial terms, but must enable



Setting risk appetite

In this regard, the Group CEO is responsible for:

- Leading the development of the Barclays strategy and business plans that align to our Goal, Purpose and Values and includes a risk appetite and risk profile proposal for Board approval;
- Leading, managing and organising executive management to achieve execution of the Barclays strategy and business plans in line with the Board approved Purpose, Values, Code of Conduct ('the Barclays Way') and risk appetite. This includes assessing risk holistically, ensuring the soundness of the financial position of Barclays, and that due consideration is given to the impact of Barclays on society, customers and clients, colleagues and the wider financial system;
- Barclays' performance including financial and operational activities, risk profile (current and outlook) compared to approved risk appetite, and compliance with all laws, regulations and the Barclays Operating Framework; and
- Providing accurate, transparent and timely reporting to the Board on Barclays' performance against plan, and include the risk profile (current and outlook) compared to risk appetite under normal and stressed scenarios.

The Group CRO is responsible for:

- Providing oversight, advice and challenge to the CEO with respect to the strategic plan;
- Management of the risk appetite setting processes;
- Recommending risk appetite to the Board;
- Ensuring the Board receive regular management information that compares the risk appetite set for Barclays and the businesses by risk type and in aggregate where appropriate; and
- Developing, operating and maintaining a comprehensive risk management framework for Barclays that ensures the business performs in line with the approved risk appetite.

measurement and effective monitoring;

- Describe agreed parameters for Barclays' performance under varying levels of financial stress with respect to:
 - Profitability, loss and return metrics
 - The ability to continue to pay a dividend; and
- Be embedded in key decision-making processes including mergers and acquisitions, new product approvals and business change initiatives.

Unapproved breaches of risk appetite and/or limits will result in performance management and disciplinary consequences.

The Board review and approve risk appetite in aggregate and for all individual Principal Risks.

The Risk function is responsible for implementation, operation and monitoring of the bank's approach to risk appetite.

Risk appetite is formally reviewed on an annual basis in conjunction with the Medium-Term Planning (MTP) process.

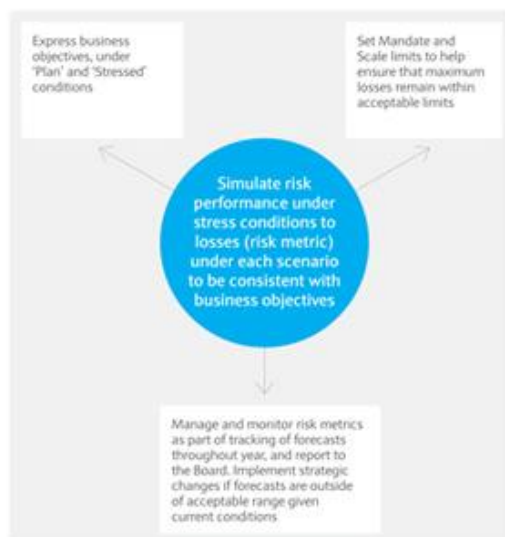
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Group-wide stress tests are an integral part of the annual MTP process and ensure that the Group's financial position and risk profile provide sufficient resilience to withstand the impact of severe economic stress. A key objective of the Group-wide stress test process is to identify and document management actions that would be taken to mitigate the impact of stress. The bottom-up process ensures all levels of management are informed of the impact of the stress scenarios and are aware of appropriate management actions to be taken when a stress event occurs. The approach also includes reverse stress testing techniques which aim to identify the circumstances under which our business model would become no longer viable, leading to a significant change in business strategy. See Stress testing below for more information.

Risk appetite is approved and disseminated across Key Risks and businesses, including the use of 'M&S' limits to enable and control specific activities that have material concentration risk implications for the Group. These limits also help avoid large one-off losses that are specific to Barclays and outside stakeholder expectations.

Barclays has run a risk appetite process since 2004 and this process comprises 'Financial Volatility', which is the level of potential deviation from expected financial performance Barclays is prepared to sustain, and 'Mandate and Scale', which ensures the Group stays within appetite. The strategy and business activities are reflected in key performance metrics, which are dependent in large part on risk performance.

Simulate risk



Financial volatility

Financial volatility is defined as the level of potential deviation from expected financial performance that Barclays is prepared to sustain at relevant points on the risk profile. When setting appetite, management and the Board articulate the Group's strategy and summarise objectives in terms of key financial metrics. The Group's risk profile is assessed via a 'bottom-up' analysis of the Group's business plans to establish the volatility of the key metrics. If the projections entail too high a level of risk (i.e. breach the top-down financial objectives at the through-the-cycle, moderate or severe level), management will challenge each area to re-balance the risk profile to bring the bottom-up risk appetite back within top-down appetite. Performance against risk appetite usage is measured and reported to the Executive Committee and the Board regularly throughout the year. Our top-down appetite is quantified through an array of financial performance and capital metrics which are reviewed by the Board on an annual basis. For 2013, the strategic metrics in the table below were set at three levels: 'through-the-cycle', and stressed 'one in seven' and 'one in twenty-five', which are defined as:

- Through-the-cycle: the average losses based on measurements over many years;
- 1 in 7 (moderate) loss: the worst level of losses out of a random sample of 7 years; and
- 1 in 25 (severe) loss: the worst level of losses out of a random sample of 25 years.

These scenarios are defined through a level of probability of occurrence rather than through a specific set of economic variables like in stress tests.

Risk appetite concepts (diagram not to scale)



The potentially larger but increasingly less likely levels of loss are illustrated in the risk appetite concepts chart above. Since the level of loss at any given probability is dependent on the portfolio of exposures in each business, the statistical measurement for each key risk category gives the Group clearer sight and better control of risk taking throughout the enterprise. Specifically, this framework enables it to:

- Improve management confidence and debate regarding the Group's risk profile;
- Re-balance the risk profile of the MTP where breaches are indicated, thereby achieving a superior risk-return profile;
- Identify unused risk capacity, and thus highlight the need to identify further profitable opportunities; and
- Improve executive management control and co-ordination of risk taking across businesses.

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Barclays risk management strategy continued

Measure relevant to strategy and risk	Link between strategy and risk profile
Profit before tax, Return on equity, Return on RWAs	Fundamental economic and business indicators, which best describes shareholder focus in terms of profitability and ability to use capital resources efficiently.
Loan loss rate (LLR)	Describes the credit risk profile and whether impairment is within appetite.
Core Tier 1 and leverage ratios	Monitors our capital adequacy in relation to capital plan.
Dividends	Measures the risks of being able to continue paying appropriate dividends.

In summary, the stress levels represent the risk tolerance of Barclays in terms of its key objectives. These objectives act as constraints on risk performance and imply maximum levels of acceptable losses that are tracked quarterly and reported to the Board. Any breaches must be approved and remedial actions mandated.

Mandate and Scale

The second element to the setting of risk appetite in Barclays is an extensive system of Mandate and Scale limits, which is a risk management approach that seeks to formally review and control business activities to ensure that they are within Barclays mandate (i.e. aligned with expectations), and are of an appropriate scale (relative to the risk and reward of the underlying activities). Barclays achieves this by using limits and triggers to avoid concentrations which would be out of line with expectations, and which may lead to unexpected losses of a scale that would be detrimental to the stability of the relevant business line or the Group. These limits are set by the independent risk function, formally monitored each month and subject to Board-level oversight.

For example, in our commercial property finance and construction portfolios, a comprehensive series of limits are in place to control exposure within each business and geographic sector. To ensure that limits are aligned to the underlying risk characteristics, the Mandate and Scale limits differentiate between types of exposure. There are, for example, individual limits for property investment and property development.

Barclays uses the Mandate and Scale framework to:

- Limit concentration risk;
- Keep business activities within Group and individual business mandate;
- Ensure activities remain of an appropriate scale relative to the underlying risk and reward; and
- Ensure risk taking is supported by appropriate expertise and capabilities.

As well as Group-level Mandate & Scale limits, further limits are set by risk managers within each business unit, covering particular portfolios.

Interaction of risk appetite with business strategy

The strategy and business activities are reflected in key performance metrics, which are dependent in large part on risk performance. Risk appetite, as described above, helps to ensure that the strategy is adaptable to various degrees of financial stress.

Each year, the MTP process ensures that appetite takes account of the strategy (detailed in the Barclays risk management strategy section on page 386).

The Group risk profile developing in the plan is assessed in the financial volatility scenarios via a bottom-up process; this is then compared with the top-down view articulated via the key financial metrics described above. Any gap between the two views is challenged by management in order to re-balance the risk profile and bring the bottom-up risk appetite back within top-down appetite.

For further information on Risk factors and the Operating and business environment, refer to the Risk factors section (see pages 133 to 141).

Stress testing

Group-wide stress tests are an integral part of the annual MTP process and annual review of risk appetite to ensure that the Group's financial position and risk profile provide sufficient resilience to withstand the impact of severe economic stress. The following diagram outlines the key steps in the Group-wide stress testing process, which are described below. Barclays also maintains Recovery Plans which consider actions to facilitate recovery from severe stress or an orderly resolution. These actions are additional to those included in the Group-wide stress testing process described in this section.

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■ **Scenario design and setting:** BFRC agrees the range of scenarios to be tested and the independent Group Risk function leads the process. Macroeconomic stress test scenarios are designed to be both severe and plausible, and relevant to our business. The following diagram summarises the process for designing and agreeing the

scenarios to be run. The process includes Group Risk consultation with economists in the businesses. This ensures relevance of scenarios to our businesses and a consistent interpretation of the scenarios across the Group.

Scenario design and setting



At the Group level, stress test scenarios capture a wide range of macroeconomic variables that are required to assess the impact of the stress scenario for each portfolio, and reflect the wide range of models used across the Group to assess the impact of the stress. This includes for example, GDP, unemployment, asset prices, foreign exchange rates and interest rates. Economic parameters are set using expert judgement and are calibrated using historical and quantitative analysis to ensure internal coherence and appropriate severity. In addition, our scenarios are tested against the PRA's stress test scenarios.

Examples of types of scenarios/themes run as Group-wide stress tests include:

- A global recession scenario capturing the wide range of businesses across Barclays;
- US-centred macroeconomic scenario; and
- A peripheral Eurozone stress as part of the reverse stress testing framework (see page 391).

■ **Businesses prepare MTP/business plans:** each business prepares detailed business plans which are used as the baseline for running their stress test analysis. The MTP business plans are prepared at performance cell level across a detailed set of performance metrics covering income, impairment, balance sheet and RWA information (which is also reflected in the stress testing results) – see page 386 for further details on the MTP process. The stress testing results are used to inform MTP business plans, so there may be a number of iterations before the MTP business plans are finalised.

■ **Businesses run stress testing models:** the stress testing process is detailed and comprehensive using bottom-up analysis performed by each of Barclays' businesses, covering detailed performance metrics as outlined above and results are produced for each performance cell. It includes all aspects of the Group's balance sheet across all risk types and is forward looking over a five year period. Our stress testing approach combines running statistical models with expert judgement to ensure the results accurately reflect the impact of the stress test economic scenario.

An overview of our stress testing approach by Principal Risk is provided in the table below:

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Barclays risk management strategy continued

Principal Risk	Stress testing approach
Credit risk	▪ Credit risk impairments: For retail portfolios businesses use regression models to establish a relationship between arrears movements and key macroeconomic parameters, such as interest rates and unemployment, incorporating roll-rate analysis to estimate stressed levels of arrears by portfolio. In addition, combination of house price reductions and increased customer drawdowns for revolving facilities leads to higher loss given default (LGD) which also contributes to increased impairment levels. For wholesale portfolios the stress shocks on credit risk drivers (PDs, LGDs and EADs) are primarily calibrated using historical and expected relationships with key macroeconomic parameters such as GDP, inflation and interest rates. ▪ The scenarios include market risk shocks that are applied to determine the market value under stress of contracts that give rise to counterparty credit risk. Counterparty losses, including from changes to the credit valuation adjustment and from defaults, are modelled based on the impact of these shocks as well as using stressed credit risk drivers (PDs and LGDs). The same approach is used to stress the market value of assets held as available for sale or at fair value in the banking book. ▪ Credit risk weighted assets: The impact of the scenarios is calculated via a combination of business volumes and similar factors to impairment drivers above, as well as the regulatory calculation and the level of pro-cyclicality of underlying regulatory credit risk models.
Market risk	▪ Trading book losses: All market risk factors on the balance sheet are stressed using specific market risk shocks (and are used for the counterparty credit risk analysis, above). The severity of the shocks applied are dependent on the liquidity of the market under stress, e.g. illiquid or sticky positions are assumed to have a longer holding period than positions in liquid markets. ▪ Pension fund: The funding position of pension funds are stressed, taking into account key economic drivers impacting future obligations (e.g. long term inflation and interest rates) and the impact of the scenarios on the value of fund assets.
Funding risk	▪ The risk of a mismatch between assets and liabilities, leading to funding difficulties, is assessed. Businesses apply scenario variables to forecasts of customer loans and advances and deposits levels, taking into account management actions to mitigate the impact of the stress which may impact business volumes. The Group funding requirement under stress is then estimated and takes into account lower availability of funds in the market. ▪ The analysis of funding risk also contributes to the estimate of stressed income and costs: □ Stress impact on non-interest income is primarily driven by lower projected business volumes and hence lower income from fees and commissions; □ Impact on net interest income is driven by stressed margins, which depend on the level of interest rates under stress as well as funding costs, and on stressed balance sheet volumes. This can be partly mitigated by management actions that may include repricing of variable rate products, taking into account interbank lending rates under stress; and □ The impact on costs is mainly driven by business volumes and management actions to partly offset profit reductions (due to impairment increases and decreases in income) such as headcount reductions and lower performance costs.
Operational risk, Conduct risk and Reputation risk	▪ These Principal Risks are generally not assessed as part of economic scenario assessments, as they are not directly linked to the economic scenario. Note that Operational risk, however, is included as part of the reverse stress testing framework that incorporates assessment of idiosyncratic operational risk events. □ Management of Operational risk is described on pages 225 and 415 to 417 □ Management of Conduct risk is described on pages 228 to 229 □ Management of Reputation risk is described on pages 226 to 227
▪ Review and challenge: the business' stress test methodologies and results are subject to a detailed review and challenge both within the businesses (including review and sign-off by business CROs) and by Head Office Functions. In particular, this includes detailed risk review of both the stressed estimates (e.g. impairments), and the methodology used to translate the economic scenario to stressed estimates. Businesses are required to document their stress test methodologies and results, including key assumptions made. The stress testing results are presented and discussed as part of the MTP risk reviews held between each business and Barclays CRO. ▪ Results (pre- and post-business management actions): a key objective of the Group-wide stress test process is to identify and document management actions that would be taken to mitigate the impact of ▪ Capital plan including capital management actions: the business' stress test results are aggregated to form a Group view of the impact of the stress, which are used by Barclays Treasury Capital Management to determine the stress impact on the Group capital plans. As part of this assessment, capital management actions such as reducing dividend payments or redeeming certain capital instruments may be considered. These are in addition to the business management actions included in business' stress testing results. Further management actions available in Barclays' recovery plan that are not included in the Group-wide stress testing results. ▪ Committee presentations and approval of stress scenario results: the stress test results are presented for review by the Executive Committee and BFRC, and are also shared with the Board.	

stress. Businesses are required to report results both pre- and post-business management actions, such as cost reductions and increased collections activity to reduce impairments, and to document these actions. The bottom-up process ensures all levels of management are informed of the impact of the stress scenarios and are aware of appropriate management actions to be taken when a stress event occurs. For instance, during the recession of 2008-2010 a programme of work based on the stress management actions was implemented and directly overseen by the Group Executive Committee.

The results of our H2 2013 internal Group-wide stress test exercise show that the Group's profit before tax remains positive under the modelled severe global stress scenario, with the Group remaining well capitalised above the required regulatory minimum level. The stress test results are also shared with the PRA, e.g. as part of our internal capital adequacy assessment process (ICAAP) submission.

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Reverse stress testing

The Group-wide stress testing framework also includes reverse stress testing techniques which aim to identify the circumstances under which Barclays' business model would become no longer be viable, leading to a significant change in business strategy. Examples include extreme macroeconomic downturn scenarios, such as a break-up of the Euro area, or specific idiosyncratic events, covering both Operational risk and capital/liquidity events.

Reverse stress testing is used to help support ongoing risk management and is fully integrated into our risk appetite framework. Reverse stress testing methodology includes identifying tail risks associated with specific low likelihood circumstances, and identifying appropriate mitigating actions. For example, the approach for managing Eurozone peripheral risks was informed by the results of the reverse stress testing assessment ran in 2010.

Business and risk type specific stress tests

Barclays also uses stress testing techniques at portfolio and product level to support risk management. For example, portfolio management in the US cards business employs stressed assumptions of loss rates to determine profitability hurdles for new accounts. In the UK mortgage business, affordability thresholds incorporate stressed estimates of interest rates. In the Investment Bank, global scenario testing is used to gauge potential losses that could arise in conditions of extreme market stress. Stress testing is also conducted on positions in particular asset classes, including interest rates, commodities, equities, credit and foreign exchange.

Information on the Group's stress testing specifically relating to liquidity risk is set out in the Funding risk – Liquidity section. Further information on market risk stress testing is provided in the Market Risk section.

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Credit risk management

i Credit risk is the risk of suffering financial loss should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. The granting of credit is one of the Group's major sources of income and, as the most significant risk, the Group dedicates considerable resources to its control.

These disclosures are unaudited unless otherwise stated

Barclays Risk Management Strategy

Barclays has clear risk management objectives and a well-established strategy to deliver them, through core risk management processes.

Overview (audited)

The credit risk that the Group faces arises mainly from wholesale and retail loans and advances together with the counterparty credit risk arising from derivative contracts entered into with clients. This is demonstrated by the impairment charge analysis chart. Other sources of credit risk arise from trading activities, including debt securities, settlement balances with market counterparties, available for sale assets and reverse repurchase loans.

Credit risk management objectives are to:

- Maintain a framework of controls to ensure credit risk-taking is based on sound credit risk management principles;
- Identify, assess and measure credit risk clearly and accurately across the Group and within each separate business, from the level of individual facilities up to the total portfolio;
- Control and plan credit risk-taking in line with external stakeholder expectations and avoiding undesirable concentrations;
- Monitor credit risk and adherence to agreed controls; and
- Ensure that risk-reward objectives are met.

Total credit impairment charge and other provisions (£3,071m)



1 Wholesale Loans and Advances	£892m*
2 AFS and Reserve Repos	£9m
3 Contingent Liabilities and Guarantees	£17m
4 Retail Loans and Advances	£2,153m*

*Excludes charges against contingent liabilities and guarantees

Organisation and structure



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Wholesale and retail portfolios are managed separately to reflect the differing nature of the assets; wholesale balances tend to be larger and are managed on an individual basis while retail balances are smaller in value and can be managed on a homogenous portfolio basis.

Barclays has structured the responsibilities of credit risk management so that decisions are taken as close as possible to the business, whilst ensuring robust review and challenge of performance, risk infrastructure and strategic plans. The credit risk management teams in each business are accountable to the business risk directors in those businesses who, in turn, report to the CRO and also to the heads of their businesses.

The responsibilities of the credit risk management teams in the businesses include: sanctioning new credit agreements; monitoring risk against limits and other parameters; ensuring all elements of post sanction fulfilment are completed in line with terms of the sanction; maintaining robust systems, data gathering, quality, storage and reporting methods for effective credit risk management; for wholesale portfolios performing effective turnaround and workout scenarios via dedicated restructuring and recoveries teams; and for retail portfolios maintaining robust collections and recovery processes/units.

Credit risk approval is undertaken by experienced credit risk professionals operating within a clearly defined delegated authority framework, with only the most senior credit officers entrusted with the higher levels of delegated authority. The largest credit exposures are approved at the Credit Committee which is managed by Central Risk. In the wholesale portfolios, credit risk managers are organised in sanctioning teams by geography, industry and/or product.

The role of the Central Risk function is to provide Group-wide direction, oversight and challenge of credit risk-taking. Central Risk sets the Credit Risk Control Framework, which provides a structure within which credit risk is managed together with supporting Credit Risk Policies. Central Risk also provides technical support, review and validation of credit risk measurement models across the Group.

Reporting

The Group dedicates considerable resources to gaining a clear and accurate understanding of credit risk across the business and ensuring that its balance sheet correctly reflects the value of the assets in accordance with applicable accounting principles. This process can be summarised in five broad stages:

- Measuring exposures and concentrations;
- Monitoring performance and asset quality;
- Monitoring for weaknesses in portfolios;
- Raising allowances for impairment and other credit provisions; and
- Returning assets to a performing status or writing off assets when the whole or part of a debt is considered irrecoverable.

Measuring exposures and concentrations

Loans and advances to customers provide the principal source of credit risk to the Group although Barclays can also be exposed to other forms of credit risk through, for example, loans to banks, loan commitments and debt securities. Barclays' risk management policies and processes are designed to identify and analyse risk, to set appropriate risk appetite, limits and controls, and to monitor the risks and adherence to limits by means of reliable and timely data.

One area of particular review is concentration risk. A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. As a result, Barclays constantly reviews its concentration in a number of areas including, for example, geography, maturity and industry (see page 145 for further detail).

Mandate and Scale limits are used to maintain concentrations at appropriate levels. Limits are typically based on the nature of the lending and the amount of the portfolio meeting certain standards of underwriting criteria. Diversification, to reduce concentration risk, is achieved through setting maximum exposure guidelines to individual counterparties. Excesses are reported to the FRC and the BFRC.

Monitoring performance and asset quality

Trends in the quality of the Group's loan portfolio are monitored in a number of ways including by way of:

Loan loss rate

The loan loss rate (LLR) provides Barclays with a way of consistently monitoring trends in loan portfolio quality at the Group, business and product levels. At Barclays, the LLR represents the annualised impairment charges on loans and advances to customers and banks and other credit provisions as a percentage of the total, period-end loans and advances to customers and banks, gross of impairment allowances. Details of the LLR for the current period may be found on the retail credit risk section (page 158) and the wholesale credit risk section (page 173).

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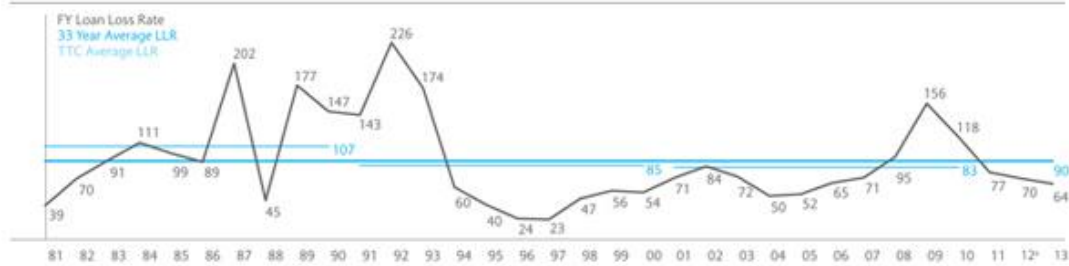
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Loan loss rate (bps) – Longer term trends



From a recent full year peak of 156bps at 31 December 2009, the LLR has been on an improving trend. By the end of 2011, the LLR of 77bps had returned to pre-crisis levels and was lower than the long term average. The LLR has continued to fall in 2012-13 and now stands at 64bps.

Note

a Restated to reflect the impact of IFRS10, which results in some Exit Quadrant exposures being recorded at fair value in 2012 and 2013.

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Credit risk management continued

Coverage ratios

The impairment allowance is the aggregate of the identified and unidentified impairment balances. Impairment allowance coverage, or the coverage ratio, is reported at two levels:

- Credit risk loans (CRLs) coverage ratio, calculated as impairment allowances as a percentage of CRL balances;
- Potential credit risk loans coverage ratio (impairment allowances as a percentage of total CRL and Potential Problem Loan (PPLs) balances); and
- See identifying potential credit risk loans on page 395 for more information on the criteria for this category.

Appropriate coverage ratios will vary according to the type of product but can be broadly shown to have typical severity rates based upon historic analysis:

- Secured retail home loans: 5%-25%;
- Credit cards, unsecured and other personal lending products: 65%-80%; and
- Corporate facilities: 30%-50%.

CRL coverage ratios would therefore be expected to be at or around these levels over a defined period of time. In principle, a number of factors may affect the Group's coverage ratios, including:

- **The mix of products within total CRL balances:** Coverage ratios will tend to be lower when there is a high proportion of secured retail and corporate balances within total CRLs. This is due to the fact that the recovery outlook on these types of exposures is typically higher than retail unsecured products, with the result that they will have lower impairment requirements;

- **The stage in the economic cycle:** Coverage ratios will tend to be lower in the earlier stages of deterioration in credit conditions. At this stage, retail delinquent balances will be predominantly in the early delinquency cycles and corporate names will have only recently moved to CRL categories. As such balances attract a lower impairment requirement, the CRL coverage ratio will be lower;

- **The balance of PPLs to CRLs:** The impairment requirements for PPLs are lower than for CRLs, so the greater the proportion of PPLs, the lower the PCRL coverage ratio; and

- **Write-off policies:** The speed with which defaulted assets are written off will affect coverage ratios. The more quickly assets are written off, the lower the ratios will be, since stock with 100% coverage will tend to roll out of PCRL categories more quickly.

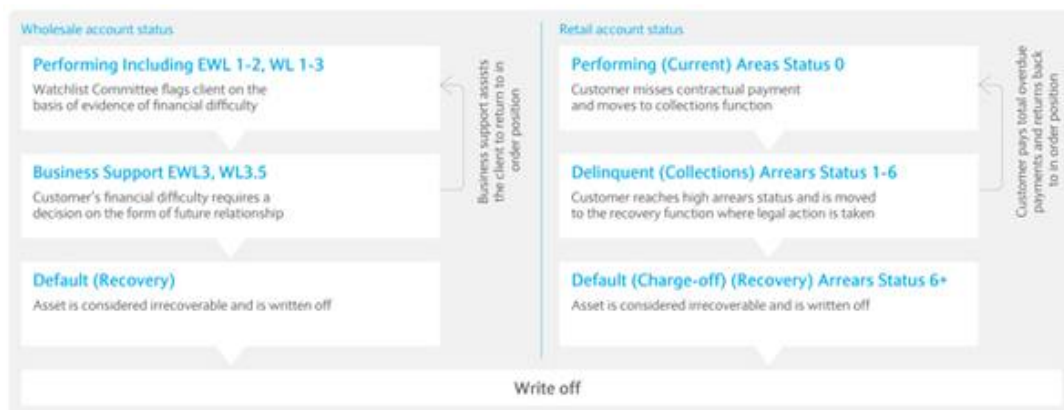
Details of the coverage ratios for the current period are shown in the following chart and may be found in the analysis of loans and advances and impairment section (pages 151 to 157), the retail credit risk section (pages 158 to 172) and the wholesale credit risk section (pages 173 to 180).

CRL coverage^a



Monitoring weaknesses in portfolios

Whilst the basic principles for monitoring weaknesses in wholesale and retail exposures are broadly similar, they reflect the differing nature of the assets. As a matter of policy all facilities granted to corporate or wholesale counterparties are subject to a review on, at least, an annual basis, even when they are performing satisfactorily.



Note

a Balances prior to 2012 have not been restated for the adoption of IFRS 10.

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Wholesale portfolios^a

Within the wholesale portfolios, the Basel definitions of default are used as default indicators which have been aligned to the IAS 39 objective evidence of impairment. A default is triggered if individual identified impairment is recognised. Barclays definitions of default used are:

1. Bank puts the credit obligation on a non-accrued status.
2. Bank makes a charge-off or account specific identified impairment resulting from a significant perceived decline in credit quality.
3. Bank sells the credit obligation at a material credit-related economic loss.
4. Bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness or postponement of principal, interest or fees.
5. Bank triggers a petition for obligor's bankruptcy or similar order.
6. Bank becomes aware of the obligor having sought or having been placed in bankruptcy or similar protection where this would avoid or delay repayment of the credit obligation to the banking group.
7. Bank becomes aware of an acceleration of an obligation by a firm.
8. Where the obligor is a bank – revocation of authorisation.
9. Where the obligor is a sovereign – trigger of default definition of an approved external credit assessment institution (i.e. a rating agency).
10. Obligor past due more than 90 days on any material credit obligation to the banking group.

Wholesale accounts that are deemed to contain heightened levels of risk are recorded on graded early warning lists (EWL) or watchlists (WL) comprising three categories graded in line with the perceived severity of the risk attached to the lending, and its probability of default. Examples of heightened levels of risk may include, for example:

- a material reduction in profits;
- a material reduction in the value of collateral held;
- a decline in net tangible assets in circumstances which are not satisfactorily explained; or
- periodic waiver requests or changes to the terms of the credit agreement over an extended period of time.

These lists are updated monthly and circulated to the relevant risk control points. Once an account has been placed on WL or EWL, the exposure is carefully monitored and, where appropriate, exposure reductions are effected. Should an account become impaired, it will normally, but not necessarily, have passed through each of the three categories, which reflect the need for increasing caution and control. While all obligors, regardless of financial health, are subject to a full review of all facilities on at least an annual basis, more frequent interim reviews may be undertaken should circumstances dictate. Specialist recovery functions deal with clients in higher levels of

consistent with the Group's policy of raising a collective impairment allowance as soon as objective evidence of impairment is identified. Retail accounts can be classified according to specified categories of arrears status (or cycle), which reflects the level of contractual payments which are overdue. An outstanding balance is deemed to be delinquent when it is one day or one penny down and goes into default when it moves into recovery, normally 180 days. Impairment is considered from entry into delinquency.

The probability of default increases with the number of contractual payments missed, thus raising the associated impairment requirement.

Once a loan has passed through a prescribed number of cycles (normally six) it will charge-off and enter recovery status. 'Charge-off' refers to the point in time when collections activity changes from the collection of arrears to the recovery of the full balance. In most cases, charge-off will result in the account moving to a legal recovery function or debt sale. This will typically occur after an account has been treated by a collections function. However, in certain cases, an account may be charged off directly from a performing status, such as in the case of insolvency or death.

The timings of the charge-off points are established based on the type of loan. For the majority of products, the standard period for charging off accounts is six cycles (180 days past due date of contractual obligation). Early charge-off points are prescribed for unsecured assets. For example, in case of customer bankruptcy or insolvency, associated accounts are charged off within 60 days of notification.

Identifying potential credit risk loans

The Group reports potentially and actually impaired loans as Potential Credit Risk Loans (PCRLs). PCRLs comprise two categories of loans: Potential Problem Loans (PPLs) and Credit Risk Loans (CRLs).

PPLs are loans that are currently complying with repayment terms but where serious doubt exists as to the ability of the borrower to continue to comply with such terms in the near future. If the credit quality of a wholesale loan on an EWL or WL deteriorates to the highest category or a retail loan deteriorates to delinquency cycle 2, consideration is given to including it within the PPL category.

Should further evidence of deterioration be observed, a loan may move to the CRL category. Events that would trigger the transfer of a loan from the PPL to the CRL category include a missed payment or a breach of covenant. CRLs comprise three classes of loans:

- Impaired loans: comprise loans where an individually identified impairment allowance has been raised and also include loans which are fully collateralised or where indebtedness has already been written down to the expected realisable value. This category includes all retail loans that have been charged off to legal recovery. The category may include loans, which, while impaired, are still performing;
- Accruing past due 90 days or more: comprise loans that are 90 days or more past due with respect to principal or interest. An impairment allowance will be raised against these loans if the expected cash flows discounted at the effective interest rate are less than the carrying value;

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EWL/WL, default, collection or insolvency. Their mandate is to maximise shareholder value ideally via working intensively with the client to help them to either return to financial health or in the cases of insolvency obtain the orderly and timely recovery of impaired debts. Where an obligor's financial health gives grounds for concern, it is immediately placed into the appropriate category.

Retail portfolios

Within the retail portfolios, which tend to comprise homogeneous assets, statistical techniques more readily allow potential credit weaknesses to be monitored on a portfolio basis. The approach is

and

- Impaired and restructured loans: comprise loans not included above where, for economic or legal reasons related to the debtor's financial difficulties, a concession has been granted to the debtor that would not otherwise be considered. Where the concession results in the expected cash flows discounted at the effective interest rate being less than the loan's carrying value, an impairment allowance will be raised. See Forbearance and other concession programmes on page 400 for more detail.

Note

- a Includes certain Business Banking facilities which are recorded as Retail for management purposes.

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Risk management >

Credit risk management continued

Allowances for impairment and other credit provisions

Barclays establishes, through charges against profit, impairment allowances and other credit provisions for the incurred loss inherent in the lending book. Under IFRS, impairment allowances are recognised where there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition, and where these events have had an impact on the estimated future cash flows of the financial asset or portfolio of financial assets. Impairment of loans and receivables is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If the carrying amount is less than the discounted cash flows, then no further allowance is necessary.

As one of the controls to ensure that adequate impairment allowances are held, movements in impairment to individual names with a total impairment allowance of £25m or more are presented to the Group's most senior Credit Committee for agreement, and of £10m-£25m to the Group Credit Risk Director for his agreement.

Individually assessed impairment

Impairment allowances are measured individually for assets that are individually significant, and collectively where a portfolio comprises homogenous assets and where appropriate statistical techniques are available. In terms of individual assessment, the principal trigger point for impairment is the missing of a contractual payment which is evidence that an account is exhibiting serious financial problems, and where any further deterioration is likely to lead to failure. Details of other trigger points can be found above. Two key inputs to the cash flow calculation are the valuation of all security and collateral, as well as the timing of all asset realisations, after allowing for all attendant costs. This method applies mainly in the wholesale portfolios.

Collectively assessed impairment

For collective assessment, the principal trigger point for impairment is the missing of a contractual payment which is the policy consistently adopted across all credit cards, unsecured loans, mortgages and most other retail lending. Details of other trigger points can be found above. The calculation methodology relies on the historical experience of pools of similar assets; hence the impairment allowance is collective. The impairment calculation is typically based on a roll-rate approach, where the percentage of assets that move from the initial delinquency to default is derived from statistical probabilities based on historical experience. Recovery amounts are calculated using a weighted average for the relevant portfolio. This method applies mainly to the retail portfolios and is consistent with Barclays' policy of raising an allowance as soon as impairment is identified. Unidentified impairment is also included in collective impairment.

Impairment for losses incurred but not specifically identified

Unidentified impairment allowances are also raised to cover losses which are judged to be incurred but not yet specifically identified in customer exposures at the balance sheet date, and which, therefore, have not been specifically reported. The incurred but not yet reported

Retail portfolios

For retail portfolios, the impairment allowance is mainly assessed on a collective basis and is based on the drawn balances adjusted to take into account the likelihood of the customer defaulting at a particular point in time (PDpit) and the amount estimated as not recoverable (LGD). The basic calculation is:

Impairment allowance = Total outstandings x Probability of Default (PDpit) x Loss Given Default (LGD)

The PDpit increases with the number of contractual payments missed thus raising the associated impairment requirement.

In retail, the current policy also incorporates a High Risk segment which is included in the unidentified impairment calculation. High Risk segments are those which can be demonstrated to experience higher risk characteristics when compared to the rest of the performing segment. This segmentation allows for earlier identification of potential loss in a portfolio. Unidentified impairment is also referred to as collective impairment. This is to reflect the impairment that is collectively held against a pool of assets where a loss event has occurred, but has not yet been captured.

Sensitivity of the impairment to key assumptions

Wholesale portfolios

Impairment in the wholesale portfolios is generally calculated by valuing each impaired asset on a case by case basis, and is not therefore primarily model-driven. As such, the key assumptions that would have the most impact on impairment provisions in the wholesale portfolios are the valuations placed upon security and collateral held and the timing of asset realisations.

When calculating impairment, estimated future cash flows are discounted at the financial asset's original effective interest rate. At present in wholesale portfolios the impact of discounting is relatively small in itself but would rise with reference rates. In addition, to the extent that a rise in interest rates impacted upon economic growth and/or serviceability of wholesale clients and customers, this would be expected to feed through in future impairment numbers.

In 2013, key judgements were made on a number of identified cases within Investment Bank, Corporate Banking and Wealth and Investment Management. No material changes were made to the unidentified impairment in 2013.

Retail portfolios

For retail portfolios, impairment is calculated, predominantly using models. The models are developed using historical data and include explicit and implicit assumptions such as debt sale estimates, house price valuations and the distribution of accounts. Model monitoring and validation are undertaken regularly, at least annually, to ensure that models are fit for purpose. Further to this, Barclays accounts for the impact of changes in the economic environment and lags resulting from the design of the models to ensure overall impairment adequacy. See Management adjustments to models for impairment (page 159) for more information on key management judgements in 2013. See Stress testing

calculation is based on the asset's probability of moving from the performing portfolio to being specifically identified as impaired within the given emergence period and then on to default within a specified period, termed as the outcome period. This is calculated on the present value of estimated future cash flows discounted at the financial asset's effective interest rate. The emergence and outcome periods vary across products.

Wholesale portfolios

Impairment in the wholesale portfolios is generally calculated by valuing each impaired asset on a case by case basis, i.e. on an individual assessment basis. A relatively small amount of wholesale impairment relates to unidentified or collective impairment; in such cases impairment is calculated using modelled Probability of Default (PD) x Loss Given Default (LGD) x Exposure at Default (EAD) adjusted for an emergence period.

(page 388) for further information.

Emergence and outcome periods

To develop models to calculate the allowance for impairment it is first necessary to estimate the time horizons of these models. These time horizons are called the emergence and outcome periods. Emergence period is the time it takes for an account that is likely to be impaired but not yet identified as such, to move from the performing to the impaired segment. Outcome period is the time it takes for a retail account to move from the impaired segment to the default segment.

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This methodology ensures that the Group captures the loss incurred at the correct balance sheet date. These impairment allowances are reviewed and adjusted at least quarterly by an appropriate charge or release of the stock of impairment allowances based on statistical analysis and management judgement. The accuracy of this analysis is periodically assessed against actual losses.

Wholesale portfolios

For wholesale portfolios in Corporate Banking and Investment Bank, the emergence period is portfolio specific and is based on the anticipated length of time from the occurrence of a loss event to identified impairment being incurred. The emergence period in Corporate Banking is derived from actual case file review. This has also been benchmarked against the time taken to move between risk grades in internal watch lists, from EWL1 or 2 into EWL3 which is the level of risk that will attract a collective impairment allowance. Both methodologies produce similar results for the emergence period, which is currently three months. The average life of the Investment Bank portfolio is estimated to be 18 months, during which time Investment Bank is exposed to losses on the portfolio. However, it is expected that incurred losses would become apparent within six months, therefore the Investment Bank used a six-month emergence period.

Retail portfolios

For retail portfolios, minimum emergence periods and outcome periods are defined at a product level. Emergence and outcome periods at 31 December 2013 for the main retail products are as shown in the table below:

Minimum emergence periods

Product type	Emergence period (months)	Outcome period (months)
Mortgages	6	12
Credit cards	3	6
Personal loans, overdrafts & other secured loans	3	6
Business banking arrears managed commercial mortgages	6	12
Business banking arrears managed non-'commercial mortgages'	3	6
Business banking EWL managed	3	12
Mortgages under forbearance	n/a	24
All unsecured products under forbearance	n/a	12
Business banking EWL managed under forbearance	n/a	24

Outcome periods are tested periodically (at least annually) against the actual time elapsing from the initial indication of potential default to the default event. When necessary, the outcome period is adjusted to reflect our most up-to-date experience of customer behaviour.

The emergence period for Credit Cards products has been raised to three months to align it with the approach adopted for other retail unsecured retail products. Given

Returning assets to a performing status

Wholesale portfolios

In wholesale portfolios, an account may only be returned to a performing status when it ceases to have any actual or perceived financial stress and no longer meets any of the EWL/WL criteria, or once facilities have been fully repaid or cancelled. Unless a facility is fully repaid or cancelled, the decision in Corporate Banking to return an account to performing status may only be taken by the business credit risk, while within the Investment Bank, the decision can only be taken by the Investment Bank WatchList Committee.

Retail portfolios

A retail asset, prior to charge-off may only be returned to a performing status in the following circumstances:

1. All arrears (both capital and interest) have been cleared and payments have returned to original contractual payments;
2. For revolving products, a re-age event (see page 402) has occurred, when the customer is returned to an up to date status without having cleared the requisite level of arrears;
3. For amortising products excluding residential mortgages, a small arrears capitalisation event has occurred, where the customer is returned to an up to date status without having cleared the requisite level of arrears; and
4. For amortising products, which are performing on a programme of Forbearance and meet the following criteria may be returned to the performing book classified as High Risk^a:
 - (a) No interest rate concessions must have been granted;
 - (b) Restructure must remain within original product parameters (original term + extension);
 - (c) 12 consecutive payments at the revised contractual payment amount must have been received post the Restructure event.

For residential mortgages, accounts may also be considered for rehabilitation post charge-off, where customer circumstances have changed. The customer must clear all unpaid capital and interest and confirm their ability to meet full payments going forward.

Recovery units

Recovery units are responsible for exposures where deterioration of the client credit profile is severe to the extent that timely or full recovery of exposure is considered unlikely and default has occurred or is likely in the short-term. Recovery teams set and implement strategies to recover the Bank's exposure through realisation of assets and collateral in cooperation with clients and where this is not possible through insolvency and legal procedures.

In Wholesale, for a case to be transferred to a recovery unit it must be in default and have ceased to actively trade through the bank account or be in insolvency. In Retail, the timings of the charge-off points to recovery units are established based on the type of loan. For the majority of products, the standard period for charging off accounts is six missed contractual payments (180 days past due date of contractual obligation) unless a Forbearance

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the minimum emergence period possible is one month, the period was moved to three months based on expert judgement, with a lower emergence period permitted only on a case by case basis where supported by analytical evidence.

programme is agreed. Early charge-off points are prescribed for unsecured assets. For example, in case of customer bankruptcy or insolvency, associated accounts are charged off within 60 days of notification. See recovery information included in Portfolio reviews on page 165. In addition please refer to Foreclosures in process and properties in possession on page 167.

Note

a The identification and subsequent treatment of up-to-date customers who, either through an event or observed behaviour exhibit potential financial difficulty. High Risk must also include customers who have suffered recent financial dislocation, i.e. prior forbearance or re-age.

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Credit risk management continued

Writing off assets

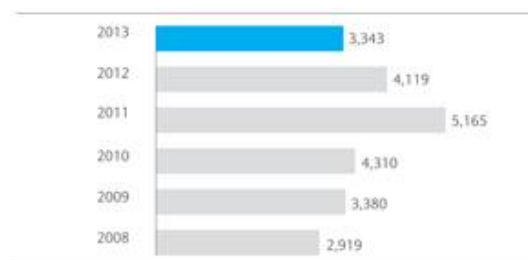
Write-off refers to the point where it is determined that the asset is irrecoverable, it is no longer considered economically viable to try and recover the asset, it is deemed immaterial, or full and final settlement is reached and a shortfall remains. In the event of write-off, the customer balance is removed from the balance sheet and the impairment reserve held against the asset is released.

The timing and extent of write-offs may involve some element of subjective judgement. Nevertheless, a write-off will often be prompted by a specific event, such as the inception of insolvency proceedings or other formal recovery action, which makes it possible to establish that some or the entire advance is beyond realistic prospect of recovery. In any event, the position of impaired loans is reviewed at least quarterly to ensure that irrecoverable advances are being written off in a prompt and orderly manner and in compliance with any local regulations.

For Retail portfolios, the timings of the write-off points are established based on the type of loan. For unsecured assets, write-off must occur within 12 months after charge-off if no payment has been received for 12 months. For secured loans, the shortfall after the receipt of the proceeds from the disposal of the collateral is written off within three months of that date if no repayment schedule has been agreed with the borrower. Such assets are only written off once all the necessary procedures have been completed and the amount of the loss has been determined.

Subsequent recoveries of amounts previously written off are written back and hence decrease the amount of the reported loan impairment charge in the income statement. In 2013, total write-offs of impaired financial assets decreased 19% to £3,343m (2012: £4,119m).

Total write offs of impaired financial assets (£m)



Credit risk mitigation (audited)

Barclays employs a range of techniques and strategies to actively mitigate credit risks to which it is exposed. These can broadly be divided into three types:

- Netting and set-off;
- Collateral; and
- Risk transfer.

Barclays has detailed policies in place to ensure that

Netting and set-off

In many jurisdictions in which Barclays operates, credit risk exposures can be reduced by applying netting and set-off. In exposure terms, this credit risk mitigation technique is used mainly in derivative transactions with financial institutions and has the largest overall impact on net exposure to derivative financial instruments compared with other risk mitigation techniques.

For derivative transactions, Barclays will often seek to enter into standard master agreements with counterparties (e.g. ISDA). These master agreements allow for netting of credit risk exposure to a counterparty resulting from a derivative transaction against Barclays' obligations to the counterparty in the event of default, to produce a lower net credit exposure. These agreements may also reduce settlement exposure (e.g. for foreign exchange transactions) by allowing for payments on the same day in the same currency to be set off against one another.

In the majority of its portfolios, Barclays uses the Internal Model Method (IMM) to calculate counterparty credit risk exposures.

Collateral

The Group has the ability to call on collateral in the event of default of the borrower or other counterparty, comprising:

- Home loans: a fixed charge over residential property in the form of houses, flats and other dwellings. The value of collateral is impacted by property market conditions which drive demand and therefore value of the property. Other regulatory interventions on ability to repossess, longer period to repossession and granting of forbearance may also affect the collateral value;
- Wholesale lending: a fixed charge over commercial property and other physical assets, in various forms;
- Other retail lending: includes charges over motor vehicle and other physical assets; second lien charge over residential property, which is subordinate to first charge held either by the Group or by another party; and finance lease receivables, for which typically the Group retains legal title to the leased asset and has the right to repossess the asset on the default of the borrower;
- Derivatives: Barclays also often seeks to enter into a Credit Support Annex (CSA) with counterparties with which Barclays has master agreements in place. These annexes to master agreements provide a mechanism for further reducing credit risk, whereby collateral (margin) is posted on a regular basis (typically daily or weekly) to collateralise the mark-to-market exposure of a derivative portfolio;
- Reverse repurchase agreements: collateral typically comprises highly liquid securities which have been legally transferred to Barclays subject to an agreement to return them for a fixed price; and
- Financial guarantees and similar off-balance sheet commitments: cash collateral may be held against these arrangements.

For details of the fair value of collateral held please refer to Maximum exposure table on page 143. For detail of collateral in credit portfolios see pages 166 to 178.

credit risk mitigation is appropriately recognised and recorded. The recognition of credit risk mitigation is subject to a number of considerations, including ensuring legal certainty of enforceability and effectiveness, ensuring the valuation and liquidity of the collateral is adequately monitored, and ensuring the value of the collateral is not materially correlated with the credit quality of the obligor.

All three types of credit risk mitigation may be used by different areas of the Group for exposures with a full range of counterparties. For instance, Investment Bank, Corporate Banking and other business areas may all take property, cash or other physical assets as collateral for exposures to retailers, property companies or other client types.

In exposure terms, the main portfolios that Barclays takes collateral for are home loans and reverse repurchase agreements with financial institutions.

Floating charges over receivables

The Group may also obtain collateral in the form of floating charges over receivables and inventory of corporate and other business customers. The value of this collateral varies from period to period depending on the level of receivables and inventory. It is impracticable to provide an estimate of the amount (fair value or nominal value) of this collateral. The Group may in some cases obtain collateral and other enhancements at a counterparty level, which are not specific to a particular class of financial instrument. The fair value of the credit enhancement gained has been apportioned across the relevant asset classes.

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Collateral for derivative contracts

The collateral obtained for derivatives is predominantly either cash, direct debt obligation government (G14+) bonds denominated in the domestic currency of the issuing country, debt issued by supranationals or letters of credit issued by an institution with a long-term unsecured debt rating of A+/A3 or better. Where the Group has ISDA master agreements, the collateral document will be the ISDA CSA. The collateral document must give Barclays the power to realise any collateral placed with it in the event of the failure of the counterparty.

Valuation of collateral and impact of market moves

Typically assets other than cash are subject to regular revaluation (for example via physical review, linking to an external index or depreciation of the asset) to ensure they continue to achieve appropriate mitigation of risk. Customer agreements often include requirements for provision of additional collateral should valuations decline or credit exposure increase, for example due to market moves impacting a derivative exposure.

The carrying value of non-cash collateral reflects the fair value of the physical assets limited to the carrying value of the asset where the exposure is over-collateralised. In certain cases where active markets or recent valuations of the assets are not available, estimates are used. For assets collateralised by residential or commercial property (and certain other physical assets), where it is not practicable to assess current market valuations of each underlying property, values reflect historical fair values updated for movements in appropriate external indices. For further information on LTV ratios in principal home loans portfolios, see the Retail Credit Risk section on page 166.

Liens over fluctuating assets such as inventory and trade receivables, known as floating charges, over the assets of a borrower are monitored at least annually. The valuation of this type of collateral takes into account the ability to establish objectively a price or market value, the frequency with which the value can be obtained (including a professional appraisal or valuation), and the volatility or a proxy for the volatility of the value of the collateral.

For assets collateralised by traded financial instruments, values reflect mark to market or mark to model values of those assets, applying a haircut where appropriate. A haircut is the valuation percentage applicable to each type of collateral and will be largely based on liquidity and price volatility of the underlying security.

Valuation of collateral – property

When property is taken as collateral it is monitored to ensure that the current value is not less than its value at origination. Monitoring is undertaken annually for commercial property or via linking to an external index for residential property. More frequent monitoring may be carried out where the property sector is subject to significant deterioration.

Deterioration is monitored principally by geography. Specific exercises to monitor property values may be undertaken where the property sector in a given geography has been subject to significant deterioration and where Barclays has a material concentration of property collateral.

Monitoring may be undertaken either a portfolio level

In Wholesale, monitoring is undertaken by individuals who are not part of the sales / relationship part of the business. The monitoring may be a desktop assessment and need not necessarily include physical assessment of properties. Where an appropriate local index is not available, property values are monitored on an individual basis as part of the annual review process for the loan. For larger loans, in addition to the regular annual review, the property value is reviewed by an independent valuer at least once every three years. This review is a more detailed assessment than the standard property monitoring review, and may include a fresh professional valuation. In addition, an independent valuer reviews the property valuation where information indicates that the value of the property may have declined materially relative to general market prices. In addition, trigger points are defined under which property values must be reviewed.

Valuation of collateral – distressed assets

The net realisable value from a distressed sale of collateral obtained by the Group upon default or insolvency of counterparty will in some cases be lower than the carrying value recognised above. Assets obtained are normally sold, generally at auction, or realised in an orderly manner for the maximum benefit of the Group, the borrower and the borrower's other creditors in accordance with the relevant insolvency regulations. For business customers, in some circumstances, where excess funds are available after repayment in full of the outstanding loan, they are offered to any other, lower ranked, secured lenders. Any additional funds are returned to the customer. Barclays does not, as a rule, occupy repossessed properties for its business use or use assets obtained in its operations.

Additional revaluations are usually performed when a loan is moved to EWL or WL. Exceptions to this may be considered where it is clear a revaluation is not necessary, for instance where there is a very high margin of security or a recent valuation has been undertaken. Conversely, a material reduction in the value of collateral held represents an increase in credit risk and will often cause a loan to be placed on the EWL or WL.

Any one of the above events may also trigger a test for impairment, depending on individual circumstances of the loan. When calculating impairment, the difference between an asset's carrying amount and the present value of all estimated cash flows discounted at the original effective interest rate will be recognised as impairment. Such cash flows include the estimated fair value of the collateral which reflects the results of the monitoring and review of collateral values as detailed above and valuations undertaken as part of our impairment process.

Whether property values are updated as part of the annual review process, or by indexation of collateral values, the updated collateral values feed into the calculation of risk parameters which, in turn, feed into identified and unidentified impairment calculations at each balance sheet date.

Trends in loan loss rates incorporate the impact of any decrease in the fair value of collateral held.

Collateral – regulatory capital benefit

Where regulatory capital is calculated under advanced IRB regulations the benefit of collateral is generally taken by adjusting LGDs. For standardised portfolios the benefit

(Retail) or at the level of an individual property (Wholesale).

In Retail businesses, monitoring on a portfolio level refers to a more frequent process of indexing collateral values on each individual loan, using a regional or national index, and updating LGD values. This monitoring may be a desktop assessment and need not necessarily include physical assessment of properties. In the event of charge-off, an individual valuation of the property is undertaken within three months of the charge-off event and subsequently undertaken at least every six months whilst in charge-off.

of collateral is taken using the financial collateral comprehensive method: supervisory volatility adjustments approach.

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Risk transfer

A range of instruments including guarantees, credit insurance, credit derivatives and securitisation can be used to transfer credit risk from one counterparty to another. These mitigate credit risk in two main ways:

- if the risk is transferred to a counterparty which is more credit worthy than the original counterparty, then overall credit risk will have been reduced; and
- where recourse to the first counterparty remains, both counterparties must default before a loss materialises. This will be less likely than the default of either counterparty individually so credit risk is reduced.

Risk transfer can also be used to reduce risk concentrations within portfolios lowering the impact of stress events.

Risk transfer transactions are undertaken with consideration to whether the collateral provider is correlated with the exposure, the credit worthiness of the collateral provider and legal certainty of enforceability and effectiveness. Where credit risk mitigation is deemed to transfer credit risk this exposure is appropriately recorded against the credit risk mitigation provider.

In exposure terms, risk transfer is used most extensively as a credit risk mitigation technique for wholesale loans and derivative financial instruments.

For instruments that are deemed to transfer credit risk, in advanced IRB portfolios the protection is generally recognised by using the PD and LGD of the protection provider.

Off-balance sheet risk mitigation

The Group applies fundamentally the same risk management policies for off-balance sheet risks as it does for its on-balance sheet risks. In the case of commitments to lend, customers and counterparties will be subject to the same credit management policies as for loans and advances. Collateral may be sought depending on the strength of the counterparty and the nature of the transaction.

Forbearance and other concession programmes

Forbearance programmes

Forbearance takes place when a concession is made on the contractual terms of a facility in response to an obligor's financial difficulties. The Group offers forbearance programmes to assist customers and clients in financial difficulty through agreements that may include accepting less than contractual amounts due where financial distress would otherwise prevent satisfactory repayment within the original terms and conditions of the contract. These agreements may be initiated by the customer, Barclays or a third party.

Forbearance programmes for wholesale portfolios

Wholesale client relationships are individually managed with lending decisions made with reference to specific circumstances and on bespoke terms.

Forbearance occurs when Barclays, for reasons relating to the actual or perceived financial difficulty of an obligor, grants a concession below current Barclays standard rates (i.e. lending criteria below the Group's current lending terms), that would not otherwise be considered. This includes all troubled debt restructures granted below our standard rates.

Forbearance would typically be evident where the concession(s) agreed impact the ability to repay debt or avoid recognising a default

The following list is not exhaustive but provides some examples of instances that would typically be considered to be evidence of forbearance:

- A reduction of current contractual interest rate for the sole purpose of maintaining performing debt status with no other improvement to terms of benefit to the Bank;
- Non-enforcement of a material covenant breach impacting the borrower's ability to repay;
- Converting a fully or partially amortising facility to bullet repayment at maturity with no other improvement to terms of benefit to the Bank for the sole purpose of avoiding a payment default due to customer's inability to meet amortisation;
- Extension in maturity date for a project finance facility that gives an effective contractual term longer than the underlying project contract being financed; and,
- Any release of a material security interest without receiving appropriate value by way of repayment/ alternate security offered or other improvement in terms available to the Bank commensurate with the value of the security released.

Where a concession is granted that is not a result of financial difficulty and/ or is within our current market terms, the concession would not amount to forbearance. For example, a commercially balanced restructure within our current terms which involves Barclays granting concessions and receiving risk mitigation/ structural enhancement of benefit to Barclays would not be indicative of forbearance.

The following list (not exhaustive) gives some examples of instances that would not typically be considered to be forbearance:

- Temporary/ permanent waivers/ resets of covenants agreed in line with our current terms;
- Amending contractual maturity to meet current lending terms that results in a previously amortising facility having a bullet repayment as a consequence of shorter maturity date;
- Equity/ warrants taken to increase return to the Bank without compromising contractual interest;
- Extension of maturity date where the extension is within the normally granted terms for the type of facility in question; and
- Release of a material security interest where commensurate value is received by way of repayment/ other security offered.

Cases where a technical default may have occurred, the Bank has decided to reserve its position but does not consider the default to be sufficient to impact the borrower's ability to pay, would not typically be considered forbearance (as the borrower would continue to meet its payment obligations under existing terms).

The Group WL/EWL and Forbearance Policy requires that a permanent record is retained of all individual cases of forbearance, and upon granting forbearance the obligor is placed on WL/EWL. The obligor then remains on WL/EWL and is flagged as being in forbearance for a minimum of 12 months from the date forbearance is applied. Obligors may be removed from WL/EWL status in less than 12 months in exceptional circumstances, e.g. full repayment of facilities or significant restructuring. Obligors placed on WL/EWL status are subject to increased levels of credit risk oversight.

Obligors who have been granted forbearance are classified as a Basel 'unlikelihood' to pay default for capital purposes with PD of 1 throughout the period that they remain classified as being in forbearance. This is on the basis that without intervention by Barclays

with a lack of appropriate commercial balance and risk mitigation/ structural enhancement of benefit to Barclays in return for concession (s).

the obligor is unlikely to meet its obligations in full which would lead to default.

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Impairment is assessed on an individual basis and recognised where relevant impairment triggers have been reached including where customers are in arrears and require renegotiation of terms. Forbearance is considered to be an indicator that impairment may be present and an impairment test is performed for all cases placed in forbearance.

Given that these loans have already been assessed for impairment at the point of being classified as being in forbearance, Barclays does not have additional procedures to evaluate the likelihood that these loans would default within the loss emergence and confirmation periods.

A control framework exists along with regular sampling to ensure watch list and impairment policies are enforced as defined and to ensure that all assets have suitable levels of impairment applied. Portfolios are subject to independent assessment.

Aggregate data for wholesale forbearance cases is reviewed by the Wholesale Credit Risk Management Committee.

Please see the Wholesale Credit risk section in the Risk review (pages 175 and 176) for details of loans currently in forbearance.

Forbearance programmes for retail portfolios

Retail forbearance is available to customers experiencing financial difficulties. Forbearance solutions take a number of forms depending on individual customer circumstances. Short-term solutions focus on temporary reductions to contractual payments and may change from capital and interest payments to interest only. For customers with longer-term financial difficulties, term extensions may be offered, which may include interest rate concessions. For customers with longer-term financial difficulties, term extensions may be offered, which may include interest rate concessions and a switch to fully amortising balances for card portfolios.

When an account is placed into a programme of forbearance, the asset will be classified as such for the remainder of its term, unless after 12 months it qualifies for reclassification, upon which it will be returned to the up to date book and classified as High Risk for a further 12 month period. When Barclays agrees to a forbearance programme with a customer, the impairment allowance recognises the impact on cash-flows of the agreement to receive less than the original contractual payments. The Retail Impairment Policy prescribes the methodology for impairment of forbearance assets, which is measured by comparing the debt outstanding to the revised expected repayment. This results in higher impairment, in general, than for fully performing assets, reflecting the additional credit risk attached to loans subject to forbearance.

During 2013, Barclays continued to assist customers in financial difficulty through the use of forbearance programmes. However, the extent of forbearance offered by the Group to customers and clients remains small in comparison to the overall size of the loan book.

Forbearance on the Group's principal portfolios in UK, US, Europe, and South Africa are presented in the Retail Credit risk section of the Risk review. See forbearance programmes on principal cards, overdrafts, unsecured loans, home loans and business lending portfolios on pages 161 to 164 for more details of assets currently in forbearance. The level of forbearance extended to customers in other retail portfolios is not material and, typically, does not currently play a significant part in the way customer relationships are managed. However, additional portfolios will be added to this disclosure should the forbearance in respect of such portfolios become material.

Barclays would not consider a retail loan to be renegotiated where the amendment is at the request of the customer, there is no evidence of actual or imminent financial difficulty and the amendment meets with all Barclays underwriting criteria. In this case it would be treated as a new loan. In the normal course of business, customers who are not in financial difficulties frequently apply for new loan terms, for example to take advantage of a lower interest rate or to secure a further advance on a mortgage product. Where these applications meet our underwriting criteria and the loan is made at market interest rates, the loan is not classified as being in forbearance. Only in circumstances where a customer has requested a term extension, interest rate reduction or further advance and there is evidence of financial difficulty is the loan classified as forbearance and included in our disclosures on forbearance.

Impairment of loans under forbearance

Loans under forbearance programmes are subject to Group Impairment Policy. In both retail and wholesale portfolios, identified impairment is raised for such accounts, recognising the agreement between the Bank and customer to pay less than the original contractual payment and is measured using a future discounted cash flow approach comparing the debt outstanding to the expected repayment on the debt. This results in higher impairment, in general, being held for loans under forbearance than for fully performing assets, reflecting the additional credit risk attached to loans subject to forbearance.

Sustainability of loans under forbearance

The Group closely monitors the sustainability of loans for which forbearance has been granted.

Wholesale portfolios

In the wholesale portfolios, customers that have been granted forbearance are placed on WL/EWL and therefore subject to increased levels of credit risk oversight. Obligors then remain on WL/EWL and are classified as being in forbearance with a PD of 1 for capital purposes for a minimum of 12 months from the date forbearance is applied until satisfactory performance is evidenced. Forbearance status and the related default treatment for capital can be removed after 12 months from being applied if any of the following criteria is met:

- The customer no longer benefits from a concession below our current market rates or reverts back to their original lending terms (prior to the concession being applied);
- The customer ceases to have any actual or perceived financial stress; or
- A significant restructure takes place which leads to a significant improvement in the credit profile of the customer.

Obligors may only be removed from being classified as being in forbearance with a PD of 1 for capital purposes in less than 12 months in exceptional circumstances, e.g. full repayment of facilities or significant restructuring that materially improves credit quality. Customers continuing to benefit from a concession below current market can be removed from EWL / WL and no longer be classified as in forbearance provided they do not meet any of the EWL / WL criteria and can evidence consistent satisfactory performance throughout the minimum 12 month period.

Retail portfolios

In retail portfolios, the type of forbearance programme offered should be appropriate to the nature and the expected duration of the customer's financial distress. It is imperative that the solution agreed is both appropriate to that customer and sustainable, with a clear demonstration from the customer of both willingness and ability to repay. Before any permanent programme of forbearance is granted, an affordability assessment is undertaken to ensure suitability of the offer. When customers exit forbearance, the accounts are ring-fenced as a 'high risk' segment within the up to date book for a period of at

least 12 months.

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For disclosure on the Group's accounting policy with respect to impairment, see Note 7 and the Reporting section on page 393.

Other programmes

Retail re-aging activity

Re-aging refers to the placing of an account into an up-to-date position without the requisite repayment of arrears. The re-age policy applies to revolving products only. No reduction is made to the minimum due payment amounts which are calculated, as a percentage of balance, with any unpaid principal included in the calculation of the following month's minimum due payment.

The changes in timing of cash flows following re-aging do not result in any additional cost to Barclays. The following are the conditions required to be met before a re-age may occur:

- The account must not have been previously charged off or written off;
- The borrower cannot be bankrupt, subject to an Individual Voluntary Arrangement (a UK contractual arrangement with creditors for individuals wishing to avoid bankruptcy), a fraud or deceased;
- The borrower must show a renewed willingness and ability to repay the debt. This will be achieved by the borrower making at least three consecutive contractual monthly payments or the equivalent cumulative amount. Contractual monthly payment is defined as the contractual minimum due. Funds may not be advanced for any part of this;
- The account must have been on book at least nine months (i.e. nine months prior to the three month qualification period); and
- No account should be re-aged more than once within any 12 month period, or more than twice in a five year period.

Barclays considers assets are considered to belong to a separate 'High Risk' pool. Under 'High Risk', the performance of the assets is a risk characteristic and results in a higher probability of default being assigned to them in impairment models which meet the requirement of IAS 39, AG87-88. This results in an appropriately higher impairment allowance being recognised on the assets. See Re-age in Risk review section on page 170 for more information.

Retail small arrears capitalisation

Small arrears capitalisation is available for amortising products with the exception of residential mortgages. This refers to the capitalisation of small levels of arrears (up to 90 days past due), together with either a corresponding term extension or increase to contractual monthly payment without the requirement to classify the accounts as forbearance. Contractual monthly payments must not be reduced. The small arrears capitalisation activity is also subject to the conditions outlined above under retail re-aging activity, being met. Any capitalisation event exceeding this must be executed under the direction of the Forbearance policy.

Refinancing risk

This is the risk that the borrower or group of correlated borrowers may be unable to roll or repay bullet repayment loans at expiry, and will therefore need refinancing.

From a Wholesale perspective, refinancing risk will typically be associated with loans that have an element of bullet repayment incorporated into the repayment profile. Refinancing risk is taken into account on a case by case basis as part of the credit review and approval process for each individual loan. The review will consider factors such as the strength of the business model and sustainability of the cash flows and for bridge loans the review will also include an evaluation of the market risk.

Commercial Real Estate loans will frequently incorporate a bullet repayment element at maturity. Where this is the case, deals are sized and structured to enable Barclays to term out the loan if the client were unable to refinance the loan at expiry. Credit review will incorporate an examination of various factors that are central to this consideration, such as tenant quality, tenancy agreements (including break clauses) and interest rate sensitivity.

Loans to SMEs will typically be either revolving credit lines to cover working capital needs or amortising exposures, with periodic refinancing to give the opportunity to review structure, pricing, etc.

Please refer to the maturity analysis for UK CRE, customers with interest only home loans and Spanish corporate exposure in the Risk review on pages 172 and 177 for more information.

Derivative exposures

Derivative counterparty credit exposures

The Group buys and sells financial instruments that are traded or cleared on an exchange, including interest rate swaps, futures and options on futures. Holders of exchange traded instruments provide margin daily with cash or other security at the exchange, to which the holders look for ultimate settlement.

The Group also buys and sells financial instruments that are traded over the counter, rather than on a recognised exchange. These instruments range from standardised transactions in derivative markets, to trades where the specific terms are tailored to the requirements of the Group's customers. In many cases, industry standard documentation is used, most commonly in the form of a master agreement, with individual transaction confirmations. The existence of a signed master agreement is intended to give the Group protection in situations where counterparty is in default.

Counterparty credit exposure arises from the risk that parties are unable to meet their payment obligations under certain financial contracts such as derivatives, securities financing transactions (e.g. repurchase agreements), or long settlement transactions.

Internal capital for counterparty credit risk is assessed and allocated based on the economic capital for wholesale credit risk calculation. The magnitude of the exposure is determined by considering the current mark to market of the contract, the historic volatility of the underlying asset and the time to maturity. This allows calculation of a Credit Equivalent Exposure (CEE) for such exposures. The total economic capital for a portfolio of such exposures is then calculated in a manner similar to a book of loans.

'Wrong-way risk' in a trading exposure arises when there is significant correlation between the underlying asset and the counterparty, which in the event of default would lead to a significant mark to market loss. When assessing the credit exposure of a wrong-way trade, analysts take into account the correlation between the counterparty and the underlying asset as part of the sanctioning process.

Adjustments to the calculated CEE are considered on a case by case basis. In the case of specific wrong-way risk trades, which are self-referencing or reference other entities within the same counterparty, specific approval by a senior credit officer is required.

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Derivative netting and collateral arrangements

Credit risk from derivatives is mitigated where possible through netting agreements whereby derivative assets and liabilities with the same counterparty can be offset. Group policy requires all netting arrangements to be legally documented. The ISDA Master Agreement is the Group's preferred agreement for documenting over the counter (OTC) derivatives. It provides the contractual framework within which dealing activities across a full range of OTC products are conducted and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or other predetermined events occur. The majority of the Group's OTC derivative exposures are covered by ISDA master netting and ISDA Credit Support Annex (CSA) collateral agreements.

Collateral is obtained against derivative assets, depending on the creditworthiness of the counterparty and/or nature of the transaction. Any collateral taken in respect of OTC trading exposures will be subject to a 'haircut', which is negotiated at the time of signing the collateral agreement. A haircut is the valuation percentage applicable to each type of collateral and will be largely based on liquidity and price volatility of the underlying security. The collateral obtained for derivatives is predominantly either cash, direct debt obligation government (G14+) bonds denominated in the domestic currency of the issuing country, debt issued by supranationals or letters of credit issued by an institution with a long-term unsecured debt rating of A+/A3 or better. Where the Group has ISDA master agreements, the collateral document will be the ISDA CSA. The collateral document must give Barclays the power to realise any collateral placed with it in the event of the failure of the counterparty.

Under IFRS, netting is permitted only if both of the following criteria are satisfied:

- the entity currently has a legally enforceable right to set off the recognised amounts; and
- the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derivative counterparty credit risk measurement (Credit Value Adjustments)

As Barclays participates in derivative transactions it is exposed to counterparty credit risk, which is the risk that a counterparty will fail to make the future payments agreed in the derivative contract. This is considered as a separate risk to the volatility of the mark to market payment flows. Modelling this counterparty risk is an important part of managing credit risk on derivative transactions.

The counterparty risk arising under derivative transactions is taken into account when reporting the fair value of derivative positions. The adjustment to the value is known as Credit Value Adjustment (CVA). It is the difference between the value of a derivative contract with a risk free counterparty and that of a contract with the actual counterparty. This is equivalent to the cost of hedging the counterparty risk, which is replicated by purchasing and selling credit default swaps (CDS) on the counterparty to create a hedge position that mirrors the expected exposure profile for the counterparty.

CVAs for derivative positions are calculated as a function of the expected exposure, which is the average of future hypothetical exposure values (or mark-to-market) for a single transaction or group of transactions by the same counterparty, and the CDS spread for a given horizon.

In order to calculate the Expected Exposure, the expected mark to market is calculated using Monte Carlo simulations of risk factors that may affect the valuation of the derivative. These simulations include credit mitigants such as exposure netting, collateral, mandatory break clauses and set-off clauses. Counterparties with appropriate credit mitigants will generate a lower Expected Exposure profile compared to counterparties without credit mitigants in place for the same derivative transactions.

Environmental risk

Barclays has a dedicated Environmental Risk Management team which is a part of the central Credit Risk Management function in Group Risk, recognising that environment is a mainstream credit risk issue. Environmental issues are required considerations in credit risk assessment, and environmental risk policies are explicitly referenced in the Credit Facility Sanctioning Standards.

Barclays approach to environmental credit risk management addresses risk under any of three categories:

Direct risk can arise when the Bank takes commercial land as collateral. In many jurisdictions, enforcement of a commercial mortgage by the bank, leading to possession, potentially renders the Bank liable for the costs of remediating a site if deemed by the regulator to be contaminated, including for pre-existing conditions. In the UK, the Group's approach requires commercial land, if being pledged as collateral, to be subject to a screening mechanism. Assessment of the commercial history of a piece of land and its potential for environmental contamination helps ensure any potential environmental degradation is reflected in the value ascribed to that security. It also identifies potential liabilities which may be incurred by the Bank, if realisation of the security were to become a possibility.

Indirect risk can arise when environmental issues may impact the creditworthiness of the borrower. For instance, incremental costs may be incurred in upgrading a business' operations to meet emerging environmental regulations or tightening standards. In other circumstances, failure to meet those standards may lead to fines. Environmental impacts on businesses may also include shifts in the market demand for goods or services generated by our customers, or changing supply chain pressures. Environmental considerations affecting our clients can be varied. The bank has developed a series of environmental risk briefing notes, covering ten broad industry headings ranging from Agriculture and Fisheries to Oil and Gas, from Mining and Metals to Utilities and Waste Management. These briefing notes are available to colleagues in business development and credit risk functions across the organisation, outlining the nature of environmental and social risks of which to be aware, as well as the factors which mitigate those risks.

Reputation risk may arise and cause damage to the Bank's image, through association with clients, their transactions or projects if these are perceived by external stakeholders to be environmentally damaging. Where the Bank is financing infrastructure projects which have potentially adverse environmental impacts the Group's Environmental and Social Impact Assessment (ESIA) policy will apply. This policy identifies the circumstances in which the Bank requires due diligence to include assessment of specialist environmental reports. These reports will include consideration of a wide range of the project's potential impacts including on air, water and land quality, on biodiversity issues, on locally affected communities, including any material upstream and downstream impacts, and working conditions together with employee and community health and safety. Adherence to the Group ESIA policy is the mechanism by which Barclays fulfils the requirements of the Equator Principles. These Principles are an internationally recognised framework for environmental due diligence in project finance. Barclays was one of the four banks which collaborated in developing the Principles, ahead of their launch in 2003 with 10 adopting banks. There are now over 75 banks worldwide which have adopted the

Equator Principles (see www.equator-principles.com).

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Further details on the Barclays approach to environmental risk management can be found at Barclays.com, in the section on Citizenship; the way we do business, 'Managing Social and Environmental Risk in Lending'.

Asset credit quality

All loans and advances are categorised as either neither past due nor impaired; past due but not impaired; or impaired, which includes restructured loans. For the purposes of the disclosures in the balance sheet credit quality section (page 149) and the analysis of loans and advances and impairment section (page 151):

- a loan is considered past due when the borrower has failed to make a payment when due under the terms of the loan contract;
- the impairment allowance includes allowances against financial assets that have been individually impaired and those subject to collective impairment;
- loans neither past due nor impaired consist predominantly of wholesale and retail loans that are performing. These loans, although unimpaired, may carry an unidentified impairment;
- loans that are past due but not impaired consist predominantly of wholesale loans that are past due but individually assessed as not being impaired. These loans, although individually assessed as unimpaired, may carry an unidentified impairment provision;

- impaired loans that are individually assessed consist predominantly of wholesale loans that are past due and for which an individual allowance has been raised; and
- impaired loans that are collectively assessed consist predominantly of retail loans that are one day or more past due for which a collective allowance is raised. Wholesale loans that are past due, individually assessed as unimpaired, but which carry an unidentified impairment provision, are excluded from this category.

Home loans and credit card receivables that are subject to forbearance in the retail portfolios are included in the collectively assessed impaired loans column in the tables in the Analysis of loans and advances and impairment section (page 151). Included within wholesale loans that are neither past due nor impaired are a portion of loans that have been subject to forbearance or similar strategies as part of the Group's ongoing relationship with clients. The loans will have an internal rating reflective of the level of risk to which the Group is exposed, bearing in mind the circumstances of the forbearance and the overall performance and prospects of the client. Loans on forbearance programmes will typically, but not always, attract a higher risk rating than similar loans which are not. A portion of wholesale loans under forbearance is included in the past due but not impaired column, although not all loans subject to forbearance are necessarily impaired or past due. Where wholesale loans under forbearance have been impaired, these form part of individually assessed impaired loans.

Credit quality description	Retail lending	Wholesale lending	Default grade
	Probability of default	Probability of default	
Strong	0.0-0.60%	0.0-0.05%	1-3
		0.05-0.15%	4-5
		0.15-0.30%	6-8
		0.30-0.60%	9-11
Satisfactory	0.60-10.00%	0.60-2.15% 2.15-11.35%	12-14 15-19
Higher risk	10.00%+	11.35%+	20-21

For loans that are performing, these descriptions can be summarised as follows:

Strong: there is a very high likelihood of the asset being recovered in full;

Satisfactory: while there is a high likelihood that the asset will be recovered and, therefore, is of no current cause for concern to the Group, the asset may not be collateralised, or may relate to facilities such as unsecured loans and credit card balances; and

Higher risk: there is concern over the obligor's ability to make payments when due. However, these have not yet converted to actual delinquency. There may also be doubts over value of collateral or security provided. However, the borrower or counterparty is continuing to make payments when due and is expected to settle all outstanding amounts of principal and interest.

Loans that are past due are monitored closely, with impairment allowances raised as appropriate and in line with the Group's impairment policies. These loans are all considered Higher Risk for the purpose of this analysis of credit quality.

Debt securities

For assets held at fair value, the carrying value on the balance sheet will include, among other things, the credit risk of the issuer. Most listed and some unlisted securities are rated by external rating agencies. The Group mainly uses external credit ratings provided by Standard & Poor's or Moody's. Where such ratings are not available or are not current, the Group will use its own internal ratings for the securities.

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Introduction to the management of market risk



Barclays' definition of market risk

Market risk is the risk of the Group's earnings or capital being reduced due to:

- The Group being impacted by changes in the level or volatility of positions in its trading books. This includes changes in the interest rates, credit spreads, commodity prices, equity prices and foreign exchange levels ('traded market risk').
- The Group being unable to hedge its banking book balance sheet at prevailing market levels ('non-traded market risk').
- The Group's defined benefit obligations increasing or the value of the assets backing these defined benefit obligations decreasing due to changes in both the level and volatility of prices ('pension risk').

Each of the above has been identified by Barclays' management as key risks underlying the principal risk: market risk.

These disclosures are unaudited unless otherwise stated

Overview

Traded market risk overview (audited)

Traded market risk arises primarily as a result of client facilitation in wholesale markets, involving market making activities, risk management solutions and execution of syndications. Upon execution of a trade with a client, Barclays will look to hedge against the risk of the trade moving in an adverse direction. Mismatches between client transactions and hedges result in market risk due to changes in asset prices.

Non-traded market risk overview (audited)

Barclays banking book operations generate non-traded market risk, primarily through interest rate risk arising from the sensitivity of net interest margins to changes in interest rates. Banking businesses, such as RBB or Corporate Banking, engage in internal derivative trades with Treasury to remove this interest rate risk, however, the businesses remain susceptible to market risk from three key sources:

- Prepayment risk: Balance run-off may be faster or slower than expected due to economic conditions or customers' response to interest rates. This can lead to a mismatch between the anticipated balance of products provided to customers and the hedges executed with Treasury;
- Recruitment risk: The volume of new business may be lower or higher than expected requiring the business to unwind or execute hedging transactions with Treasury at different rates than expected; and
- Residual risk and margin compression: The business may retain a small element of interest rate risk to facilitate the day-to-day management of customer business. Additionally, in the current low rate environment, Barclays managed rate deposits are exposed to margin compression. This is because for any further fall in base rate Barclays must absorb an increasing amount of the rate move in its margin.

Barclays banking operations also generate non-traded market risk through the sensitivity of balance sheet items to movements in market levels, primarily foreign exchange and interest rates.

Pension risk overview (audited)

Barclays maintains a number of defined benefit pension schemes for past and current employees. The ability of the pension fund to meet the projected pension payments is maintained principally through investments.

Pension risk arises because the estimated market value of the pension fund assets might decline; or their investment returns might reduce; or the estimated value of the pension liabilities might increase. Barclays monitors the market risks arising from its defined benefit pension schemes, and works with the trustees to address shortfalls. In these circumstances, Barclays could be required or might choose to make extra contributions to the pension fund. The Group's main defined benefit scheme was closed to new entrants in 2012.

Organisation and structure

Traded risk in the businesses resides primarily in the Investment Bank, while non-traded market risk resides mainly in Retail and Business Banking, Corporate Banking, Wealth and Investment Management and Treasury. Pension risk is monitored centrally with the cost borne across businesses.

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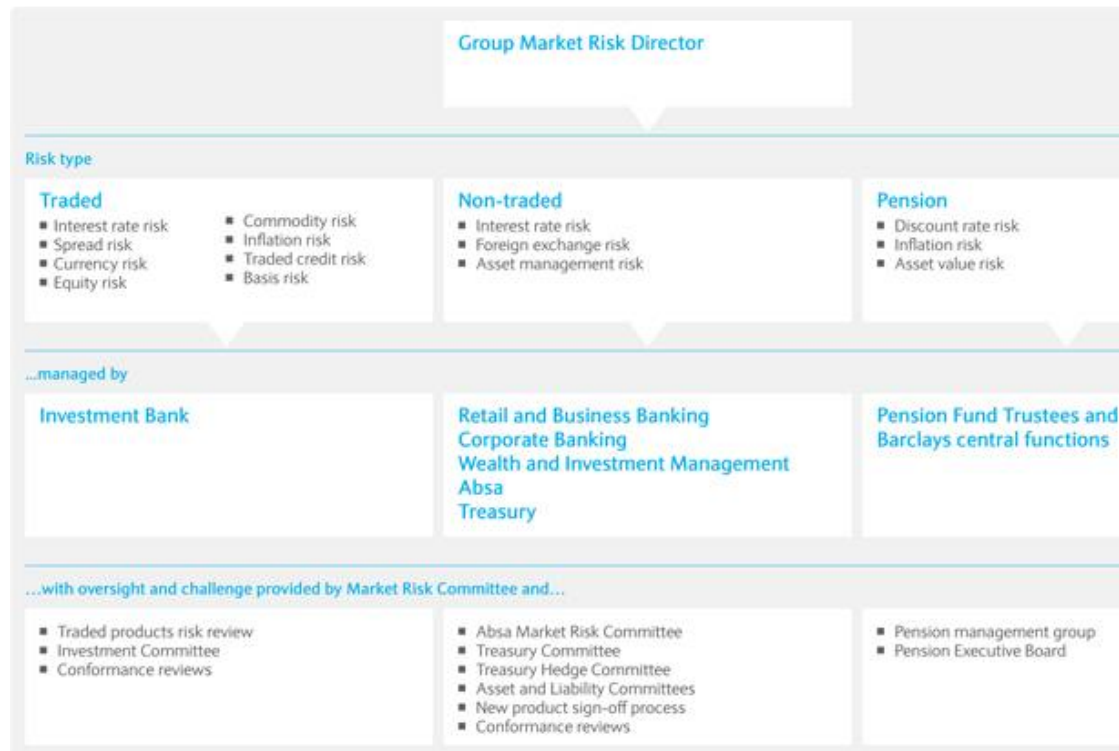
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Overview of the business market risk control structure



Roles and responsibilities

The objectives of Barclays market risk management is to:

- understand and control market risk by robust measurement, limit setting, reporting and oversight;
- facilitate business growth within a controlled and transparent risk management framework;
- ensure that traded market risk in the businesses resides primarily in Investment Bank including Absa CIBW; and
- minimise non-traded market risk.

To ensure the above objectives are met, Barclays has a well established governance structure in place, whereby the risks are identified, assessed, controlled and reported on throughout the organisation.

The Board Financial Risk Committee (BFRC) reviews and approves market risk appetite for the group. The Group Market Risk Director is responsible for the Barclays Market Risk Control Framework and, under delegated authority from the Group Chief Risk Officer, sets a limit framework within the context of the approved market risk appetite.

The Market Risk Committee approves and makes recommendations concerning the market risk profile across Barclays Group. This includes approving the Barclays Market Risk Control Framework and Group Market Risk Policies; reviewing arising market or

The head of each business is accountable for all market risks associated with its activities. The head of the market risk team covering each business is responsible for implementing the risk control framework for market risk. The control frameworks for traded, non-traded and pensions risk are all governed by the Market Risk Control Framework, which sets out how market risk should be identified, measured, controlled, reported and reviewed. The Framework also outlines and references Group Market Risk policies.

Market risk oversight and challenge is provided by business committees, Group committees, including the Market Risk Committee and Group Market Risk. The chart above gives an overview of the business control structure.

Risk management in the setting of strategy

Appetite for market risk is recommended by the risk function, to be agreed by BFRC. Mandate and scales are set to control levels of market risk and ensure the Group remains within risk appetite. The Group runs an annual Group-wide stress testing exercise which aims to simulate the dynamics of exposures across Barclays Group and cover all risk factors. The exercise is also designed to measure the impact to Barclays' fundamental business plan, and is used to manage the wider Group's strategy.

See page 385 for more detail on the role of risk in the setting of strategy.

Market risk culture

regulatory issues, limits and utilisation; and proposing risk appetite levels to the Board. The Committee is chaired by the Group Market Risk Director and attendees include the Group Chief Risk Officer, respective business aligned risk managers and senior managers from Group Market Risk as well as Internal Audit.

The Investment Bank risk function, which includes the market risk function, reports directly to the Group Chief Risk Officer, in line with the Transform initiative. Market risk managers are independent from the businesses they serve which embeds a risk culture with strong adherence to limits that support Group wide risk appetite. See page 378 for more detail on Barclays' risk culture.

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Management of traded market risk

Barclays' governance structure helps ensure all market risks that the Group is exposed to are well managed and understood.

Traded market risk is generated primarily as a result of market making activities, syndications and providing structured risk management solutions to clients at Barclays Investment Bank only. The Investment Bank also manages the Interest Rate risks

for other businesses through the Group Treasury function. Positions will contribute both to market risk limits and regulatory capital if relevant.

Traded market risk measurement – management view Market risk management measures

Barclays uses a range of complementary approaches to measure traded market risk which aim to capture the level of losses that the Investment Bank is exposed to due to unfavourable changes in asset prices. The primary tools to control the firm's exposures are:

Measure	Description
Management Value at Risk (VaR)	An estimate of the potential loss arising from unfavourable market movements, if the current positions were to be held unchanged for one business day.
Primary stress tests	An estimate of potential losses that might arise from extreme market moves or scenarios to key liquid risk factors.
Secondary stress tests	Modelled losses to unfavourable market movements to illiquid market risk exposures.
Combined scenario stresses	Multi asset scenario analysis of extreme, but plausible events that may impact the market risk exposures of the Investment Bank.

Barclays' use of Management VaR for traded market risk is broader than the application for use of VaR for regulatory capital and captures standardised, advanced and certain banking books where traded market risks are deemed to exist. The wider scope of Management VaR is what Barclays deems as material market risk exposures which may have a detrimental impact on the performance of the investment bank. The scope used in Regulatory VaR (see page 409) applies only to trading book positions as defined by the PRA which is a narrower scope.

Stress testing and scenario analysis are also an important part of the risk management framework, to capture potential risk that may arise in severe but plausible events.

Management VaR

- Estimates the potential loss arising from unfavourable market movements.
- Management VaR differs from the Regulatory VaR used for capital purposes.
- Backtesting performed to ensure model is fit for purpose.

VaR is an estimate of the potential loss arising from unfavourable market movements if the current positions were to be held unchanged for one business day. For internal market risk management purposes, the Investment Bank uses a historical simulation methodology with a two-year equally weighted historical period, at the 95% confidence level for all trading books and some banking books. VaR is split by risk factor as summarised below:

Risk factor	Description
Interest rate	Changes in the level of interest rates can impact prices of interest rate sensitive assets, such as bonds and derivative instruments, for example, Interest Rate Swaps.
Spread risk	Spread Risk (difference between bond yields and swap rates) arises when the business has positions in both bonds and derivative instruments; both assets may trade at different levels but are fundamentally exposed to similar risk.
Foreign exchange risk	The impact of changes in foreign exchange rates and volatilities. Investment Bank may be exposed to adverse or favourable movements in FX prices (e.g. movement of FX trade after entering into a forward rate FX contract).
Equity risk	Market risk may arise due to changes in equity prices, volatilities and dividend yields, for example, the Investment Bank is exposed to this risk as part of its market making activities, syndication or underwriting Initial Public Offerings.
Commodity risk	Commodity risk arises primarily from the Investment Bank's commodities businesses, who provide hedging solutions to clients and access to financial investors.
Inflation risk	The impact of changes in inflation rates and volatilities on cash instruments and derivatives. This arises as part of market making activities, whereby Investment Bank may be exposed to changes in inflation rates, for example, market making syndications for inflation linked securities.
Credit risk	The market risk that arises from the uncertainty of credit quality impacting prices of assets, for example, positions such as Corporate Bonds, Securitised products and derivative instruments, for example, Credit Default Swaps provide market risk exposure.
Basis risk	The impact of changes in interest rate tenor basis (e.g. the basis between swaps vs. 3M LIBOR and swaps. 6M LIBOR) and cross currency basis and is primarily

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generated as a result of market making activities.

In some instances, historical data is not available for particular market risk factors for the entire lookback period, for example, complete historical data would not be available for an equity following an Initial Public Offering. In these cases, market risk managers will proxy the unavailable market risk factor data with available data for a related market risk factor.

The output of the Management VaR model can be readily tested through backtesting process. Backtesting checks instances where actual losses exceed the predicted potential loss estimated by the VaR model. If the number of instances is too high, where actual losses exceed the predicted potential loss estimated by the VaR model, this could indicate limitations with the VaR calculation, for example, the calculation is not capturing certain market risk factors.

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The Management VaR model in some instances may not appropriately measure some market risk exposures, especially for market moves that are not directly observable via prices. Market risk managers are required to identify risks which are not adequately captured in VaR ('risks not in VaR' or 'RNIVs'). RNIVs can be of two varieties:

- Non VaR-type RNIVs: Represents a risk which would not be well captured by any VaR model either because it represents an event not historically observed (e.g. currency peg break) or a market risk factor which is not seen to move frequently (e.g. correlation).
- VaR-type RNIVs: Represents risks that are not captured in VaR, mainly because of infrastructure limitations or methodology limitations.

Risk managers estimate RNIVs on a regular basis to improve the accuracy of the VaR capture model.

When reviewing VaR estimates, the following considerations should be taken into account:

- The historical simulation uses the most recent two years of past data to generate possible future market moves, but the past may not be a good indicator of the future;
- The one day time horizon may not fully capture the market risk of positions that cannot be closed out or hedged within one day;
- VaR is based on positions as at close of business and consequently, it is not an appropriate measure for intra-day risk arising from a position bought and sold on the same day; and
- VaR does not indicate the potential loss beyond the VaR confidence level.

Limits are applied at the total Investment Bank level as well as by risk factor type, which are then cascaded down to particular trading desks and businesses by the market risk management function.

See page 192 for a review of Management VaR in 2013.

Primary stress tests

Key tool used by management to measure liquid market risks from extreme market movements or scenarios in each major trading asset class.

Stress testing provides an estimate of potential significant future losses that might arise from extreme market moves or scenarios. Primary stress tests apply stress moves to key liquid risk factors for each of the major trading asset classes, namely:

- Interest rates – shock to the level and structure of interest rates and inflation across currencies;
- Credit – impact on traded corporate credit exposures, including across rating grades, geography, sectors and products;
- Foreign exchange – impact of unfavourable moves in currency prices and volatility;
- Equity – shocks to share prices including exposures to specific geographies, products and sectors;
- Emerging Markets – stresses across specific countries including corporate and sovereign credit, interest rates and currency shocks;
- Commodities – adverse commodity price changes across both physical and derivative markets; and
- Securitised Products – stresses to securitised structures and associated hedges.

Primary stresses apply moves to liquid assets incorporating up to a few days holding period. Shock scenarios are determined by a combination of observed extreme historical moves and forward looking elements as appropriate.

Primary stresses are calculated for each asset class on a standalone basis. Risk managers calculate several stress scenarios and publish results to senior managers to highlight concentrations and the level of exposures. Primary stress loss limits are applied across the Investment Bank and is a key market risk control.

Secondary stress tests

- Key tool used by management to measure illiquid market risks from extreme market movements or scenarios in each major trading asset class.

Secondary stress tests are used in measuring potential losses arising from illiquid market risks that cannot be hedged or reduced within the time period covered in primary stress tests. Therefore, the extended holding period under stress may compound the estimated losses under a stressed environment which is a more conservative assumption. These may relate to financial instruments or risk exposures which are not readily or easily tradable or markets that are naturally sensitive to a rapid deterioration in market conditions.

For each asset class, secondary stresses are aggregated to a single stress loss which allows the business to manage its liquid and illiquid risk factors. Limits against secondary stress losses are also applied, which allows the firm to manage and control the level of illiquid risk factors.

Stresses are specific to the exposure held and are calibrated on both observed extreme moves and some forward looking elements as appropriate.

Combined scenario stresses

- Key tool used by management to measure aggregated losses across the entire trading book as a result of extreme forward looking scenarios encompassing simultaneous shocks to multiple asset classes.

The combined scenario stresses apply simultaneous shocks to several risk factors assessed by applying respective changes in foreign exchange rates, interest rates, credit spreads, commodities and equities to the entire portfolio, for example, the impact of a rapid and extreme slowdown in the global economy. The measure shows results on a multi-asset basis across all Investment Banking trading exposures. Combined scenarios are a useful tool in identifying concentrations of exposures and highlighting areas that may provide some diversification.

The estimated impact on market risk exposures are calculated and reported by the market risk management function on a weekly basis. The stress scenario and the calibration on the shocks are also reviewed by market risk managers periodically for its relevance considering any market environment.

Scenarios such as a global recession, deterioration in the availability of liquidity and contagion effects of a slowdown in one of the major economies are examples of combined scenarios. If necessary, market event specific scenarios are also calculated, such as, an unfavourable outcome of a US debt ceiling negotiation and the impact of a disorderly exit of quantitative easing programmes.

See page 194 for a review of combined scenario stresses in 2013.

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Traded market risk measurement – regulatory view

Regulatory view of traded positions

For regulatory purposes, the trading book is defined as one that consists of all positions in CRD financial instruments and commodities held either with trading intent or in order to hedge other elements of trading and which are either free of any restrictive covenants on their tradability or able to be hedged. A CRD financial instrument is defined as a contract that gives rise to both a financial asset of one party and a financial liability or equity instrument of another party.

All of the below regulatory measures, including the standardised approach, generate market risk capital requirement, in line with the regulatory requirements set out in the Capital Requirements

Directive ('CRD III') and the PRA's Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU'). Positions which cannot be included in the trading book are included within the banking book and generate risk capital requirements in line with this treatment.

Regulatory measurements are not used for market risk management purposes due to the scope and model assumptions.

Regulatory measures for traded market risk

There are a number of regulatory measures which Barclays has permission to use in calculating regulatory capital (internal models approval). These are listed below:

Measure	Definition
Regulatory Value at Risk (VaR)	An estimate of the potential loss arising from unfavourable market movements calibrated to 99% confidence interval 10 day holding period.
Stressed Value at Risk (SVaR)	An estimate of the potential loss arising from a 12 month period of significant financial stress over a 10 day holding period.
Incremental Risk Charge (IRC)	An estimate of the incremental risk arising from rating migrations and defaults, beyond what is already captured in specific market risk VaR for the non correlation trading portfolio.
All Price Risk (APR)	An estimate of all the material market risk, including rating migration and default for the correlation trading portfolio.

Regulatory VaR

- Estimates the potential loss arising from unfavourable market movements.
- Regulatory VaR differs from the management approach

VaR Variable	Regulatory	Management
Confidence interval	99%	95%
Scope	As approved by the Regulator (PRA)	Barclays' management view of market risk exposures. Includes trading books and banking books exposed to price risk
Look-back period	2 years	2 years
Liquidity Horizon	10 days	1 day

Regulatory VaR allows oversight of the total potential losses, at a given confidence level, of those trading books which received approval from the regulator to be covered via an internal model. Regulatory VaR levels contribute to the calculation of the Market Risk RWAs.

Management VaR allows the bank to supervise the total risk within Investment bank, including the trading book and some banking books. Management VaR is also utilised for internal capital model (economic capital).

Regulatory VaR is fundamentally the same as the Management VaR (see page 407), with the key differences listed above.

The model includes RNIIVs, as described on page 408.

Stressed Value at Risk (SVaR)

- Estimates the potential loss arising from unfavourable market movements in a stressed environment;
- Identical to Regulatory VaR, but calibrated over a one year stressed period; and
- Regulatory capital is allocated to individual businesses, but not actively used by management to set limits on

The SVaR model is required to be identical to the VaR model used by Barclays, with the exception that the SVaR model must be calibrated to a one-year period of significant financial stress ('the SVaR period'). Barclays selects the SVaR period to be a one-year period that maximises the sum of general market risk Regulatory VaR and specific market risk Regulatory VaR for positions in scope of regulatory approval. The SVaR period is reviewed on a quarterly basis or when required by material changes in market conditions or the trading portfolio.

SVaR cannot be meaningfully backtested and is not sensitive to current market conditions and consequently, it is more difficult to use SVaR as a direct risk management tool as compared to VaR. Many market risk factors with complete historical data over a two year period may not have complete data covering the SVaR period and consequently, more proxies may be required for SVaR than for VaR. The SVaR metric itself has the same strengths and weaknesses as the Group's VaR model.

Incremental Risk Charge (IRC)

- Captures risk arising from rating migrations and defaults for traded debt instruments incremental to that already captured by Regulatory VaR and SVaR.

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traded market risk.

As part of CRD III, Barclays is required to compute a market risk capital requirement based on a 10 day, 99% VaR metric calibrated to a period of significant financial stress. This Stressed VaR ('SVaR') capital requirement is added to the market risk capital requirement arising from Regulatory VaR, the Incremental Risk Charge and the All Price Risk on an undiversified basis.

As part of CRD III, Barclays was required to introduce IRC to capture the risk arising from ratings migrations or defaults in the traded credit portfolio. IRC measures this risk at a 99.9% confidence level with a one year holding period and applies to all positions in scope for specific risk including sovereign exposure.

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Barclays IRC model simulates default and ratings transition events for individual names. The behaviour of names is correlated with one another to simulate a systemic factor to model the possibility of multiple downgrades or defaults. The correlations between non-sovereign names are based on the Basel-defined correlations stipulated in the Internal Ratings Based approach to measuring credit risk capital, with a fixed correlation between sovereign names.

Barclays IRC model simulates the impact of a ratings transition by estimating the improvement or deterioration in credit spreads resulting from the transition and assumes that the historically observed average change in credit spreads (measured in relative terms) resulting from ratings transitions provides an accurate estimate of likely widening or tightening of credit spreads in future transitions. For each position, the model computes the impact of spread moves up or down at pre-specified relative movements in spread and the actual impact is obtained by interpolating or extrapolating the actual spread move from these pre-computed values.

Barclays IRC model assumes that ratings transitions, defaults and any spread increases occur on an instantaneous basis. Consequently there is no need to model a reduction in duration or roll off of positions over the one year horizon.

All Price Risk (APR)

Captures all market risks affecting the correlation trading portfolio.

APR covers the correlation trading portfolio and is intended to capture all risk factors relevant to corporate nth-to-default (on a basket of referenced names) and tranching credit derivatives. The capital requirement is based on a 99.9% confidence interval over a one year holding period. The model generates a scenario based on a Monte Carlo simulation and revalues the portfolio under the simulated market scenario. The model captures the following risk factors in the credit correlation portfolio;

- Default and ratings migration over a one year time horizon
- Credit spread volatility
- Recovery risk – uncertainty of the recoverable value under default
- Correlation risk

- Basis risk – basis between credit indices and its underlying constituents

- Hedge slippage – portfolio rebalancing assumption

Barclays APR model is based on the IRC model but also captures market risks not related to transition or default events, such as movements in credit spreads or correlations. These risk factors are included as part of the Monte Carlo simulation using distributions calibrated to historically observed moves.

Regulatory traded risk measurements summary

Barclays maintains a Trading Book Policy Statement ('TBPS') which defines the minimum requirements a business must meet to run trading positions and the process by which positions are allocated to trading or banking books. Trading intent is a key element in deciding whether a position should be treated as a trading or banking book exposure.

Currently all trading books must be managed by either Investment Bank or separately by Absa CIBW. Businesses with trading books are required to document their implementation of trading book standards which define how the Barclays-wide TBPS requirements will be implemented. In particular, businesses are expected to evidence trading intent, for example, by setting and enforcing risk and position limits and defining the consequences of breaching these limits.

Positions in the trading book are subject to market risk capital, computed using models where regulatory approval has been granted, otherwise the market risk capital requirement is calculated using standard rules as defined by the PRA in BIPRU. If any of the criteria specified in the TBPS are not met for a position, then that position must be allocated to the banking book.

Most of Barclays market risk regulatory models are assigned the highest model materiality rating of 'A*'. Consequently, the Regulatory VaR model is subject to annual re-approval at the Executive Models Committee ('EMC'), which is chaired by the Group Chief Risk Officer and the Group Chief Financial Officer. EMC considers evidence of model suitability provided by the model owner, as well as an independent validation conducted by the Group Centre Independent Validation Unit. The following table summarises the models used for market risk regulatory purposes and the applicable regulatory thresholds.

Component modelled	Number of significant models and size of associated portfolio (RWAs)	Model description and methodology	Applicable regulatory thresholds
Regulatory VaR	1 model; £5.0bn	Equally-weighted historical simulation of potential daily P&L arising from market moves	Regulatory VaR is computed with 10 day holding period and 99% confidence level
SVaR	1 model; £9.9bn	Same methodology as used for VaR model	Regulatory SVaR is computed with 10 day holding period and 99% confidence level
IRC	1 model; £2.1bn	Monte Carlo simulation of P&L arising from ratings migrations and defaults	IRC is computed with one year holding period and 99.9% confidence level
APR	1 model; £1.0bn	Monte Carlo simulation of P&L arising from ratings migrations and defaults and market-driven movements in spreads and correlations	APR is computed with one year holding period and 99.9% confidence level. As required in CRD III, the APR charge is subject to a floor set with reference to standard rules charge

See page 194 for a review of regulatory measures in 2013.

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Regulatory Backtesting

Backtesting is the method by which Barclays checks and affirms that its procedures for estimating VaR are reasonable and serve its purpose of estimating the potential loss arising from unfavourable market movements. Barclays' backtesting process is a regulatory requirement and seeks to estimate the performance of the regulatory VaR model if it had been employed in prior periods. Performance is measured by the number of exceptions to the model i.e. net trading P&L loss in one trading day is greater than the estimated VaR for the same trading day. If exceptions occur regularly (a 99% confidence interval indicates that one exception will occur in 100 days), Barclays' procedures could be underestimating VaR.

Backtesting is performed at a legal entity level and at sub-portfolio levels on Barclays' regulatory VaR model. Regulatory backtesting compares Regulatory VaR at 99% confidence level (1 day holding period equivalent) to a clean and hypothetical P&L as defined in BIPRU 7.10. The consolidated Barclays Bank Plc and Barclays Capital Securities Ltd is the highest level of consolidation for the VaR models that are used in the calculation of regulatory capital.

A backtesting exception is generated when a loss is greater than the daily VaR for any given day.

As defined by the PRA, a green model is consistent with a good working VaR model and is achieved for models that have four or fewer backtesting exceptions in a 12-month period. Backtesting counts the number of days when a loss (as defined by the PRA) exceeds the corresponding VaR estimate, measured at the 99% regulatory confidence level. For the Investment Bank's VaR model, green model status was maintained for 2013.

Backtesting is also performed on management VaR to ensure it remains reasonable and fit for purpose.

The table below shows the VaR backtesting exceptions in 2013. A backtesting exception is generated when a loss is greater than the VaR for a given day.

Regulatory portfolios	Total exceptions	Status
Equities	3	Green
Commodities	3	Green
Foreign Exchange	3	Green
Credit Correlation	2	Green
Fixed Income Rates	2	Green
Emerging Markets (excluding credit)	2	Green
Credit Support Annex Aware Discounting Valuation	1	Green
Treasury	0	Green
Client Capital Management	0	Green
Fixed Income Credit	0	Green
Emerging Markets Credit	0	Green
Counterparty Risk Trading Single Name Trading	0	Green

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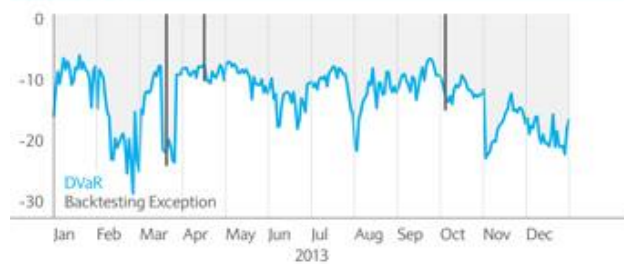
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The charts below show VaR for Barclays' regulatory portfolios where at least one exception has occurred during 2013. The black lines indicate losses on the small number of days on which they exceeded the VaR amount.

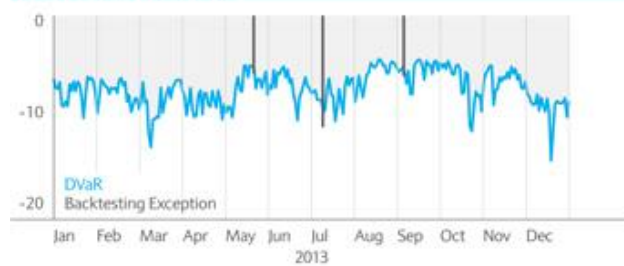
Equities (£m)



Commodities (£m)



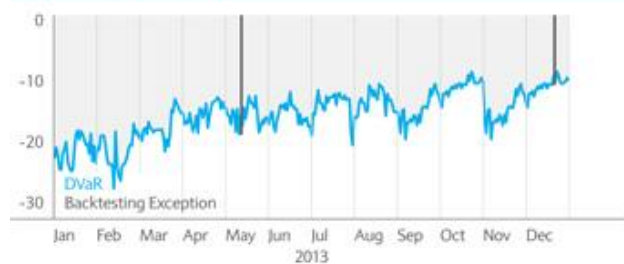
Foreign Exchange (£m)



Credit Correlation (£m)



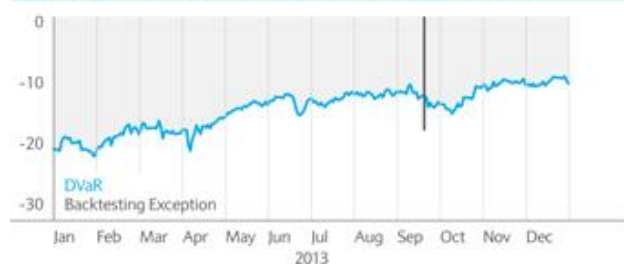
Fixed Income Rates (£m)



Emerging Markets (excluding credit) (£m)



Credit Support Annex Aware Discounting Valuation (£m)



Typical drivers of the exceptions shown above are as follow:

- Exceptional market moves, outside the confidence level at which the model operates, for example, the market volatility caused by the Federal Reserve tapering announcement.

[Traded Market Risk Control](#)

The metrics that Barclays use to measure market risk are controlled through the use of appropriate limit framework. Limits are set at the total Investment Bank portfolio level, risk factor level, for example, interest rate risk, and at business level, for example, Emerging Markets. Stress limits and many book limits, such as foreign exchange and

- Risks which are not captured in VaR (for more information on RNIVs see page 408).

Exceptions are reported to internal management and regulators on a regular basis and exceptions are investigated to ensure the model performs as expected.

interest rate sensitivity limits, are also used to control risk appetite.

The BFRC ratified firm wide limits are termed A-level limits for total management VaR, risk factor VaR, primary stress and secondary stresses. These are then cascaded down by risk managers in order to meet the firm wide risk appetite.

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Each A-level limit is set after consideration is given to revenue generation opportunities and overall risk appetite approved by the Board. Compliance with limits is monitored by the independent Risk function in the Investment Bank with oversight provided by Group Market Risk.

Throughout 2013, Group Market Risk continued its ongoing programme of conformance reviews on the Investment Bank's market risk management practices. These reviews are intended to verify the business's conformance with Barclays Market Risk Control Framework and best practices.

Traded market risk reporting

Investment Bank market risk managers produce a number of detailed and summary market risk reports daily, weekly, fortnightly and monthly for business and risk managers. These are sent to Group Market Risk for review and a risk summary is presented at the Market Risk Committee and the Investment Bank's Traded Positions Risk Review. The overall market risk profile is also presented to BFRC on a regular basis.

Management of non-traded market risk

Non-Traded Risk Measurement

Barclays uses a range of complementary technical approaches to measure non-traded market risk.

Summary of measures for non-traded market risk

Measure	Definition
Annual Earnings at Risk	Impact on earnings of a parallel (upward or downward) movement in interest rates.
Economic Value of Equity (EVE)	Change in the present value of the banking book of a parallel (upward or downward) interest rate shock.
Economic Capital	Economic Capital (EC) is held to protect against unexpected loss (in excess of expected loss) and calculated over a one year time horizon.
Value at Risk (VaR)	An estimate of the potential loss arising from unfavourable market movements, if the current positions were to be held unchanged for a set period of time.
Stress Testing	Scenario based stress testing using a variety of economic parameters to quantify the impact to P&L and the Balance Sheet under various levels of stress.

The risk in each business is measured and controlled using both an income metric (Annual Earnings at Risk) and value metrics (Economic Value of Equity, Economic Capital and VaR).

Annual Earnings at Risk (AEaR)

AEaR measures the sensitivity of net interest income over the next one year period. It is calculated as the difference between the estimated income using the current yield curve and the lowest estimated income following a parallel increase or decrease in interest rates (200bps), subject to a minimum interest rate of 0%. 200bp shocks are consistent with industry best practise and supported by banking regulators.

The main model assumptions are:

- The balance sheet is kept at the current level i.e. no growth is assumed; and
- Balances are adjusted for an assumed behavioural profile. This includes the treatment of fixed rate loans including mortgages.

AEaR is applied to the entire banking book, including the liquidity buffer and trades to hedge against non-traded market risk. The metric provides a measure of how interest rate risk may impact the Groups Profit & Loss, providing a simple comparison between risk and returns. The main disadvantage of the metric is its short term focus, as it only measures the impact on a position in the first 12 months. In order to counter this, the Group has implemented additional Economic Value risk metrics.

See page 195 for a review of AEaR in 2013.

Economic Value of Equity (EVE)

Economic Value of Equity (EVE) calculates the change in the present value of the banking book for a parallel

Economic Capital (for recruitment, prepayment and residual risk)

Economic Capital (EC) consistent models are used to measure unexpected losses to a 99.98% confidence interval over a 1 year period which reflects the level of confidence (consistent with the Bank's target AA rating). Within non-traded risk, this measure aims to capture recruitment risk, prepayment risk and residual risk for banking book products (see page 196). EC metrics typically measure variations in economic value from specific sources of risk, for example, prepayment risk EC for fixed rate mortgages predicts the cost of hedging to reduce any mismatch exposure resulting from the impact of an interest rate shock on customer prepayment levels.

EC is used in the active management of the banking book. Limits are set against EC metrics and breaches trigger mitigating actions to reduce exposure to appropriate levels. EC modelling is typically applied only to fixed rate products and the majority of variable rate and administered rate portfolios are not subject to an EC measure.

As part of the Group's risk appetite and limit framework, limits are set by product and portfolio for the three EC categories across each business unit. Each business unit, in line with Treasury, is tasked with managing the risk to within the levels that in practise involves ensuring any required pre or post hedging takes place in a timely fashion to minimise recruitment and residual risk.

An advantage of EC is that it can calculate unexpected losses to an appropriate degree of confidence given the nature of the risks and covers sources of loss beyond the scope of other models (for instance, AEaR only covers income changes over a one year period; EVE only considers existing business and does not include any dynamic customer behaviour assumptions). The main weaknesses come from necessary simplifying assumptions. In the case of models based on statistical

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upward and downward interest rate (200bps) shock. This shock is useful for drawing comparisons across portfolios, and is also a regulatory reporting requirement. Note that the EVE calculation measures sensitivity in terms of present value, while AEaR measures income sensitivity.

The EVE measure is applied to the entire banking book, including the liquidity buffer and trades to hedge against non-traded market risk and covers the full life of transactions and hedges, ensuring the risk over the whole life of positions are considered. The main weaknesses of this model stem from its simplicity. In particular, it does not capture the impact of business growth or of management actions and is based on the balance sheet as at the reporting date.

confidence intervals, the choice of the statistical distribution may drive under-prediction of very extreme events (i.e. the real distribution may be "fat-tailed"). To mitigate this, the Group continues to improve its models using long time series of historical data to capture the extreme effects.

See page 196 for a review of EC in 2013.

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Value at Risk (VaR)

Value at Risk (VaR) is an estimate of the potential loss arising from unfavourable market movements, if the current positions were to be held unchanged for a set period. For internal market risk management purposes, the Investment Bank uses a historical simulation methodology with a two-year equally weighted historical period, at the 95% confidence level for banking book portfolios covered by the measure. This calculation is a present value sensitivity while AEaR is an income sensitivity.

Daily Value at Risk is used to measure residual interest and foreign exchange risks within certain banking book portfolios, following a methodology and approach consistent with that of the trading book.

Quarterly Scaled Value at Risk is used to measure risk in the Liquidity Buffer Investment Portfolio. The calculation uses a 5 year historical period, a 95% confidence level and is scaled from daily to quarterly by a constant of 8.1. The five year historical period is considered to be more reflective of the AFS Banking Book portfolio, i.e. less reactive to current market conditions whilst still capturing the stress period of 2008 and 2009.

Stress Testing

Stress losses are calculated for liquidity buffer portfolio, but not subject to controlled limits.

All Non-traded Market Risk positions are subject to the Banks annual stress testing exercise where scenarios based on economic parameters are used to determine the potential impact of the positions on P&L and the Balance Sheet.

Non-traded Market risk Control

Non-traded market risk is controlled through the use of limits on many of the above risk measures. Limits are set at the total business level and then cascaded down. The total business level limits for AEaR, EVE, EC and VaR are agreed by the Group Market Risk Committee. Compliance with limits is monitored by the respective business market risk team with oversight provided by Group Market Risk.

The interest rate risk for balances with no defined maturity date and an interest rate that is not linked to the base rate is managed by Group Treasury. A series of continuous rolling hedges are used to mitigate the interest rate risk in the banking book.

Non-traded Market risk Reporting

Barclays' Group market risk function produces a number of detailed market risk reports on a daily, weekly, fortnightly and monthly basis, for business and risk managers. A risk summary is presented at the Market Risk Committee.

Asset Management Structural Risk

Asset management structural risk arises where the fee and commission income earned by asset management products is affected by a change in market levels, primarily through the link between income and the value of assets under management. Asset management structural risk mainly resides in Wealth and Investment Management, where the risk is incorporated into the medium term plan and group wide stress test.

Asset management structural risk is subject to Group policy, with limits set and is reported to the Market Risk Committee.

Asset management structural risk is measured using AEaR considering a 30% fall in equity markets and 200bps increase in yields. Group policy is for businesses to monitor and regularly assess potential hedging strategies.

Management of pension risk

Pension risk control

As the investment strategy of the UKRF is owned and defined by the Trustees who are independent to the bank, pension risk is not governed by the conventional limit framework observed in traded and non-traded market risk. However, risk and positions are reported monthly to the Market Risk Committee (MRC) and periodically to the Pension Management Group (PMG), Pension Executive Board (PEB) and BFRC.

Group Market Risk is responsible for the ongoing challenge of the risk profile and to that aim will ensure the following:

- At least annual review of all Pension Funds shortfalls;
- Detailed review of liability driven data;
- Ensure a continuous and detailed interaction exists between Group Market Risk and the pension asset manager;
- To conduct, where necessary, any deep dives to ensure a consistent view of the risk positions of the fund.

Pension risk measurements

The following metrics are used to describe pension risk:

- Asset/Liability mismatch under IAS 19R, Funding and Solvency Rules;
- Asset VaR and liability VaR;
- Total pension risk VaR i.e. which includes potential diversification between assets and liabilities.

The VaR used for pension risk is calibrated at a 95% confidence level, with a one year horizon to reflect the long-term nature of the risk. Whilst the asset portfolio is sensitive to the volatility to any asset class the pension asset manager invests in, the liabilities are mainly exposed to inflation, and interest rates and corporate credit spreads which are the main components of the discount rate.

See page 197 for a review of pension risk in 2013.

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Risk management > Operational risk management



Operational Risk Management Overview

Operational Risk is defined as the risk of direct or indirect impacts resulting from human factors, inadequate or failed internal processes and systems or external events. During 2013 the Board Conduct, Reputation and Operational Risk Committee was established and met to consider the impacts that operational risk may have on the Group.

These disclosures are unaudited unless otherwise stated

Overview (audited)

The management of operational risk has two key objectives:

1. To minimise the impact of losses suffered, both in the normal course of business (small losses) and from extreme events (large losses).
2. To improve the effective management of the Group and strengthen its brand and external reputation.

Barclays is committed to the measurement and management of operational risk and was granted a waiver by the FSA (now the PRA) to operate an Advanced Measurement Approach (AMA) for operational risk under Basel 2, which commenced in January 2008. The majority of the Group calculates regulatory capital requirements using AMA (93% of capital requirements), however, in specific areas we apply the Basic Indicator Approach (7%). Barclays works to benchmark its internal operational risk management and measurement practices with peer banks and to drive the further development of advanced techniques.

Organisation and structure (audited)

Barclays is committed to operating within a strong system of internal control that enables business to be transacted and risk taken without exposing itself to unacceptable potential losses or reputational damage. Barclays has an overarching framework that sets out Barclays approach to internal governance ('the Barclays Guide'). The Barclays Guide establishes the mechanisms and processes by which the Board directs the organisation, through setting the tone and expectations from the top, delegating its authority and monitoring compliance.

A key component of the Barclays Guide is the Enterprise Risk Management Framework (ERMF). The purpose of the ERMF is to identify and set minimum requirements in respect of the main risks to achieving the Group's strategic objectives and to provide reasonable assurance that internal controls are effective. The key elements of the Group's system of internal control, which is aligned to the recommendations of The Committee of Sponsoring Organizations of the Treadway Commission, Internal Control – Integrated Framework (COSO), are set out in the risk control frameworks relating to each of the Group's Key Risks and in the Group Operational Risk Framework.

Operational Risk is one of six Principal Risks in the EMRF and comprises a number of specific Key Risks defined as follows:

- **CyberSecurity:** Risk of loss or detriment to Barclays' business and customers as a result of actions committed or facilitated through the use of networked information systems;
- **External supplier:** Inadequate selection and ongoing management of external suppliers;
- **Financial reporting:** Reporting mis-statement or omission within external financial or regulatory reporting;
- **Fraud:** Dishonest behaviour with the intent to make a gain or cause a loss to others;
- **Information:** Inadequate protection of Barclays' information in accordance with its value and sensitivity;
- **Legal:** Failure to identify and manage legal risks;
- **Payments:** Failure in operation of payments processes;
- **People:** Inadequate people capabilities, and/or performance/reward structures, and/or inappropriate behaviours;
- **Premises & security:** Unavailability of premises (to meet business demand) and/or safe working environments, and inadequate protection of physical assets, employees and customers against external threats;
- **Product:** Inadequate design, assessment and testing of products/services;
- **Regulatory:** Failure or inability to comply fully with the laws, regulations or codes applicable specifically to the financial services industry;
- **Taxation:** Failure to comply with tax laws and practice which could lead to financial penalties, additional tax charges or reputational damage;
- **Technology:** Failure to develop and deploy secure, stable and reliable technology solutions; and
- **Transaction operations:** Failure in the management of critical transaction processes.

These risks may result in financial and/or non-financial impacts

including legal/regulatory breaches or reputational damage. For more information on Legal, Regulatory and Taxation risks please see pages 136 to 140.

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Operational risk management continued

The Operational Risk Framework comprises a number of elements which allow Barclays to manage and measure its Operational risk profile and to calculate the amount of Operational risk capital that Barclays needs to hold to absorb potential losses. The minimum, mandatory requirements for each of these elements are set out in the Group Operational Risk Policies. This framework is implemented across the Group:

- vertically, through the organisational structure with all businesses required to implement and operate an Operational risk framework that meets, as a minimum, the requirements detailed in these operational risk policies; and
- horizontally, with the Group Key Risk Officers required to monitor information relevant to their Key Risk from each Operational risk framework element.

The prime responsibility for the management of operational risk and the compliance with control requirements rests with the business and functional units where the risk arises. Operational risk partners are widely distributed throughout the Group and support these areas, assisting line managers in understanding and challenging the effectiveness of management of risks that they own.

The Operational Risk Director (or equivalent) for each business is responsible for ensuring the implementation of and compliance with Group Operational Risk policies.

The Group Operational Risk Director is responsible for establishing, owning and maintaining an appropriate Group-wide Operational Risk Framework and for overseeing the portfolio of Operational Risk across the Group. The Operational Risk & Control Committee (OR&CC) is the senior executive body responsible for the oversight and challenge of Operational Risk and the control environment in Barclays. The outputs of the OR&CC are presented to the Board Conduct, Reputation and Operational Risk Committee (BCRORC).

In addition, specific operational risk committees or governance and control committees at the business level, monitor the risk and control environment. The OR&CC receives reports from these committees and considers Group-significant control issues and their remediation. In addition, the OR&CC presents control issues to the Board Audit Committee (BAC).

Businesses are required to report their operational risks on both a regular and an event-driven basis. The reports include a profile of the material risks to their business objectives and the effectiveness of key controls, control issues of Group-level significance, operational risk events and a review of scenarios and capital. Specific reports are prepared on a regular basis for OR&CC, BCRORC and BAC.

The Internal Audit function provides further independent review and challenge of the Group's operational risk management controls, processes and systems and reports to the Board and senior management.

Operational risk management (audited)

The Barclays Operational Risk framework is a key component of the Enterprise Risk Management Framework and has been designed to meet a number of external governance requirements including the Basel Capital Accord, the Capital Requirements Directive and Turnbull guidance as an evaluation framework for the purposes of Section 404 of the Sarbanes-Oxley Act. It also supports the Sarbanes-Oxley requirements.

The operational risk framework includes the following elements:

Risk and control self-assessments

Barclays identifies and assesses all material risks within each business and evaluates the key controls in place to mitigate those risks. Managers in the businesses use self-assessment techniques to identify risks, evaluate the effectiveness of key controls in place and assess whether the risks are effectively managed within business risk appetite. The businesses are then able to make decisions on what, if any, action is required to reduce the level of risk to Barclays. These risk assessments are monitored on a regular basis to ensure that each business continually understands the risks it faces.

Risk events

An operational risk event is any circumstance where, through the lack or failure of a control, Barclays has actually, or could have, made a loss. The definition includes situations in which Barclays could have made a loss, but in fact made a gain, as well as incidents resulting in reputational damage or regulatory impact only.

A standard threshold is used across the Group for reporting risk events and part of the analysis includes the identification of improvements to processes or controls, to reduce the recurrence and/or magnitude of risk events. For significant events, both financial and non-financial, this analysis includes the completion of a formal lessons learnt.

Barclays also uses a database of external risk events which are publicly available and is a member of the Operational RiskData eXchange (ORX), a not-for-profit association of international banks formed to share anonymous loss data information. Barclays uses this external loss information to support and inform risk identification, assessment and measurement.

Key indicators

Key Indicators (KIs) are metrics which allow Barclays to monitor its operational risk profile. KIs include measurable thresholds that reflect the risk appetite of the business. KIs are monitored to alert management when risk levels exceed acceptable ranges or risk appetite levels and drive timely decision making and actions.

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Operational risk appetite

Barclays approach to determining its operational risk appetite combines both quantitative measures and qualitative judgement, in order to best reflect the nature of non-financial risks.

The monitoring and tracking of operational risk measures is supplemented with qualitative review and discussion at senior management executive committees on the action being taken to improve controls and reduce risk to an acceptable level.

Operational risk appetite is aligned to the Group's Risk Appetite Framework. The Board Conduct, Reputation and Operational Risk Committee considers and recommends to the Board for approval, via the Enterprise Wide Risk Committee, the Group's risk appetite statement for Operational Risk based on performance in the current year and the projections for financial volatility the following year.

Reporting

The ongoing monitoring and reporting of operational risk is a key component of the Barclays Operational Risk Framework. Reports are used by the Operational Risk function and by Business management to understand, monitor, manage and control operational risks and losses.

The operational risk profile is reviewed by senior management at the Operational Risk & Control Committee and the Board at the Board Conduct, Reputation and Operational Risk Committee.

Key risk scenarios

- Key Risk Scenarios are a summary of the extreme potential risk exposure for each Key Risk in each business and function, including an assessment of the potential frequency of risk events, the average size of losses and three extreme scenarios. The Key Risk Scenario assessments are a key input to the Advanced Measurement Approach calculation of regulatory and economic capital requirements (see following section on Operational Risk Measurement). The assessment is performed by Key Risk Officers, taking into account analysis of internal and external loss experience, key risk indicators, risk and control self-assessments and other risk information. The businesses and functions analyse potential extreme scenarios, considering:
 - the circumstances and contributing factors that could lead to an extreme event;
 - the potential financial and non-financial impacts (eg reputational damage); and
 - the controls that seek to limit the likelihood of such an event occurring, and the mitigating actions that would be taken if the event were to occur (eg crisis management procedures, business continuity or disaster recovery plans).

Management may then conclude whether the potential risk is acceptable (within appetite) or whether changes in risk management control or business strategy are required.

Operational risk measurement

Barclays assesses its operational risk capital requirements using an Advanced Measurement Approach. The approach involves estimating the potential range of losses that could be incurred in a year from operational risk events, using statistical distributions. Regulatory capital requirements are set to cover 99.9% of the estimated losses. Barclays also assesses its economic capital requirements to cover 99.98% of the estimated losses that exceed the typical losses (diversified across all risk classes).

The potential frequency and severity of losses is estimated for each Key Risk (within the Operational Risk category) in each business and function. The potential range of individual loss severities is represented by a statistical distribution, estimated from the average loss size and three extreme scenarios (from Key Risk Scenarios), as well as loss data from the Operational RiskData eXchange (ORX).

The capital calculation also takes into account the possibility of correlations between operational risk losses occurring in a year (between risks within businesses and functions and between businesses and functions).

In certain joint ventures and associates, Barclays may not be able to apply the AMA and so uses the Basic Indicator Approach (BIA) to calculate operational risk capital. With the BIA, Barclays is required to hold a certain percentage, currently 15% of average gross income, in capital. Areas where the BIA is applied are: the Africa RBB businesses, including Barclays Bank Mozambique and National Bank of Commerce (Tanzania); Barclays Bank PLC Pakistan; the new to bank business activities acquired from Lehman Brothers; and the portfolios of assets purchased from Woolworths Financial Services in South Africa, Citi Cards Portugal and Italy, Standard Life Bank, ING Direct, MBNA Corporate Cards, Upromise, RCI, Egg Cards, EdCon, Sallie Mae and Ameriprice.

Insurance

As part of its risk management approach, the Group also uses insurance to mitigate the impact of some operational risks.

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Liquidity risk management

Liquidity Risk



Liquidity risk is the risk that a firm, although solvent, either does not have sufficient financial resources available to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost. This also results in a firm's inability to meet regulatory liquidity requirements. This risk is inherent in all banking operations and can be affected by a range of Group-specific and market-wide events.

These disclosures are unaudited unless otherwise stated

Overview (audited)

The Board has formally recognised a series of risks that are continuously present in Barclays and materially impact the achievement of Barclays' objectives one of which is Funding risk. Liquidity risk is recognised as a Key risk within Funding risk. The efficient management of liquidity is essential to the Group in retaining the confidence of the financial markets and ensuring that the business is sustainable. Liquidity risk is managed through the Liquidity Risk Management Framework (the Liquidity Framework) which is designed to maintain liquidity resources that are sufficient in amount and quality and a funding profile, which is appropriate to maintain market confidence in the Group's name and meet the liquidity risk appetite as expressed by the Board.

This is achieved via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring. Together, these meet internal and regulatory requirements.

Governance and organisation (audited)

Barclays Treasury operates a centralised governance control process that covers all of the Group's liquidity risk management activities by the Board Financial Risk Committee. The Liquidity Framework is subject to annual review. The Liquidity Framework describes liquidity policies and controls that the Group has implemented to manage liquidity risk within the Liquidity Risk Appetite.

The Board sets the Group's Liquidity Risk Appetite (LRA), being the level of risk the Group chooses to take in pursuit of its business objectives and in meeting its regulatory obligations. The Treasury Committee is responsible for the management and governance of the mandate defined by the Board and includes the following sub-committees:

- The Balance Sheet Management Committee – provides a coordinated forum to oversee the management and governance of Balance Sheet Management including behavioural mismatch, structural risk, and transfer pricing;
- The Investment Advisory Group supervises the investment of a portion of the Group's liquidity pool in longer dated liquid assets. The Investment Advisory Group approves a detailed allocation framework across assets and tenors, and reviews the performance and risks associated with these holdings. The holdings are subject to limits set by the Board Financial Risk Committee and by the independent Group market and credit risk functions; and
- The Funding and Liquidity Risk Committee, a sub-committee of the Balance Sheet Management Committee, is responsible for the review, challenge and recommendation of the Liquidity Framework to the Treasury Committee.

Liquidity risk framework

Barclays has a comprehensive Liquidity Framework for managing the Group's liquidity risk. The Liquidity Framework is designed to deliver the appropriate term and structure of funding consistent with the Liquidity Risk Appetite set by the Board.

The Liquidity Framework incorporates a range of ongoing business management tools to monitor, limit and stress test the Group's balance sheet and contingent liabilities and a Contingency Funding Plan. Limit setting and transfer pricing are tools that are designed to control the level of liquidity risk taken and drive the appropriate mix of funds, which together reduce the likelihood that a liquidity stress event could lead to an inability to meet the Group's obligations as they fall due. The stress tests assess potential contractual and contingent stress outflows under a range of scenarios, which are then used to determine the size of the liquidity pool that is immediately available to meet anticipated outflows, if a stress occurred.

The Group maintains a Contingency Funding Plan which details how liquidity stress events of varying severity would be managed. Since the precise nature of any stress event cannot be known in advance, the plans are designed to be flexible to the nature and severity of the stress event and provide a menu of options that could be used as appropriate at the time. Barclays also maintains Recovery Plans which consider actions to generate additional liquidity in order to facilitate recovery in a severe stress.

Ongoing business management

- LRA and Planning
- Liquidity limits
- Early Warning Indicators Committee

Early signs/ Mild stress

- Monitoring and review
- Low cost actions and balance sheet optimism

Severe Stress

- Activate Contingency Funding Plan
- Balance sheet reduction and business limitations

Recovery

- Asset and liability actions to generate additional liquidity

Resolution

- Ensure an orderly resolution can be carried out if necessary, without adverse systemic risk or exposing the public fund to



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Ongoing business management

Risk appetite and planning

Under the Liquidity Framework, Barclays has established a Liquidity Risk Appetite (LRA) together with the appropriate limits for the management of the liquidity risk. This is the level of liquidity risk the Group chooses to take in pursuit of its business objectives and in meeting its regulatory obligations. The key expression of the liquidity risk is through internal stress tests. This involves comparing the liquidity pool with anticipated stressed net contractual and contingent outflows for each of three stress scenarios.

The LRA is reviewed on a continuous basis and is subject to formal Board approval at least annually. The Group runs three primary liquidity stress scenarios, aligned to the PRA's prescribed stresses:

- 90 day market-wide stress event;
- 30 day Barclays-specific stress event; and
- 30 day combined market-wide and Barclays-specific stress event.

In addition to the liquidity pool, the Liquidity Framework provides for other management actions, including generating liquidity from other liquid assets on the Group's balance sheet in order to meet additional stress outflows, or to preserve or restore the Liquidity Pool in the event of a liquidity stress

Liquidity limits

Barclays manages limits on a variety of on and off-balance sheet exposures, a sample of which is shown in the table below. These limits serve to control the overall extent and composition of liquidity risk taken by managing exposure to the cash outflows.

Examples of Liquidity Limits

Money market framework	FX Cashflow limits	Concentration limits	Structured Notes limits
Secured Mismatch limits	Debt Buyback limits	Off-Balance Sheet commitment limits	Ratings Downgrade limits

Internal pricing and incentives

Barclays actively manages the composition and duration of the balance sheet and of contingent liquidity risk through the transfer of liquidity premium directly to business units. Liquidity premiums are charged and credited to businesses according to the behavioural life of assets and liabilities and contingent liquidity risk. These transfer pricing mechanisms are designed to ensure that liquidity risk is reflected in product pricing and performance measurement, thereby ensuring that the Liquidity Framework is integrated into business level decision making to drive the appropriate mix of sources and uses of funds.

Early warning indicators

Barclays monitors a range of market indicators for early signs of liquidity risk either in the market or specific to Barclays, a sample of which are shown in the table below. These are designed to immediately identify the emergence of increased liquidity risk to maximise the time available to execute appropriate mitigating actions. Deterioration in Early Warning Indicators can lead to invocation of the Group's Contingency Funding Plan, which provides a framework for how the liquidity stress would be managed.

Examples of Early Warning Indicators

Change in composition of deposits	Level of debt buybacks	Rising funding costs
Widening CDS spreads	Change in maturity profile	Repo haircut widening

Contingency Funding Plan and Recovery Resolution Plan

Barclays maintains a Contingency Funding Plan (CFP), which is designed to provide a framework where a liquidity stress could be effectively managed. The CFP is proportionate to the nature, scale and complexity of the business and is tested to ensure that it is operationally robust. The CFP details the circumstances in which the plan could be invoked, including as a result of adverse movements in Liquidity Early Warning Indicators. As part of the plan the Barclays Treasurer has established a Liquidity Management Committee (LMC) On invocation of

The CFP provides a communication plan and includes management actions to respond to liquidity stresses of varying severity. These could include monetising the liquidity pool, slowing the extension of credit and increasing the tenor of funding.

The Group continues to work with the authorities on recovery and resolution planning (RRP). The Group made its first formal RRP submissions to the UK and US regulators in mid-2012 and has since continued to work with the authorities to identify and address any impediments to resolvability.

the CFP, the LMC would meet to identify the likely impact of the event on the Group and determine the response, which would be proportionate to the nature and severity of the stress.

Barclays also maintains a Group Recovery Plan, which details potential actions in the event of a severe stress including securitising or selling assets, disposals, divestment and capital raising.

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Capital risk management

Overview



Capital risk is the risk that the Group has insufficient capital resources to:

- Meet minimum regulatory requirements in the UK and in other jurisdictions such as the United States and South Africa where regulated activities are undertaken. The Group's authority to operate as a bank is dependent upon the maintenance of adequate capital resources;
- Support its credit rating. A weaker credit rating would increase the Group's cost of funds; and
- Support its growth and strategic options.

These disclosures are unaudited unless otherwise stated

Overview (audited)

Capital Management is integral to the Group's approach to financial stability and sustainability management and is therefore embedded in the way our businesses and legal entities operate. Our Capital Management strategy is driven by the strategic aims of the Group and the risk appetite set by the Board.

Our objectives are achieved through well embedded capital management practices:

Primary objectives	Core practices
Provide a viable and sustainable business offering by maintaining adequate capital to cover the Group's current and forecast business needs and associated risks	■ Maintain a capital and leverage plan on a short-term and medium-term basis aligned with strategic objectives ■ Meet minimum regulatory requirements at all times in the UK and in all other jurisdictions that the Group operates in, such as the United States and South Africa where regulated activities are undertaken
Ensure the Group and legal entities maintain adequate capital to withstand the impact of the risks that may arise under the stressed conditions analysed by the Group	■ Perform Group-wide internal and regulatory stress tests ■ Maintain capital buffers over regulatory minimums ■ Develop contingency plans for severe (stress management actions) and extreme stress tests

Our approach to capital risk management

We adopt a forward-looking, risk based approach to Capital Risk Management. Capital demand and supply is actively managed on a centralised basis, at a business level, at a local entity level and on a regional basis taking into account the regulatory, economic and commercial environment in which Barclays operates.

Capital planning

Capital forecasts are managed on a top-down and bottom-up analysis through both short-term (monthly for year 1) and medium-term (3 year) financial planning cycles. Barclays' capital plans are developed with the objective of maintaining capital that is adequate in quantity and quality to support the approved risk profile and business needs, including our Transform financial commitments. As a result, the Group holds a diversified pool of capital resources that provides strong loss absorbing capacity and optimised returns.

Capital planning also includes managing capital against leverage targets. These requirements are being developed by the Basel Committee and by national regulators. The Group is required to meet the PRA's leverage requirements calculated on a PRA adjusted CET1 capital base plus qualifying Additional Tier 1 capital using CRD IV leverage exposure.

Barclays' capital plans are continually monitored against relevant internal target capital ratios to ensure they remain appropriate, and consider risks to the plan including possible future regulatory changes.

Local management ensures compliance with an entity's minimum regulatory capital requirements by reporting to local asset and liability committees with oversight by the Group's Capital Committee, as required.

Target ratios

The Group's capital plan and target ratios are set in consideration of CRD IV, and draft Recovery and Resolution Directive (RRD) requirements. The target capital structure expected to be achieved during the course of 2015 in consideration of these requirements and the Transform commitments anticipate a target:

- Fully loaded CRD IV CET1 ratio of 10.5% comprising of an expected 4.5% regulatory minimum CET1 ratio requirement leading to a 9.0% regulatory target CET1 ratio including Conservation and Global Systemic buffers (but excluding Pillar 2A and counter-cyclical buffer) and a 1.5% CET1 'internal management buffer';
- 1.5% Additional Tier 1 layer (excluding Pillar 2A); and
- 5.0% Tier 2 debt capital to meet an internal target 17% total capital ratio.

In addition to Barclays' end state capital structure, target ratios have also been set in respect of the PRA's leverage ratio expectation of 3.0% applicable from June 2014.

Capital allocation

Capital allocations are approved by the Group Executive Committee and monitored by the Treasury Committee, taking into consideration the risk appetite, growth and strategic aims of the Group. Barclays Bank PLC (BBPLC) is the primary source of capital to its legal entities. Regulated legal entities are, at a minimum, allocated adequate capital to meet their current and forecast regulatory and business requirements.

	(recovery actions)
Support a strong credit rating	■ Maintain capital and leverage ratios aligned with rating agency expectations

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Risk identification

Capital demand is assessed and quantified for credit, market, operational, interest rate risk on the banking book, pension obligation risk and securitisation risks, in line with the PRA's regulatory requirements.

Barclays Treasury works closely with Group Risk, businesses and legal entities to support a proactive approach to identifying sources of capital ratio volatilities which are incorporated in the Group's capital plan. Capital risks against firm-specific and macroeconomic early warning indicators are monitored and reported to the Treasury Committee, associated with clear escalation channels to Senior Management.

Stress testing

Internal stress testing is undertaken to quantify and understand the impact of sensitivities on the capital plan and capital ratios, arising from 1 in 7 year and 1 in 25 year stresses. Actual recent economic, market and peer institution stresses are used to inform the assumptions of the stress tests and assess the effectiveness of mitigations strategies.

The Group also undertakes stress tests prescribed by the PRA and ECB. Legal entities undertake stress tests prescribed by their local regulators. These stress tests inform decisions on the size and quality of capital buffer required and the results are incorporated into the Group capital plan to ensure adequacy of capital under normal and severe, but plausible stressed conditions.

Risk mitigation

As part of the stress testing process actions are identified that should be taken to mitigate risks that could arise in the event of material adverse changes in the current economic and business outlook.

As an additional layer of protection, the Barclays Recovery Plan defines the actions and implementation strategies available for the Group to increase or preserve capital resources in the event that stress events are more extreme than anticipated. In addition, the strong regulatory focus on resolvability has continued in 2013, from both UK and international regulators. The Group continues to work with the authorities on recovery and resolution planning (RRP), and the detailed practicalities of the resolution process, including the provision of information that would be required in the event of a resolution, so as to enhance Barclays resolvability (a Citizenship commitment made in May 2012).

Transferability of capital

The Group's policy is for surplus capital held in Group entities to be repatriated to BBPLC in the form of dividends and/or capital repatriation, subject to local regulatory requirements, exchange controls and tax implications. This approach provides optimal flexibility on the redeployment of capital across legal entities. The Group is not aware of any material impediments to the prompt transfer of capital resources, in line with the above policy, or repayment of intra-group liabilities when due.

Governance

The Group and legal entity capital plans are underpinned by the Capital Management Framework, which includes the capital management policies and practices approved by the Capital Committee. These are implemented consistently and aimed at delivering on the Group objectives.

Group Treasury Committee and the Board approve the Group capital plan, stress tests and Recovery Plan. The Group Treasury Committee also manages compliance with the Group's capital management objectives and reviews actual and forecast capital demand and resources on a monthly basis. The Board Financial Risk Committee annually reviews risk appetite and then analyses the impacts of stress scenarios on the Group capital forecast (see pages 70 to 72) in order to understand and manage the Group's projected capital adequacy.

Resources

Global teams operate in accordance with the Group's policies and procedures, having direct access to local regulators and businesses in order to support individual capital management at a legal entity level.

Senior Management awareness and transparency

Capital ratios, early warning indicators and movements in capital demand and supply are reported to Group Treasury Committee monthly.

Capital management information is readily available at all times to support the Executive Management's strategic and day-to-day business decision making, as may be required.

The Group submits its Board approved ICAAP document to the PRA on an annual basis, which forms the basis of the Individual Capital Guidance (ICG) set by the PRA.

Pillar 3 disclosures are approved by the Board and publicly available as a separate document in line with the Basel 3 and PRA requirements.

Ongoing capital management risks

Capital ratio sensitivity to foreign exchange rate movements

The Group has capital resources and RWAs denominated in foreign currencies. Changes in foreign exchange rates result in changes in the GBP equivalent value of foreign currency denominated capital resources and RWAs. As a result, the Group's regulatory capital ratios are sensitive to foreign currency movements.

The Group's capital ratio management strategy is to minimise the volatility of the capital ratios caused by foreign exchange rate movements. To achieve this, the Group aims to maintain the ratio of foreign currency CET 1, Tier 1 and Total capital resources to foreign currency RWAs the same as the Group's consolidated capital ratios.

The Group's investments in foreign currency subsidiaries and branches, to the extent that they are not hedged for foreign exchange movements, translate into GBP upon consolidation creating CET1 capital resources sensitive to foreign currency movements. Changes in the GBP value of the investments due to foreign currency movements are captured in the currency translation reserve, resulting in a movement in CET1 capital.

To create foreign currency Tier 1 and Total Capital resources additional to the CET1 capital resources, the Group issues, where possible, debt capital in non-GBP currencies. This is primarily achieved by the issuance of debt capital from Barclays Bank PLC in USD and EUR, but can also be achieved by subsidiaries issuing capital in local currencies, such as Barclays Africa Group Limited in South Africa.

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Shareholder information

Articles of Association

The Company is a public limited company registered in England and Wales under company number 48839.

Barclays, originally named Barclay & Company Limited, was incorporated in England and Wales on 20 July 1896 under the Companies Acts 1862 to 1890 as a company limited by shares. The company name was changed to Barclays Bank Limited on 17 February 1917 and it was registered on 15 February 1982 as a public limited company under the Companies Acts 1948 to 1980. On 1 January 1985, the Company changed its name to Barclays PLC.

Under the Companies Act 2006 a company's Memorandum of Association now need contain only the names of the subscribers and the number of shares each subscriber has agreed to take. For companies in existence as of 1 October 2009, all other provisions which were contained in the company's Memorandum of Association, including the company's objects, are now deemed to be contained in the company's Articles. The Companies Act 2006 also states that a company's objects are unrestricted unless the company's Articles provide otherwise.

The Articles of Association were adopted at the Company's Annual General Meeting (AGM) on 30 April 2010 and amended at the AGM of the Company on 25 April 2013.

The Company may, by special resolution, amend its Articles of Association.

The following is a summary and explanation of the current Articles of Association.

Directors

- (i) The minimum number of Directors (excluding alternate Directors) is five. There is no maximum limit. There is no age limit for Directors.
- (ii) Excluding executive remuneration and any other entitlement to remuneration for extra services (including service on board committees) under the Articles, a Director is entitled to a fee at a rate determined by the Board but the aggregate fees paid to all Directors shall not exceed £2,000,000 per annum or such higher amount as may be approved by an ordinary resolution of the Company. Each Director is entitled to reimbursement for all reasonable travelling, hotel and other expenses properly incurred by him/her in or about the performance of his/her duties.
- (iii) No Director may act (either himself/herself or through his/her firm) as an auditor of the Company. A Director may hold any other office of the Company on such terms as the Board shall determine.
- (iv) At each AGM of the Company, one third of the Directors (rounded down) are required under the Articles of Association to retire from office by rotation and may offer themselves for re-election. The Directors so retiring are first, those who wish to retire and not offer themselves for re-election and, second those who have been longest in office (and in the case of equality of service length are selected by lot). Other than a retiring Director, no person shall (unless recommended by the Board) be eligible for election unless a member notifies the Company Secretary in

- (vi) The Board may appoint any Director to any executive position or employment in the Company on such terms as they determine.
- (vii) The Company may by ordinary resolution remove a Director before the expiry of his/her period of office (without prejudice to a claim for damages for breach of contract or otherwise) and may by ordinary resolution appoint another person who is willing to act to be a Director in his/her place.
- (viii) A Director may appoint either another Director or some other person approved by the Board to act as his/her alternate with power to attend Board meetings and generally to exercise the functions of the appointing Director in his/her absence (other than the power to appoint an alternate).
- (ix) The Board may authorise any matter in relation to which a Director has, or can have, a direct interest that conflicts, or possibly may conflict with, the Company's interests. Only Directors who have no interest in the matter being considered will be able to authorise the relevant matter and they may impose limits or conditions when giving authorisation if they think this is appropriate.
- (x) A Director may hold positions with or be interested in other companies and, subject to legislation applicable to the Company and the FCA's requirements, may contract with the Company or any other company in which the Company is interested. A Director may not vote or count towards the quorum on any resolution concerning any proposal in which he/she (or any person connected with him/her) has a material interest (other than by virtue of his/her interest in securities of the Company) or if he/she has a duty which conflicts or may conflict with the interests of the Company, unless the resolution relates to any proposal:
 - (a) to indemnify a Director or provide him/her with a guarantee or security in respect of money lent by him/her to, or any obligation incurred by him/her or any other person for the benefit of (or at the request of), the Company (or any other member of the Group);
 - (b) to indemnify or give security or a guarantee to a third party in respect of a debt or obligation of the Company (or any other member of the Group) for which the Director has personally assumed responsibility;
 - (c) to obtain insurance for the benefit of Directors;
 - (d) involving the acquisition by a Director of any securities of the Company (or any other member of the Group) pursuant to an offer to existing holders of securities or to the public;
 - (e) that the Director underwrite any issue of securities of the Company (or any other member of the Group);
 - (f) concerning any other company in which the Director is interested as an officer or creditor or Shareholder but, broadly, only if he/she (together with his/her connected persons) is directly or indirectly interested in less than 1% of either any class of the issued equity share capital or of the

advance of his/her intention to propose a person for election. It is Barclays' practice that all Directors offer themselves for re-election annually in accordance with the UK Corporate Governance Code.

- (v) The Board has the power to appoint additional Directors or to fill a casual vacancy amongst the Directors. Any Director so appointed holds office until the next AGM, when he/she may offer himself/ herself for reappointment. He/she is not taken into account in determining the number of Directors retiring by rotation.

voting rights of that company; and

- (g) concerning any other arrangement for the benefit of employees of the Company (or any other member of the Group) under which the Director benefits or stands to benefit in a similar manner to the employees concerned and which does not give the Director any advantage which the employees to whom the arrangement relates would not receive.

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- (xi) A Director may not vote or be counted in the quorum on any resolution which concerns his/her own employment or appointment to any office of the Company or any other company in which the Company is interested.
- (xii) Subject to applicable legislation, the provisions described in subparagraphs (x) and (xi) may be relaxed or suspended by an ordinary resolution of the members of the Company or any applicable governmental or other regulatory body.
- (xiii) A Director is required to hold an interest in ordinary shares having a nominal value of at least £500, which currently equates to 2,000 Ordinary Shares unless restricted from acquiring or holding such interest by any applicable law or regulation or any applicable governmental or other regulatory body. A Director may act before acquiring those shares but must acquire the qualification shares within two months from his/her appointment. Where a Director is unable to acquire the requisite number of shares within that time owing to law, regulation or requirement of any governmental or other relevant authority, he/she must acquire the shares as soon as reasonably practicable once the restriction(s) end.
- (xiv) The Board may exercise all of the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities.

Classes of shares

The Company only has Ordinary Shares in issue. The Articles of Association also provide for pound sterling preference shares of £100 each, US dollar preference shares of \$100 each, US dollar preference shares of \$0.25 each, euro preference shares of €100 each and yen preference shares of ¥10,000 each (together, the Preference Shares). In accordance with the authority granted at the AGM on 25 April 2013, Preference Shares may be issued by the Board from time to time in one or more series with such rights and subject to such restrictions and limitations as the Board may determine. No Preference Shares have been issued to date.

Dividends

Subject to the provisions of the Articles and applicable legislation, the Company in general meeting may declare dividends on the Ordinary Shares by ordinary resolution, but any such dividend may not exceed the amount recommended by the Board. The Board may also pay interim or final dividends if it appears they are justified by the Company's financial position.

Each Preference Share confers the right to a preferential dividend (Preference Dividend) payable in such currency at such rates (whether fixed or calculated by reference to, or in accordance with, a specified procedure or mechanism), on such dates and on such other terms as may be determined by the Board prior to allotment thereof.

The Preference Shares rank in regard to payment of dividends in priority to the holders of Ordinary Shares and any other class of shares in the Company ranking junior to the Preference Shares.

Dividends may be paid on the Preference Shares if, in the opinion of the Board, the Company has sufficient distributable profits, after payment in full or the setting aside of a sum to provide for all dividends payable on (or in the case of shares carrying a cumulative right to dividends, before) the relevant dividend payment date on any class of shares in the Company ranking *pari passu* with or in priority to the relevant series of Preference Shares as regards participation in the profits of the Company.

If the Board considers that the distributable profits of the Company available for distribution are insufficient to cover the payment in full of Preference Dividends, Preference Dividends shall be paid to the extent of the distributable profits on a *pro rata* basis.

Notwithstanding the above the Board may, at its absolute discretion, determine that any Preference Dividend which would otherwise be payable may either not be payable at all or only payable in part.

If any Preference Dividend on a series of Preference Shares is not paid, or is only paid in part, for the reasons described above, holders of Preference Shares will not have a claim in respect of such non-payment.

If any dividend on a series of Preference Shares is not paid in full on the relevant dividend payment date, a dividend restriction shall apply. The dividend restriction means that, subject to certain exceptions, neither the Company nor Barclays Bank PLC may (a) pay a dividend on, or (b) redeem, purchase, reduce or otherwise acquire, any of their respective Ordinary Shares, other Preference Shares or other share capital ranking equal or junior to the relevant series of Preference Shares until the earlier of such time as the Company next pays in full a dividend on the relevant series of Preference Shares or the date on which all of the relevant series of Preference Shares are redeemed.

All unclaimed dividends payable in respect of any share may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. If a dividend is not claimed after 12 years of it becoming payable, it is forfeited and reverts to the Company.

The Board may, with the approval of an ordinary resolution of the Company, offer Shareholders the right to choose to receive an allotment of additional fully paid Ordinary Shares instead of cash in respect of all or part of any dividend. The Company currently provides a scrip dividend programme pursuant to an authority granted at the AGM held on 25 April 2013.

Voting

Every member who is present in person or represented at any general meeting of the Company, and who is entitled to vote, has one vote on a show of hands. Every proxy present has one vote. The proxy will have one vote for and one vote against a resolution if he/she has been instructed to vote for or against the resolution by different members or in one direction by a member while another member has permitted the proxy discretion as to how to vote. On a poll, every member who is present or represented and who is entitled to vote has one vote for every share held. In the case of joint holders, only the vote of the senior holder (as determined by order in the share register) or his proxy may be counted. If any sum payable remains unpaid in relation to a member's shareholding, that member is not entitled to vote that share or exercise any other right in relation to a meeting of the Company unless the Board otherwise determine.

If any member, or any other person appearing to be interested in any of the Company's Ordinary Shares, is served with a notice under Section 793 of the Companies Act 2006 and does not supply the Company with the information required in the notice, then the Board, in its absolute discretion, may direct that that member shall not be entitled to attend or vote at any meeting of the Company. The Board may further direct that if the shares of the defaulting member represent 0.25% or more of the issued shares of the relevant class, that dividends or other monies payable on those shares shall be retained by the Company until the direction ceases to have effect and that no transfer of those shares shall be registered (other than certain specified 'excepted transfers'). A direction ceases to have effect seven days after the Company has received the information requested, or when the Company is notified that an 'excepted transfer' of all of the relevant shares to a third party has occurred, or as the Board otherwise determines.

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Transfers

Ordinary Shares may be held in either certificated or uncertificated form. Certificated Ordinary Shares shall be transferred in writing in any usual or other form approved by the Board and executed by or on behalf of the transferor. Transfers of uncertificated Ordinary Shares shall be made in accordance with the Companies Act 2006 and CREST Regulations.

The Board is not bound to register a transfer of partly paid Ordinary Shares, or fully paid shares in exceptional circumstances approved by the FCA. The Board may also decline to register an instrument of transfer of certificated Ordinary Shares unless it is duly stamped and deposited at the prescribed place and accompanied by the share certificate(s) and such other evidence as reasonably required by the Board to evidence right to transfer, it is in respect of one class of shares only, and it is in favour of a single transferee or not more than four joint transferees (except in the case of executors or trustees of a member).

Preference Shares may be represented by share warrants to bearer or be in registered form.

Preference Shares represented by share warrants to bearer are transferred by delivery of the relevant warrant. Preference Shares in registered form shall be transferred in writing in any usual or other form approved by the Board and executed by or on behalf of the transferor. The Company's registrar shall register such transfers of Preference Shares in registered form by making the appropriate entries in the register of Preference Shares.

Each Preference Share shall confer, in the event of a winding up or any return of capital by reduction of capital (other than, unless otherwise provided by their terms of issue, a redemption or purchase by the Company of any of its issued shares, or a reduction of share capital), the right to receive out of the surplus assets of the Company available for distribution amongst the members and in priority to the holders of the Ordinary Shares and any other shares in the Company ranking junior to the relevant series of Preference Shares and *pari passu* with any other class of Preference Shares (other than any class of shares then in issue ranking in priority to the relevant series of Preference Shares), repayment of the amount paid up or treated as paid up in respect of the nominal value of the Preference Share together with any premium which was paid or treated as paid when the Preference Share was issued in addition to an amount equal to accrued and unpaid dividends.

Redemption and Purchase

Subject to applicable legislation and the rights of the other Shareholders, any share may be issued on terms that it is, at the option of the Company or the holder of such share, redeemable. The Directors are authorised to determine the terms, conditions and manner of redemption of any such shares under the Articles of Association.

Calls on capital

The Directors may make calls upon the members in respect of any monies unpaid on their shares. A person upon whom a call is made remains liable even if the shares in respect of which the call is made have been transferred. Interest will be chargeable on any unpaid amount called at a rate determined by the Board (of not more than 20% per annum).

If a member fails to pay any call in full (following notice from the Board that such failure will result in forfeiture of the relevant shares), such shares (including any dividends declared but not paid) may be forfeited by a resolution of the Board, and will become the property of the Company. Forfeiture shall not absolve a previous member for amounts payable by him/her (which may continue to accrue interest).

The Company also has a lien over all partly paid shares of the Company for all monies payable or called on that share and over the debts and liabilities of a member to the Company. If any monies which are the subject of the lien remain unpaid after a notice from the Board demanding payment, the Company may sell such shares.

Variation of Rights

The rights attached to any class of shares may be varied either with the consent in writing of the holders of at least 75% in nominal value of the issued shares of that class or with the sanction of special resolution passed at a separate meeting of the holders of the shares of that class.

The rights of shares shall not (unless expressly provided by the rights attached to such shares) be deemed varied by the creation of further shares ranking equally with them or subsequent to them.

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Annual and other general meetings

The Company is required to hold an AGM in addition to such other general meetings as the Directors think fit. The type of the meeting will be specified in the notice calling it. Under the Companies Act 2006, the AGM must be held within six months of the financial year end. A general meeting may be convened by the Board on requisition in accordance with the applicable legislation.

In the case of an AGM, a minimum of 21 clear days' notice is required. The notice must be in writing and must specify the place, the day and the hour of the meeting, and the general nature of the business to be transacted. A notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as such. The accidental failure to give notice of a general meeting or the non-receipt of such notice will not invalidate the proceedings at such meeting.

Subject as noted above, all Shareholders are entitled to attend and vote at general meetings. The Articles do, however, provide that arrangements may be made for simultaneous attendance at a satellite meeting place or, if the meeting place is inadequate to accommodate all members and proxies entitled to attend, another meeting place may be arranged to accommodate such persons other than that specified in the notice of meeting, in which case Shareholders may be excluded from the principal place.

Holders of Preference Shares have no right to receive notice of, attend or vote at, any general meetings of the Company as a result of holding Preference Shares.

Limitations on foreign shareholders

There are no restrictions imposed by the Articles of Association or (subject to the effect of any economic sanctions that may be in force from time to time) by current UK laws which relate only to nonresidents of the UK and which limit the rights of such non-residents to hold or (when entitled to do so) vote the Ordinary Shares.

Notices

A document or information may be sent by the Company in hard copy form, electronic form, by being made available on a website, or by another means agreed with the recipient, in accordance with the provisions set out in the Companies Act 2006. Accordingly, a document or information may only be sent in electronic form to a person who has agreed to receive it in that form or, in the case of a company, who has been deemed to have so agreed pursuant to applicable legislation. A document or information may only be sent by being made available on a website if the recipient has agreed to receive it in that form or has been deemed to have so agreed pursuant to applicable legislation, and has not revoked that agreement.

In respect of joint holdings, documents or information shall be sent to the joint holder whose name stands first in the register.

A member who (having no registered address within the UK) has not supplied an address in the UK at which documents or information may be sent in hard copy form, or an address to which notices, documents or information may be sent or supplied by electronic means, is not entitled to have documents or information sent to him/her.

In addition, the Company may cease to send notices to any member who has been sent documents on two consecutive occasions over a period of at least 12 months and when each of those documents is returned undelivered or notification is received that they have not been delivered.

Capitalisation of profits

The Company may, by ordinary resolution, upon the recommendation of the Board, capitalise all or any part of an amount standing to the credit of a reserve or fund to be set free for distribution provided that amounts from the share premium account, capital redemption reserve or any profits not available for distribution should be applied only in paying up unissued shares to be allotted to members credited as fully paid and no unrealised profits shall be applied in paying up debentures of the Company or any amount unpaid on any share in the capital of the Company.

Indemnity

Subject to applicable legislation, every current and former Director or other officer of the Company (other than any person engaged by the company as auditor) shall be indemnified by the Company against any liability in relation to the Company, other than (broadly) any liability to the Company or a member of the Group, or any criminal or regulatory fine.

Officers of the Group		Date of appointment as officer
Lawrence Dickinson	Company Secretary	2002
Robert Le Blanc	Chief Risk Officer	2004
	Chief Executive, Barclays Africa Group	2009
Maria Ramos	Financial Controller	2012
Peter Estlin	CEO, Barclaycard	2012
Valerie Soranno Keating	CEO, Retail and Business Banking	2012
Ashok Vaswani	Group General Counsel	2013
Bob Hoyt	Co-Chief Executive, Corporate and Investment Banking	2013
Eric Bommensath	Co-Chief Executive, Corporate and Investment Banking	2013
Thomas King	Group Human Resources Director	2013
Irene McDermott-Brown	Interim Chief Operations and Technology Officer	2013
Darryl West	Chief Executive, Americas	2013
Skip McGee	Chief Executive, Wealth and Investment Management	2013
Peter Horrell	Group Head of Compliance	2014
Mike Roemer		

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Shareholder enquiries



Investors who have any questions about their investment in Barclays, or about Barclays in general, may write to the Director, Investor Relations at our Head Office as follows:

In the United Kingdom:

Investor Relations

Barclays PLC
1 Churchill Place
London
E14 5HP

Registered and Head Office

1 Churchill Place
London
E14 5HP
Tel: +44 (0) 20 7116 1000

Registrar

The Registrar to Barclays
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Tel: 0871 384 2055 (from the UK)^a
or +44 (0) 121 415 7004 (from overseas)
Email: questions@share-registers.co.uk

Notes

^a Calls cost 8p per minute plus network extras. Lines open 8.30am to 5.30pm, Monday to Friday, excluding public holidays.

or, in the United States of America:

The Corporate Communications Department

Barclays Bank PLC
745 Seventh Avenue
New York, NY 10019, USA

ADR Depositary

JP Morgan Chase Bank, N.A.
PO Box 64504
St. Paul
MN 55164-0854
USA

Tel: 1-800-990-1135 (toll-free for US domestic callers)
or +1 651 453 2128
Email: jpmorgan.adr@wellsfargo.com

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Shareholder information

Your Barclays Shareholding

Key dates*

28 March
2013 Final dividend payment date
24 April
2014 Annual General Meeting
13 June
2014 First interim dividend payment date
19 September
2014 Second interim dividend payment date
5 December
2014 Third interim dividend payment date

*Please note that these dates are provisional and subject to change.

Annual General Meeting (AGM)

This year's AGM will be held at the Royal Festival Hall, Southbank Centre, Belvedere Road, London SE1 8XX on Thursday, 24 April 2014 at 11.00am.

The Chairman and Chief Executive will update shareholders on our performance in 2013 and our goals for 2014. Shareholders will also have the opportunity to ask the Board questions at the meeting.



You can find out more at Barclays.com/agn

Dividends

We remain committed to a 40% to 50% payout ratio over time, however, we expect to be at 40% from 2014 to allow focus on capital accretion. We would not expect it to rise further in to the 40% to 50% payout range until the 10.5% Core Equity Tier 1 milestone has been reached.

How do Barclays shareholders receive their dividends?

As at 31 December 2013, Barclays shareholders received their dividends in the following ways:

Bank mandate	50%	
Cheque	29%	
Scrip	21%	

You can choose how you would like to receive your Barclays dividends – save time and receive your dividends faster You can have your dividends paid directly into your bank or building society account. It is easy to set up and your money will be in your bank account on the dividend payment date. If you hold 2,500 shares or less, you can provide your bank or building society details quickly and easily over the telephone using the contact details overleaf. If you hold more than 2,500 shares, please write to The Registrar.

Scrip Dividend Programme (the Programme)

Shareholders can choose to have their dividends reinvested in new ordinary Barclays shares through the Programme. More information including the Programme Terms and Conditions and application form are available on our website (details below).

Unclaimed dividends

We are aware that some shareholders do not keep their personal details on the share register up to date. Therefore, during 2013, we conducted a tracing process to re-unite over 24,000 Barclays Sharestore members, who lost contact with us, with their unclaimed dividends. We have returned over £2 million of unclaimed dividends to our shareholders.



To find out more contact The Registrar to Barclays or visit Barclays.com/dividends

Charity donations – Thank you for your support

We would like to take this opportunity to thank our shareholders for helping us to make two fantastic donations to charity.

Firstly, thank you to all of our Barclays Dividend Re-investment Plan (DRIP) participants (which was withdrawn in June 2013) who chose to donate their DRIP cash residue to our chosen charity, ABF The Soldier's Charity. As at the end of January 2014, we had raised over **£40,000**.

Secondly, following the close of the Rights Issue in October 2013, shareholders who let some or all of their Rights lapse received a cheque for their share of the net premium provided that it was £3.00 or more. Any amounts due to shareholders that were less than £3.00 were donated to UNICEF. We are delighted to tell you that Barclays shareholders have donated over **£89,000** to UNICEF.

ShareGift your shares

Shareholders with small holdings of shares, whose value makes them uneconomic to sell, may wish to donate them to ShareGift, the share donation charity (registered charity number 1052686).



Further information about ShareGift and the charities it has supported may be obtained from their website, www.ShareGift.org

Action for shareholders

Keep your personal details up to date

Please remember to tell The Registrar if:

- You move house
- You need to update your bank or building society details.

If you are a Barclays e-view member, you can update your bank or building society account or address details online. If you hold 2,500 shares or less, you can update details quickly and easily over the telephone using the contact details overleaf. If you hold more than 2,500 shares you will need to write to The Registrar. You must provide a copy of your share certificate, Sharestore statement or most recent dividend tax voucher. If these are not available, you will need to provide a copy of a utility bill or bank statement dated in the last three months.

Duplicate documents

If you receive duplicate documents and split dividends on your Barclays shares, this may be because you have more than one account on the Barclays share register.



If you think that this affects you and you would like to combine your shareholdings, please contact The Registrar to Barclays (details overleaf).

Shareholder Security

Shareholders should be wary of any unsolicited investment advice and offers to buy shares at a discounted price. These fraudsters use persuasive and high-pressure tactics to lure shareholders into scams. Please keep in mind that firms authorised by the Financial Conduct Authority (FCA) are unlikely to contact you out of the blue with an offer to buy or sell shares. You should think about getting independent financial or professional advice before you hand over any money.



Report a scam If you are approached by fraudsters please tell the FCA using the share fraud reporting form at www.fca.org.uk/scams. You can also call the FCA Helpline on 0800 111 6768.

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Useful contact details

Barclays e-view



You do not have to receive paper shareholder information. Many Barclays shareholders go online to manage their shareholding and find out about Barclays' performance. Barclays e-view members receive the latest updates from Barclays directly by email.

To join Barclays e-view, please follow these 3 easy steps:

- Step 1** Go to www.eviewsignup.co.uk
- Step 2** Register for electronic communications by following the instructions on screen
- Step 3** You will be sent an activation code in the post the next working day

Alternative formats

Shareholder documents can be provided in large print, audio CD or Braille free of charge by calling the Barclays Shareholder Helpline.

0871 384 2055* (in the UK)
+44 121 415 7004 (from overseas)

Audio versions of the Annual Review will also be available at the AGM.

The Registrar to Barclays

If you have any questions about your Barclays shares, please contact The Registrar to Barclays:

 questions@share-registers.co.uk

0871 384 2055* (in the UK)
+44 121 415 7004 (from overseas)

ABC Textphone

0871 384 2255* (in the UK)
+44 121 415 7028 (from overseas)

The Registrar to Barclays
Aspect House, Spencer Road,
Lancing, West Sussex BN99 6DA

Shareholder Relations

To give us your feedback or if you have any questions, please contact:

 privateshareholderrelations@barclays.com

Shareholder Relations, Barclays PLC,
1 Churchill Place, London E14 5HP

Share price

Information on the Barclays share price and other share price tools are available at:

 Barclays.com/investorrelations

Barclays Stockbrokers

If you hold your shares in Barclays Sharestore, you are only able to deal through Barclays Stockbrokers:

 www.sharestore.barclays.co.uk

0845 777 7400** (in the UK)
+44 141 352 3904** (from overseas)

If you have any general enquiries, please contact:

 0800 279 6551† (in the UK)
+44 141 352 3909** (from overseas)

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* Calls cost 8p per minute plus network extras. Lines open 8.30am to 5.30pm Monday to Friday, excluding public holidays.

**Call costs may vary please check with your telecoms provider. Calls may be recorded to monitor the quality of our service, to check instructions and for security purposes. Lines open 8.30am to 5.30pm Monday to Friday.

† Calls to 0800 numbers are free if made from a UK landline. Calls to 0141 numbers may vary – please check with your telecoms provider. Calls may be recorded so that we can monitor the quality of our service and for security purposes. Our opening hours are 7.30am to 7pm Monday to Thursday, 7.30am to 6pm on Friday (excluding bank holidays) and 9.30am to 12.30pm on Saturday.

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Building the 'Go-To' bank



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Barclays is going through a major transition. Critical progress was made in 2013 in putting in place the foundations for sustainable long-term success. The journey is incomplete, with major cultural change well in train but still requiring time to be fully entrenched and, externally, a continuing unsettled economic and financial market environment, and a demanding and changing regulatory agenda.

We must focus not only on what we do but on how we do it, and we are committed to embedding a values-driven culture in Barclays. To deliver sustainable performance, we have to balance the needs of all our stakeholders across the short and long-term. You can read elsewhere in this Report how our values: Respect, Integrity, Service, Excellence and Stewardship, are being driven down into the organisation. In 2013 we introduced a balanced scorecard for Barclays which seeks to ensure that we are meeting the needs of all of our stakeholders by measuring performance against metrics in five key areas:

- Customer & Client
- Colleague
- Citizenship
- Conduct
- Company

We have set ourselves stretching but achievable goals in all of these areas which are designed to drive, and which are starting to deliver, mutually reinforcing outcomes. You can read more about the Balanced Scorecard in the following pages.

The Strategic Report was approved by the Board of Directors on 3 March 2014 and signed on its behalf by the Chairman.

There has been understandable concern and criticism of the increase in the incentive pool in a year in which the bank's profits were down. The immediate challenge for the Board Remuneration Committee and Board for 2013 was to find the right practical balance between the need to give shareholders a greater share of the income we generate, to bear down on costs, and to meet society's expectations without eroding the long-term competitiveness of the Investment Bank, and thus damaging the interests of our shareholders. Whilst the conclusion reached was an extremely difficult one, we believe that it was the right decision for shareholders in the long term. Looking forward, we remain committed to achieving a compensation to adjusted net operating income ratio in the mid 30s over the medium term. There is more detail on this in the Summary remuneration report in the following pages.

There have been a number of changes to both the composition of the Board and to our governance structures during 2013. In particular, we created a new Board Conduct, Reputation and Operational Risk Committee to provide clear and dedicated focus on each of these major areas in complement to the role of the Board Financial Risk Committee. You can read more on these changes in my governance overview.

Elements in the global economic environment and prospects now seem more favourable than at the beginning of 2013, but financial markets face uncertainty created by structurally lower economic growth over a prolonged period and an uncertain political outlook in many of the areas in which we operate. And, while substantial progress has been made in strengthening the balance sheet, further regulation in prospect, including in particular retail ring-fencing in the UK and rules to be put in place under the Dodd Frank legislation in the United States, and the emerging business environment, will inevitably call for rigorous review and adaptation of the mix and structure of the businesses of the Bank.

This year the Annual Report incorporates the Strategic Report in line with reporting requirements. The changes are intended to facilitate more effective communication with all our stakeholders, improve corporate accountability and to provide more concise and relevant narrative reports. These objectives are entirely in line with our aim to become more clear and transparent on our journey to be the 'Go-To' bank. We will continue to engage with stakeholders to identify ways in which we can further advance this agenda.

2014 will be a critical year for Barclays as we work toward meeting the needs and expectations of all our stakeholders in terms of both the business we do and how we do it. Your Board and the executive team led by Antony Jenkins are encouraged by what was accomplished in 2013 and are focused and determined to complete the Transform Programme, and we are confident of doing so.

Sir David Walker
Chairman

Notes

The term 'Barclays PLC Group' or the 'Group' means Barclays PLC together with its subsidiaries and the term 'Barclays Bank PLC Group' means Barclays Bank PLC together with its subsidiaries. 'Barclays' and 'Group' are terms which are used to refer to either of the preceding groups when the subject matter is identical. The term 'Company', 'Parent Company' or 'Parent' refers to Barclays PLC and the term 'Bank' refers to Barclays Bank PLC. In this report, the abbreviations '£m' and '£bn' represent millions and thousands of millions of pounds sterling respectively, the abbreviations '\$m' and '\$bn' represent millions and thousands of millions of US Dollars respectively, '€m' and '€bn' represent millions and thousands of millions of euros respectively and 'C\$m' and 'C\$bn' represent millions and thousands of millions of Canadian dollars respectively.

Unless otherwise stated, the income statement analyses compare the 12 months to 31 December 2013 to the corresponding 12 months of 2012 and balance sheet comparisons, relate to the corresponding position at 31 December 2012. Unless otherwise stated, all disclosed figures relate to continuing operations. Relevant terms that are used in this document but are not defined under applicable regulatory guidance or International Financial Reporting Standards (IFRS) are explained in the glossary online at www.barclays.com/annualreport. A hard copy can be provided on request by contacting Barclays Investor Relations, Barclays PLC, 1 Churchill Place, London E14 5HP.

Adjusted profit before tax and adjusted performance measures have been presented to provide a more consistent basis for comparing business performance between periods. Adjusted profit before tax is defined in the online glossary at barclays.com/annualreport. Items excluded from the adjusted measures are: the impact of own credit; gains on debt buy-backs; impairment and disposal of the investment in BlackRock, Inc.; the provision for Payment Protection Insurance redress payments and claims management costs; the provision for interest rate hedging products redress and claims management costs; goodwill impairments; and gains and losses on acquisitions and disposals.

Forward-looking statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition and performance. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "may", "will", "seek", "continue", "aim", "anticipate", "target", "projected", "expect", "estimate", "intend", "plan", "goal", "believe",

financial position, income growth, assets, impairment charges and provisions, business strategy, capital, leverage and other regulatory ratios, payment of dividends (including dividend pay-out ratios), projected levels of growth in the banking and financial markets, projected costs, original and revised commitments and targets in connection with the Transform Programme, deleveraging actions, estimates of capital expenditures and plans and objectives for future operations and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. These may be affected by changes in legislation, the development of standards and interpretations under International Financial Reporting Standards (IFRS), evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules (including with regard to the future structure of the Group) applicable to past, current and future periods; UK, United States, Africa, Eurozone and global macroeconomic and business conditions; the effects of continued volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of the Group; the potential for one or more countries exiting the Eurozone; the implementation of the Transform Programme; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Group's control. As a result, the Group's actual future results, dividend payments, and capital and leverage ratios may differ materially from the plans, goals, and expectations set forth in the Group's forward-looking statements. Additional risks and factors are identified in our filings with the SEC including our Annual Report on Form 20-F for the fiscal year ended 31 December 2012, and in the Form 6-K (File No. 131097818) dated 16 September 2013, both of which are available on the SEC's website at <http://www.sec.gov>.

Any forward-looking statements made herein speak only as of the date they are made and it should not be assumed that they have been revised or updated in the light of new information or future events. Except as required by the Prudential Regulation Authority, the Financial Conduct Authority, the London Stock Exchange plc (LSE) or applicable law, Barclays expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any changes in Barclays' expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Barclays has made or may make in documents it has published or may publish via the Regulatory News Service of the LSE and/or has

achieve or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group's future

filed or may file with the SEC.

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'We've made some changes to this year's Strategic Report to give readers a clearer picture of how we operate, what our plans are and how they link to Barclays' goal and purpose.'

In line with new regulatory reporting requirements and our commitment to transparent disclosures, this year's Strategic Report gives greater information on the business model and strategy of the Group and its divisions.



Corporate website

We maintain a corporate website at barclays.com containing a wide range of information of interest to institutional and private investors including:

- Latest news and press releases
- Annual reports and investor presentations



See further content for the 2013 Annual Report online at barclays.com/annualreport

Status of the Strategic Report 2013

The Strategic Report 2013 is a part of the 2013 Annual Report and Accounts and does not contain sufficient information to allow as full an understanding of the results of the Group and the state of affairs of the Company or of the Group as would be provided by the full 2013 Annual Report and Accounts. Details on how to obtain a copy of the full 2013 Annual Report and Accounts can be found in the Shareholder enquiries section.

Report of the Auditor

The Auditor's report on the full accounts for the year ended 31 December 2013 was unqualified, and their statement under section 496 (whether the Strategic Report and the Directors' Report are consistent with the accounts) of the Companies Act 2006 was unqualified.

The Strategic Report

An overview of our 2013 performance, a focus on our new strategic direction, and a review of the businesses underpinning our strategy

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Group overview

Barclays is a major global financial services provider engaged in personal banking, credit cards, corporate and investment banking, and wealth and investment management with an extensive international presence in Europe, the Americas, Africa and Asia.

With over 300 years of history and expertise in banking, Barclays operates in over 50 countries and employs approximately 140,000 people. Barclays moves, lends, invests and protects money for customers and clients worldwide.

Adjusted profit before tax

£5,167m

Down 32% due to costs to achieve Transform and a 4% reduction in income. Statutory profit before tax was up from £797m to £2,868m

CRD IV fully loaded Common Equity Tier 1 Ratio

9.3%

Up from 8.4% in September 2013 principally due to the issuance of additional shares through the rights issue

Return on Equity

4.5%

Adjusted return on average shareholders' equity decreased from 9.0% principally reflecting the decrease in profit before tax, a £440m write down of deferred tax assets and the £5.8bn equity raised from the rights issue

Dividends per share

6.5p

Full year dividend of 6.5p maintained at same level as 2012

Gross new lending to UK

£88bn

We provided £88bn of Funding for Lending eligible gross new lending to UK households and businesses in 2013

Diverse employees

139,600

Of our 139,600 global workforce, 71,300 were female and 68,300 male

Key performance indicators (KPIs)

The KPIs presented below reflect the indicators management used during 2013 whilst transitioning to use of the Balance Scorecard (see page 10).

Following the announcement of the Transform programme, a number of additional metrics have been monitored against the financial commitments made. These can be seen on page 13.

		Statutory			Adjusted		
	Measures	2013	2012	2011	2013	2012	2011
Capital	Core Tier 1 ratio	13.2%	10.8%	11.0%			
	Estimated PRA leverage ratio ^a	3.0%					
Returns	Return on average shareholders' equity (RoE)	1.0%	(1.2)%	5.9%	4.5%	9.0%	6.7%
	Return on average tangible shareholders' equity (RoTE)	1.2%	(1.4)%	7.1%	5.3%	10.6%	8.1%
	Profit before tax	2,868	797	5,770	5,167	7,599	5,482
	Cost: income ratio	79%	84%	65%	71%	63%	68%
	Loan loss rate	64bps	70bps	77bps			
	Dividend per share	6.5p	6.5p	6.0p			
Income growth	Total income	27,935	25,009	32,292	28,155	29,361	28,513
	Income by geography: UK	11,461	7,461	15,819	11,681	12,040	11,981
	Europe	4,019	4,457	4,207	4,019	4,457	4,207
	Americas	7,034	7,554	6,025	7,034	7,327	6,083
	Africa and Middle East	4,137	4,472	4,967	4,137	4,472	4,967
	Asia	1,284	1,065	1,274	1,284	1,065	1,274
Citizenship	Gross new lending to UK households and businesses ^b	£88bn	£44bn	£45bn			
	Global investment in our communities	£72m	£64.5m	£63.5m			
	Colleagues involved in volunteering, regular giving and fundraising initiatives	71,000	68,000	70,000			
	Group Employee Opinion Survey (EOS) – Proud to be Barclays ^c		78%	81%			
	Percentage of senior managers who are female ^d	23%	22%	21%			

Notes

a In 2013, the adjusted gross leverage metric was superseded by the estimated PRA leverage ratio as the primary leverage measure used by management. Refer to barclays.com/annualreport for further details.

b In 2013, we tracked Funding for Lending Scheme eligible gross new lending, a new measure introduced in June 2012.

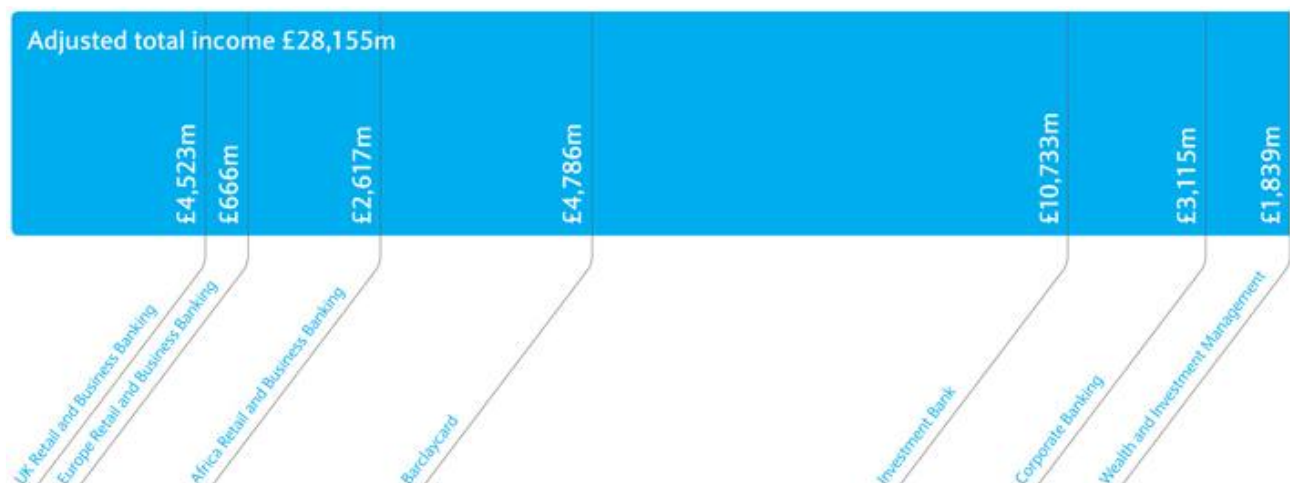
c In 2013, the EOS was not undertaken, having been superseded by the Sustained engagement of colleagues score in the Balanced Scorecard.
d Based upon percentage of females in the Director corporate grade.

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Barclays banking and financial service businesses work together to provide customers and clients the best offerings across our chosen markets.

UK Retail and Business Banking (UK RBB) £4,523m

A leading UK high street bank providing retail banking services and general insurance to individuals and business banking services to small and medium enterprises (SMEs)

Europe Retail and Business Banking (Europe RBB) £666m

A local presence for Barclays customers in Spain, Italy, Portugal and France, providing retail banking services to mass affluent individuals and business banking services to SMEs

Africa Retail and Business Banking (Africa RBB) £2,617m

A leading pan-African retail and business bank serving customers and clients in 12 countries with a range of banking and bancassurance solutions

Barclaycard £4,786m

A leading international payments business, offering payments and lending to individuals, and a range of business services including card issuing and payment acceptance services

Investment Bank £10,733m

A global investment bank serving large corporate clients, financial institutions, governments and institutional investors with financial advisory, capital-raising, financing and risk management services

Corporate Banking £3,115m

A leading provider of cash management, lending and trade financing to corporate clients in the UK and South Africa, and global businesses, financial institutions and international organisations

Wealth and Investment Management £1,839m

A leading global wealth manager and advisor, providing private and intermediary clients with international and private banking, investment management, fiduciary services and brokerage



More information on performance can be found online at barclays.com/annualreport

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Chief Executive's strategic review



'We have made good progress in 2013 and we start 2014 in a better position than for several years. While recognising there is much more to do, we have every reason to feel positive about our prospects and confident that we will become the 'Go-To' bank for all our stakeholders.'

2013 has been a year of significant change for Barclays. A year ago we set out the outcome of our strategic review and our Transform plan to make Barclays the 'Go-To' bank for all our stakeholders. We continue to take steps to de-risk the business, strengthen the balance sheet, increase the efficiency of our operations and are making good progress against our plan.

Our 2013 results clearly demonstrate the benefits of the diversity we enjoy in the Group, as well as the strength of our core franchises. While impacted by the restructuring and de-risking activity, underlying business performance has been resilient, with adjusted income of £28.2bn and adjusted profit before tax of £5.2bn. Our core franchises remain strong, with UK Retail and Business Banking, Barclaycard, UK Corporate Banking, and within the Investment Bank our Equities and Investment Banking businesses all delivering good performances in 2013. Important progress has also been made in repositioning our African, European and Wealth businesses, although further work is required to get returns to acceptable levels. Our Fixed Income, Currency and Commodities business in the Investment Bank saw revenues fall, in line with our European peers, as market conditions remained subdued.

We are making good headway across the financial commitments we set out as part of our Transform plan as well as on de-leveraging to meet the PRA's revised target. I am pleased by our progress on RWAs and leverage. We have been able to move more quickly than anticipated in managing down CRD IV RWAs, bringing us a little below our Transform target well ahead of the 2015 timeline. Through rigorous analysis and focus, we have also virtually achieved the PRA leverage target six months in advance of the June 2014 deadline.

We have invested considerably in transforming our businesses. In the months ahead we expect to see the benefits of this coming through. We narrowly missed our cost guidance for 2013, largely due to a £331m increase at year-end in certain litigation provisions, but the true operating performance of Barclays was on track. Costs are a key area of focus for us and we remain committed to our 2015 Transform cost target of £16.8bn. Compensation for key talent is one area that we were prepared to invest in strategically. Our aim is to deliver a greater share of the income we generate to shareholders while remaining competitive on pay. Although profits for 2013 were down, the 38% reduction in incentives in the previous two years had begun to cause demonstrable damage to our business through increased attrition, with a near doubling of resignations of senior staff in the US for example. We concluded that a 2013 incentive pool of £2,378m was appropriate. Whilst this is up 10% on the final 2012 incentive pool, before adjustment for risk and conduct events it is down 18% on 2012 and remains 32% below the pool level in 2010 when we started to reposition Barclays' remuneration. This was a difficult decision, but the right one for the long term interest of our shareholders.

We have also made progress against the two non-financial commitments we made last February. The first of these, culture change, and in particular the process of embedding our Purpose and Values throughout the organisation, is going well. Every colleague has completed a mandatory training programme, and we have integrated our Purpose and Values into the day to day management processes of the Bank. We have developed and published our new Code of Conduct which every colleague must abide by and attest to annually.

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The recent publication of our Balanced Scorecard for the Group addressed the second non-financial commitment we made, establishing the critical final component in our leadership framework. The Balanced Scorecard sets out a clear description of what we want Barclays to be, with eight clear targets out to 2018 against which our progress can be assessed by all of our stakeholders. The scorecard, alongside our Purpose and Values, is now embedded in how we measure and reward individual and business performance. This is a unique and powerful tool that aligns the organisation behind our Transform goals.

We begin 2014 in a better position than for several years. 2013 showed the tremendous value of the breadth and diversity of Barclays' earnings profile, and we have seen continued evidence of the strong fundamentals which are essential for longer term growth. We have started to put our legacy issues behind us, and have greater clarity on what the future holds, particularly in terms of regulation. With my leadership team in place and building on the progress we have made on our Transform programme in 2013, we will continue to adapt and optimise our business, reaping the substantive benefits of our work in 2014, 2015 and beyond.

While we have much more to do and we expect the operating environment to remain challenging, we have every reason to feel positive about our prospects and confident that we will become the 'Go-To' bank for all our stakeholders.



Antony Jenkins
Group Chief Executive

Our purpose



What is Barclays for?

Becoming the 'Go-To' bank will be realised with a renewed focus, fuelled by this common purpose. We exist for our clients and customers, for our shareholders, our colleagues, and other stakeholders – we exist for the purpose of helping people achieve their ambitions.

Helping people – in the right way – means how we do it becomes as important as what we do.

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Our values



How will Barclays do that?

Respect means respecting and valuing those we work with – our colleagues and other stakeholders. It is about building trust and promoting collaboration.

Integrity demands we act fairly, ethically and honestly. This requires us to have the courage always to do the right thing, never tolerating the wrong thing, and to be accountable for our decisions.

Service means ensuring our clients and customers are always uppermost in our minds. We must strive to exceed their expectations so we automatically become their 'Go-To' bank.

Excellence calls on us to use all our energy, skills and resources to deliver great service for our customers and clients and outstanding sustainable results for shareholders.

Stewardship is about being determined to leave things better than we found them, so we constantly strive to improve the way we operate as an organisation and the impact we have on society.

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Strategy and operating environment

‘We will not be able to generate sustainable returns over the long term unless we act at all times with good values.’

The landscape for banks has fundamentally changed and will continue to evolve in the coming years. We believe these changes are not cyclical but represent a structural shift. Our Transform programme, launched in 2013, will reshape Barclays to generate sustainable returns and to meet the needs of all of our stakeholders.

Market and operating environment

Barclays is a global financial services provider with our home markets in UK, US, and South Africa, and distribution and operations in a further 47 countries.

Banks are invariably exposed to the economies and markets in which they operate. This exposure ranges from mortgage lending (dependent on the ability of borrowers to repay and house price valuations) to corporate advisory (which may reflect business confidence in the economy). Prior to the financial crisis, global growth was supportive with banks well-positioned to benefit from their exposure to the upward trajectory of the global economy.

Global economic growth has faltered in recent years. This has prompted unprecedented monetary policies across central banks, for example quantitative easing and near zero interest rates. This policy response has, in turn, posed new challenges for banks such as compressed interest margins.

While global economic growth remained below the long-term trend in 2013, we saw improved consumer confidence and business sentiment in both the UK and US. Even with these grass root recoveries emerging in two of our home markets, we remain cognisant that global economic growth is expected to be subdued for a prolonged period.

Financial regulatory frameworks are evolving, as global regulators continue to respond to the issues that emerged during the financial crisis. It is clear that intensive and intrusive regulation is here to stay. Prudential reforms ranging from the UK Banking Reform Act to the US Dodd Frank Act are fundamentally changing the way that banks manage their capital, liquidity and risk.

A further challenge to the banking industry, and indeed to Barclays, in recent years is one of poor conduct, damaging our reputation and causing a loss of trust amongst our customers, clients and stakeholders. We recognise the importance of rebuilding trust in Barclays as well as meeting, and bettering, the developing needs of our customers and clients.

→ Transform: delivering our strategy

The quality and commitment of the people at Barclays, combined with our underlying financial strength, means we start our transformation from a good position. The Barclays Strategic Review, commenced in Q4 2012, is a part of a long-term programme to transform the culture and performance of Barclays over the next three to five years.

The Transform programme is the way in which we will deliver our strategy. With the initial 'Turnaround' phase complete, we now look forward to 'Return Acceptable Numbers' and to 'Sustain Forward Momentum'.

Where we are now



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Barclays' sustainable success will be assured by becoming the 'Go-To' bank for all of our stakeholders. If we understand their needs and priorities and ensure that these are at the heart of our decision-making, we will be able to build a bank which is lower-risk, more predictable and higher-performing.

The strategic response

In 2013, we launched the Transform programme to deliver the recommendations of the Strategic Review. Transform is the plan that will help Barclays become the 'Go-To' bank. It has three overall goals: Turnaround, Return Acceptable Numbers, Sustain FORward Momentum.

Turnaround the business

Turnaround was the immediate task of stabilising the business and maintaining momentum. In the second half of 2012, we delivered our new goal, purpose, and values to unite Barclays with a shared sense of direction – how we will do business.

We have put in place a new Executive team which is focused on delivery. The vast majority of our 139,600 colleagues have participated in workshops and training in Barclays' values. To cement our cultural change, a guide for behaviour – The Barclays Way – has been published internally and externally.

Return Acceptable Numbers

In 2013, we turned our attention towards the longer-term transformation of Barclays. For our Return Acceptable Numbers phase, we are de-risking and de-leveraging the business to make it more sustainable for the long term.

We committed to consolidate to core lines of business, to generate £1.7bn of cost savings by 2015, to lower our RWAs, funding and liquidity, and to reach a Core Tier 1 capital ratio of 10.5%. See page 13 for further details on the Transform financial commitments.

In 2013, we:

- Completed a £5.8bn rights issue in October
- Issued £2.1bn of CRDIV and PRA-qualifying Additional Tier 1 (AT1) capital
- Reduced CRDIV leverage exposure by £196bn in H2 2013 to £1,363bn, of which an estimated £55bn related to foreign exchange
- Drove improvements in our loan-to-deposit ratio (to 101% at December 2013)

Additionally, we reduced legacy assets in our Exit Quadrant portfolios by £40bn through Investment Bank legacy asset reductions of £17bn and derivative efficiencies of £23bn.

Sustain Forward Momentum

Our journey to 'Go-To' depends on continuing to adapt Barclays for the future and ensuring that we do not return to a short-term bias as we execute our plans. In order to Sustain FORward Momentum, we have also set in place longer-term markers in four critical areas: Culture, Rewards, Control and Cost.

The Board-commissioned Salz Review also prompted us to review our conduct. We are committed to being open and transparent and to regaining the trust of all of Barclays' stakeholders. We have integrated our necessary behavioural transformation into our Transform programme. Full details on our response to the Salz

A strong culture is the first line of defence against repeating the mistakes of the past. To unite around Barclays' Values and Behaviours, we published 'The Barclays Way' to govern our way of working across our business globally. Colleagues are essential to embedding our Purpose and Values and, in 2013, all colleagues attended Values and Behaviours engagement sessions.

Reward and incentivisation is a critical enabler of behavioural change. As of 2014, colleague performance will be measured and rewarded not only on 'what' an employee delivers but also 'how' they achieve their objectives. As such, remuneration will align with Barclays' Purpose, Values and Behaviours as well as the Group Balanced Scorecard.

As of February 2013 control functions now have solid reporting lines into the Group CEO rather than business heads to avoid conflict of interest.

The Remuneration Committee will embed aggregate and individual incentive risk adjustments with additional Compliance and Risk input. Furthermore, our principal risk framework has been enhanced with the inclusion of conduct risk and reputation risk and a revised Enterprise-Wide Risk Committee will ensure adequate Board oversight.

To address the cost challenge, we have focused on creating the right level of financial analytics and on improving operational efficiencies. The key elements of our cost programme are right-sizing our businesses, industrialising handling of customer transactions and queries, and adopting innovative technology and automated processing.

Focus of efforts in 2014

In 2014, we will continue to build on the progress made in 2013. We will focus on delivering on our financial commitments and expect to see the benefits of our 2013 work on cost begin to crystallise.

We aim to respond positively to the evolving regulatory landscape. We have sought to constructively engage our regulators and improve our regulatory and public disclosures in order to improve transparency and consistency with society's expectations.

The new regulatory and emerging business environment will inevitably call for continued rigorous review and adaption of the mix and structure of the businesses of the Bank to ensure we generate sustainable returns.

However, care needs to be taken to ensure that regulation does not go too far. A healthy banking sector ensuring returns above the cost of equity is essential to economic growth. Vibrant economies need vibrant banks. It is therefore important to ensure that the rightly-increased focus by the regulator on conduct supervision does not inadvertently result in the withdrawal of services and the restriction of choice.

Another key focus over 2013 and the coming years is rebuilding the trust that customers, clients, and stakeholders have in our organisation. We have pledged to increase transparency and conduct our business in the right way, as set out in our values.

We need to better respond to the current needs and anticipate the future demands of our customers and clients. As they become increasingly technology savvy we have worked to embed technology across our product offering. This ranges from payment innovations such as PingIt to expanding our Investment Bank's electronic trading platform BARX.

Review can be found online at barclays.com/annualreport

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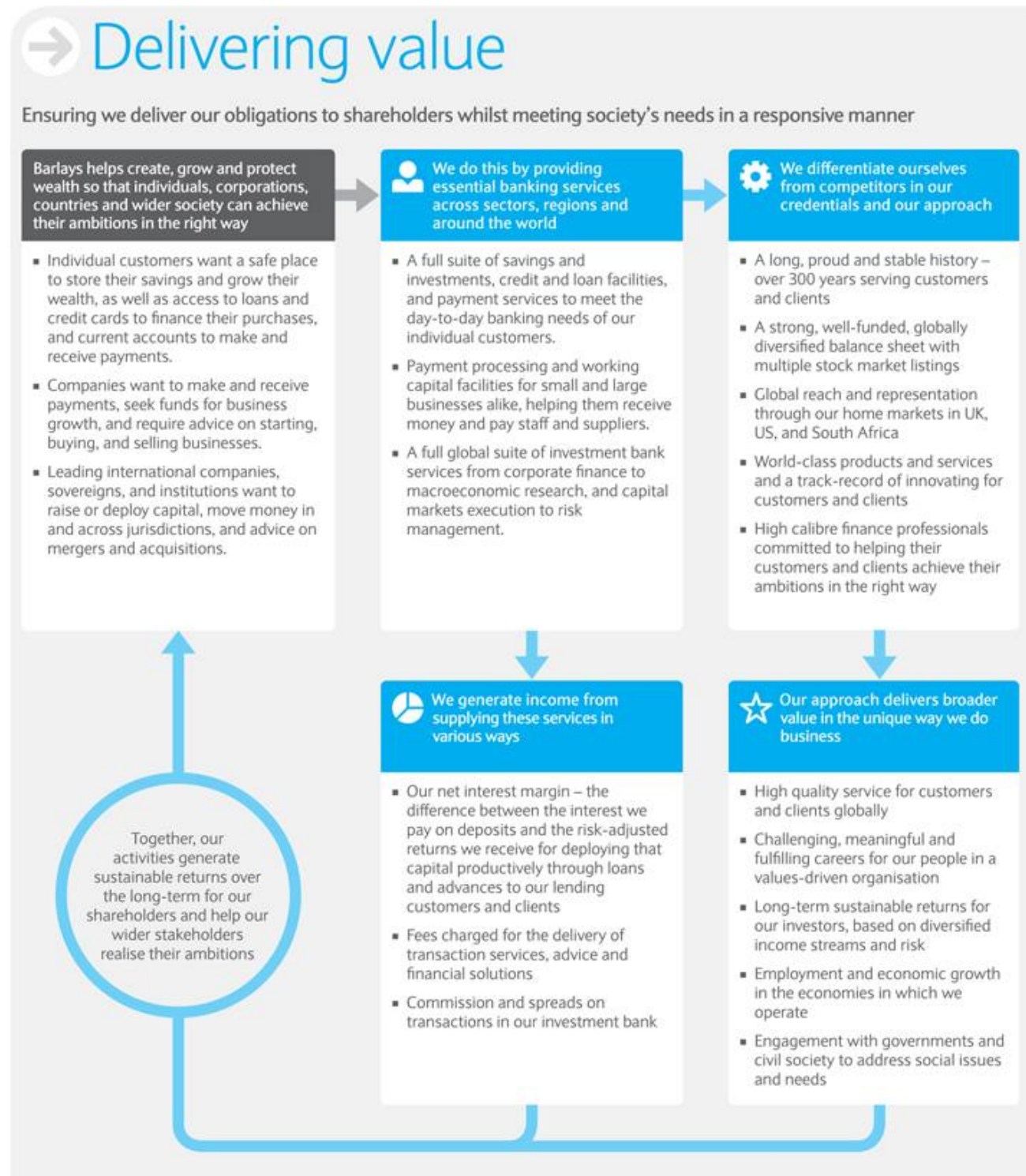
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Business model/Value creation

‘Our customers and clients are at the centre of our goal and purpose.’

Barclays is a globally diversified, universal bank – that is, we offer an integrated set of products and services across retail banking, wealth management, commercial and investment banking serving individuals, corporations, institutions, and governments.



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Our business model

Barclays seeks to satisfy the needs of our customers and clients by offering a rounded value proposition – a full range of products and services – and thereby, we aim to achieve a smoother income stream and sustainable returns.

Barclays' competitive advantage is created by the scale and diversity of our businesses and the quality, character and relationships of our people.

Our Retail and Business Banking businesses operate through a regional model, focusing on delivering targeted solutions to individuals and small businesses. We operate retail banks in UK (UK RBB), Africa (Africa RBB), and Europe (Europe RBB).

Barclaycard Investment Bank, Corporate Banking and Wealth and Investment Management operate in global models, leveraging their offerings to provide comprehensive solutions across borders.

We are increasingly operating a shared service model for Central Functions. Improved 'functionalisation' has allowed us to take advantage of synergies through the sharing of ideas and collaboration from cross-functional working groups.

The sum of the parts

Our business model enables us to maintain relevance to our customers and clients, whatever stage of life they are in. For example, this means being ready to help business owners launch a business, fund its growth, expand internationally, and protect against currency risk. For individuals, our model can provide a safe place to store savings, help a first-time buyer make their first steps onto the property ladder, create an investment portfolio as wealth grows, or provide cross-border advice for the affluent.

We seek to add value to our clients through our end-to-end network, for example an individual retail customer in the UK is able to access current and savings account balances along with Barclaycard data all on the same mobile banking app. Pingit, our peer to peer payments service, is seamlessly integrated within our retail banking offering, a further example of this joined up approach to the way we do business.

Our international reach and scale means we have the responsibility, indeed obligation following our designation as a Global Systemically Important Financial Institution, to work together with our regulators to de-risk the industry and provide a more sustainable banking landscape over the long term. We are actively engaging with UK, EU, and US banking supervisors to develop a new model for the industry and to ensure our business is sustainable and flexible – ready for the future.



Meeting customer and client needs

Our value proposition

Our customers and clients are at the centre of our goal and purpose and we seek to become their 'Go-To' bank both through the excellence of our products and services and also through the way in which we do business.

As we continue to transform Barclays, we believe we can become the bank of choice for all of our stakeholders.

	Individuals	Small and Medium size businesses	Corporates	Financial Institutions and Banks	Sovereigns and Institutions
A safe place to save, invest, and manage cash	Current accounts and overdrafts				
	Savings, deposit and investment products				
	Mobile and digital payments				
	Stockbroking and trading services		Access to global financial markets		
	Cash management, payment systems, and international trade services				
Funds for purchases and growth	Residential mortgages, consumer loans and credit cards	Commercial mortgages and business loans			
		Asset and lease finance, trade and supplier finance and working capital solutions			
			Global capital markets		
			Large corporate and inter-bank lending		
Management of business and financial risks	Foreign exchange rate hedging				
	Fixed rate loans				
	Inflation and interest rate hedging				
Financial and business support	Wealth Advisory and Private Banking services	Relationship managers and support			
		Business seminars and start-up accelerator space	Global investment research and advice on mergers & acquisitions		

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Balanced Scorecard

‘The Balanced Scorecard is the final crucial piece of our plan – alongside our Purpose and Values – to embed the right culture in our business and become the ‘Go-To’ bank’

The Balanced Scorecard sets out eight specific commitments across our 5Cs (Customer & Client, Colleague, Citizenship, Conduct and Company) and defines what need to achieve over the next five years to be well on the way to becoming the ‘Go-To’ bank.

We are committed to monitoring and reporting on our progress annually so that stakeholders can hold us to account. The Balanced Scorecard is supported by strategic initiatives that will drive progress across the 5Cs.

The Balanced Scorecard gives clear strategic context for our colleagues around what becoming the ‘Go-To’ bank will look like and lays out Barclays’ priorities. The Barclays Balanced Scorecard is cascaded into business unit and function scorecards. Together, these provide line of sight to employees to our organisational goal. They also provide a framework and starting point for all employees when they set their individual performance objectives across the 5Cs.



For more detailed information on the Balanced Scorecard, please see barclays.com/balancedscorecard

→ Our Balanced Scorecard

Becoming the 'Go-To' bank for all our stakeholders

Balanced Scorecard: overview



Outcome Statements

We balance our stakeholders' needs across the short and long term.

Our activities drive mutually reinforcing outcomes across stakeholders.

Outcome Statements

	Customer & Client	■ We are 'Go-To' for our customers and clients
	Colleague	■ Our colleagues are fully engaged ■ We create a diverse and inclusive environment where colleagues can fulfill their potential
	Citizenship	■ We positively impact the communities in which we operate
	Conduct	■ Our products and services are designed and distributed to meet clients' needs ■ We act with integrity in everything we do
	Company	■ We create sustainable returns above the cost of equity ■ We understand and effectively manage our risks, and continuously improve control

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Group overview	02	The Balanced Scorecard defines what we need to achieve over the next five years to be well on the way to becoming the 'Go-To' bank. It clearly shows what success looks like across the 5Cs: Customer & Client, Colleague, Citizenship, Conduct, and Company.
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Metrics and targets

We have agreed eight key measures against which we and our stakeholders can hold us to account. We are committed to monitoring and reporting on our progress annually.

	Metric	Actual 2013	Target 2018
 Customer & Client	RBB, Barclaycard and W&IM: Weighted average ranking of Relationship Net Promoter Score ^{®a} vs. peer sets	4th	1st
	CIB Client Franchise Rank: Weighted average ranking of wallet share or customer satisfaction with priority clients	4th	Top 3
 Colleague	Sustained engagement of colleagues score	74%	87-91%
	% women in senior leadership ^b	21%	26%
 Citizenship	Citizenship Plan – initiatives on track or ahead	10/11	Plan Targets
 Conduct	Conduct Reputation (YouGov survey)	5.2/10	6.5/10
 Company	Return on Equity (Adjusted)	4.5%	> Cost of equity
	Fully Loaded CRD IV CET1 ratio	9.3%	>10.5%

 For further information on Balanced Scorecard Methodology and Data Sources please visit barclays.com/balanced-scorecard and see the 'Metrics and targets' page

A detailed view of performance against Citizenship Plan targets is available in the Citizenship Report 2013 at barclays.com/citizenshipreport

Delivering our strategic targets: Example Strategic initiatives

Here are some examples of strategic initiatives that will drive progress across the 5Cs and support our goal to become the 'Go-To' bank.

 Customer & Client	■ We are using technology to improve our customers' and clients' experience and to be responsive to their changing needs, such as through Barclays Mobile Banking, BARX, PayTag and Barclays.Net
	■ We are making our most important customer and client interactions as simple and instant as possible – putting power in their hands to transact when, where and how they want to
	■ We are simplifying our products and services and improving what we offer to match customer needs with the right service model
 Colleague	■ We have launched our Purpose and Values, and we are embedding them into all our HR processes including recruitment, promotion and performance management
	■ We are developing and training leaders through the Barclays Leadership Academy and Barclays Global Curriculum
	■ We are driving a consistent global diversity and inclusion plan resulting in a more visibly diverse talent pipeline
 Citizenship	■ We are ensuring the way we do business reflects broader societal and environmental considerations
	■ We are contributing to growth through financing, supporting businesses and ensuring our products and services support sustainable progress
	■ We are supporting the communities where we operate by helping five million young people to develop enterprise, employability and financial skills
 Conduct	■ We are following a rigorous and transparent framework on conduct risk reporting and management
	■ We are using material conduct risk assessments to effectively identify, assess and manage conduct risk
	■ We are exercising sound judgements to avoid detriment to customers, clients and counterparties or to market integrity
 Company	■ We are delivering the initiatives across the strategic quadrants: Invest and grow, Reposition, Transition, and Exit
	■ We are managing costs (rightsizing, industrializing, innovating) and delivering our leverage and capital commitments
	■ We are improving our controls through the roll-out of "The Barclays Guide", which covers how we organise, manage and govern ourselves and includes a new risk management framework

Notes

- a Net Promoter, Net Promoter Score, and NPS are trademarks of Satmetrix Systems, Inc., Bain & Company, Inc., and Fred Reichheld.
- b Senior leadership represents the Managing Director and Director corporate grades combined, a population of over 8,000 employees. Under the Companies Act 2006 we are also required to report on the gender breakdown of our 'senior managers'. For this purpose, we have 988 senior managers (179 female and 809 male) who include Officers of the Group, certain direct reports of the Chief Executive, heads of major business units, senior Managing Directors, and directors on the boards of subsidiary undertakings of the Company.

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Group Finance Director's review



'We have made quick progress on leverage, but focusing on balance sheet optimisation for sustainable returns is now the priority going forward.'

Reflecting on the 2013 financial results for Barclays, I believe progress has been made and momentum is building around the Transform Programme. This was the first year of the Programme, which necessitated a substantial investment in future cost reduction and repositioning of our balance sheet and capital base.

Financial review

Overview

Within the results, there are two areas that I felt were particularly noteworthy. First, the breadth and diversity of income in the Group, underpinned by our traditional consumer and commercial banking franchises. Similarly, within the Investment Bank, growth in Equities and Investment Banking income provided an offset to the market-led weakness in certain FICC businesses. Second, demonstration of strong financial fundamentals across funding and liquidity, capital, credit risk management and margins should stand the bank in good stead for generating sustainable returns going forward.

Income statement review

2013 profits were impacted by £1.2bn of costs to achieve Transform which drove a 32% reduction in adjusted profit before tax to £5.2bn, while statutory profit before tax improved from £0.8bn to £2.9bn due to a significant reduction in the own credit charge.

Adjusted income was down 4% to £28.2bn reflecting reductions in Investment Bank FICC, partially offset by impressive performances in Investment Bank Equities and Investment Banking and growth in UK RBB, Barclaycard and Corporate.

Impairment charges improved 8% to £3.1bn reflecting lower impairments in the wholesale businesses, with increases in UK RBB and Barclaycard due to business growth and non-recurrence of prior year releases.

Adjusted operating expenses increased £1.3bn to £19.9bn reflecting £1.2bn of costs to achieve Transform, £220m provisions for litigation and regulatory penalties in Q413 in the Investment Bank, mainly relating to the US residential mortgage-related business and UK bank levy of £504m (2012: £345m). The Group's cost target for 2015 remains at £16.8bn excluding costs to achieve Transform.

I am pleased by the strong results in UK RBB, Barclaycard and Corporate Banking, whilst noting 2013 was a tough year for Investment Bank income. Moreover, following restructuring and de-risking activity we completed during the year, Europe RBB, Africa RBB and Wealth and Investment Management now have clear paths to shareholder value creation in the medium term. Importantly, the resilience of the underlying customer and client franchises across the Group allowed us to maintain dividends of 6.5p per share for full year 2013 despite a 25% increase in the total number of shares following the rights issue.

Balance sheet review

In October, I began conducting a detailed balance sheet review, specifically focused on meeting leverage ratio requirements as a priority. We have made strong and quick progress on this. Our Prudential Regulation Authority (PRA) leverage exposure reduced by nearly £200bn from June 2013 which, combined with the £5.8bn rights issue and issuance of £2.1bn of AT1 securities, strengthened our PRA leverage ratio to just under 3%. Our focus on Risk Weighted Asset (RWA) management continued throughout the year, resulting in a 7%, or over £30bn, reduction in CRD IV RWAs. Looking ahead, the balance sheet review will continue but with increased focus on optimising the balance sheet, considering both risk weights and leverage, in order to generate improved returns.

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Tushar Morzaria
Group Finance Director

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Revised Transform financial commitments

	Original 2015 Targets		Revised Targets	Dates
Return on equity	> CoE	→	>CoE in 2016	2016
Operating Expenses	£16.8bn	→	£16.8bn	2015
Cost: Income Ratio	mid-50s	→	mid-50s	2015
CRD IV RWAs	£440bn	→	£440bn	2015
FL CET1 Ratio	Transitional >10.5%	→	Fully loaded >10.5%	2015
Dividend Payout Ratio	30%	→	40-50%	40% from 2014

What are the main financial issues in the year, and implications for the business?

What happened:

On 20 June 2013 the PRA announced the results of its review of capital adequacy of major UK banks and building societies. As part of its review, the PRA introduced a 3% Leverage Ratio target to be achieved by 30 June 2014. As at 30 June 2013, Barclays' PRA Leverage Ratio was 2.2%, representing a capital gap of £12.8bn.

Actions taken:

In order to achieve the PRA's 3% Leverage Ratio target by June 2014, we announced a series of actions including an underwritten rights issue, measures to reduce Barclays' CRD IV leverage exposure, and the continued execution of Barclays' capital plan with the issuance of CRD IV and PRA qualifying AT1 securities. In the second half of 2013, we increased our PRA Leverage Ratio from 2.2% to just shy of the 3.0% requirement through these actions.

A significant proportion of the capital gap was reduced through completion of a one for four rights issue which raised £5.8bn of capital for the Group. The rights issue completed on 4 October 2013 and, with a 94.63% acceptance rate of shareholder rights, we welcome the strong support shown by shareholders during what was a challenging period.

Through management actions we were also able to reduce the Group's CRD IV leverage exposure by nearly £200bn to £1,363bn. This was achieved through de-risking the business via actions such as improving legal netting agreements on derivatives and reducing low returning Exit Quadrant assets.

A highlight of 2013 was Barclays' issuance of £2.1bn equivalent of

Outlook:

As a result of these actions, Barclays is now in a much stronger capital position and this has allowed us to increase the dividend payout ratio target from 30% to 40-50%, with a 40% payout ratio expected in 2014 to allow focus on capital accretion.

We remain committed to structurally reducing the cost base of the Group and we have reaffirmed our £16.8bn cost target with a mid-50s cost: income ratio for full year 2015. We will also continue to closely manage RWAs through rundown of the low returning Exit Quadrant and other balance sheet optimisation, and we target Group RWAs of £440bn by year-end 2015.

Regulation remains a key variable and, while we have gained clarity in certain areas, there remain a number of outstanding items which we will continue to anticipate as best we can. In particular, the Transform targets will allow us to achieve a fully loaded CRD IV Common Equity Tier (CET) 1 ratio of greater than 10.5% in 2015 with a fully loaded CRD IV leverage ratio of 3.5% by year-end 2015 with 3.5-4% targeted thereafter.

2014 will likely be another year of transition, with greater focus on balance sheet optimisation, particularly in the Investment Bank, combined with strict cost control in order to generate higher and more sustainable returns in the future. Ultimately, increasing the Group's RoE will help to reduce the market valuation discount and increase total shareholder returns.

benchmark Euro and US Dollar AT1 securities. This represented the targeted issuance for the PRA leverage plan, and constitutes a key step in transitioning our capital base towards future regulatory capital requirements.

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Strategic risk overview



‘Although economic and market conditions remained challenging in 2013, our credit and market risk portfolios have continued to perform well’

Maintaining our risk profile at an acceptable and appropriate level is essential to ensure our continued performance. Barclays constantly reviews its exposures in a number of areas including asset quality, industry and geography.

2013 performance

While the economic environment in Barclays' main areas of business was marked by generally weak growth in 2013, the loan impairment charges reduced by 7% with the loan loss rate finishing the year 6bp lower at 64bps. The loan impairment charge for wholesale decreased by 27% principally reflecting a reduction in Corporate Banking due to lower exposure to the Spanish property and construction sector and lower charges in the UK. Impairment increased by 4% in retail mainly in UK RBB and Barclaycard as the two businesses grew and expanded their business portfolios and from the non-recurrence of releases in 2012.

Market risk remains at moderate levels and the daily value at risk reduced in 2013 from a combination of risk reduction and improved market conditions, notably, tightening of credit spreads.

The operational risk profile remained broadly steady while conduct risk relating to legacy issues was evidenced by additional provisions for PPI and interest rate hedging product redress.

Our funding profile continued to strengthen during 2013 as reliance on wholesale funding reduced as the loan to deposit ratio decreased to 101%. The Group's capital position was enhanced through the £5.8bn rights issue and £2.1bn AT1 securities as action was taken to move toward regulatory capital and leverage targets.

Risk was realigned in 2013 through two main programmes: Transform Programme

Under Transform, the risk profiles of businesses were adjusted as they were aligned with their revised strategies to meet the goal of becoming the 'Go-To' bank. This included a lowering of risk in Corporate Banking as Exit Quadrant assets were reduced in 2013. In Europe RBB, the risk profile is in line with the change of focus to mortgage lending and small business customers through its Premier proposition. The risk profile in Barclaycard remained broadly stable with growth within appetite and in line with ongoing strategy of recruiting quality prime customers, combined with a controlled testing into other open market areas of business.

Revised Risk Management Structure

In 2013, the Group also introduced the Enterprise Risk Management Framework (ERMF), which sets out a framework and approach that is applicable to the whole bank, all colleagues and to all types of risk. To strengthen the governance relating to conduct and reputation matters Conduct risk and Reputation risk were re-categorised as Principal Risks in 2013 with Executive Committee sponsorship from the Principal Risk Owner, the Head of Compliance. The Board Enterprise Wide Risk Committee was also created in 2013. It recommends to the Board the Group's overall risk appetite as well as evaluating and reporting details of the Group's overall risk profile and risk monitoring.

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Key influences on risk in 2013

In 2013, a number of risks were considered and dealt with in order to minimise impact on the Group's performance and ability to meet its goals and priorities. These included, but were not limited to:

- Uncertain economic environment, including GDP growth, inflation, property values and unemployment
- Political uncertainty in a number of countries which could have adversely impacted the Group's retail and institutional customers
- The risk of a Eurozone crisis whereby a sovereign may default and exit from the Eurozone. While this receded somewhat during 2013 it could have resulted in losses to the Group through, for example, redenomination risk
- Changes in both the level and volatility of prices, for example, interest rates, credit spreads, commodity prices, equity prices and foreign exchange rates, which could impact earnings or capital
- Potential operational risk of service disruption to customers as a result of failed systems or human errors, or increasing threat from cyber-attacks and breaches of security, with adverse effects on the Group's reputation, operations and financial condition
- Increased levels of legal proceedings in jurisdictions where it operates, and changing legal and regulatory environments, which could lead to fines, public reprimands and damage to reputation
- Changing and uncertain regulatory environment

Risk and business strategy

The risk function plays a significant role in review and challenge of risks inherent within business plans and strategy by verifying that they fall within financial volatility risk appetite and incur a level of risk that is individually and in aggregate acceptable to the Board, or be modified accordingly. The Group-wide stress testing process is similarly linked to the medium term planning process and also supports strategic planning and capital adequacy. Barclays manages human rights risk via our environmental and social risk procedures and guidance and our reputational risk framework and continues to work collaboratively with others in our sector on integration of human rights issues into business decision making. Risk management responsibilities are laid out in the ERMF, which covers the categories of risk in which Barclays has its most significant actual or potential risk exposures, which are known as Principal Risks (see table on the following pages).

Robert Le Blanc
Chief Risk Officer

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Future priorities

At a time of significant internal and external change and uncertainty in the business environment, it is important that we continue to keep our customers at the forefront of our activities while meeting new regulatory requirements and improving effectiveness in the risk management process. Our priorities for 2014 reflect these aims and include:

- Providing our customers with faster decisions and enhancing support for those experiencing difficulties
- Closely managing funding and liquidity risk including redenomination risk
- Meeting regulatory expectations in relation to the PRA Leverage Ratio during 2014
- Implementing and embedding the ERMF across Risk including further enhancement of reputation and conduct risk management
- Continuing to manage and control impairment across the firm
- Continuing to enhance and strengthen our operational risk management processes
- Further enhancing Recovery and Resolution Planning and responding to regulatory requirements for structural reform (e.g. UK Retail Ring Fence)

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continued

Example of a related strategic objective and associated risks

Principal Risk	Objective	Example of a significant risk taken in pursuit of the objective
Credit risk		
The suffering of financial loss should any of our customers not fulfil their contractual obligations to the Group.	We are committed to supporting all our customers, counterparties and clients in their day-to-day banking needs and to tailoring our products to meet their requirements.	The credit risk that the Group faces from providing services to customers mainly arises from the default of wholesale and retail loans and advances particularly in a deteriorating credit environment.
Market risk		
The reduction to earnings or capital due to volatility of trading book positions or an inability to hedge the banking book balance sheet.	To provide a range of execution and risk management services across all the major traded product classes.	Extreme market events have the potential to create large losses.
Funding risk		
Failure to maintain capital ratios and liquidity obligations could lead to an inability to support normal business activity and meet liquidity regulatory requirements.	To maintain high levels of quality capital to ensure we have the financial strength to continue supporting customers and clients, be it lending to creditworthy small businesses or arranging the financing of large cross-border projects.	If we cannot forecast our future capital needs accurately, for instance because of unforeseen regulatory actions or unexpected losses, a funding shortfall may occur.
Operational risk		
Losses or costs resulting from human factors, inadequate or failed internal processes and systems or external events.	To provide our personal customers with 24/7 access to the widest range of account facilities to enable them to pursue their financial goals, whenever they want and wherever.	Criminals are constantly searching for ways to perpetrate fraud against Barclays and its customers.
Conduct risk		
Detriment caused to our customers, clients, counterparties, or the Bank and its employees because of inappropriate judgement in the execution of our business activities.	We seek to provide customers with products that are tailored to their changing needs and the evolving financial landscape.	In pursuit of business, products may be sold to customers and clients that are unsuitable because of inadequate complexity, liquidity or other factors.
Reputation risk		
Damage to Barclays brand arising from any association, action or inaction which is perceived by stakeholders to be inappropriate or unethical.	We aim to become the 'Go-To' bank for customers and all stakeholders.	The negative events that have beset Barclays and the banking industry in past years could recur if we failed to identify and pro-actively mitigate the risk of failure to act in accordance with our purpose and values.

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Examples of how Barclays mitigates the risk...	...and how this primarily contributes to our scorecard
The Group sets out the level of risk it is prepared to accept through the risk appetite agreed by the Board and closely monitors and manages the risk during the year through, for example, the application of mandate and scale limits. When a customer does experience financial difficulties the Group may assist by offering a forbearance programme which is structured to be appropriate to the nature and expected duration of the their distress. It aims to provide the customer with a sustainable programme to help return them to good financial health.	 Customers & Clients  Citizenship  Company
We have built a business centred on client needs as opposed to the pursuit of profits from price changes and our well embedded stress testing framework helps ensure our portfolio is not overly exposed to extreme market events.	 Customers & Clients  Company
Capital planning is a significant component of our stress testing framework. The adequacy of all categories of capital are tested under severe economic and market scenarios, including consideration of business losses, and the availability of funds in the market according to different scenarios. Mitigation plans are developed based on this analysis.	 Customers & Clients  Citizenship  Company
Our Fraud Risk management team works to ensure we keep ahead of fraudsters by investing in technology, and ensuring we support clients where incidents may occur.	 Customers & Clients  Citizenship
We have developed a suitability framework that clarifies the criteria that must be followed before a product is considered suitable for a customer or client. It ensures that management and their teams consider how customers' needs may change in the future under various scenarios.	 Customers & Clients  Colleague  Conduct
As part of our plan to become the 'Go-To' bank, the Transform Programme places significant emphasis on values. All members of staff have received extensive training and senior management aim to embody our new values in everything they do. These values are being embedded in all of the bank's activities.	 Customers & Clients  Citizenship  Conduct

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UK Retail and Business Banking (UK RBB)

‘We are determined to go out of our way to make our customer’s lives much easier, which is how we will continue to achieve sustainable long-term results.’



Ashok Vaswani
CEO, Retail and Business Banking

The UK Retail and Business Banking business model

Our social purpose

Basic banking services fulfil the need for transactions that people and business have: storing, receiving and paying monies. Modern life would seem very difficult without access to these fundamental activities.

As a leading UK retail bank, UK RBB successfully provides these basic banking services in a safe, reliable and regulated manner.

Our customers are those

We seek to support the day-to-day banking needs of UK customers. Our customers can be categorised as:

- Personal and Premier
- Small businesses

For them we provide

We focus on providing core banking through a network of branches, telephony and digital channels, enabling customers to be serviced in ways that best suit their lives:

- Personal and Business banking (including current accounts, savings and payments)
- Lending (secured and unsecured) – mortgages, loans and overdrafts

Uniquely providing value through

Our value propositions...

- Accessibility for all customers to simple, transparent and speedy products and services
- Faster or instant decision making and processing
- A focus on providing suitable services for customers' key life moments
- Relationship propositions tailored for different segments
- Support of Government (access to) lending schemes
- The safe use of data to improve and tailor offers to customers

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Our overriding goal is to provide our customers with simple products and to invest heavily in the customer experience, through both technology and people. This should result in customers consolidating their relationships with us and provide us with balance sheet and income growth.

Market and operating environment

UK RBB is performing well and continues to support the UK economy.

There is an opportunity to embrace the technological innovation and changing competitive landscape to enable our existing customers to do more with us, while protecting our market share and particularly driving income growth in Business Banking and mortgages.

We are reshaping the way we interact with our customers in a way that will drive customer satisfaction and deepen customer engagement, whilst simultaneously reducing the costs that customers do not value and growing our franchise.

Business model risks

While executing our strategy with speed and without compromising quality, we need to be cognisant of the emerging regulatory changes and adapt accordingly. As we continue to focus on rebuilding trust and reputation through improving customer experience, we also need to ensure operational risks are appropriately addressed in the business.

Any deterioration in the economic environment in the UK could adversely impact customers ability to keep up repayments and consequently, we will continue to manage risk appropriately. The UK remains a competitive environment with specialised providers offering web-based services, however our continued investment in technology and processing will help significantly improve and differentiate our customer experience.

Balanced Scorecard



Customer and client

Our aim is to become the 'Go-To' bank for all of our customers. That means we want all of our customers to be advocates of Barclays. We have a lot of work to do.

We will achieve this by significantly improving and differentiating customers' experience of banking with Barclays – through routine transactions and at the vital moments in their life.

We will measure progress through our Net Promoter Score® – a widely used measure of customer advocacy.

Our external complaints reporting has also been enhanced in the UK with reporting beyond the FCA requirements and the launch of externally published 'Spotlight' reports that focus on the key areas of customer complaints and how we are tackling them.

Through regular and rigorous review of our customers' feedback we will identify where and how we will invest to make customer's interactions with us simpler, more intuitive and more personalised.

Contributing to strategy

UK RBB provides a wide range of banking products and services delivered with excellent customer experience. We no longer incentivise our people on products sales but on customer service: our journey to 'Go-To' is focused on making customers lives easier. We look to constantly improve our customer experiences, for example:

- Responding to demand: providing multichannel access which is increasingly digital
- Supporting our customers' journey to digital services through our Digital Eagles
- Speed in our processes – often instant provision and decision making
- Targeted investment in relationship management
- Investing in our people to enhance their ability to serve customers

Bring diverse benefits...

Our current and future focus will continue to be:

- Better customer experiences and outcomes
- Reduction in processing times and associated errors positively influencing complaint rates and costs
- Tailored services, usually at good margins
- Support and access to lending/capital



Contributing to income by

We deliver a sustainable contribution to Group revenue through offering long term value and great customer service to our customer base, prudent risk management and charging for:

- Interest income from loans less interest paid on deposits
- Fees for services provided



Sustaining business by

- Supporting society through responsible lending
- Responding to demand for digital banking by investing in innovative, cost effective platforms
- Running a financially stable, risk-conscious business
- Ensuring we have the right people with the right tools, delivering the most suitable services

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UK Retail and Business Banking (UK RBB) > continued

This will ensure we will deliver the right outcomes for customers, quickly and transparently and keep them informed along the way.

It will also help our colleagues better understand what we need do differently to become 'Go-To' for our customers across Barclays' retail operations.

In 2013 we implemented a number of initiatives to affect this ambition:

- We made significant progress in our core processes satisfaction scores
- We asked customers how we can make banking better through the Your Bank campaign and we're using their ideas to make some real improvements
- We are also evolving the way we operate to meet customers' changing needs. The pilot we've recently announced with Asda, bringing us closer to offering services where and when our customers want them, and SkyBranch, which transforms how our telephony business connects with customers, are great examples of this

Colleague

We will continue to invest in our colleagues and create a diverse and inclusive environment allowing colleagues to fulfil their potential. This will ensure that our colleagues are fully engaged allowing them to provide excellent end-to-end customer service.

We also have an ambition to create the most digitally savvy workforce to help our customers become confident with digital banking.

During 2013 we started our search for 'Digital Eagles' – colleagues across the business to support digital awareness and understanding in the UK. With over 5,000 Digital Eagle colleagues across the UK we are well placed to achieve this ambition.

Citizenship

UK RBB continued to embed and contribute to the Barclays' 2015 Citizenship Plan. We have been focusing on the way we do business, listening more to our customers and showing them we've acted. We launched the Your Bank site where everyone (not just Barclays customers) can tell us what products and services will make their lives easier.

UK RBB continued to support the UK economy; advancing £1.8bn of gross new term lending to small businesses and helping over 120,000 start-ups. We also organise small business seminars, tools and trainings, which were attended by over 20,000 people in 2013.

We are supporting our community through activities such as LifeSkills, our free, curriculum-linked programme designed to give young people in the UK access to the skills, information and opportunities they need to help them towards getting the jobs they want. The programme has so far reached out to 276,000 young people.

Conduct

We continue to de-risk our portfolio ensuring everything that we do is open and transparent, this includes the way we're managing the PPI complaints process.

We are committed to building a culture based on Barclays' Values. We will continue to focus on the right outcomes for our customers delivered by empowered colleagues who act with integrity at all times. We have conducted business-wide risk assessments to identify conduct risk issues. We will use this process to measure and control these risks and in so doing eliminate the gaps between what our customers expect from us and what we deliver to them. We intend to lead the way in restoring trust and pride in our industry and becoming the 'Go-To' Bank

Company

Contribution to total income

£4,523m



	2013	2012	2011
Income (£m)	4,523	4,384	4,621
Adjusted profit before tax (£m)	1,195	1,225	1,222
Adjusted ROE (%)	11.5	12.3	12
Loan loss rate (bps)	25	21	44
Loans and advances to customers (£bn)	136.5	128.1	121.2
Customer deposits (£bn)	135.5	116.0	111.8
Distribution points	1,560	1,593	1,625

UK RBB performed well in 2013, growing at a faster rate than the market in key products, including increasing its stock share of mortgages. Income increased 3% to £4,523m driven by strong mortgage growth and contribution from Barclays Direct (previously ING Direct UK, acquired during Q113).

UK RBB continued to restructure and invest in the business as part of the Transform strategy. Adjusted operating expenses increased 4% to £3,008m due to costs to achieve Transform of £175m.

Adjusted profit before tax decreased 2% to £1,195m.

Loans and advances to customers increased 7% to £136.5bn due to Barclays Direct, which added £4.4bn, and other mortgage growth.



More information on performance can be found online at barclays.com/annualreport

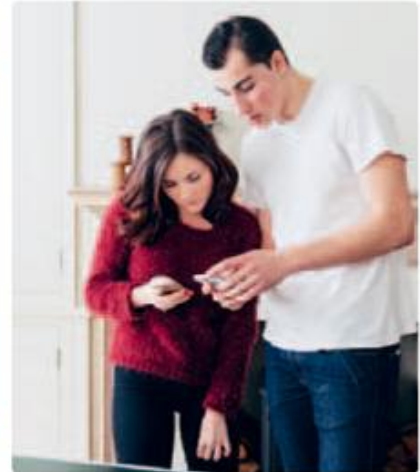


Future priorities

- Revolutionising our product set; offering simple products which are supported by industrial strength engines
- Investing in the customer experience; instant, transparent services with seamless multichannel access
- Selective balance sheet growth; opportunity with 'customers we know' in consumer lending and mortgages
- Cost reduction; delivery of straight through processing, reduction in paper and infrastructure

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‘Your Bank’ – learning from our customers



We are determined to rebuild trust in Barclays and demonstrate day-in day-out that we are changing, and doing the right thing for customers. In September, we launched Your Bank – the online platform that allows us to continually listen, respond, anticipate and learn from our customers.

As well as getting feedback and sense-checking our ideas, we have created a place where customers can share their ideas and suggestions for how Barclays can be better shaped around their needs and individual life stages, putting them at the heart of everything we do.

In the first week we received over 370,000 interactions on the Your Bank site and 2,226 ideas.

With all of the ideas that we receive, we are taking a ‘you said, we did’ approach and have made 8 commitments to making real change for our customers.

1. We are undertaking a formal review of our overdraft charges in 2014, with a view to making them simpler and more transparent. We have already started pilots with the launch of text alerts in June to customers who had gone over their overdraft limit and into their personal reserve, which would mean they would traditionally incur a £22 charge. The alerts tell them they have a day's grace to add

now looking at where else we can roll out text alerts as a next step. Yes it's a cost to us, but it's the right thing to do.

2. We have launched CloudIt through online and mobile banking as a result of customer feedback. Being able to access your secure documents whilst on the move will really make our customer's lives much easier.

3. Contactless payments have been very well received by customers, so we're now looking at alternative contactless methods of payments which we'll be testing with customers.

4. We're looking to pilot paying in coin machines in our branches. Our customers told us they'd welcome something that can automatically count coins and credit their account.

5. We will extend our free Barclays Pingit app to the under 16's, subject to developing proper parental controls. Younger customers, being tech savvy, will benefit from the app allowing them to send and receive money simply using their mobile phone number.

6. We are going to allow our mobile banking customers to set up new payees on their mobiles. This will extend the app meaning that customers can really do much more on the move.

7. To further extend our services to a wider range of customers we've made our mobile banking app available on Windows platform and are planning to do the same for Pingit.

cleared funds and avoid the charge. In the first three months, over 65,000 customers avoided charges totalling over £1.4m, a response rate of 27 per cent. We are

barclays.com/annualreport

8. We have expanded our mobile banking services to include mortgage accounts, so customers can view their mortgage arrangements wherever they are.

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Europe Retail and Business Banking (Europe RBB)

‘In 2013 we restructured our business and are now on track to deliver the Go-To Premier bank in Europe.’



Curt Hess
Chief Executive Officer, Europe RBB

The Europe Retail and Business Banking business model

Our social purpose

In the current challenging macroeconomic environment, we continue to support our customers helping them to achieve their financial goals and ambitions.

As a retail bank Europe RBB provides banking services and investment advice to over 1.8 million customers in Spain, Portugal, Italy and France in a safe, reliable and regulated manner.



Our customers

Our focus is on growing mass affluent and small business customers via our Premier proposition.

We will continue to support our existing mass market customers.



For them we provide

We offer a full range of banking, investment and insurance products tailored to meet our customers' needs. These include:

- Day-to-day transactional banking (e.g. current accounts, debit/deferred debit cards)
- Lending (e.g. lines of credit, personal loans, mortgages)
- Savings and investments (e.g. deposits, investment advice)
- Insurance (e.g. protection and long term savings)



Uniquely providing value through

Our value propositions...

- International strength
- Risk diversity
- Long heritage
- Relevant products and services tailored to individuals' financial goals and risk appetite
- Skilled relationship managers delivering investment advice and creating strong customer relationships
- Innovation in products and technology

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In 2013 we made significant progress in transforming ourselves to become the 'Go-To' bank for mass affluent customers in Spain, Portugal, Italy and France

Market and operating environment

In 2013 the macroeconomic environment remained challenging – economic contraction, unemployment and political and regulatory uncertainty impacted both us and our competitors. Against these uncertainties we successfully reduced headcount and branch operations while taking steps to de-risk the business.

Going forward we will grow mass affluent customers, leveraging strong relationship management capabilities and a comprehensive product range, while capitalising on our global brand and investment services expertise. This focused strategy will enable us to compete successfully with local and international competitors. At the same time we will continue to support our existing mass market customers through a lower cost platform.

Business Model risks

Further deterioration in macroeconomic conditions in Europe could adversely impact credit risk through the deterioration in asset prices or a customer's ability to service repayment obligations.

The business continues to proactively work to identify and mitigate any operational risk of pending regulatory change without compromising customer service and minimise disruption to the progress of our business.

In executing our strategy, we need to ensure we can manage operational risk and grow the business without compromising on quality or control.

Balanced Scorecard



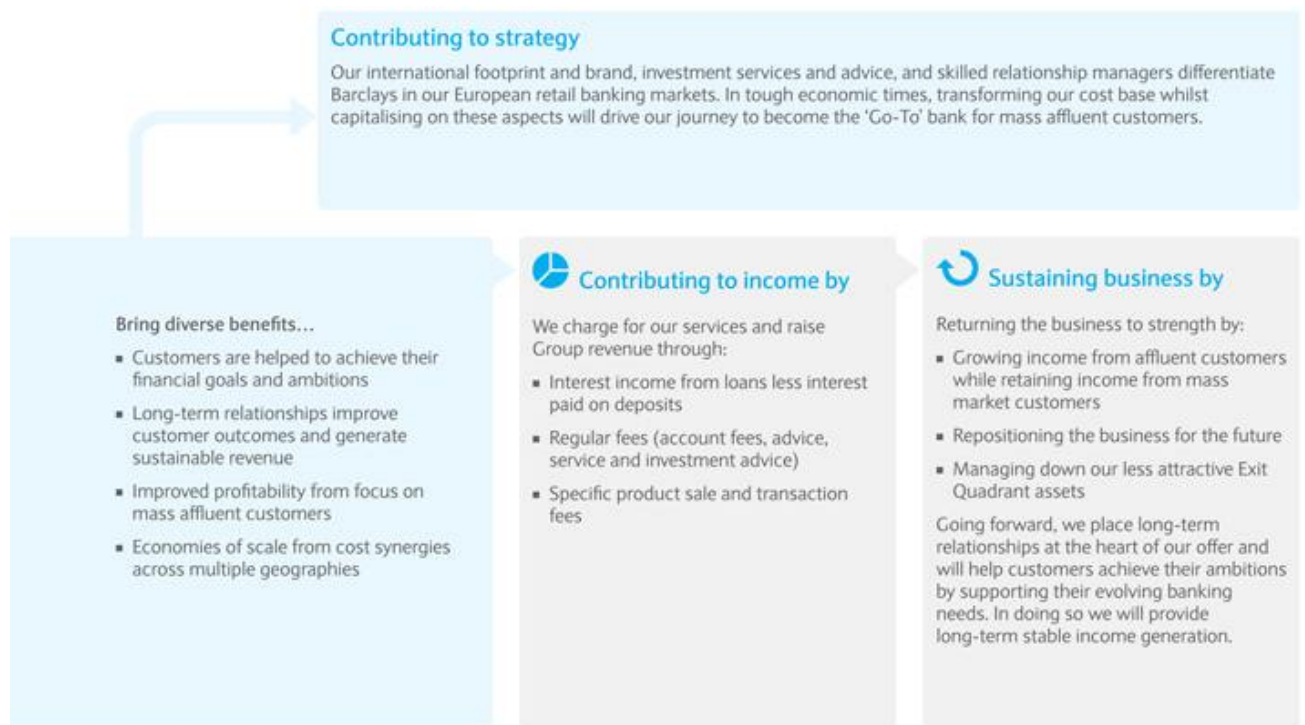
Customer and client

Our aim is to become the 'Go-To' bank for mass affluent customers. We will do this by providing customers with top quality service and a differentiated proposition based on relationship management and investment services.

We will measure our progress through our Net Promoter Score®. By reviewing our customers' feedback we will know whether we are achieving the positive customer experiences critical to our goal of growing mass affluent relationships.

In 2013 we launched initiatives to improve customer experience, including:

- A new Premier value proposition which provides customers with an experience tailored to their needs and ambitions
 - Issuing iPads to our colleagues to speed up customer service and allow us to serve them where they are
 - Faster credit approvals – in Spain 98% of customers get a decision within 2 hours
 - Enhanced online capabilities which allow customers to customise the banking alerts and updates they receive from us
-



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Europe Retail and Business Banking (Europe RBB) > continued

These contributed to strong customer satisfaction and high customer advocacy scores – in Portugal we ranked #1 for service quality in a recent mystery shopping survey and in Spain we ranked the #2 'most loved' bank in a recent survey, well ahead of our mass affluent segment competitors.

Colleague

We are committed to investing in our colleagues and encouraging the right values and behaviours from them.

In 2013 we launched the 'Premier Way', a training program that enables relationship managers to have confident, professional discussions with clients about their holistic financial needs.

In 2014 this programme will expand to include financial planning as well as giving colleagues access to externally recognised professional qualifications.

Citizenship

We are implementing mechanisms to make citizenship part of what we do every day, as well as inspiring our colleagues, clients and other stakeholders to do the same.

In 2013 we implemented the Citizenship Lens into our processes for approving new products.

We continued our commitment to local communities by investing in employability programs for young people – Europe RBB colleagues have contributed over 11,000 hours to help their local communities.

Conduct

We are dedicated to delivering the right outcomes for our customers.

In 2013 we raised awareness of conduct as a principal risk across the business and launched a Code of Conduct to guide how we all should work each day. We also commenced a programme to review critical end-to-end processes and identify possible conduct issues – in doing so identify potential mitigants to eliminate the gap between what our customers expect from us and what we deliver to them.

Company

Contribution to total income

£666m



	2013	2012	2011
Income (£m)	666	708	1,004
Loss before tax (£m)	(996)	(343)	(767)
Adjusted ROE (%)	(45.2)	(12.9)	(9.7)
Loan loss rate (bps)	75	64	43
Loans and advances to customers (£bn)	37.0	39.2	42.7
Customer deposits (£bn)	45.0	46.1	50.2
Distribution points	633	1,142	1,228

Europe RBB continued to focus on restructuring the cost base of its business in 2013, as part of the Transform strategy. Income declined 6% to £666m, reflecting actions taken to reduce assets, particularly in Spain and Italy, to address the continuing economic challenges across Europe.

During the year the business reduced full time equivalent employees by 1,600 and closed over 500 distribution points. Operating expenses increased by £435m to £1,242m, almost entirely reflecting costs to achieve Transform of £403m.

Loss before tax increased £653m to £996m, including costs to achieve Transform of £403m and an increase in other net expenses.

Europe RBB also rolled out a new Premier customer proposition, targeting profitable growth from the mass affluent segment, in a drive to increase margins.

Loans and advances to customers fell by 6% to £37.0bn, driven by asset reduction activity as part of the Transform strategy.



More information on performance can be found online at barclays.com/annualreport



Future priorities

In 2014 we will:

- Grow Premier customers
 - Acquire new mass affluent customers
 - Deepen relationships with existing customers
- Continue to control costs by transitioning mass market customers to lower cost channels over time
- Optimise the performance and accelerate the run-off of our less attractive Exit Quadrant assets

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Happy customers and healthy relationships



For one Italian customer Barclays has provided investment management and advice for three years and over that period developed a healthy and profitable relationship.

During this time we have worked to provide the customer with bank-assurance products, mutual funds, structured products, asset under custody and liquidity products. In doing so we have successfully deepened our relationship with the customer by more than doubling his assets under management over a two year period.

This customer is a strong advocate for Barclays and has been extremely satisfied with his Premier relationship manager – highlighting the professionalism, proactivity and transparency of the services his relationship manager provided as the reasons for the customer's high satisfaction.

In addition to the high quality day-to-day relationship, we were also able to leverage some of the benefits we get from being part of a UK based global bank by giving this customer the opportunity to attend exclusive events that the customer greatly appreciated. These have helped us enhance our relationship.

Going forward we will continue to work closely with this customer to meet their personal banking and investment needs.

But we're not stopping there! We know this customer owns a successful SME business and we want to further deepen our relationship by providing products and services to that business – in doing so help our client achieve his ambitions across both his

professional and personal life.

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Africa

'We offer our clients deep local knowledge and presence and the expertise and support of a global bank.'



Maria Ramos
Chief Executive, Africa

Africa business model

Our social purpose

Customers and clients from individuals to multinational corporates have specific banking and insurance needs that are driven by their ambitions. These range from local and cross border payments, financing their plans through loans, gaining access to capital markets receiving specialised advice or securing protection through insurance. By providing these fundamental financial activities we play a key role in empowering Africa.



Our customers and clients are those

- Retail customers across the mass, middle market and affluent markets
- Business customers including small and medium enterprises and commercial ventures
- Large corporates, public sector bodies and financial institutions
- Retail, commercial and corporate customers and clients seeking wealth, investment management and insurance solutions



For them we provide

- Full suite of retail banking products and services
- Full range of commercial transactional, investment and lending products
- Specialist investment banking, corporate banking, financing, risk management and advisory solutions
- Insurance, fiduciary and non-banking related investment products and services to retail, commercial and corporate clients
- Wealth management services for high net-worth individuals



Uniquely providing value through

Our value propositions...

- Deep local knowledge and presence
- Expertise and support of a global bank
- Providing and enhancing access to the continent by being the bridge between local and global markets
- New and innovative solutions across the banking and insurance spectrum
- Reduced costs of doing business
- Contributing to Africa's growth and development

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The African continent provides an excellent growth opportunity for the Group. With our strategy for Africa, we are well-positioned to benefit from this emerging market opportunity.

Market and operating environment

Emerging markets' growth eased somewhat in 2013 whilst developed country central banks maintained their accommodative monetary policy stance, with some cutting interest rates and others injecting liquidity into the financial system. South Africa's economic growth remained muted and we faced increasingly strong competition. In our rest of Africa markets, economic growth remained resilient. Our regulatory environment continues to evolve and rising customer and client expectations as well as new technologies are challenging how we do business.

Business Model risks

Current economic conditions in South Africa bring increased financial pressure on customers and clients, some of whom may already be struggling to fulfil their payment obligations when faced with subdued economic activity and potentially rising interest rates. Rest of Africa challenges such as infrastructure constraints, lower commodity prices, and fiscal and current account imbalances in some markets have led to modest declines in our economic growth forecasts for some of the economies.

Intensified regulatory and government intervention ensures a sound operating environment; however, it does lead to increased cost of compliance and complexity of doing business.

We continue to see a host of emerging and non-traditional competitors as well as increasing consumer expectations for traditional banks to meet new service standards.

Balanced Scorecard



Customer and client

Barclays is a powerful local bank, a powerful regional bank and a powerful global player. We use this unique advantage to the benefit of our customers and clients.

In Retail and Business Banking (RBB), we have focused on enhancing the customer experience. In South Africa this began with simplifying transactional product offerings, expanding the digital experience through the launch of our banking app, and rolling out a fully integrated online insurance platform. In our rest of Africa markets, customers are benefiting from revised Premier and Prestige banking proposition, Barclays Direct, Worldmiles Platinum credit / debit card as well as CashSend money transfer. It is our goal to simplify processes and improve customer experience.

We will measure our progress in our RBB businesses through our Net Promoter Score® a widely used measure of customer advocacy. Through regular and rigorous review of our customers' and clients' feedback we will identify where and how we need to invest to make the customer journeys simpler, more intuitive and more personalised.

Contributing to strategy

Our competitive position is a combination of being a powerful local, regional and global bank. We use this advantage for the benefit of our customers and clients – becoming their 'Go-To' bank across our Retail and Business Banking, Corporate and Investment Banking as well as our Wealth, Investment Management and Insurance businesses.

Bring diverse benefits...

- Better customer and client experiences and outcomes
- Reduction in processing times and associated errors
- Tailored services
- Support and access to lending / capital
- A gateway to the best of Barclays advice and services



Contributing to income by

- Interest income from loans less interest paid on deposits
- Regular fees (account fees, advice, service and investment advice)
- Specific product sale and transaction fees
- Commissions and spreads on client transactions
- Minimising impairment through responsible lending and supporting customers and clients back to financial health



Sustaining business by

- Building upon our strengths, replicating what we do well and continuously improving our offerings
- Targeting our activities in those areas where we know we can compete strongly and provide best in class solutions
- Making the investments into simplifying how we operate, while ensuring we keep this transparent for our customers and clients
- Running a financially stable, risk conscious business
- Ensuring we have the right people giving the right advice, delivering the most suitable services

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Africa > continued

For our Corporate and Investment Banking clients we continue to bring African clients to the global financial markets and give our global clients access to Africa. For example, we are leveraging our leading foreign exchange platform BARX Africa to trade 40 currencies across our key African markets. We have completed a pilot for Barclays.Net – a streamlined and full-featured cash management platform for our corporate and commercial clients with full roll-out in South Africa in 2014.

In 2013, we were named Best Debt House in Africa for the fourth consecutive year by EuroMoney, Best Bond House and Best FX House at the Spire Awards and we were voted best Overall Bank by Risk South Africa.

We have a strong plan in place to continue capturing the opportunities before us by improving customer and client experience, driving process simplification as well as innovative products and systems.

Colleague

We have made notable progress in building a talent pipeline that supports our ambitions and our expanded African footprint provides a unique opportunity for talented people to advance their careers. We want to be known for our leadership bench strength and we have embarked on a number of transformational leadership and values based programmes which are designed to support our leaders in delivering on a demanding performance agenda.

Citizenship

Our ambition is to help facilitate greater, more inclusive prosperity in Africa. In 2013, we consolidated our citizenship structures thus strengthening our ability to deliver our African plan. Over the year our activities ranged from funding renewable energy projects to increasing access to financial services for individuals and small businesses. We continued to invest our community investment spend in targeted skills development programmes with proven job creation capabilities. Our colleagues continued to participate in a range of volunteering events such as the Nelson Mandela Day in South Africa and Barclays global Make a Difference Day campaign.

Conduct

Our values underpin the way we behave and form the backbone of our reputation as a trusted financial services provider. Our ongoing programme to bring our revised values alive culminated with the launch of the Barclays Way – a global Code of Conduct – to embed clear and consistent expectations of behaviours across the Group.

In addition to our underlying values, we believe that laws, regulations and codes are an enabler to our business – ensuring that we make informed decisions in how we manage our business and sustain ourselves into the future.

As with many other jurisdictions, we are managing regulatory change as well as increasing expectations from stakeholders, and our response supports our commitment to treat our customers fairly and operate with integrity.

Basis of Company reporting

Barclays Group reports Africa RBB separately and the following information relates specifically to the Africa RBB reporting segment. Results from other global businesses operating in Africa are integrated within each respective business' results.

Company

Contribution to total income

£2,617m



Africa RBB	2013	2012	2011
Income (£m)	2,617	2,928	3,364
Profit before tax (£m)	404	322	730
Adjusted ROE (%)	0.4	(0.1)	7.4
Loan loss rate (bps)	128	202	136
Loans and advances to customers (£bn)	24.2	29.9	32.5
Customer deposits (£bn)	16.9	19.5	20.3
Distribution points	1,396	1,451	1,493

2013 was affected by increased competition, a changing regulatory environment and foreign exchange movements, as average ZAR depreciated 16% against GBP. Income declined 11% to £2,617m driven by foreign currency movements, partially offset by the non-recurrence of fair value adjustments in the commercial property finance portfolio in the prior year. On a constant currency basis, income improved 5%, despite continued pressure on transaction volumes in a competitive environment.

The business incurred £26m of costs to achieve Transform which supported the re-shaping of the branch network and ongoing work on digitalisation of customer channels and products. Operating expenses decreased 4% to £1,896m. On a constant currency basis, costs increased 11% driven by a combination of increased investment spend on infrastructure and inflation increases in South Africa.

Profit before tax increased 25% to £404m. On a constant currency basis, profit before tax was up 57%, largely as a result of lower impairment provisions on the South African home loans recovery book.

Loans and advances to customers decreased 19% to £24.2bn as foreign currency movements offset growth of 2%, particularly in vehicle and asset finance.



More information on performance can be found online at barclays.com/annualreport



Future priorities

We have articulated very clear priorities for 2014:

- Continuing the turnaround programme for our RBB franchise in South Africa, and the build out across the continent;
- Investing in Corporate Banking across the continent;
- Capturing the growth opportunity in our Wealth, Investment Management and Insurance franchise;
- Continuing to invest in and develop the talent we have across the business; and
- These priorities are underpinned by an investment programme of over ZAR 3bn that will be invested into several large projects such

as transforming our branches, integrating and standardising IT, investing in our digital capabilities and creating efficient processing hubs in the right locations.

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Working together to serve global and regional clients and local customers



We are bringing together the best of our African businesses with the best of our global franchise to the benefit of our customers and clients.

During 2013, we worked closely between our operations across Africa and with our global colleagues to meet the needs of our customers and clients. We have been the bridge between local and global markets, we have helped our African clients achieve their regional growth ambitions and we have brought new products and solutions to our customers, clients and the communities in which we operate.

Local going global

Acting as a joint-lead arranger we have raised \$1bn for South African state-owned power utility Eskom through a 10-year bond offering. The transaction achieved \$4bn in investor demand and represented Eskom's second US Dollar issuance. We are the only institution to have acted as joint-lead manager on both issuances.

Global going local

Acting as the sole sponsor and joint financial advisor, we helped Glencore Xstrata, a global diversified natural resource company to access Africa with a listing on the Johannesburg Stock Exchange. This listing makes investment in Glencore more accessible to South African investors through its classification as a 'domestic' equity.

Local going regional

South African companies are looking at the rest of the continent for growth and we continue to help the expansion of corporates on the continent. We are supporting a clothing retailer's expansion into Ghana and won the tender to provide services to a major food retailer across six countries – Botswana, Ghana, Mauritius, Tanzania, Uganda and Zambia.

Access to global products and services

With Barclaycard, we have rolled out a Worldmiles Platinum credit card in Botswana, Egypt, Kenya and Mauritius and the debit card version in Egypt, Ghana, Tanzania, Uganda and Zambia providing local customers with access to a leading global product. We have also worked closely with Barclaycard to launch the Pebble – a mobile payment device – in South Africa.

Leveraging the Barclays Social Innovation Facility for product and services that drive social and commercial value

With GlaxoSmithKline, we are investing up to £7m over three years, to help remove financial barriers to healthcare access while supporting small business development and job creation in Zambia. By combining our skills, expertise and resources, we hope to tackle the challenges of last mile delivery and create a model that could be scaled across Africa to help more people gain access to affordable healthcare.

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Barclaycard

‘Barclaycard is one of the few global leaders in payments that provides ‘Go-To’ solutions to both buyers and sellers, enabling us to deliver consistent growth and welcome close to 14m new customers in the past three years.’



Valerie Soranno Keating
CEO, Barclaycard

The Barclaycard business model

Our social purpose

The ability to buy and sell goods or services easily and securely is an important human need – and essential to create the right environment for economic growth. Barclaycard is an international payments company, enabling consumers and businesses to make and take payments. We provide the ability to fund these payments with credit.

Our customers are those

Barclaycard supports consumers and businesses making payments for goods and services – and the parties taking those payments. We operate in nine countries – United Kingdom, United States, Germany, Spain, Portugal, South Africa through Absa Card and Norway, Sweden and Denmark through the EnterCard joint venture.

We support UK RBB and Absa in offering credit cards as part of an offering to consumers who are looking for a holistic relationship with their retail bank, and support Corporate Banking in providing a suite of payment services for businesses.

For them we provide

We enable consumers and businesses to make payments quickly, securely and internationally, facilitating the flow of funds for those wanting to make payments in-store and digitally.

We provide flexible credit solutions to consumers and small businesses via consumer and corporate credit cards, underwriting the credit risk.

We enable consumers and businesses to take payments, facilitating purchases in-store and digitally, while offering solutions for point of sale finance and merchant offers.

Uniquely providing value through

Our value propositions...

- Support the requirements of both the buyers and sellers in the payment process
- Use diverse distribution channels to reach a broader set of customers
- Utilise scale and international reach to enable sharing of analytics, costs and best practice, and ultimately better meet consumer needs
- Facilitate the launch and use of innovative products
- Support economies of scale and reduced costs

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Barclaycard operates in the fast-growing consumer payments space, supporting buyers and sellers by enabling consumers and businesses to make and take payments. We provide the ability for consumers and businesses to fund these payments with credit.

Market and Operating environment

The consumer payments sector is growing rapidly as a result of changing customer behaviour, based on the growth of electronic and mobile commerce and changing payment preferences as key factors. New technology, competition and regulations all present opportunities, but also the need to adjust our business model. Our customers and clients want us to do more for them, and to do it better, faster and cheaper, and digitally. This presents many opportunities for Barclaycard and also presents challenges.

Business Model risks

This changing marketplace could create risks to the Barclaycard business model. The emerging competitive landscape in consumer payments is seeing new players enter the payment value chain, and new use of technology generating the need for continuous innovation and technology investment. Our unique ability of supporting both buyers and sellers, diverse distribution channels, and the scale of our business in multiple countries helps to mitigate the impact of this risk.

Other potential risks come from macroeconomic headwinds creating further credit risk for our customers and reducing income through potential margin compression, impacts of further regulatory change or increased operational risk. Our diversified business model and commitment to leading standards for business practice should help limit the potential impact from these.

Balanced Scorecard



Customer and client

Barclaycard serves 35.5m customers, an 8% increase on prior year and 350k business clients, an 11% increase. We have focused on offering customers simple, innovative products as part of our objective of moving from satisfied customers to customers who are strong advocates of our business. We have implemented Net Promoter Score® as our key customer metric to measure this.

We have continued to build on a heritage of innovation, supporting more than 1m payments enabled devices across three continents and working with Transport for London on acceptance of contactless cards for over 6.5m bus journeys in the UK. We have launched bFlex, a revolutionary, flexible finance product designed for online purchases. Our tailored offers engine for UK customers, 'bespoke', has reached over 800k registered users, of whom over half are new to Barclays.

We have also worked with other areas of Barclays to better serve our customers, such as through the 'Better Together' initiative, which combines current accounts and Barclaycard Freedom Rewards to provide customers with access to credit and the launch of Absa Pebble, Africa's first mobile payment acceptance device.

Contributing to strategy

Barclaycard operates in the fast-growing consumer payments industry, with clear growth opportunities. Providing our customers with solutions that are simple, offer clear value, always work, increasingly digital and instant and create emotional engagement will enable us to become the 'Go-To' bank for consumer payments.

Bring diverse benefits...

- Generating revenue streams from both parts of the relationship
- Appeal to those who seek 'all-in-one' banking relationships as well as those who prefer discrete propositions
- Improved services and customer insights
- Faster innovation at lower risk
- Access to diverse distribution channels
- Attractive growth potential
- Lower costs
- Lower risks from world class analytics
- Higher returns
- Greater resilience to economic cycles due to operating in multiple geographies and supporting both sides of consumer payments



Contributing to income by

We charge for our products and services, contributing to Group revenue through:

- **Interest income** from consumers and businesses opting to use the credit we offer
- **Transaction fees** from facilitating the payment flow, both from consumers making payments and from businesses accepting payments
- **Service fees** from value-added features for consumers and businesses, such as monthly fees for point of sale terminals or the fee for transferring an outstanding credit card balance from another card



Sustaining business by

Society's underlying need to make and take payments won't change – and seems likely to increase as more sophisticated electronic and digital solutions are required by customers.

Our role is to support and facilitate the ways that people wish to make and take payments – while ensuring we lend responsibly to those that credit is suitable for.

Because of our role as a trusted **international payments company** and by responding to customer and market needs, Barclaycard has maintained its position as the 8th largest consumer payment company in the world.

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Barclaycard > continued

Through our customer focus, we have seen a 39% reduction in complaints to a level of 3.12 per 1,000 accounts in 2013 and zero high-rated Regulatory Compliance monitoring reviews.

Our leading products have received numerous industry awards, including the Moneyfacts award for 'Best Card Provider' for both our Balance Transfer rate (3rd year in a row) and Standard rate products in the UK, being ranked 2nd among Visa/MasterCard issuers in the 2013 JD Power industry customer service rankings in the US and winning the 'Best Corporate Card Provider' at the Business Travel Awards.

Colleague

We are committed to attracting, developing and retaining colleagues of the highest calibre and integrity. We continue to bring in the best talent from diverse backgrounds, while developing our existing talent. We ensure progression and rotation at all levels of the organisation and follow a structured learning and leadership development programme to develop our colleagues.

In 2013, we continued to make progress with our diversity agenda, with 34% women in senior leadership. We have also sustained high levels of colleague engagement to ensure talent retention, with 95% of high performers retained.

We have moved our Absa Card office to a new, world-class site in Pretoria and won the Customer Service Training Network 'Training Programme of the Year' award for our UK contact centres.

Citizenship

Barclaycard has continued to embed and contribute to the Barclays' 2015 Citizenship Plan.

We have continued to focus on 'the way we do business' to ensure we are fair and transparent. We have simplified the Terms & Conditions of many of our products.

We have ensured we are supporting the economy and contributing to growth, including offering £15.8bn in new lending to businesses and households in 2013, and adding a charity redemption category for Freedom Rewards customers in the UK who want to donate their collected points.

We are supporting our community through activities such as Royal British Legion London Poppy Day, supporting poppy sales with our colleagues and contactless terminals.

Conduct

We continue to rollout the Barclays Values and Behaviours, empowering our Values Leaders to embed them with their colleagues.

Barclaycard continues to review policies and practices to identify and proactively ensure that they continue to be simple, leading, innovative and transparent, including those associated with handling PPI complaints. We are committed to ensuring that we adhere to the highest standards of conduct, proactively driving cultural change through developing best-in-class conduct risk awareness training.

Company

Contribution to total income

£4,786m



	2013	2012	2011
Income (£m)	4,786	4,344	4,305
Adjusted profit before tax (£m)	1,507	1,482	1,212
Adjusted ROE (%)	18.4	19.8	16.1
Loan loss rate (bps)	337	294	394
Loans and advances to customers (£bn)	35.6	33.8	31.0
Customer deposits (£bn)	38.9	38.2	34.8

Barclaycard continued to grow in all markets, with a net increase of nearly three million new customers in 2013. Income improved 10% to £4,786m reflecting continued net lending growth and contributions from 2012 portfolio acquisitions.

The business incurred £49m of costs to achieve Transform, as it continued to seek to become the 'Go-To' bank for consumer payments. Adjusted operating expenses increased 11% to £2,048m reflecting increased costs from 2012 portfolio acquisitions, net lending growth, higher operating losses and costs to achieve Transform.

Barclaycard continued to deliver adjusted profit growth, improving 2% to £1,507m driven by the US and UK card portfolios.

Total assets increased 2% to £38.9bn primarily driven by the increase in loans and advances to customers across the UK and international businesses.



More information on performance can be found online at barclays.com/annualreport



Future priorities

Barclaycard will become the 'Go-To' bank for consumer payments through:

- Delivering simple, leading and innovative products to our retail consumers and business clients that help them achieve their ambitions – in the right way.
- Maintaining our track record of delivering strong financial performance, and delivering against the Transform targets through continued efficiencies, realising economies of scale, diversifying our business model and using world class analytics.
- Attracting, developing and retaining colleagues of the highest calibre and integrity.
- Continuing to have a positive impact in local communities by creating sustainable relationships and using the skills of the business and our colleagues to support these communities.
- Focusing on 'the way we do business' to ensure that our products and services are industry-leading in transparency.

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Payment flexibility



Marco Tripoli is a charismatic ladies' fashion designer and boutique owner in South-West London. He uses a Barclaycard ePDQ terminal in his shop to take payment by credit or debit card.

Marco's tiny shop in Barnes is bursting at the seams with unique handbags, jewellery and clothes – around half of which Marco designs himself, the rest arriving twice weekly from all over Europe. His brand is built on a few key selling points: commitment to quality, sustainability and affordability, and a unique approach to customer service.

When women fall in love with a bag or dress at Tripoli's, they're not constrained to a quick decision in a cramped fitting room. Thanks to his Barclaycard ePDQ terminal, Marco can give his customer the option to try before she buys, in the comfort of her own home.

"Many of my customers pop in on their way back from dropping the kids at school and if they like something, they'll take it with them to try on at home," says Marco. "That way, they can see how a dress looks with their own shoes and accessories – or how one of my handbags complements an outfit."

After closing for the day, Marco calls personally at each of his prospective customers' homes. If they've decided against an item, it

"This works really well for people who have children and can't come back to the shop in the afternoon. It's convenient for them and a much friendlier way to do business. In fact, technology, often considered to be faceless and impersonal, actually allows me to have a far more personal service with my customers."

Marco also uses his flexible payment machine at events all over London. At a recent local fair, ePDQ helped him sell 45 tote bags - purely thanks to the convenience of paying by card.

Marco is proud of his service-led, community-centric approach. 5% of his net profits go to a local charity that helps the elderly and disabled - and many of the small businesses in Barnes promote each other's services whenever they can.

These traditional, ethical business values are reflected in the high level of personalised support that Marco's had from his dedicated Barclaycard account manager, Andy.

"He's extremely proactive and offers advice whenever he can. He recently recommended that I use an accounting package to manage my daily expenditure and it's saved me £200 a month in accountancy fees. He really does go over and above what you'd expect."

When Marco's machine broke down the night before a big event in Wimbledon, he simply called Andy and another one was flown

goes back to the shop with him. And if they've decided to buy, Marco simply uses his ePDQ terminal to take payment by credit or debit card.

barclays.com/annualreport

immediately from Scotland to London. "It arrived 15 minutes before the event started," says Marco, "You just can't put a value on service like that."

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[Table of Contents](#)**Investment Bank**

‘From our unique position with dual home markets and truly global reach, we are transforming the Investment Bank so that we can continue to help our target clients achieve their ambitions.’



Eric Bommensath
Co-Chief Executive, Corporate
and Investment Banking



Thomas King
Co-Chief Executive, Corporate
and Investment Banking

The Investment Bank business model

Our social purpose

We help companies, institutions and sovereigns around the world to grow, and through them help millions of people to achieve their ambitions. We facilitate the movement of capital between those who need it to grow their company or build new infrastructure, for example, and those who are looking to generate a return from investment.

In doing so, we fund and facilitate economic growth around the world.



Our clients are those

- **Corporates** seeking to maximise value for their owners and shareholders, for example, through organic business growth, M&A activity and investing excess capital
- **Institutions** such as Pension funds and Hedge funds that seek to manage assets on behalf of clients, to meet the their long-term investment needs
- **Sovereigns** such as Countries or Government departments that seek to deliver their growth plans, and improve living standards for their citizens



For them we provide

- **Long term strategic advice** on mergers and acquisitions, corporate finance and strategic risk management solutions
- **Execution and risk management services** across the full range of asset classes including equity and fixed income, currency and commodity products
- **Prime brokerage services** including financing, clearing and settlement of transactions and account servicing and reporting
- **Multi-asset class and macroeconomic research** delivering actionable ideas to help our clients make informed investment decisions



Uniquely providing value through

Our value propositions...

- Global footprint with unique dual home markets in the UK and US
- A market leading flow franchise across all core Fixed Income, Currency and Commodities (FICC) products
- Established and growing Equities and Banking businesses
- World-class research capabilities

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The Investment Bank is a leading provider of advice, financing and risk management solutions to companies, governments and institutions around the world.

Market and operating environment

Market conditions and the wider operating environment have remained challenging in 2013. While equity markets, advisory and underwriting all saw gains, continued macroeconomic uncertainty over the future of central bank bond buying programmes led to reduced volumes in Fixed Income markets. At the same time, the implementation of Basel III and new leverage ratios is increasing the constraints on capital allocation across the industry, thereby limiting opportunities for business growth.

Business Model risks

A rapidly evolving regulatory environment combined with a subdued macroeconomic environment has impacted the profitability of capital intensive business lines.

To help mitigate this impact we have been actively rebalancing our business model through growth in Equities and Investment Banking and further intensifying focus on capital management, leverage and the reduction of our Exit Quadrant assets. We continue to keep our business model under review.

The Investment Bank still faces litigation risk and we continue to invest time and resources in strengthening our control environment, evolving our culture and simplifying and de-risking products.

Our business relies on the quality of our people, and so we also continue to reinforce our employee value proposition through a focus on learning and development and, in light of global compensation legislation, reiterating our commitment to pay for performance.

Balanced Scorecard

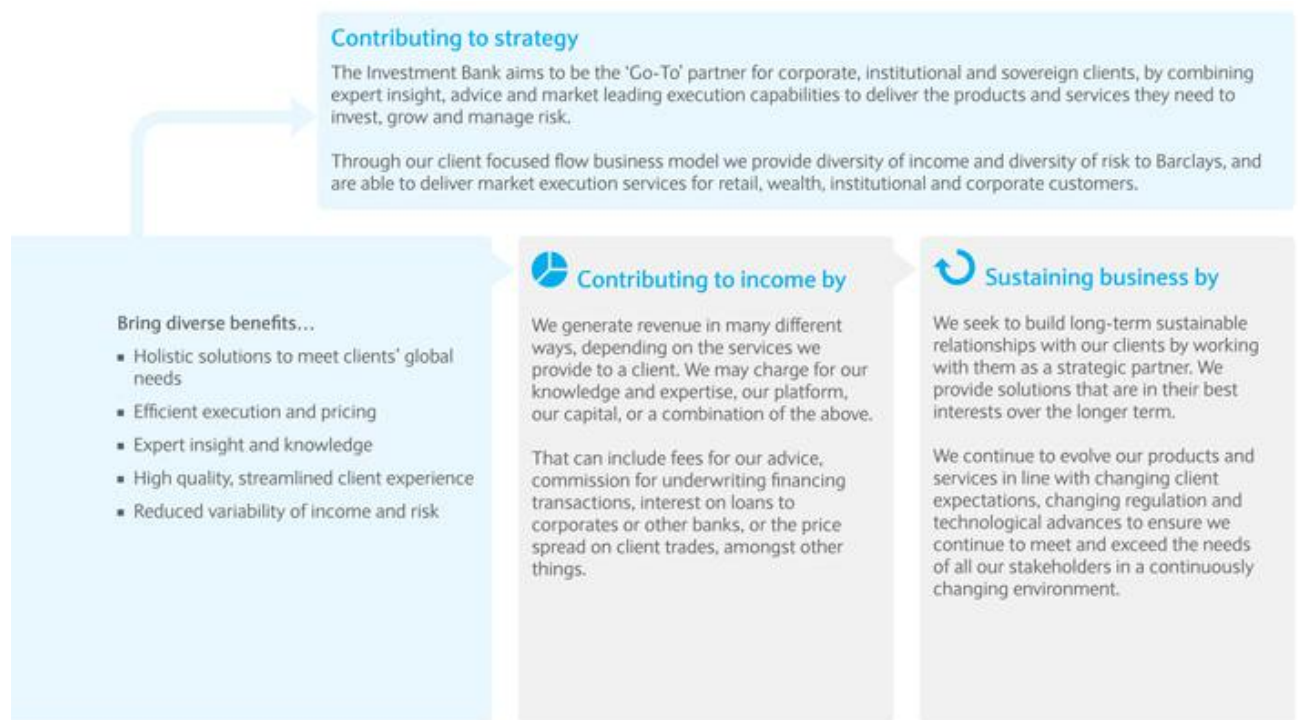


Customer and client

Becoming the 'Go To' partner for our clients is about building strong and deep relationships which enable us to support them in achieving their ambitions. To attain this aim we are focused on:

- Building strategic relationships with our clients by providing long-term solutions
- Providing a world-class client experience through the calibre of our people
- Offering seamless and efficient execution of transactions
- Developing the highest standards of client conduct through an enhanced product suitability framework

In 2013, we were named the best Flow House in Western Europe, the Best Flow House in North America and the best UK investment Bank by Euromoney.



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Investment Bank > continued

Colleague

Our people are fundamental to the performance of our business. We aim to support our colleagues to achieve their ambitions by:

- Providing world-class opportunities for career progression and global mobility
- Delivering industry leading solutions for clients
- Embracing diversity and inclusion
- Rewarding competitively for performance

2013 saw the launch of our Purpose and Values agenda, embedding them into all our HR processes including recruiting, promotion and performance management. Employee engagement was a key theme during the year with increased focus on Talent Management and Succession Planning; initiatives which saw a number of senior management moves across the Investment Bank. We continue to place Diversity & Inclusion to the forefront of our Talent agenda, because it is the right thing to do and because our clients are becoming increasingly diverse.

Citizenship

The Investment Bank contributes to the 2015 Citizenship Plan across our business.

In 2013 we supported a wide range of transactions that make a direct difference to our communities. We did this across our core competencies of capital raising, lending and distribution across various sectors including public finance (governments, supranationals, development banks and other public sector entities), alternative energy and life sciences sectors.

In addition, we provided employment and training opportunities for over 650 graduates, and our staff contributed over 48,000 volunteer hours in 2013 to worthwhile causes around the globe.

Conduct

Conduct is about ensuring that our products and services are designed and distributed to meet the needs of our clients and that we act with integrity in everything we do. In 2013 we have continued to invest heavily in this area through focus on the following:

- Culture and Organisation: Embedding our culture by completing values and behaviour training for all our staff and re-balancing how we assess and reward our people to place increased focus on conduct, risk and control
- Frameworks: Developing a comprehensive conduct risk framework and developing tools that support the consistent delivery of controls
- Governance: Putting in place an enhanced governance model including the introduction of a Chief Controls Officer, Reputation Risk Committee and Conduct Risk Steering Committee
- Control Initiatives: Strengthening control design around the trade lifecycle including with relation to unauthorised trading and key benchmark submissions

Company

Contribution to total income

£10,733m



	2013	2012	2011
Income (£m)	10,733	11,775	10,222
Profit before tax (£m)	2,523	3,990	2,415
ROE (%)	8.2	12.7	7.7
Cost: income ratio (%)	75.0	65.0	76.0
Compensation: income ratio (%)	43.2	39.6	48.4

While industry FICC revenues reduced in 2013, strong growth was seen in the Equities franchise, which continued to outperform the market. Total income decreased 9% to £10,733m, including a reduction of £309m relating to the Exit Quadrant. FICC income decreased 17% to £5,537m. Equities and Prime Services income increased 22% to £2,672m reflecting higher commission income and increased client volumes. Investment Banking income increased 3% to £2,200m driven by increased equity underwriting fees, partly offset by declines in financial advisory activity.

The Investment Bank continued to make progress in delivering part of the Transform strategy in 2013. The business incurred costs to achieve Transform of £262m, primarily related to restructuring across Europe, Asia and America. Operating expenses increased 5% to £8,012m, driven by costs to achieve Transform, UK bank levy which increased 62% to £333m, cost increases related to infrastructure improvement, and provisions for litigation and regulatory penalties of £220m in Q413, mainly related to US residential mortgage-related business.

Profit before tax decreased 37% to £2,523m.

Total assets decreased £209.9bn to £863.8bn, primarily reflecting decreases in derivative financial instruments, cash and balances at central banks, and trading portfolio assets.

CRD IV RWAs reduced to £221.6bn (30 June 2013: £254.1bn) through accelerated sell down of the Exit Quadrant assets and continued focus on driving efficiency in the ongoing business.



More information on performance can be found online at barclays.com/annualreport



Future priorities

Our priorities to become the 'Go-To' Investment Bank are to:

- Focus our people and resources on building the deepest relationships possible with our target clients so we become a first call
- Invest in market-leading talent and technology to deliver the best client experience and remain responsive to clients' changing needs

Make efficiency and control a competitive advantage by increasing standardisation and automation across the platform to reduce cost to serve and strengthen controls

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Advising on one of the largest mergers & acquisition deals in history



Verizon is one of the world's largest telecommunications companies, and its mobile subsidiary, Verizon Wireless, is the number one and most profitable wireless business in the United States.

Barclays has had a longstanding inner-circle strategic and financing relationship with Verizon, dating back to 2003. When Verizon decided to acquire Vodafone's 45% stake in Verizon Wireless for \$130bn, in the third largest M&A deal ever, Verizon turned to Barclays to act as a financial advisor and joint lead arranger for the largest acquisition finance bridge facility in history. Barclays also served as a main underwriter and lead manager on Verizon's subsequent record breaking \$49bn bond offering.

This landmark transaction will help Verizon achieve its long-term ambition of owning 100% of Verizon Wireless, and it will position Verizon to provide more efficient, industry leading products and solutions to its customers.

It also serves as a clear demonstration of what we mean by 'Go-To': building long term client relationships and combining strategic advice and deep financing expertise to help our clients achieve their business goals.

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Corporate Banking

‘Corporate Banking continues to support businesses both in the UK and internationally, and in 2013 delivered the best results since its creation in 2010.’



John Winter
Chief Executive Officer

The Corporate Banking business model

Our social purpose

Small and large businesses of all types have specific day-to-day banking needs that enable them to achieve their commercial ambitions. These range from the simpler operational necessities such as paying staff and receiving payments to cross-border transactions in Europe and global markets. We are open for business and ready to increase lending to viable businesses.

Barclays Corporate Banking supports over 40,000 businesses to achieve their goals in 27 countries across Europe, Africa, Middle East, North America and Asia. In doing so Corporate Banking enables domestic and global trade, job creation and economic growth.

Our clients are those

In our key domestic markets of UK and South Africa we bank and provide services to businesses, except for the smallest firms (served by RBB Business Banking). Corporate Banking is also one of the largest long-term lenders to the public sector in the UK, supporting Local Councils, Colleges and Universities and Social Housing projects.

Outside of these geographies we focus on meeting the international needs of global businesses, Financial Institutions, Non-bank Financial Institutions and international organisations.

For them we provide

- Lending to firms, supporting operations and fuelling growth
- Safeguarding clients' deposits and enabling them to manage their cash
- Facilitating clients' payments and receipts
- Financing global trade and providing foreign exchange
- Protecting larger companies from the risk of adverse market changes
- Introducing products and services from other parts of the group, such as Barclaycard, Wealth, Investment Management and Investment Bank

Uniquely providing value through

Our value propositions...

- Deep understanding of clients' sectors and their individual business through long-lasting relationships
- Global trade expertise and access through the European, African, US and Asian corridors
- Innovative products and services to suit clients' changing needs
- Access to world-leading experts across Barclays Group for specialist financial needs
- Assisting clients to come back to financial strength

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Corporate Banking remains an attractive business, with companies searching for strong banking partners. However, the economic and regulatory environment continues to be challenging.

The global corporate banking market is still growing and profitable although with significant differences across geographies, customer segments and sectors.

- UK economic recovery is gathering pace
- Signs of improvement in the European economy
- The multinational corporates segment will grow faster than large/ mid-Corporates segment. However, top clients in this segment are targeted by both global and specialised local competitors

Risks to our business model

The corporate banking industry is facing a number of risks that we have anticipated and are planning to mitigate:

- Some sectors and geographies will likely remain challenging particularly if interest rates rise. This could trigger increases in loan loss rates particularly in the UK where loan loss rates are at a Corporate Banking historical low. We proactively review and manage our exposure to all clients. We have a proven record of supporting businesses through their difficulties and minimising credit losses.
- In contrast, low interest rates may cause margins to compress. We continue to strengthen our market position by expanding our cash management product offering.
- Cybercrime and technology disruptions remain a risk. Barclays actively works to increase the resilience and enhance the security of its banking systems by fully supporting UK government and other banks' initiatives to increase system availability and reduce industry risks.

- Corporates increasingly use debt markets and other alternative sources of finance and non-UK banks have increased competition. To strengthen our market position we continue to expand our financing product capabilities, as well as to deepen existing, and acquiring new, client relationships.

Balanced Scorecard



Customer and client

Corporate Banking is focused on becoming the 'Go-To' bank for business, corporate and institutional clients.

We work closely with clients to fully understand their business and continuously strive for better client service. As a result, no other bank achieved a higher rating from their Corporate Banking clients in the UK for overall satisfaction in 2013.^a

Note

^a Source: Charterhouse Research based on 2,200 interviews with companies turning over between £5m and £1bn carried out in YE Q4 2013. Survey data is weighted by turnover and region to be representative of the total market in Great Britain. Sum of top two box responses – Excellent and Very Good.



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Corporate Banking > continued

We are committed to helping businesses succeed and achieve their ambitions, no matter how complex or challenging. Our clients benefit from in-depth sector expertise – over 45 sector teams, and tailored industry research.

Our products and services are regularly recognised through industry awards, e.g. in 2013:

- Best Trade Bank in the UK – Global Trade Review
- Best Domestic Cash Manager in the UK – Euromoney
- Best Trade Bank in Africa – Treasury Management International
- UK Education Lender of The Year – for the fourth year running

We are constantly looking for ways to make our client interactions as simple and instant as possible – whether that is reducing time to set-up new client accounts or providing our front-line teams with iPads to deliver more insight directly to clients.

We see technology as a key means of responding proactively to clients' changing needs. We continue to roll-out Barclays.net (our internet-based cash management service) and Pingit for Corporates, which now allows clients to complete a full spectrum of payment options via their smartphone.

Colleague

Corporate Banking continues to invest in our colleagues to ensure they are fully engaged, motivated and supported to provide excellent client service.

We continue to promote a globally diverse and inclusive environment where all colleagues can fulfil their potential.

Priorities include driving sustainable engagement, gender diversity and developing the potential of our workforce.

Citizenship

Every day Corporate Banking employees make a real difference; helping individuals, communities and businesses grow.

Primarily, we support businesses by lending money prudently. In 2013, we provided loans and advances of £61.1bn. Over 1,600 SME clients benefitted from the Cashback for Business scheme.^a We paid £24m in cashback and have committed a further £6m. We have also continued to support the Business Growth Fund^b – with a commitment of £500m in equity.

In addition, our colleagues contributed almost 30,000 hours volunteering in their local communities.

Conduct

We are focused on delivering the right outcomes for our clients.

Managing the conduct risks that arise in our business is fundamental to our success in becoming the 'Go-To' bank. This means proactively looking out for our client's best interests and acting with integrity at all times.

In advancing our Interest Rate Hedging Products redress, 32% of the in-scope population now have review outcomes. We are progressing well and are on track to meet our commitments to the FCA. We expect to have a substantial majority of all customers at the redress offer stage by mid-year.

In line with other Barclays divisions, we are in the process of formalising our Conduct Risk reporting and management framework. This framework will ensure that client interests are being taken into account appropriately in all our business decisions. It includes everything from our business model and strategy through to ensuring our products are designed and sold in the right way.

Company

Contribution to total income

£3,115m



	2013	2012	2011
Income (£m)	3,115	3,046	3,315
Profit/(loss) before tax (£m)	151	(390)	(5)
Adjusted ROE (%)	3.1	2.9	0.4
Loan loss rate (bps)	77	127	153
Loans and advances to customers (£bn)	61.1	64.3	68.3
Customer deposits (£bn)	108.7	99.6	87.5

Corporate Banking continued to make good progress in pursuing its turnaround strategy, which increased momentum in 2013. Total income increased 2% to £3,115m reflecting an increase in UK income, partially offset by non-recurring income from a reduction from Exit Quadrant assets in Europe and previously exited businesses.

Credit impairment charges declined 42% to £510m largely driven by Europe, which saw charges reduce by £224m to £318m following ongoing action to reduce exposure to the property and construction sector in Spain. Charges were also lower against large corporate clients in the UK.

Costs to achieve Transform were incurred to further invest in the ongoing client business, as well as rationalise the offering within Europe and Rest of World. Adjusted operating expenses increased 6% to £1,806m including costs to achieve Transform of £114m.

Performance improved across all regions in 2013, with the UK franchise continuing to deliver strong results. Adjusted profit before tax improved 74% to £801m. UK adjusted profit before tax improved 14% to £948m.

Loans and advances to customers decreased 5% to £61.1bn driven by the rundown of Exit Quadrant portfolios in Europe and a reduction in client demand as working capital deposits increased in the UK.



More information on performance can be found online at barclays.com/annualreport



Future priorities

Become the 'Go-To' bank for domestic corporations in the UK and South Africa and multinational corporations and financial institutions globally by satisfying their financing and servicing needs.

- Maintain market-leading rating for client satisfaction in the UK
- Continue to provide responsible lending to support growth for viable businesses
- Continue to strengthen our cross-border product offerings in Cash Management and Trade Finance
- Continue to improve profitability, supported by helping clients to access banking solutions from the Investment Bank,

Notes

a Cashback for Business offers 2% cashback to SMEs who take out a loan under the scheme.

b Business Growth Fund provides equity to businesses with a turnover of £5-100m

Barclaycard and Wealth

- Drive cost efficiencies and actively managing our balance sheet
- Further strengthen our strong culture standards and controls to help clients achieve their commercial ambitions in the right way

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Helping UK businesses with global growth ambitions



"We are currently a mattress manufacturer that makes spring components. With Barclays' continuing support, we can evolve confidently to become a global components manufacturer that makes mattresses."

Simon Spinks, Managing Director, Harrison Spinks

New Market Expansion

Harrison Spinks is a luxury bed and mattress manufacturer based in Leeds, with ambitious plans for growth. They wanted to take their spring technology to new products and markets. Barclays was their partner of choice to help them achieve their ambition.

With turnover increasing year-on-year, Harrison Spinks is thriving despite the challenging economy by innovating and seeking out new markets. They are expanding into North America by applying their innovative spring technology to new products such as baby mattresses, footwear and automotive seating.

Having supported them for eight years, Barclays is helping them to expand by meeting their corporate banking needs and foreign exchange requirements. Harrison Spinks is benefiting from our international scale and is tapping into our knowledge of the manufacturing industry.

As Simon Spinks, MD, says, "It's good to have someone who knows your business and where you're trying to go... Barclays actually allows you to move forward."

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Wealth and Investment Management

‘We are raising industry standards through our investment philosophy encompassing client profiling, investment strategies and portfolio construction.’



Peter Horrell
Chief Executive Officer, Wealth and Investment Management

The Wealth and Investment Management business model

Our social purpose

Barclays Wealth and Investment Management helps people to meet their financial objectives, whether to protect, grow or pass on their wealth. We do this through the services and products we provide across banking, investments, lending and philanthropy.

Our clients are those

We provide services, advice and products to:

- Retail investors
- Affluent individuals
- High-net worth and ultra high-net worth individuals
- Family offices
- Intermediaries (that we work with on behalf of their clients)
- Charities
- Entrepreneurs
- Companies/Employers

For them we provide

A range of wealth and investment management services, including:

- Investment management and advice
- Investment trading services
- Wealth advisory services
- Banking
- Lending
- Corporate wealth advisory and consultancy services

Uniquely providing value through

Our value propositions...

- An understanding of our client's wealth situation and aspirations, using behavioural finance to better understand their unique financial personality and risk tolerance
- Continuous improvement of client service and experience
- An open architecture approach to discretionary and advisory portfolio management
- Investment in underlying technology and processes
- Leveraging Barclays' global scope and scale
- Global research and investment solutions

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We are one of the world's leading wealth managers and we offer clients a gateway to the full range of Barclays' capabilities. Wealth and Investment Management continues to focus on and invest in delivering an excellent client experience, while helping clients protect, grow and pass on wealth.

Market and operating environment

We serve clients around the world: in the UK, where we are headquartered; in the US, which is the world's largest wealth market; in major hubs in Europe and in the fast growing markets of Asia, the Middle East and Africa.

We have a clear segmentation strategy across high net worth, affluent, retail and corporate clients which defines our services based on client need and value.

Risks to our business model

Major changes in the wealth management industry in recent years have been driven by regulation, changing demographics, new sources of wealth, and evolving client needs, particularly around digitalisation.

We are making good progress in implementing our strategy, which builds on our strengths, focuses on competing where we can win and simplifies how we operate.

Our investment in the business means that we meet or exceed regulatory standards in all the markets in which we operate. We have limited the number of markets we operate in specifically to reduce business risk and position ourselves to capture emerging wealth.

Balanced Scorecard



Customer and client

We are building centres of excellence within Barclays for investment management and managing offshore banking relationships, as well as an online investment proposition for self-directed clients, which will significantly enhance our capabilities in this space.

We are making great strides in digital innovation, as evidenced by our voice biometrics programme, launched in 2013, and the continuing success of the online marketing service (Little Book of Wonders) for our high net worth clients.

We will measure success in serving clients through our Net Promoter Score®.

Contributing to strategy

Barclays Wealth and Investment Management acts as a gateway, providing clients access to the broader services Barclays offers. We seek to become the 'Go-To' bank for high net worth clients and businesses in our key markets by focusing on sustainable, long-term growth. Investment in our business will enable us to build centres of excellence for investment management, for serving international corporates and for self-directed clients.

Bring diverse benefits...

- An excellent experience for clients
- Unique understanding of our clients' investment needs
- Our investment-led approach to wealth management brings solutions and services that are:
 - Broad and relevant
 - Based on a sound understanding of client need
- A gateway to the best of Barclays' advice and services, thereby providing access to banking, credit and leading investment expertise



Contributing to income by

- Fees and commission
 - for our advice
 - in providing a service (such as banking)
 - on execution/arrangements (such as broking or mortgages)
- Interest income (for example, lending)



Sustaining business by

- Seeking to ensure our business is viable over the long-term through a focus on robust governance and control
- Building on our strengths, replicating what we do well and continuously improving our offering to build deep client relationships
- Focusing on those markets and opportunities where we know we can compete strongly and provide best in class solutions
- Simplifying how we operate, meaning greater clarity and transparency for clients.

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Wealth and Investment Management > continued

Colleague

We are committed to engaging our colleagues and creating a diverse and inclusive environment where they can fulfil their potential. Following the launch of the Barclays Values and Behaviours, 96% of Wealth and Investment Management employees had attended a Values Workshop by June 2013, and we are making great progress in embedding the Values and Behaviours into our business and decision-making. In September 2013, colleagues had the opportunity to reflect on and absorb the strategy for Wealth and Investment Management: 2,200 colleagues in 26 locations around the world attended town halls and strategy conversations. The Wealth and Investment Management Global Diversity & Inclusion Council was established in 2013 with the purpose of attracting and developing the most talented people from all backgrounds.

Citizenship

Wealth and Investment Management contributes to the Barclays 2015 Citizenship Plan by embedding a citizenship ethos into the way we do business, through our strategy, decision-making and investment management approach. We will also contribute to growth by supporting the development of social impact investing and managing charity investments and support our communities through community investment and client philanthropy.

Our colleagues contributed over 9,000 hours to support our communities around the world in 2013.

Conduct

Effectively managing Conduct Risk is essential in building a sustainable wealth management business. We are introducing a rigorous and transparent Conduct Risk reporting and management framework which ensures that the interests of clients and other stakeholders are appropriately considered in all business decisions. In 2013 we developed specific internal communications programmes to drive awareness of this important risk and help employees understand how their behaviours and decision-making can specifically contribute to or mitigate client harm. We are also embedding conduct risk discipline into our business through a series of Material Risk Assessments intended to prevent potential client issues before they occur.

Company

Contribution to total income

£1,839m



	2013	2012	2011
Income (£m)	1,839	1,820	1,770
Adjusted (loss)/profit before tax (£m)	(19)	274	188
Adjusted ROE (%)	(1.0)	11.2	9.5
Loan loss rate (bps)	51	17	21
Loans and advances to customers (£bn)	23.1	21.3	18.8
Customer deposits (£bn)	63.4	53.8	46.5

Total income of £1,839m remained broadly in line with the prior year, as growth in deposit and lending balances, primarily in the High Net Worth business, offset a lower net interest margin reflecting a change in product mix and reduced contributions from structural hedges.

Credit impairment charges increased £83m to £121m, largely reflecting the impact of deterioration in recovery values from property held as security, primarily in Europe.

The business continued to implement its strategic programme to build on its strengths, focus on target markets and simplify how it operates. Adjusted operating expenses increased £241m to £1,750m largely reflecting costs to achieve Transform of £158m.

Business growth remained robust with strong growth in client assets, customer deposits and loans and advances to customers, which increased 8% to £23.1bn primarily driven by growth in the High Net Worth business.



More information on performance can be found online at barclays.com/annualreport



Future priorities

Wealth and Investment Management continues to be a key area of growth within Barclays. Examples of how we will achieve our strategy:

- Building on our strengths : a new direct to consumer offering for 'DIY' Buy and Hold investors – a growing and significant part of the investor market. We are on track to develop this direct to consumer offering, to be rolled out initially in the UK in 2015.
- Focus on competing where we can win: the strategic focus areas for our business continue to be the UK, US and global high-net worth hubs. In order to ensure that we are building a sustainable business and managing risks effectively, we are reducing the number of countries which we serve, taking into account the impact on clients, colleagues and local markets.
- Simplifying how we operate: we are making changes to the way we service our affluent clients in the UK with existing clients with assets of less than £500,000 managed by a new team called Private Clients.



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Innovating security and simplicity with voice biometrics



Barclays Wealth and Investment Management is the first wealth manager to introduce a pioneering 'voice security' service which stores the unique biometric (with more characteristics than a fingerprint) of an individual's voice print to securely and quickly confirm a client's identity.

Last year, Barclays Wealth and Investment Management successfully rolled out a cutting-edge service enhancement which is used to identify customers by the sound of their voice, greatly improving the client experience.

When a customer calls Barclays Wealth and Investment Management to access their account and completes the traditional knowledge based identification process their voice print is captured and they are asked if they would like to enrol in the service.

The next time they call Barclays, the customer engages in a few seconds of natural conversation with a customer service agent. During that time, the voice biometrics technology is used to compare the customer's voice to their unique voiceprint on file, and silently signals to the Barclays representative when the customer's identity has been verified.

This approach has been welcomed by customers who have seen the time taken to verify their identity fall from 1.5 minutes to less than 10 seconds.

94% of clients scored at least nine out of 10 for the speed, ease of use and security of voice authentication.

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Chairman's governance overview



'Key for the Board is ensuring that we have in place the right strategy, a robust and appropriate risk management and control framework and the right people to create long-term value for shareholders.'

The UK Corporate Governance Code makes clear the principle that the Board should set the company's strategic aims, ensure that the necessary financial and human resources are in place for the company to meet its objectives and review management performance.

The right strategy

As a Board, we set direction and risk appetite and provide oversight and control of management in the day-to-day running of the business. As Chairman, I seek to ensure that adequate time is set aside at Board meetings for the open and collective discussion and debate of significant issues, most importantly, strategy. Once a well-informed decision is reached, we empower management to then execute that decision, with our ongoing oversight and support. This established process underpinned our endorsement of the Transform programme in early 2013 and the decision we made in July 2013 to undertake a rights issue.

The right risks and controls

It is essential that our risk culture supports our risk profile and that we have visible and dedicated risk management leadership, both in the Boardroom and in executive management. In 2013 we enhanced our internal control and risk management framework by creating a new Board-level committee charged with specific oversight of operational and conduct risks, reputational matters and our citizenship strategy. We also created a Board Enterprise Wide Risk Committee, whose role is to focus on a holistic view of our risk appetite and risk profile and to seek to identify potential future risk.

The right people

Talent development and succession planning are critical components of sustainable success and this starts at the very top, in the Boardroom. It is vital that we have on the Board the right balance and diversity of expertise, skills, experience, perspectives and, most crucially, independence of thought and action.

All Board appointments are made on merit, in the context of the diversity required for an effective Board, including diversity of skills, experience, background and gender. The aims set out in our Board Diversity Policy, published in April 2012, were to have 20% of the Board made up of women by the end of 2013, and for that position to have exceeded 25% by the end of 2015. There were three women on the Barclays Board at the end of 2013 (20%), compared to one woman at the end of 2012 (8%). Our Board Diversity Policy can be found on our website, Barclays.com

Sir David Walker
Chairman

Board Gender Balance



	31.12.13	31.12.12
1 Directors – Men	12	11
2 Directors – Women	3	1

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Our Board

Sir David Walker (74) Group Chairman
Antony Jenkins (52) Group Chief Executive; Executive Director
Mike Ashley (59) Non-executive Director
Tim Breedon (56) Non-executive Director
Fulvio Conti (66) Non-executive Director
Simon Fraser (54) Non-executive Director
Reuben Jeffery (61) Non-executive Director
Wendy Lucas-Bull (60) Non-executive Director
Tushar Morzaria (45) Group Finance Director; Executive Director

Dambisa Moyo (45) Non-executive Director
Frits van Paasschen (52) Non-executive Director
Sir Michael Rake (66) Deputy Chairman and Senior Independent Director
Diane de Saint Victor (59) Non-executive Director
Sir John Sunderland (68) Non-executive Director
Steve Thieke (68) Non-executive Director



Detailed biographies can be found online at barclays.com/annualreport

Board Governance Framework



Our Board Committees

Board Committee	Role
Board Enterprise Wide Risk Committee	Chaired by Sir David Walker It takes an enterprise-wide view of risks and controls and brings together the overall risk appetite and risk profile of the business
Board Audit Committee	Chaired by Mike Ashley It takes a largely backward-looking view, focused on financial reporting and control issues, including overseeing any control issue remediation plans
Board Conduct, Reputation and Operational Risk Committee	Chaired by Sir David Walker It takes a largely forward-looking view of conduct risk, operational risk and reputation risk, including recommending the level of risk Barclays is prepared to take
Board Financial Risk Committee	Chaired by Tim Breedon It takes a largely forward-looking view of financial risk appetite and financial risk profile (credit, market, liquidity and funding risk) across Barclays
Board Remuneration Committee	Chaired by Sir John Sunderland It sets the overarching principles and parameters of remuneration policy across Barclays and approves remuneration arrangements for executive directors, senior executives and individual remuneration awards

Governance in action

Our Board Committees continued to support the delivery of our strategic priorities during 2013:

- Board Audit Committee: estimating customer redress provisions, in particular PPI redress provisions, was an area of focus for the Board Audit Committee in 2013. The Committee played a key role in evaluating and challenging the assumptions underlying the provisions made.
- Board Conduct, Reputation and Operational Risk Committee: during 2013 the Board Conduct, Reputation and Operational Risk Committee spent time on developing Barclays' approach to Conduct Risk, establishing what it means for Barclays and how we will manage it in a way that ensures positive outcomes for our customers and clients.
- Board Financial Risk Committee: the possibility of a Eurozone crisis remained during 2013, as the weak growth outlook continued to raise concerns about sovereign creditworthiness in some countries. The Board Financial Risk Committee's focus was on continuing to reduce Barclays' exposure to redenomination risk.
- Board Corporate Governance and Nominations Committee: executive succession and talent management are a critical component of long-term success. 2013 saw the Board Corporate Governance and Nominations Committee increase its focus on talent management.



You can read more about Governance in Action in the Corporate governance report, which is available online at barclays.com/annualreport

The activity of the Board Remuneration Committee during 2013 is described in the Remuneration report online at

**Board Corporate
Governance and
Nominations
Committee**

Chaired by Sir David Walker

It makes recommendations on Board and Board Committee composition and effectiveness, Board and executive succession plans, talent management strategy and corporate governance

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Summary remuneration report



'Our aim is to deliver a greater share of the income we generate to shareholders while remaining competitive on pay. Although profits for 2013 were down, the 38% reduction in incentives in the previous two years had begun to cause demonstrable damage to our business. The difficult decision to address this by increasing incentives in certain key areas is in the long term interest of shareholders. We remain fully committed to reducing the ratio of compensation to adjusted net operating income over time.'

Dear Shareholders

The Committee's objective is to maximise long term value for shareholders by ensuring that we do not pay more than is necessary while remaining competitive.

Remuneration Committee work in 2013

Determining the 2013 incentive pool was an extremely difficult decision for the Committee. We were acutely aware of public sentiment and of the challenge of presenting shareholders with an increased pool in a year where profits have fallen. The Committee concluded that a 2013 incentive pool of £2,378m was warranted. This was up 10% on the final 2012 incentive pool but it remains 32% below pool levels in 2010 when we started to reposition Barclays' remuneration. Before adjustment for risk and conduct events the incentive pool was down 18% on 2012.

Significant progress has been made since 2010 in addressing imbalances in remuneration. The Barclays' incentive pool reduced by 38% between 2010 and 2012 (48% for the Investment Bank) and bonuses for Managing Directors in the Investment Bank are fully deferred. The dilemma faced by the Committee in 2013 was that these actions were not matched by our peers, most notably the major US banks who are among our primary competitors. As a result, our lack of pay competitiveness was beginning to cause demonstrable damage to our business, especially outside the UK. The global resignation rate for senior staff in 2013 was significantly above that in 2012. This was particularly marked in the Investment Bank with a near doubling of resignations of senior staff in the US. In making our 2013 decisions on incentives, the Committee sought to ensure the health of the franchise in the long term interest of shareholders.

As in 2012, consideration of risk and conduct events was an important aspect of the Committee's work during 2013. We made total reductions of £290m to incentives for PPI, Interest Rate Hedging Products and other events. Of this, £176m of adjustments were made through reductions in LTIP awards that were granted in previous years and £114m of reductions were made to the 2013 incentive pool. This contrasts with risk and conduct adjustments to the incentive pool of £860m in 2012 for events including the investigation into the setting of inter-bank offered rates.

When determining the incentive pool we looked at it on a pre- and post-adjustment basis for risk and conduct events. The Committee concluded that an incentive pool for 2013 of £2,492m on a pre-adjustment basis was appropriate. This is 18% down on the equivalent pre-adjustment pool in 2012. After applying an adjustment for risk and conduct events of £114m, the final 2013 incentive pool is £2,378m, up 10% on 2012, reflecting the lower level of risk and conduct adjustment for 2013.

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A significant part of the Committee's work in 2013 was reviewing how to restructure executive Director and senior executive remuneration for compliance with new EU regulation, the Capital Requirements Directive IV and, in particular, the capped ratio of variable to fixed pay. Our approach is based on a new class of fixed pay called Role Based Pay. We are seeking shareholder approval at the 2014 AGM for a maximum ratio of variable to fixed pay of 2:1. For executive Directors, the level of Role Based Pay will be capped for the term of the policy and will be delivered in shares which will be subject to a holding period of up to five years to ensure alignment with shareholders. The Committee has recognised that in return for greater certainty there should be a reduced total remuneration opportunity.

Focus in 2014

The Committee will continue to focus on the need to pay at levels required to attract, retain and motivate our people. While not paying more than we judge to be necessary, we will ensure that we can continue to pay our people competitively and simultaneously seek to deliver a greater share of the income we generate to shareholders. We will be informed in this work by a continuing constructive engagement and dialogue with our shareholders and our other stakeholders.

I encourage you to read our full Remuneration report in the 2013 Annual Report or at www.barclays.com/annualreport.

On behalf of the Board



Sir John Sunderland
Chairman, Board Remuneration Committee

3 March 2014

barclays.com/annualreport

2013 compensation and incentive headlines

- Total compensation costs decreased 1% to £9,616m. Total compensation costs in the Investment Bank were slightly down at £4,634m (2012: £4,667m)
- This reduction in compensation costs in part offset the reduction in adjusted net operating income and meant that the Group compensation to adjusted net operating income ratio increased slightly to 38.3% (2012: 37.5%)
- There has been strong differentiation on the basis of individual performance to allow the Group to more effectively manage compensation costs
- While the final incentive pool is up on 2012, it is £1,106m or 32% below the 2010 outcome from when the Committee started its repositioning journey to reduce compensation. In the Investment Bank, incentive awards granted were 41% (£1,086m) below 2010 levels
- Before making adjustments for risk and conduct events, the 2013 incentive awards of £2,492m had been reduced 18% from 2012. After adjustments for risk and conduct, total incentive awards granted were £2,378m, up 10% on 2012
- Levels of deferral continue to significantly exceed the PRA Remuneration Code's minimum requirements and are expected to remain among the highest deferral levels globally. 2013 bonuses awarded to Managing Directors in the Investment Bank were 100% deferred.

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Summary remuneration report >

continued

Single total figure for 2013 remuneration

The following table shows a single total figure of remuneration in respect of qualifying service for each executive Director together with comparative figures for 2012.

Executive Directors: Single total figure for 2013 remuneration (audited)

	Salary £000		Taxable benefits £000		Bonus £000		LTIP £000		Pension £000		Total £000	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Antony Jenkins ^a	1,100	373	138	19	0	0	0	0	364	137	1,602	529
Tushar Morzaria ^b	171	–	14	–	1,200	–	0	–	43	–	1,428	–
Chris Lucas ^c	501	800	47	34	500	0	985	643	125	200	2,158	1,677

Notes

- a Antony Jenkins joined the Board with effect from 30 August 2012.
b Tushar Morzaria joined the Board with effect from 15 October 2013.
c Chris Lucas stepped down from the Board with effect from 16 August 2013 due to ill health.

Additional information in respect of each element of pay for the executive Directors (audited):

Base salary

Antony Jenkins has been paid a salary of £1,100,000 per annum as Group Chief Executive since his appointment to the role. Tushar Morzaria commenced employment on 15 October 2013 on a salary of £800,000 per annum. Chris Lucas was paid a salary of £800,000 per annum.

Taxable benefits

Taxable benefits include private medical cover, life and ill health income protection, tax advice, home leave related costs, car allowance and the use of a company vehicle and driver when required for business purposes. The figure in the above table for Tushar Morzaria includes £4,576 of non-taxable relocation expenses. Further relocation expenses will be incurred for Tushar Morzaria.

Pension

Executive directors are contractually entitled to cash in lieu of pension contributions which reflects market practice for senior executives in comparable roles.

Annual bonus

Bonuses are earned by reference to the financial year and awarded in the following February. The Committee considered the performance of each of the executive Directors during their respective periods of office during the year. Their performance was assessed against their objectives agreed at the start of the year and comprised both Group and personal, financial and non-financial measures. Information on the Group measures is set out in the table below.

The executive Directors share collective responsibility for progress, as at the year end, against the Transform commitments set out at the start of 2013 and in the Rights Issue prospectus.

Objective	Targets / measures for 2013	Progress in 2013
Strategic progress: the Transform programme	Performance is assessed against the Transform commitments of 2013 Financial measures in the Transform commitments included return on equity, cost to income ratio, core capital ratio, dividend payouts and risk weighted assets. Non-financial measures include progress on cultural change, the development of the Balanced Scorecard and the reputation of and trust in Barclays.	Financial - Underlying performance has been resilient and momentum is building - CRD IV Risk Weighted Assets within the £440bn target for 2015 - Fully loaded Common Equity Tier 1 capital ratio at 9.3% is on track to meet the target of 10.5% during 2015 - Cost reduction plans on target for expenses of £16.8bn in 2015 excluding costs to achieve Transform - Adverse movement in cost to income ratio in 2013 mainly as a consequence of reduced income - Work done in 2013 to target a 40% dividend payout ratio from 2014, achieving a payout ratio of 40-50% over time Non-financial - Barclays Purpose, Values and Behaviours published and cascaded throughout organisation, now integrated into day to day management processes. Data shows that the culture is changing at Barclays. - Balanced Scorecard published shortly after the year end. Data shows reputation of and trust in Barclays is improving.
2013 Financial and risk measures	The executive Directors lead delivery of overall performance measured by reference to income, profitability, risk weighted assets and return on equity	- Strength in the diversity of the Group's income, underpinned by our traditional consumer and commercial banking franchises, and growth in Equities and Investment Banking in the Investment Bank - But income in the Investment Bank overall was down 9% driven by a decrease in FICC - Adjusted profit before tax was down 32% year on year due to reduced income and costs to achieve Transform - Successful execution of Rights Issue - Strong financial fundamentals across funding and liquidity, capital, credit risk management and margins

- Adjusted return on average shareholders' equity decreased to 4.5% principally reflecting the decrease in profit before tax.

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The Committee and Board agreed that Antony Jenkins had performed strongly in his first full year as Chief Executive. However, on 3 February 2014 Antony Jenkins announced that he would decline any 2013 bonus offered to him by the Committee, citing the Rights Issue, restructuring costs and costs associated with legacy issues as his reasons.

60% of Tushar Morzaria's 2013 bonus of £1.2m will be deferred through a Share Value Plan award vesting over three years. 20% will be paid in cash and 20% in shares. All shares are subject to a six month holding period from the point of release. The bonus reflects both Tushar's performance at Barclays and his forfeited bonus opportunity when he left his previous employer to join Barclays.

The Committee decided to award Chris Lucas a 2013 bonus at a level of 40% of the maximum (the maximum being 250% of salary), pro-rating the resulting amount to reflect his service during 2013. The resulting award of £500,000 will be 100% deferred through a Share Value Plan award vesting over three years, each annual release of shares being subject to an additional six month holding period.

LTIP

The LTIP amount included in the 2013 single total figure of remuneration is the value of vesting amounts in 2013 in relation to the LTIP award granted in 2011. Chris Lucas was the only executive Director participant in this cycle. Accordingly, as Antony Jenkins and Tushar Morzaria were not participants in this cycle, the LTIP figure in the single figure table is shown as zero for both of them. Vesting was dependent on the performance period ending in 2013. The performance achieved against the performance targets is shown below.

Performance measure	Weighting	Threshold	Maximum 100% vesting	Actual	% of maximum achieved
Return on Risk Weighted Assets ('RoRWA')	60%	23% of award vests for average annual RoRWA of 1%	Average annual RoRWA of 1.5%	0.4%	0%
Loan loss rate	30%	10% of award vests for average annual loan loss rate of 95 bps	Average annual loan loss rate of 81 bps or below	71 bps	30%
Sustainability metrics	10%	Performance against the sustainability metrics is assessed by the Committee to determine the % of the award that may vest between 0% and 10%		0%	0%

The award was also subject to a discretionary underpin by which the Committee must be satisfied with the underlying financial health of the Group. The Committee was satisfied that this underpin was met, and accordingly determined that the award should vest to the extent of 30% of the maximum number of shares under the total award. The shares are scheduled to be released in March 2014.

Chairman and non-executive Directors

Remuneration for non-executive Directors reflects their responsibility and time commitment and the level of fees paid to non-executive directors of comparable major UK companies.

Chairman and non-executive Directors: Single total figure for 2013 fees (audited)

	Fees		Benefits		Total	
	2013 £000	2012 £000	2013 £000	2012 £000	2013 £000	2012 £000
Chairman						
Sir David Walker ^a	750	167	17	6	767	173
Non-executive Directors						
Michael Ashley ^b	39	—	—	—	39	—
David Booth ^c	185	170	—	—	185	170
Tim Breedon ^d	183	18	—	—	183	18
Fulvio Conti	110	110	—	—	110	110
Simon Fraser	140	140	—	—	140	140
Reuben Jeffery III	124	105	—	—	124	105
Sir Andrew Likierman ^e	45	135	—	—	45	135
Wendy Lucas-Bull ^f	25	—	—	—	25	—
Dambisa Moyo	129	120	—	—	129	120
Frits van Paasschen ^g	33	—	—	—	33	—
Sir Michael Rake	220	220	—	—	220	220
Diane de Saint Victor ^h	90	—	—	—	90	—
Sir John Sunderland	189	161	—	—	189	161
Alison Carnwath ⁱ	—	114	—	—	—	114
Marcus Agius ^j	—	750	—	1	—	751
Total	2,262	2,210	17	7	2,279	2,217

Notes

a Sir David Walker joined the Board as a non-executive Director with effect from 1 September 2012 and as Chairman from 1 November 2012.

b Michael Ashley joined the Board as a non-executive Director with effect from 18 September 2013.

c David Booth retired from the Board as a non-executive Director with effect from 31 December 2013.

d Tim Breedon joined the Board as a non-executive Director with effect from 1 November 2012.

e Sir Andrew Likierman retired from the Board as a non-executive Director with effect from 25 April 2013.

f Wendy Lucas-Bull joined the Board as a non-executive Director with effect from 19 September 2013.

g Frits van Paasschen joined the Board as a non-executive Director with effect from 1 August 2013.

h Diane de Saint Victor joined the Board as a non-executive Director with effect from 1 March 2013.

i Alison Carnwath resigned from the Board as a non-executive Director with effect from 24 July 2012.

j Marcus Agius stepped down as Chairman and as a non-executive Director on 2 July 2012.

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Condensed income statement

	2013	2012 ^a
	£m	£m
For the year ended 31 December		
Continuing operations		
Net interest income	11,600	11,654
Net fee and commission income	8,731	8,536
Net trading income	6,553	3,347
Net investment income	680	844
Net premiums from insurance contracts	732	896
Other income	148	332
Total income	28,444	25,609
Net claims and benefits incurred on insurance contracts	(509)	(600)
Total income net of insurance claims	27,935	25,009
Credit impairment charges and other provisions	(3,071)	(3,340)
Net operating income	24,864	21,669
Staff costs	(12,155)	(11,467)
Administration and general expenses	(6,611)	(5,991)
Depreciation of property, plant and equipment	(647)	(669)
Amortisation of intangible assets	(480)	(435)
Goodwill impairment	(79)	–
Provision for PPI redress	(1,350)	(1,600)
Provision for interest rate hedging products redress	(650)	(850)
Operating expenses	(21,972)	(21,012)
Share of post-tax results of associates and joint ventures	(56)	110
Profit/(loss) on disposal of subsidiaries, associates and joint ventures	6	28
Gain on acquisitions	26	2
Profit before tax	2,868	797
Taxation	(1,571)	(616)
Profit after tax	1,297	181
Attributable to:		
Equity holders of the parent	540	(624)
Non-controlling interests	757	805
Profit after tax	1,297	181
	p	p
Earnings per share		
Basic earnings/(loss) per share	3.8	(4.8)
Diluted earnings/(loss) per share	3.7	(4.8)

Independent auditors' statement to the members of Barclays PLC

Independent auditors' statement to the members of Barclays PLC

We have examined the supplementary financial information included within the Strategic Report for the year ended 31 December 2013, which comprises the condensed consolidated balance sheet as at 31 December 2013 and the condensed consolidated income statement for the year ended 31 December 2013.

Respective responsibilities of the directors and the auditors

The directors are responsible for preparing the Strategic Report, in accordance with the Companies Act 2006, which includes information extracted from the full annual financial statements and the auditable part of the Directors' Remuneration report of Barclays PLC for the year ended 31 December 2013.

Our responsibility is to report to you our opinion on the consistency of the summary financial information, included within the Strategic Report, with those full annual financial statements and the auditable part of the Directors' Remuneration report.

This statement, including the opinion, has been prepared for and only for the company's members as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for

any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

Our examination involved agreeing the balances disclosed in the summary financial information to full annual financial statements. Our audit report on the company's full annual financial statements and the auditable part of the Directors' Remuneration report describes the basis of our opinion on those financial statements and the auditable part of that report.

Opinion

In our opinion the supplementary financial information is consistent with the full annual financial statements and the auditable part of the Directors' Remuneration report of Barclays PLC for the year ended 31 December 2013.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London, United Kingdom
3 March 2014

Note

- a The comparatives in the financial statements and notes to the financial statements have been restated to reflect the implementation of IFRS 10 Consolidated Financial Statements and IAS 19 Employee Benefits (Revised 2011).

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As at	31 December 2013 £m	31 December 2012 ^a £m
Assets		
Cash and balances at central banks	45,687	86,191
Items in the course of collection from other banks	1,282	1,473
Trading portfolio assets	133,069	146,352
Financial assets designated at fair value	38,968	46,629
Derivative financial instruments	324,335	469,156
Available for sale investments	91,756	75,109
Loans and advances to banks	37,853	40,462
Loans and advances to customers	430,411	423,906
Reverse repurchase agreements and other similar secured lending	186,779	176,522
Prepayments, accrued income and other assets	4,414	4,365
Investments in associates and joint ventures	653	633
Property, plant and equipment	4,216	5,754
Goodwill and intangible assets	7,685	7,915
Current tax assets	219	252
Deferred tax assets	4,807	3,563
Retirement benefit assets	133	53
Total assets	1,312,267	1,488,335
Liabilities		
Deposits from banks	54,834	77,012
Items in the course of collection due to other banks	1,359	1,587
Customer accounts	427,902	385,411
Repurchase agreements and other similar secured borrowing	196,748	217,178
Trading portfolio liabilities	53,464	44,794
Financial liabilities designated at fair value	64,796	78,561
Derivative financial instruments	320,634	462,721
Debt securities in issue	86,693	119,525
Subordinated liabilities	21,695	24,018
Accruals, deferred income and other liabilities	12,934	12,532
Provisions	3,886	2,766
Current tax liabilities	1,042	621
Deferred tax liabilities	373	341
Retirement benefit liabilities	1,958	1,282
Total liabilities	1,248,318	1,428,349
Total equity		
Called up share capital and share premium	19,887	12,477
Other equity instruments	2,063	–
Other reserves	249	3,674
Retained earnings	33,186	34,464
Total equity excluding non-controlling interests	55,385	50,615
Non-controlling interests	8,564	9,371
Total equity	63,949	59,986
Total liabilities and equity	1,312,267	1,488,335

Note

a The comparatives in the financial statements and notes to the financial statements have been restated to reflect the implementation of IFRS 10 Consolidated Financial Statements and IAS 19 Employee Benefits (Revised 2011).

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Your Barclays Shareholding

Key dates*

28 March
2013 Final dividend payment date
24 April
2014 Annual General Meeting
13 June
2014 First interim dividend payment date
19 September
2014 Second interim dividend payment date
5 December
2014 Third interim dividend payment date

*Please note that these dates are provisional and subject to change.

Annual General Meeting (AGM)

This year's AGM will be held at the Royal Festival Hall, Southbank Centre, Belvedere Road, London SE1 8XX on Thursday, 24 April 2014 at 11.00am.

The Chairman and Chief Executive will update shareholders on our performance in 2013 and our goals for 2014. Shareholders will also have the opportunity to ask the Board questions at the meeting.



You can find out more at
barclays.com/agm

Dividends

We remain committed to a 40% to 50% payout ratio over time, however, we expect to be at 40% from 2014 to allow focus on capital accretion. We would not expect it to rise further in to the 40% to 50% payout range until the 10.5% Core Equity Tier 1 milestone has been reached.

How do Barclays shareholders receive their dividends?

As at 31 December 2013, Barclays shareholders received their dividends in the following ways:

Bank mandate	50%	
Cheque	29%	
Scrip	21%	

You can choose how you would like to receive your Barclays dividends – save time and receive your dividends faster

You can have your dividends paid directly into your bank or building society account. It is easy to set up and your money will be in your bank account on the dividend payment date. If you hold 2,500 shares or less, you can provide your bank or building society details quickly and easily over the telephone using the contact details overleaf. If you hold more than 2,500 shares, please write to The Registrar.

Scrip Dividend Programme (the Programme)

Shareholders can choose to have their dividends reinvested in new ordinary Barclays shares through the Programme. More information including the Programme Terms and Conditions and application form are available on our website (details below).

Unclaimed dividends

We are aware that some shareholders do not keep their personal details on the share register up to date. Therefore, during 2013, we conducted a tracing process to re-unite over 24,000 Barclays Sharestore members, who lost contact with us, with their unclaimed dividends. We have returned over £2m of unclaimed dividends to our shareholders.



To find out more contact The Registrar to Barclays or visit
barclays.com/dividends

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Charity donations – Thank you for your support

We would like to take this opportunity to thank our shareholders for helping us to make two fantastic donations to charity.

Firstly, thank you to all of our Barclays Dividend Re-investment Plan (DRIP) participants (which was withdrawn in June 2013) who chose to donate their DRIP cash residue to our chosen charity, ABF The Soldier's Charity.

As at the end of January 2014, we had raised over

£40,000

Secondly, following the close of the Rights Issue in October 2013, shareholders who let some or all of their Rights lapse received a cheque for their share of the net premium provided that it was £3.00 or more. Any amounts due to shareholders that were less than £3.00 were donated to UNICEF.

We are delighted to tell you that Barclays shareholders have donated over

£89,000 to UNICEF

[ShareGift your shares](#)

Shareholders with small holdings of shares, whose value makes them uneconomic to sell, may wish to donate them to ShareGift, the share donation charity (registered charity number 1052686).

 Further information about ShareGift and the charities it has supported may be obtained from their website, www.ShareGift.org

Action for shareholders

[Keep your personal details up to date](#)

Please remember to tell The Registrar if:

- You move house
- You need to update your bank or building society details.

If you are a Barclays e-view member, you can update your bank or building society account or address details online. If you hold 2,500 shares or less, you can update details quickly and easily over the telephone using the contact details overleaf. If you hold more than 2,500 shares you will need to write to The Registrar. You must provide a copy of your share certificate, Sharestore statement or most recent dividend tax voucher. If these are not available, you will need to provide a copy of a utility bill or bank statement dated in the last three months.

[Duplicate documents](#)

If you receive duplicate documents and split dividends on your Barclays shares, this may be because you have more than one account on the Barclays share register.



If you think that this affects you and you would like to combine your shareholdings, please contact The Registrar to Barclays (details overleaf).

Shareholder Security

Shareholders should be wary of any unsolicited investment advice and offers to buy shares at a discounted price. These fraudsters use persuasive and high-pressure tactics to lure shareholders into scams. Please keep in mind that firms authorised by the Financial Conduct Authority (FCA) are unlikely to contact you out of the blue with an offer to buy or sell shares. You should think about getting independent financial or professional advice before you hand over any money.



Report a scam If you are approached by fraudsters please tell the FCA using the share fraud reporting form at www.fca.org.uk/scams. You can also call the FCA Helpline on 0800 111 6768.

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Shareholder enquiries >

Useful contact details

Barclays e-view



You do not have to receive paper shareholder information. Many Barclays shareholders go online to manage their shareholding and find out about Barclays' performance. Barclays e-view members receive the latest updates from Barclays directly by email.

To join Barclays e-view, please follow these 3 easy steps:

- Step 1** Go to www.eviewsignup.co.uk
- Step 2** Register for electronic communications by following the instructions on screen
- Step 3** You will be sent an activation code in the post the next working day

Alternative formats

Shareholder documents can be provided in large print, audio CD or Braille free of charge by calling the Barclays Shareholder Helpline.

0871 384 2055* (in the UK)
+44 121 415 7004** (from overseas)

Audio versions of the Annual Review will also be available at the AGM.

The Registrar to Barclays

If you have any questions about your Barclays shares, please contact The Registrar to Barclays:



questions@share-registers.co.uk

0871 384 2055* (in the UK)
+44 121 415 7004** (from overseas)

ABC Textphone

0871 384 2255* (in the UK)
+44 121 415 7028** (from overseas)

The Registrar to Barclays
Aspect House, Spencer Road,
Lancing, West Sussex BN99 6DA

Shareholder Relations

To give us your feedback or if you have any questions, please contact:



privateshareholderrelations@barclays.com

Shareholder Relations, Barclays PLC,
1 Churchill Place, London E14 5HP

Share price

Information on the Barclays share price and other share price tools are available at:



barclays.com/investorrelations

Barclays Stockbrokers

If you hold your shares in Barclays Sharestore, you are only able to deal through Barclays Stockbrokers:



www.sharestore.barclays.co.uk

0845 777 7400** (in the UK)
+44 141 352 3904** (from overseas)

If you have any general enquiries, please contact:



0800 279 6551† (in the UK)
+44 141 352 3909** (from overseas)

Copies of the 2013 Annual Report and Accounts

Copies of the 2013 Strategic Report and the 2013 Annual Report and Accounts may be obtained free of charge by telephoning The Registrar or downloaded from the website:



barclays.com/annualreport

0871 384 2055* (in the UK)
+44 121 415 7004** (from overseas)

Notes

* Calls cost 8p per minute plus network extras. Lines open 8.30am to 5.30pm Monday to Friday, excluding public holidays.

** Call costs may vary please check with your telecoms provider. Calls may be recorded to monitor the quality of our service, to check instructions and for security purposes. Lines open 8.30am to 5.30pm Monday to Friday.

† Calls to 0800 numbers are free if made from a UK landline. Calls may be recorded so that we can monitor the quality of our service and for security purposes. Our opening hours are 7.30am to 7pm Monday to Thursday, 7.30am to 6pm on Friday (excluding bank holidays) and 9.30am to 12.30pm on Saturday.

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barclays.com/annualreport

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Letter from the Group Chairman**This document is important and requires your immediate attention**

When considering what action you should take, you are recommended to seek your own personal advice immediately from your stockbroker, bank manager, solicitor, accountant or other professional adviser who is authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all your shares in Barclays PLC (the Company) please send this Notice of AGM and the accompanying proxy form to the person you sold or transferred your shares to, or the bank, stockbroker or other agent who arranged the sale or transfer for you, for transmission to the purchaser or transferee.



Dear Shareholder

This year's Annual General Meeting (the AGM) will be held on Thursday, 24 April 2014 at the Royal Festival Hall, London. The Notice of AGM is set out on pages 3 to 9.

We believe that the AGM is an important occasion for the Company and its shareholders and we encourage you to use the meeting as an opportunity to express your views by attending, raising questions and voting at the AGM. Details of how you can vote if you cannot attend the meeting, including details of the online e-voting process, can be found on page 13.

There have been a number of changes to the Board since the last AGM, with the departures of Sir Andrew Likierman, Chris Lucas and David Booth and the appointments of Frits van Paasschen, Mike Ashley, Wendy Lucas-Bull, Tushar Morzaria and Steve Thieke. All of the current Directors, with the exception of Fulvio Conti and Simon Fraser, are submitting themselves for reappointment. Fulvio and Simon will retire as Directors at the conclusion of the AGM. I would like to thank them on behalf of the Board for their excellent service to the Company and for their valuable contribution.

All of the Directors, with the exception of Steve Thieke, who recently joined the Board, have been subject to a formal, rigorous performance evaluation process, further details of which may be found in the 2013 Annual Report (which is available at Barclays.com/annualreport). I can confirm that, following the evaluation process, each of the Directors is considered to be fully effective by the Board, having demonstrated the commitment and behaviours expected of a Barclays Director in line with our Charter of Expectations for Directors (which is available at Barclays.com/corporategovernance). Each Director brings valuable skills and experience to the Board and its Committees, ensuring they are able to discharge their respective duties and responsibilities effectively. You can read about the skills and experience each Director brings to the Board in their biographies, which are included in the Notice of AGM. The Board has also concluded that each of the non-executive Directors standing for reappointment, with the exception of Wendy Lucas-Bull, are independent when assessed against the criteria set out in the UK Corporate Governance Code.

The Board believes that all of the proposals set out in the Notice of AGM are in the best interests of shareholders as a whole and the Company and unanimously recommends that you vote in favour of all the resolutions, as the Directors intend to do, to the extent permitted, in respect of their own beneficial holdings.

A handwritten signature in blue ink, which appears to read "David Walker".

Sir David Walker
Group Chairman
Barclays PLC
13 March 2014

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Mike Ashley,
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Sir John Sunderland,
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Sir David Walker,
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Notice of AGM

Notice is hereby given that the 2014 Annual General Meeting (the AGM) of Barclays PLC (the Company) will be held at the Royal Festival Hall, Southbank Centre, Belvedere Road, London SE1 8XX on Thursday, 24 April 2014 at 11.00am to transact the following business:

Resolutions

The resolutions numbered 1 to 3, 5 to 21 and 23 are proposed as ordinary resolutions, which must each receive more than 50% of the votes cast in order to be passed.

The resolutions numbered 22 and 24 to 26 are proposed as special resolutions, which must each receive at least 75% of the votes cast in order to be passed.

Resolution 4 must be approved by shareholders holding a majority of at least 66% of the shares represented (in person or by proxy) at the AGM, provided that at least 50% of the total shares are represented (in person or by proxy) at the AGM. If the latter condition is not met, at least 75% of the shares represented (in person or by proxy) at the AGM must be voted in favour of the resolution in order for it to be passed.

Report and Accounts

1. That the Reports of the Directors and Auditors and the audited accounts of the Company for the year ended 31 December 2013, now laid before the meeting, be received.

We are required by the Companies Act 2006 (the Act) to present to the AGM the Reports of the Directors and Auditors and the audited accounts of the Company for each financial year (in this case for the year ended 31 December 2013).

The Company's Articles of Association permit the Board to pay interim and final dividends. We use this authority rather than seek shareholder approval of the final dividend, as to do so would delay its payment to you. The final dividend for the financial year ended 31 December 2013 will be paid on 28 March 2014.

Directors' Remuneration Report

2. That the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy) for the year ended 31 December 2013, now laid before the meeting, be approved.

The Act requires quoted companies to present to their shareholders for approval a Directors' Remuneration Report. Our Directors' Remuneration Report for the year ended 31 December 2013 appears on pages 89 to 125 of the 2013 Annual Report, which is available at Barclays.com/annualreport. A summary remuneration report can be found in the Strategic Report, which is also available online. This shareholder vote is advisory and therefore does not directly affect the remuneration paid to any Director.

Directors' Remuneration Policy

3. That the Directors' Remuneration Policy contained in the Directors' Remuneration Report for the year ended 31 December 2013, now laid before the meeting, be approved.

The Act requires quoted companies to present to their AGM for approval a Directors' Remuneration Policy, which sets out the company's policy on making remuneration payments to its Directors. The requirement for a separate resolution on the Directors' Remuneration Policy was introduced by recent changes to the Act and applies to quoted companies reporting in respect of financial periods ending on or after 30 September 2013. The policy must be presented to shareholders for approval at least every three years.

Our proposed Directors' Remuneration Policy appears on pages 100 to 110 of the Directors' Remuneration Report for the year ended 31 December 2013, which is contained in the 2013 Annual Report (available at Barclays.com/annualreport). This shareholder vote is binding, which means that payments cannot be made under the policy until the policy or payment has been approved by the Company's shareholders. The new policy is intended to apply for three years beginning on the date of this year's AGM, subject to shareholder approval. Unless required earlier, shareholders will next be asked to approve the policy at the 2017 AGM.

Maximum ratio of fixed to variable remuneration

4. That Barclays PLC and its subsidiaries be authorised to apply a ratio of the fixed to variable components of total remuneration for 'Remuneration Code Staff' that exceeds 1:1, provided the ratio does not exceed 1:2.

The EU Capital Requirements Directive IV (CRD IV), together with rules made by the Prudential Regulation Authority (PRA) that implement CRD IV in the UK, introduce a limit on the ratio of the fixed to variable components of total remuneration for Remuneration Code Staff (as defined in the PRA's Remuneration Code). This new limit applies to variable remuneration in respect of performance years beginning in 2014.

Under CRD IV and the relevant PRA rules, banks and other institutions that are subject to CRD IV are, as a basic rule, prevented from paying Remuneration Code Staff an amount of variable remuneration that is more than 100% of their fixed remuneration. However, the rules permit these institutions to pay such staff an amount of variable remuneration that is up to 200% of their fixed remuneration where shareholder approval is obtained. Shareholders are therefore being asked to approve resolution 4, which would give Barclays the flexibility to pay variable remuneration to its Remuneration Code Staff of up to a maximum limit of 200% of their fixed remuneration.

Please see Appendix 1 for more information on resolution 4, including our detailed recommendation to shareholders.

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Notice of AGM > continued

Appointment of Directors joining the Board since the last AGM

The Company's Articles of Association and provision B.7.1 of the UK Corporate Governance Code (the Code) provide that any new Director appointed by the Board during the year may hold office only until the next AGM, when that Director must stand for appointment by the shareholders. Mike Ashley, Wendy Lucas-Bull, Tushar Morzaria, Frits van Paasschen and Steve Thieke have each joined the Board since the last AGM and are accordingly seeking appointment by shareholders.

5. That Mike Ashley be appointed a Director of the Company.

Skills and experience: Mike joined the Board as a non-executive Director in September 2013. He was formerly Head of Quality and Risk Management for KPMG Europe LLP (ELLP), which forms part of the KPMG global network, where his responsibilities included the management of professional risks and quality control. He was a member of the ELLP Board and was also KPMG UK's designated Ethics Partner. Mike has over 20 years' experience as an audit partner, during which he was the lead audit partner for several large financial services groups, most recently HSBC Holdings and Standard Chartered PLC, and also for the Bank of England. Mike has an in-depth understanding of auditing and the associated regulatory issues, with specific experience of large, global banks.

Independent: Yes

Other current principal external appointments: Member, Institute of Chartered Accountants in England and Wales' Ethics Standards Committee; Member, HM Treasury's Audit Committee; Vice Chair, European Financial Reporting Advisory Group's Technical Expert Group.

Committee membership: Board Audit Committee (Chairman); Board Conduct, Reputation and Operational Risk Committee; Board Corporate Governance and Nominations Committee; Board Financial Risk Committee; Board Enterprise Wide Risk Committee.

6. That Wendy Lucas-Bull be appointed a Director of the Company.

Skills and experience: Wendy was appointed to the Board as a non-executive Director in September 2013. She is currently Chairman of Barclays Africa Group Limited (formerly Absa Group Limited), one of the largest financial services groups in Africa and majority owned by Barclays. She previously served as an Executive Director of Rand Merchant Bank and became Chief Executive of FirstRand Ltd's retail business following the merger of Rand Merchant Bank and First National Bank. She has held senior Board positions at the Development Bank of Southern Africa, the South African Financial Markets Advisory Board and Nedbank Group Limited. Wendy has also held positions on the boards of Telkom SA, Eskom, Aveng Ltd, Alexander Forbes Ltd, Dimension Data PLC and Anglo American Platinum Ltd. Her extensive experience from board level positions in South African banks, as well as her years of providing consultancy services to the largest banks in South Africa, provides the Board with valuable retail, commercial and investment banking expertise. Her in-depth knowledge of banking in Africa also provides an invaluable insight into banking in the region. Wendy has led or participated in a number of conduct related consultations throughout her career, and such knowledge and experience will contribute greatly towards the discussion of culture at Barclays.

Independent: No. Wendy is Chairman of Barclays Africa Group, which is majority owned by Barclays. The Code suggests that such a business relationship should be taken into account when determining a Director's independence. The Board considers that Wendy demonstrates the essential characteristics of independence expected by the Board and set out in Barclays' Charter of Expectations, but has decided not to designate her as an independent Director for the purposes of the Code.

Other current principal external appointments: Director, Afrika Tikkun NPC; Director, Peotona Group Holdings.

7. That Tushar Morzaria be appointed a Director of the Company.

Skills and experience: Tushar joined the Board and Executive Committee of Barclays in October 2013 as Group Finance Director. Prior to this, he was CFO, Corporate and Investment Bank at JP Morgan Chase, a role he held on the merger of the investment bank and the wholesale treasury/security services business at JP Morgan. Prior to the merger, he was CFO of the investment bank and held various other roles during his career at JP Morgan. Tushar qualified as an accountant at Coopers & Lybrand Deloitte and for most of his career he has worked in investment banking, having held various roles at SG Warburg, JP Morgan and Credit Suisse. Tushar has over 20 years of strategic financial management experience, which will prove invaluable in his role as Group Finance Director.

Other current principal external appointments: None

Committee membership: Group Executive Committee.

8. That Frits van Paasschen be appointed a Director of the Company.

Skills and experience: Frits was appointed to the Board as a non-executive Director in August 2013. Frits is an experienced Director and Chief Executive Officer. He is currently CEO and President of Starwood Hotels and Resorts Worldwide Inc, one of the world's largest hotel companies. He served as a non-executive Director for two NYSE listed companies, Jones Apparel Group and Oakley. He previously served as the CEO and President of Coors Brewing Company and has held various senior management positions with Nike, Inc. and Disney Consumer Products. Frits' extensive global and commercial experience and role as a CEO of an international business provides valuable strategic insight. In particular, his experience in developing and marketing brands, and a broad knowledge of enhancing business performance and the customer experience in a retail environment, is highly beneficial to many aspects of Barclays' business.

Independent: Yes

Other current principal external appointments: None

Committee membership: None

9. That Steve Thieke be appointed a Director of the Company.

Skills and experience: Steve was appointed to the Board as a non-executive Director in January 2014. He has four decades of experience in financial services, both in regulation and investment banking. Steve worked for the Federal Reserve Bank of New York for twenty years, where he held several senior positions in credit and capital market operations and banking supervision and later he became a non-executive director at the FSA. He has also held senior roles in investment banking and risk management with JP Morgan, where he spent ten years. He was Head of the Fixed Income Division, co-Head of Global Markets, President and Chairman of JP Morgan Securities, Inc. and Head of the Corporate Risk Management Group, retiring from JP Morgan in 1999. He has significant board level experience, both in executive and non-executive roles, including spending seven years as a director of Risk Metrics Group, where latterly he served as Chairman of the board, and nine years on the board of PNC Financial Services Corp.

Independent: Yes

Other current principal external appointments: None

Committee membership: Board Financial Risk Committee; Board Remuneration Committee.

Committee membership: Board Conduct, Reputation and Operational Risk Committee.

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Annual reappointment of Directors

Section B.7.1 of the Code recommends that all Directors of FTSE 350 companies should be subject to annual reappointment by shareholders. The Directors standing for reappointment in light of this provision are listed in resolutions 10 to 17 below.

10. That Tim Breedon be reappointed a Director of the Company.

Skills and experience: Tim was appointed to the Board as a non-executive Director in November 2012. Tim held a number of roles at Legal & General Group plc (L&G) before joining its board as Group Director (Investments) and becoming Group Chief Executive. He was later an adviser to L&G, primarily with responsibilities in connection with Solvency II. Tim was a Director of the Association of British Insurers (ABI), and also served as its Chairman. He was also Chairman of the UK Government's non-bank lending taskforce, an industry-led taskforce that looked at the structural and behavioural barriers to the development of alternative debt markets in the UK. Tim was a director of the Financial Reporting Council and was on the board of the Investment Management Association. Tim has over 25 years of experience in financial services and has extensive knowledge and experience of regulatory and government relationships. He brings to the Board the experience and knowledge of leading a financial services company, combined with an understanding of the UK and EU regulatory environment and risk management. His customer focus and understanding of investor issues, gained both at L&G and the ABI, is of particular relevance to Barclays.

Independent: Yes

Other current principal external appointments: Non-executive Director, Ministry of Justice.

Committee membership: Board Financial Risk Committee (Chairman); Board Audit Committee; Board Conduct, Reputation and Operational Risk Committee; Board Corporate Governance and Nominations Committee; Board Remuneration Committee; Board Enterprise Wide Risk Committee.

11. That Reuben Jeffery III be reappointed a Director of the Company.

Skills and experience: Reuben joined the Board in July 2009 as a non-executive Director. He is currently CEO and a director of Rockefeller & Co Inc. and Rockefeller Financial Services Ltd. Reuben served in the US government as Under Secretary of State for Economic, Energy and Agricultural Affairs, as Chairman of the Commodity Futures Trading Commission and as a special assistant to the President on the staff of the National Security Council. Before his government service, Reuben spent 18 years at Goldman, Sachs & Co where he was managing partner of Goldman Sachs in Paris and led the firm's European Financial Institutions Group in London. Prior to joining Goldman Sachs, Reuben was a corporate attorney with Davis Polk & Wardwell. Reuben has a broad range of financial services experience, particularly investment banking, and in addition brings extensive insight into the US political and regulatory environment.

Independent: Yes

Other current principal external appointments: Member, International Advisory Council of the China Securities Regulatory Commission; Member, Advisory Board of Towerbrook Capital Partners LP; Member, International Advisory Committee, RIT PLC; Director, Financial Services Volunteer Corps; Director, J Rothschild Capital Management Limited.

Committee membership: Board Conduct, Reputation and Operational Risk Committee; Board Financial Risk Committee.

12. That Antony Jenkins be reappointed a Director of the Company.

Skills and experience: Antony was appointed Group Chief Executive in August 2012. Previously Antony was Chief Executive of Barclays' Retail and Business Banking business. He has been a member of the Group Executive Committee since 2009.

Antony started his career at Barclays, where he completed the Barclays' Management Development Programme, before going on to hold various roles in retail and corporate banking. He then moved to Citigroup, working in both London and New York, before rejoining Barclays as Chief Executive of Barclaycard. Antony has represented Barclays as a non-executive Director on the Board of Absa (now Barclays Africa Group). He was also on the Board of Visa Europe Ltd and the Board of Motability Operations Group plc. Since becoming Group Chief Executive, Antony has taken the lead in the development of Barclays' Transform programme, including the introduction of a new Purpose and Values, with the aim of making Barclays the 'Go-To' Bank for customers and clients.

Other current principal external appointments: Member, Board of Directors of the Institute of International Finance; Member, International Advisory Panel of the Monetary Authority of Singapore.

Committee membership: Group Executive Committee (Chairman).

13. That Dambisa Moyo be reappointed a Director of the Company.

Skills and experience: Dambisa joined the Board in May 2010 as a non-executive Director. She is an international economist and commentator on the global economy, with a background in financial services. After completing a PhD in Economics, she worked for Goldman Sachs in the debt capital markets, hedge funds coverage and global macroeconomics teams. Dambisa has also worked for the World Bank and formerly served as a non-executive Director of Lundin Petroleum AB (publ). Dambisa's background as an economist, in particular her knowledge and understanding of global macroeconomic issues and African economic, political and social issues, provides an important contribution to the Board's discussion of Barclays' business and citizenship strategy.

Independent: Yes

Other current principal external appointments: Non-executive Director, SABMiller PLC; Non-executive Director, Barrick Gold Corporation.

Committee membership: Board Conduct, Reputation and Operational Risk Committee; Board Financial Risk Committee.

14. That Sir Michael Rake be reappointed a Director of the Company.

Skills and experience: Sir Michael joined the Board in January 2008 as a non-executive Director. He was appointed Senior Independent Director in October 2011 and Deputy Chairman in July 2012. Sir Michael spent over 30 years with KPMG, where he was Senior Partner of the UK firm and Chairman of KPMG International. Sir Michael is Chairman of BT Group plc and was previously Chairman of the UK Commission for Employment and Skills, Chairman of Business in the Community, Chairman of easyJet plc and a director of the Financial Reporting Council. Sir Michael has substantial financial and commercial experience gained in the UK, Continental Europe and the Middle East. He also has significant experience, both as Chairman and a board member, of listed companies.

Independent: Yes

Other current principal external appointments: President, Confederation of British Industry; Director, McGraw-Hill Financial, Inc.

Committee membership: Board Corporate Governance and Nominations Committee; Board Enterprise Wide Risk Committee;

Board Financial Risk Committee.

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15. That Diane de Saint Victor be reappointed a Director of the Company.

Skills and experience: Diane was appointed as a non-executive Director in March 2013. She is currently General Counsel and Company Secretary and a member of the Group Executive Committee of ABB Limited, the publicly listed international power and automation technologies company based in Switzerland. Her responsibilities include Head of Legal and Integrity Group. She was formerly Senior Vice President and General Counsel of EADS, the European aerospace and defence company. Diane's legal experience and her knowledge of regulatory and compliance matters allows her to provide a unique perspective to the Board and its Committees.

Independent: Yes

Other current principal external appointments: Member, Advisory Board of The World Economic Forum's Davos Open Forum.

Committee membership: Board Audit Committee; Board Conduct, Reputation and Operational Risk Committee.

16. That Sir John Sunderland be reappointed a Director of the Company.

Skills and experience: Sir John joined the Board as a non-executive Director in June 2005. He has extensive business and board level experience, having spent 40 years with Cadbury Schweppes PLC, where he became Chief Executive and subsequently Chairman. Sir John has significant experience as a director of UK listed companies, and has also held a number of similar positions in trade and professional bodies, including President of the Confederation of British Industry and President of the Chartered Management Institute. Sir John is Chairman of Merlin Entertainments Group plc and was formerly a director of the Financial Reporting Council. In addition to his board level experience, Sir John brings extensive experience and knowledge of retailing and brand marketing.

Independent: Yes

Sir John will have served on the Board for nine years in June 2014. The Board has asked Sir John to remain on the Board until the 2015 AGM and is satisfied that Sir John demonstrates the essential characteristics of independence that are expected of Barclays' non-executive Directors.

Other current principal external appointments: Non-executive Director, AFC Energy plc; Governor, Reading University Council; Chancellor, Aston University.

Committee membership: Board Remuneration Committee (Chairman); Board Conduct, Reputation and Operational Risk Committee; Board Corporate Governance and Nominations Committee; Board Enterprise Wide Risk Committee.

17. That Sir David Walker be reappointed a Director of the Company.

Skills and experience: Sir David joined the Board as a non-executive Director in September 2012 and became Chairman in November 2012.

Sir David began his career with Her Majesty's Treasury, where, with a period on secondment to the International Monetary Fund in Washington, he served until 1977. Sir David held several key positions at the Bank of England, where he became one of four executive Directors. He was Chairman of the Securities & Investment Board and, ex officio, a nominated member of the Council of Lloyd's. Sir David was a non-executive member of the Court of the Bank of England, a non-executive board member of the former CEEB and subsequently of National Power plc. He was formerly Chairman of Reuters Venture Capital, Vice-Chairman of the Legal & General Group plc and was Chairman of the London Investment Bankers' Association for four years. Sir David was Chairman and CEO of

Sir David has completed two reports and made recommendations in respect of the private equity industry and corporate governance at financial institutions. He also co-led the independent review of the report that the FSA produced into the failure of Royal Bank of Scotland and was a member of the four-person Committee chaired by Lord Woolf (former Lord Chief Justice) into ethical business conduct at BAE Systems plc.

Sir David has significant experience as a director and chairman, coupled with an extensive knowledge of the financial services industry. This, in addition to an excellent understanding and experience of boardroom and corporate governance issues, enables him to provide effective leadership to the Barclays Board.

Independent: on appointment

Other current principal external appointments: Trustee, Cicely Saunders Foundation.

Committee membership: Board Conduct, Reputation and Operational Risk Committee (Chairman); Board Corporate Governance and Nominations Committee (Chairman); Board Enterprise Wide Risk Committee (Chairman); Board Remuneration Committee.

Reappointment of auditors

18. That PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, be reappointed as auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the next AGM at which accounts are laid before the Company.

The Act requires that auditors are reappointed at each AGM at which accounts are presented. The Board, on the unanimous recommendation of the Board Audit Committee, which has evaluated the effectiveness and independence of the Company's external auditors, is proposing the reappointment of PricewaterhouseCoopers LLP.

Auditors' remuneration

19. That the Directors be authorised to set the remuneration of the auditors.

The Board may set the remuneration of the auditors if authorised to do so by the shareholders. This resolution seeks that authority. Details of the remuneration paid to the Company's external auditors for 2013 and details of how the Board monitors the effectiveness and independence of the external auditors may be found in the 2013 Annual Report.

Political donations

20. That, in accordance with sections 366 and 367 of the Companies Act 2006 (the 'Act') the Company and any company which, at any time during the period for which this resolution has effect, is a subsidiary of the Company, be and are hereby authorised to:

(a) make donations to political organisations not exceeding £25,000 in total; and

(b) incur political expenditure not exceeding £100,000 in total,

in each case during the period commencing on the date of this resolution and ending on the date of the AGM of the Company to

Morgan Stanley International, and subsequently Chairman. He retired as Chairman of Morgan Stanley International in December 2005 but remained a Senior Advisor until the end of August 2012. Sir David is a member and a trustee of the Group of Thirty and previously served as Treasurer of the Group. He was Chairman of the Business Leaders' Group of the East End charity Community Links.

be held in 2015 or on 30 June 2015, whichever is the earlier, provided that the maximum amounts referred to in (a) and (b) may consist of sums in any currency converted into sterling at such rate as the Board may in its absolute discretion determine. For the purposes of this resolution, the terms 'political donations', 'political organisations' and 'political expenditure' shall have the meanings given to them in sections 363 to 365 of the Act.

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Barclays does not give any money for political purposes in the UK nor does it make any donations to EU political organisations or incur EU political expenditure. However, the definitions of political donations and political expenditure used in the Act are very wide. As a result, they may cover activities that form part of relationships that are an accepted part of engaging with our stakeholders to ensure that issues and concerns affecting our operations are considered and addressed, but which would not be considered as political donations or political expenditure in the layman's sense. The activities referred to above are not designed to support any political party nor to influence public support for any political party. The authority we are requesting is similar to that given by shareholders at the AGM in 2013 and is a precautionary measure to ensure that the Group does not inadvertently breach the Act.

General authority to allot shares and equity securities

21. That, in substitution for all existing authorities but without prejudice to any authority granted pursuant to resolution 23 (if passed), the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Act to exercise all the powers of the Company to:

- (a) allot shares (as defined in section 540 of the Act) in the Company or grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal amount of £1,402,743,552, \$77,500,000, €40,000,000 and ¥4,000,000,000; and**
- (b) allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £2,725,487,104 (such amount to be reduced by the aggregate nominal amount of ordinary shares allotted or rights to subscribe for, or to convert any securities into, ordinary shares in the Company granted under paragraph (a) of this resolution 21) in connection with an offer by way of a rights issue:**
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and**
 - (ii) to holders of other equity securities (as defined in section 560 of the Act) as required by the rights of those securities, or subject to such rights, as the Directors otherwise consider necessary,**

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements or securities represented by depositary receipts, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter, such authorities to apply (unless previously renewed, varied or revoked by the Company in general meeting) for the period expiring at the end of the AGM of the Company to be held in 2015 or the close of business on 30 June 2015, whichever is the earlier but, in each case, so that the Company may make offers and enter into agreements before the authority expires which would, or might require shares to be allotted or rights to subscribe for, or to convert any security into, shares to be granted after the authority expires and the Directors may allot shares or grant such rights under any such offer or agreement as if the authority had not expired.

Resolution 21 is divided into two parts which, in total, will give the Board authority to allot all of the preference shares (denominated in Sterling and other currencies) that were created in 2008 and, in certain circumstances (explained below), ordinary shares up to an amount approximately equal to two-thirds of the Company's current issued ordinary share capital (excluding shares held in treasury). As at 7 March 2014, the Company did not hold any treasury shares.

Paragraph (a) of the resolution will give the Board a general authority to allot all of the unissued preference shares in the Company and up to a maximum aggregate nominal amount of £1,362,743,552 of ordinary shares, being equivalent to one-third of the Company's issued ordinary share capital as at 7 March 2014.

Paragraph (b) of the resolution will give authority to the Board to allot up to a further one-third of the current issued ordinary share capital, provided that the allotment is made in connection with a rights issue (an offer made to existing holders allowing them to purchase securities in proportion to their existing holding) in favour of holders of equity securities (which would include ordinary shareholders).

The amount in paragraph (b) would be reduced by the nominal amount of ordinary shares already issued or assigned under the authority conferred by paragraph (a) of this resolution, so that we would not have the power to issue in total more than two-thirds of the current issued ordinary share capital pursuant to the authority granted by this resolution. However, if resolution 23 is passed, we would have the additional authority to allot shares or grant rights to subscribe for, or to convert any security into, shares up to an amount approximately equal to 20% of the Company's issued ordinary share capital (excluding shares held in treasury) as at 7 March 2014, as further described in resolution 23.

Resolution 21 is in line with guidance issued by the Association of British Insurers (ABI). The Directors are also seeking renewed authority under resolution 23 for the issuance of contingent Equity Conversion Notes (ECNs) that automatically convert into or are exchanged for ordinary shares in the Company in prescribed circumstances. This additional authority for ECNs is not contemplated by the guidance issued by the ABI but has been discussed previously with the ABI.

We have no current plans to make use of the authority sought under this resolution 21. The authority is, however, sought to ensure that the Company has maximum flexibility in managing the Group's capital resources. We seek annual renewal of this authority in accordance with best practice.

This authority would remain in force until the end of the AGM in 2015 or the close of business on 30 June 2015, whichever is the earlier. Where the additional authority described in paragraph (b) of this resolution is used, all Directors would be required to stand for reappointment at the next AGM, although our usual practice is that Directors stand for reappointment annually.

Authority to allot equity securities for cash or to sell treasury shares other than on a *pro rata* basis to shareholders

22. That, in substitution for all existing powers, but without prejudice to any power granted pursuant to resolution 24 (if passed) and subject to the passing of resolution 21, the Directors be generally empowered pursuant to section 570 and section 573 of the Act to allot equity securities (as defined by section 560 of the Act) for cash, pursuant to the authority granted by resolution 21 and/or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act, in each case free of the restriction in section 561 of the Act, such power to be limited:

- (a) to the allotment of equity securities in connection with an offer of equity securities (but in the case of an allotment pursuant to the authority granted by paragraph (b) of resolution 21, such power shall be limited to the allotment of equity securities in connection with an offer by way of a rights issue only):**
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and**

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(ii) to holders of other equity securities (as defined in section 560 of the Act), as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements or securities represented by depository receipts, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter; and

(b) to the allotment of equity securities, pursuant to the authority granted by paragraph (a) of resolution 21 and/or an allotment which constitutes an allotment of equity securities by virtue of section 560(3) of the Act (in each case otherwise than in the circumstances set out in paragraph (a) of this resolution) up to a nominal amount of £204,411,532 representing no more than 5% of the issued ordinary share capital as at 7 March 2014; compliance with that limit shall be calculated, in the case of equity securities which are rights to subscribe for, or to convert securities into, ordinary shares (as defined in section 560 of the Act) by reference to the aggregate nominal amount of relevant shares which may be allotted pursuant to such rights,

such powers to apply (unless previously renewed, varied or revoked by the Company in general meeting) until the end of the Company's next AGM after this resolution is passed (or, if earlier, until the close of business on 30 June 2015) but so that the Company may make offers and enter into agreements before the power expires which would, or might, require equity securities to be allotted after the power expires and the Directors may allot equity securities under any such offer or agreement as if the power had not expired.

If we allot new equity securities or sell treasury shares for cash (other than in connection with an employee share scheme), we are required by the Act to first offer the securities to existing shareholders in proportion to their existing holdings (known as pre-emption rights) but we may seek shareholder approval to disapply pre-emption rights or issue equity securities on a non-pre-emptive basis.

The effect of this resolution is to renew the authority given to us in previous years to allot equity securities (which for these purposes includes the sale of treasury shares) on a non-pre-emptive basis to ordinary shareholders by way of a rights issue, for example where legal or practical difficulties in jurisdictions outside the UK may prevent the allocation of shares on a *pro rata* basis. It would also allow us to allot a limited number of equity securities for cash (up to approximately 5% of the current issued ordinary share capital) without first offering them to existing shareholders. In addition, the Company is again seeking authority under resolution 24 for the issuance of ECNs, or shares to be issued upon conversion or exchange of ECNs, without first offering those equity securities to existing shareholders.

The authority in this resolution 22 would remain in force until the end of the AGM in 2015 or the close of business on 30 June 2015, whichever is the earlier.

We seek annual renewal of this authority in accordance with best practice. We have no current plans to make use of the authority contemplated by this resolution 22 but wish to ensure that the Company has maximum flexibility in managing the Group's capital resources. The Company does not intend to issue more than 7.5% of its issued ordinary share capital on a non-pre-emptive basis in any three-year period in exercise of the authority contemplated by this resolution 22. However, if passed, resolutions 23 and 24 would allow this level to be exceeded for the issuance of ECNs, or conversion or exchange of ECNs.

Additional general authority to allot equity securities in relation to the issuance of contingent Equity Conversion Notes (ECNs)

23. That, in addition to any authority granted pursuant to resolution 21 (if passed), the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Act to exercise all the powers of the Company to allot shares (as defined in section 540 of the Act) in the Company or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £825,000,000 in relation to any issue by the Company or any member of the Barclays Group of ECNs that automatically convert into or are exchanged for ordinary shares in the Company in prescribed circumstances where the Directors consider that such an issuance of ECNs would be desirable in connection with, or for the purposes of, complying with or maintaining compliance with the regulatory capital requirements or targets applicable to the Barclays Group from time to time, such authority to apply (unless previously renewed, varied or revoked by the Company in general meeting) until the end of the AGM of the Company to be held in 2015 (or, if earlier, until the close of business on 30 June 2015) but so that the Company may make offers and enter into agreements before the authority expires which would, or might, require shares to be allotted or rights to subscribe for, or to convert any security into, shares to be granted after the authority expires and the Directors may allot shares or grant such rights under any such offer or agreement as if the authority had not expired.

The effect of this resolution 23 is to give the Directors the authority to allot ECNs, or shares issued upon conversion or exchange of ECNs up to an aggregate nominal amount of £825,000,000, representing approximately 20% of the Company's issued ordinary share capital as at 7 March 2014. As at 7 March 2014, the Company did not hold any shares in treasury. Please see Appendix 2 for more information on the ECNs.

The authority sought in this resolution 23 renews (and is in the same form as) the authority granted by the Company's shareholders at the AGM in 2013 in relation to ECNs. Appendix 2 explains how we have calculated the size of the authorities we are seeking. This authority is in addition to the authority proposed in resolution 21, which is the usual authority sought on an annual basis in line with guidance issued by the ABI. Although this authority is not contemplated by the guidance issued by the ABI, it has been discussed previously with the ABI. The authority sought in this resolution 23 will be utilised as considered desirable to comply with or maintain compliance with regulatory capital requirements or targets applicable to the Barclays Group. The authority will remain in force until the end of the AGM in 2015 or the close of business on 30 June 2015, whichever is earlier. The Company is intending to seek a similar authority on an annual basis.

Authority to allot equity securities for cash other than on a *pro rata* basis to shareholders in relation to the issuance of contingent Equity Conversion Notes (ECNs)

24. That, in addition to the power granted pursuant to resolution 22 (if passed), and subject to the passing of resolution 23, the Directors be generally empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority granted by resolution 23, free of the restriction in section 561 of the Act, such power to apply (unless previously renewed, varied or revoked by the Company in general meeting) until the end of the AGM of the Company to be held in 2015 (or, if earlier, until the close of business on 30 June 2015) but so that the Company may make offers and enter into agreements before the power expires which

would, or might, require equity securities to be allotted after the power expires and the Directors may allot equity securities under any such offer or agreement as if the power had not expired.

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The effect of this resolution 24 is to give the Directors authority to allot ECNs, or shares issued upon conversion or exchange of ECNs, without first offering them to existing shareholders. This will allow the Company to manage its capital in the most efficient and economic way for the benefit of shareholders. If passed, this resolution will authorise the Directors to allot shares and grant rights to subscribe for or to convert any security into shares in the Company on a non-pre-emptive basis up to an aggregate nominal amount of £825,000,000, representing approximately 20% of the Company's issued ordinary share capital as at 7 March 2014, such authority to be exercised in connection with the issue of ECNs. The authority sought in this resolution 24 renews (and is in the same form as) the authority granted by the Company's shareholders at the AGM in 2013 in relation to ECNs. Appendix 2 contains more information on the ECNs, including how we have calculated the size of the authorities we are seeking. Should a Trigger Event occur, the ECNs will convert into or be exchanged for Barclays ordinary shares. The Directors intend to give shareholders the opportunity to purchase the ordinary shares created on conversion or exchange of any ECNs on a *pro rata* basis, where practicable and subject to applicable laws and regulations.

The authority sought in this resolution 24 will be utilised as considered desirable to comply with or maintain compliance with regulatory capital requirements or targets applicable to the Barclays Group. The authority will remain in force until the end of the AGM in 2015 or the close of business on 30 June 2015, whichever is earlier. The Company is intending to seek a similar authority on an annual basis.

Purchase of own shares

25. That the Company be generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693 of the Act) on the London Stock Exchange of up to an aggregate of 1,635,292,262 ordinary shares of 25p each in its capital, and may hold such shares as treasury shares, provided that:

- (a) the minimum price (exclusive of expenses) which may be paid for each ordinary share is not less than 25p;**
- (b) the maximum price (exclusive of expenses) which may be paid for each ordinary share shall not be more than the higher of:**
 - (i) 105% of the average of the market values of the ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding the date on which the purchase is made; and**
 - (ii) that stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC 2273/2003); and**
- (c) unless previously renewed, varied or revoked by the Company in general meeting, the authority conferred by this resolution shall expire at the end of the AGM of the Company to be held in 2015 or the close of business on 30 June 2015, whichever is the earlier (except in relation to any purchase of shares the contract for which was concluded before such date and which would or might be executed wholly or partly after such date).**

This resolution would enable the Company to buy back its own ordinary shares in the market. We consider it desirable to have the general authority to do this in order to provide maximum flexibility in the management of the Group's capital resources. However, we would only use the authority if we were satisfied at the time that to do so would be in the interests of shareholders and would lead to an increase in the Group's earnings per share.

Should we decide to purchase some of the Company's own shares, existing rights to subscribe for shares would represent a marginally increased proportion of the current issued share capital. Details are as follows:

- The total number of ordinary shares that may be issued on the exercise of outstanding options as at 7 March 2014 is 152,308,542, which represents approximately 0.93% of the issued share capital at that date. As at 7 March 2014 there were no warrants over ordinary shares outstanding.
- If the Company were to purchase shares up to the maximum permitted by this resolution, the proportion of ordinary shares subject to outstanding options would represent approximately 1.03% of the issued share capital as at 7 March 2014.

Under the Act, the Company may hold any shares bought back in treasury, which may then either be sold for cash, transferred for the purposes of an employees' share scheme (subject, if necessary, to approval by shareholders at a general meeting) or cancelled. The Company therefore has the choice of either cancelling or holding in treasury any of its shares which it purchases. If the Company buys any of its shares under the authority given by this resolution, we will decide at the time of purchase whether to cancel them immediately or to hold them in treasury. In relation to treasury shares, we would also have regard to any investor guidelines in relation to the purchase of shares intended to be held in treasury or in relation to their holding or resale which may be in force at the time of any such purchase, holding or resale.

General meetings

26. That the Directors be authorised to call general meetings (other than an AGM) on not less than 14 clear days' notice, such authority to expire at the end of the AGM of the Company to be held in 2015 or the close of business on 30 June 2015, whichever is the earlier.

The Act requires listed companies to call general meetings on at least 21 clear days' notice unless shareholders have approved the calling of general meetings at shorter notice. Barclays wishes to retain the option of calling general meetings, other than an AGM, on 14 clear days' notice and the effect of this resolution is to continue to give the Directors the power to call general meetings on a notice period of not less than 14 clear days. However, as Barclays has a global shareholder base, in practice, we would always aim to give a longer notice period to ensure overseas shareholders in particular are able to participate fully. The 14-day notice period would therefore only be used in exceptional circumstances where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole. The resolution is valid up to the end of the next AGM or the close of business on 30 June 2015, whichever is the earlier, and it is our intention to renew the authority at each AGM. The Company offers the facility for all shareholders to vote by electronic means. This is accessible to all shareholders and would be available if the Company was to call a meeting on 14 clear days' notice. The Company also provides the ability to appoint proxies electronically through CREST and shareholders can vote online at Barclays.com/investorrelations/vote.

By order of the Board



Lawrence Dickinson
Company Secretary

The authority would be restricted to a maximum of 1,635,292,262 ordinary shares. This is not more than 10% of the issued share capital as at 7 March 2014.

13 March 2014
1 Churchill Place
London E14 5HP

Registered in England, Company No. 48839

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Appendix 1

Your questions answered on resolution 4, seeking authority to allow us to increase the maximum ratio of fixed to variable remuneration

What are shareholders being asked to approve in resolution 4?

The EU Capital Requirements Directive IV (CRD IV), together with rules made by the Prudential Regulation Authority (PRA) that implement CRD IV in the UK, introduce a limit on the ratio of the fixed to variable components of total remuneration for Remuneration Code Staff (as defined in the PRA's Remuneration Code). This new limit applies to variable remuneration in respect of performance years beginning in 2014.

Under CRD IV and the relevant PRA rules, banks and other institutions that are subject to CRD IV are, as a basic rule, prevented from paying Remuneration Code Staff an amount of variable remuneration that is more than 100% of their fixed remuneration. However, the rules permit these institutions to pay such staff an amount of variable remuneration that is up to 200% of their fixed remuneration where shareholder approval is obtained. Shareholders are therefore being asked to approve resolution 4, which would give Barclays the flexibility to pay variable remuneration to its Remuneration Code Staff of up to a maximum limit of 200% of their fixed remuneration.

Why is Barclays seeking authority to apply a ratio of fixed to variable remuneration above 1:1?

Barclays needs to be market competitive in how it pays its people to ensure that it has the right mix of skills and experience to deliver its business aims and objectives. The CRD IV limit on the ratio of fixed to variable remuneration impacts Barclays globally. This is not the case for Barclays' non-EU headquartered competitors (for example, US financial services firms). For these firms, the CRD IV ratio only applies to their EU operations and not, in general terms, to their non-EU operations. Accordingly, the CRD IV ratio creates a competitive disadvantage for Barclays in the global market for talent, particularly in the US, Asia and Africa. Against this background, it should be noted that around 60% of Barclays' Remuneration Code Staff in 2014 are expected to be based outside the EU. We also anticipate that most of Barclays' main UK and European competitors who are subject to the variable remuneration limit imposed by CRD IV will seek shareholder approval to apply the higher maximum level of variable remuneration.

To remain globally competitive in light of CRD IV, Barclays has implemented changes to its pay structure for affected employees. Barclays' approach of using a new class of fixed remuneration, called Role Based Pay (RBP), complies with the requirements of CRD IV. The introduction of RBP will lead to a reduction in maximum levels of total compensation opportunity for executive Directors, as against previous levels. Further details of RBP are set out in the Directors' Remuneration Report for the year ended 31 December 2013, which appears on pages 89 to 125 of the 2013 Annual Report (available at Barclays.com/annualreport).

However, despite the introduction of RBP, variable remuneration remains a key feature of remuneration practice in the highly competitive and mobile market for talent within the financial services sector. For us to remain globally competitive and to limit the need to further increase our fixed remuneration cost base, it is essential that we retain an ability to pay our employees in the form of variable remuneration where appropriate and have as much flexibility in this regard as possible.

The ability to recognise performance through variable remuneration further enables the Group to more flexibly control its cost base (and, therefore, its capital base) as well as to react more effectively to events and changed market conditions. If we obtain shareholder approval to apply a fixed to variable remuneration ratio of up to 1:2, we will be better able to control overall fixed levels of remuneration, and hence our fixed cost (and capital) base. A greater proportion of

Which employees are affected by resolution 4?

The CRD IV limit on the ratio of fixed to variable remuneration, as implemented by the PRA, applies only to Remuneration Code Staff. Remuneration Code Staff include categories of staff whose professional activities have a material impact on the Company's risk profile, such as Directors and senior management, risk takers, staff engaged in control functions and employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers.

Barclays had 530 Remuneration Code Staff in 2013. While the number of affected employees will still be a small proportion of total employees, we expect this figure to increase in 2014 if, as anticipated, the definition of Remuneration Code Staff is widened by the PRA following final guidance from the European Banking Authority. The current estimate of our Remuneration Code Staff for 2014, based on this broader definition, is between 1,100 and 1,400. This includes Directors and senior management, risk takers and staff engaged in control functions across all businesses of the Group. The number of Group employees who are Remuneration Code Staff will vary each year so this estimate should only be used as a guide as to how CRD IV and the relevant PRA rules could impact the Group during 2014 and beyond.

What will be the impact on the requirement to maintain a sound capital base if resolution 4 is passed?

We are committed to maintaining a sound capital base in line with the Group's current and expected regulatory requirements. We do not anticipate that, if resolution 4 is passed, there will be any material impact on the Group's ability to maintain a sound capital base. Indeed, as explained above, if resolution 4 is passed, this will help limit the impact on our capital base.

What will happen if resolution 4 is not passed?

If we do not obtain approval under resolution 4 for the flexibility to apply the higher maximum ratio of fixed to variable remuneration, it is likely that further changes to our pay structure will have to be implemented in order for us to remain competitive – with the potential for further increases in fixed remuneration.

Who can vote on resolution 4?

For the purpose of determining whether resolution 4 is passed, we shall inform Barclays Remuneration Code Staff (other than non-executive Directors, who do not have an interest in the resolution) that they should not exercise, directly or indirectly, any voting rights they may have as shareholders or owners or members of the Company in respect of the approval sought under resolution 4 and, where possible, any votes cast by them will be disregarded. This restriction will therefore apply, among others, to the executive Directors, Antony Jenkins and Tushar Morzaria.

total remuneration will also remain subject to individual and business performance as well as ex-post risk adjustments.

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Appendix 2

Your questions answered on Equity Conversion Notes (ECNs)

Why is Barclays seeking renewed authority to issue ECNs?

To continue to operate as a bank, Barclays must meet minimum regulatory capital requirements in the countries in which it operates. To maintain an efficient capital structure that protects the interests of ordinary shareholders under new prudential regulatory requirements (introduced under CRD IV and PRA guidelines from 1 January 2014), Barclays currently anticipates it will need to hold around 2.0% of its Risk-Weighted Assets (RWAs) in the form of Additional Tier 1 Capital (AT1). AT1 must be in the form of Contingent Capital, sometimes called CoCos. The capital issued to meet this requirement can currently be in the form of Permanent Write Down Notes or ECNs and may be issued by the Company or another member of the Barclays Group. The Company issued £2.1 billion equivalent of AT1 ECNs in 2013 at a £1.65 equivalent conversion price (which would, in the circumstances described below, result in the issue of ordinary shares of an aggregate nominal value of £315 million). Shareholder approval is once again being sought in resolutions 23 and 24 (in an amount equal to last year's annual authority) to authorise the issue of further ECNs (and shares to be issued on conversion or exchange of ECNs) and to provide flexibility to Barclays in managing its capital structure efficiently. Barclays has no current intention to use CoCo's as part of compensation structures.

What is a 'Trigger Event' and what will happen?

Should Barclays' fully-loaded CRD IV Common Equity Tier 1 (CET1) ratio fall below 7% (the Trigger Event), the current outstanding ECNs would be converted into, or exchanged for, new Barclays ordinary shares. Permanent Write Down Notes would cease to have any value upon a Trigger Event.

What steps can Barclays take before or on a Trigger Event?

In advance of and after a Trigger Event, Barclays' management can be expected to take certain actions:

- (i) Recovery planning – Barclays is required by its regulators to have in place a Recovery Plan in case Barclays' capital position should come under pressure. Should Barclays' capital ratios fall, Barclays would be required to commence those planned recovery actions to improve its capital position (e.g., by reducing RWAs, through a rights issue of ordinary shares or by seeking financial support from certain investors) well in advance of a Trigger Event. In the case of the launch of a rights issue, Barclays' ordinary shareholders would be offered the opportunity to acquire new ordinary shares in proportion to their existing Barclays shareholding (subject to legal, regulatory or practical restrictions).
- (ii) Shareholder participation – should a Trigger Event occur (despite taking recovery actions), the Directors intend to give shareholders the opportunity to purchase the ordinary shares issued on conversion or exchange of any ECNs on a *pro rata* basis, where practicable and subject to applicable laws and regulations, at the same conversion price as the holders of the ECNs would have acquired the ordinary shares. This mechanism for shareholder participation has been written into the terms and conditions of the ECNs.

The circumstances in which a Trigger Event might be expected to occur are considered to be remote given the level of capital Barclays holds in excess of the trigger level and the recovery actions it would take should such a situation seem likely to arise.

Will all ECNs be in the form of AT1 Capital?

Yes. It is not Barclays' current intention to issue Tier 2 ECNs.

How does AT1 Capital provide a more efficient capital structure?

Barclays is required to hold Tier 1 Capital to meet regulatory requirements. Tier 1 Capital may constitute CET1 and AT1. At the time of its 2013 preliminary results announcement, Barclays announced a target CET1 ratio target of 11.5% to 12.0%, with an additional 2.0% of AT1, implying a total Tier 1 target of 13.5% to 14.0%. Meeting this Tier 1 target with a proportion of AT1 is expected to be cheaper than issuing the total target amount in CET1, therefore resulting in a lower weighted-average cost of capital for shareholders. Holding AT1 also allows Barclays to reduce the risk that it is restricted in its ability to make certain discretionary distributions, including paying dividends to ordinary shareholders.

At what price will ECNs be converted into or exchanged for ordinary shares?

The terms and conditions for ECNs specify a conversion price or a mechanism for setting a conversion price, which is the rate at which the ECNs will be exchanged for ordinary shares. Barclays has £2.1 billion equivalent of ECNs currently outstanding, which were issued in 2013 at a £1.65 equivalent conversion price. The resolutions continue to give the Directors authority to set the specific terms and conditions of the ECNs (including a conversion price or mechanism for setting a conversion price) after considering market conventions and conditions at the time of issuance.

How have you calculated the size of the authorities you are seeking?

The size of the authorities reflected in resolutions 23 and 24 has been calculated based on Barclays' target end-state capital structure designed to meet the expected capital requirements under new prudential regulatory requirements. That structure assumes around 2.0% of RWAs in AT1 form, which includes Barclays' current additional 0.5% requirement for the impact of Pillar 2A (Barclays' 'Pillar 2A' requirement is a point in time assessment made at least annually by the PRA. It is expected to vary over time in accordance with individual capital guidance). These authorities are set at a level to provide maximum flexibility to Barclays in managing its capital structure efficiently given the uncertainties that remain in both the precise regulatory requirements and the market for this relatively new form of capital instrument.

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Notes

(a) Entitlements under CREST

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those holders of shares registered in the register of members at 6.00pm on Tuesday, 22 April 2014 shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after 6.00pm on Tuesday, 22 April 2014 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

(b) Appointing a proxy

A shareholder who is entitled to attend, speak and vote at the meeting is entitled to appoint one or more people (called proxies) to attend, speak and vote on his/her behalf. They need not be Barclays shareholders. If more than one proxy is appointed, each proxy must be appointed to exercise the rights attached to different shares. A proxy will have the same number of votes on a show of hands as if the member who appointed the proxy was at the meeting.

(c) Corporate representatives

A corporate shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

(d) Persons nominated by shareholders

The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Act ('nominated persons'). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

(e) Documents available for inspection

The following documents, which are available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) at the Company's registered office, 1 Churchill Place, London E14 5HP, will also be available for inspection at the Royal Festival Hall from 10.30am on Thursday, 24 April 2014 until the end of the meeting: (i) copies of the executive Directors' service contracts; and (ii) copies of the non-executive Directors' letters of appointment.

(f) Total shares and voting rights

As at 7 March 2014 (being the latest practicable date before publication of this document) the Company's issued share capital comprised 16,352,922,627 ordinary shares of 25 pence each. Each ordinary share carries the right to vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 7 March 2014 was 16,352,922,627.

(g) Forward-looking statements

The appendices to the Notice of AGM contain certain forward-looking statements with respect to Barclays' expectations of the impact of these resolutions on its regulatory capital requirements. Barclays cautions readers that no forward-looking statement is a guarantee of future events and circumstances and that the actual impact of the resolutions could differ materially from its expectations. Any forward-looking statements made herein speak only as of the date they are made. Except as required by the Prudential Regulation Authority, the Financial Conduct Authority, the London Stock Exchange plc (LSE) or applicable law, Barclays expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Barclays' expectations with regard thereto. The reader should, however, consult any additional disclosures that Barclays has made or may make in documents it has published or may publish via the Regulatory News Service of the LSE and/or has filed or may file with the US Securities and Exchange Commission.

(h) Shareholder information

A copy of this Notice of AGM and other information required by section 311A of the Act can be found at Barclays.com/aggm.

(i) Shareholder right to ask a question

Any shareholder attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (ii) the answer has already been given on a website in the form of an answer to a question, or (iii) it is undesirable in the interests of the Company or good order of the meeting that the question be answered.

(j) Members' statement of audit concerns

Section 527 of the Act allows shareholders who meet the threshold requirements of that section to require the Company to publish a statement on its website setting out any matter relating to: (i) the audit of the accounts to be laid at the meeting (including the auditor's report and the conduct of the audit); or (ii) any circumstances connected with the auditor ceasing to hold office since the last meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. This is known as a 'members' statement of audit concerns'. If such a request is received, the Company cannot require those shareholders requesting publication of the statement to meet its costs of complying with that request. The Company must also forward a copy of the statement to the auditor at the same time that it makes it available on the website. Where a members' statement of audit concerns is received it will be included in the business of the meeting at which the accounts are laid.

(k) Electronic communication

You may not use any electronic address provided in either this Notice of AGM or any related documents (including the Proxy Form) to communicate with the Company for any purposes other than those expressly stated.

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Shareholders' Questions and Answers

Voting arrangements

Who is entitled to vote?

Shareholders who want to attend, speak and vote at the AGM must be entered on the Company's register of members by no later than 6.00pm on Tuesday, 22 April 2014, or if the AGM is adjourned, no later than 6.00pm two days before the time fixed for the adjourned meeting.

How do I vote?

There are four ways in which you can vote:

- You can vote in person at the AGM;
- You can appoint a proxy online to vote on your behalf on our website at Barclays.com/investorrelations/vote. You will need your Voting ID, Task ID and Shareholder or Sharestore Reference Number, which are shown on your Proxy Form or Shareholder Voting Instruction Card. Alternatively, you can log into or register at Barclays e-view (www.eviewsignup.co.uk). A proxy appointment made electronically will not be valid if sent to any address other than those provided or if received after 11.00am on Tuesday, 22 April 2014;
- You can sign and return your Proxy Form appointing the Chairman or another person to vote for you. You should return your form to The Registrar to Barclays in the enclosed pre-paid envelope so that it is received by no later than 11.00am on Tuesday, 22 April 2014; or
- If you are a CREST member, you may choose to use the CREST electronic proxy appointment service in accordance with the procedures set out in the explanatory notes on the Proxy Form.

You will find details below of how to withdraw your proxy if you change your mind. Completion and return of the Proxy Form will not preclude members from attending and voting at the meeting should they wish to do so.

Voting on resolutions at the AGM will be by poll. This means that you will be asked to complete a Poll Card if you attend in person. We believe that a poll is the best way of representing the views of as many shareholders as possible in the voting process.

What if I plan to attend the AGM and vote in person?

If you want to vote in person at the AGM there is no need to complete your Proxy Form or appoint a proxy online using your Shareholder Voting Instruction Card. Attached to the Proxy Form and on the rear of the Shareholder Voting Instruction Card is a Poll Card for use by those attending the AGM. You should bring the Poll Card with you to the meeting.

If my shares are held in Barclays Sharestore how do I vote?

All Sharestore members can choose to attend, speak and vote at the AGM. If you are a Sharestore member and do not want to attend but do want to vote, you must return your Proxy Form so that Equiniti Corporate Nominees Limited can appoint whichever person you name on the Proxy Form to attend and vote on your behalf. If you return the Proxy Form but do not insert the name of your proxy then the Chairman of the meeting will vote on your behalf. Alternatively, you can appoint a proxy to vote on your behalf on our website at Barclays.com/investorrelations/vote. To be valid, proxy appointments must be received no later than 11.00am on Tuesday, 22 April 2014.

I have chosen not to receive hard copy shareholder documents, how can I vote?

If you have chosen not to receive hard copy shareholder documents and would like to vote, you can appoint a proxy online at Barclays e-view (www.eviewsignup.co.uk). Alternatively, if you would like to vote by appointing a proxy using a Proxy Form, please contact The Registrar to Barclays.

I have been nominated by a shareholder to enjoy information rights, can I vote?

No. If you are not a shareholder you do not have a right to vote or to appoint a proxy. However, the agreement that you have with the person who nominated you to enjoy information rights may give you the right to be appointed as their proxy, or to have someone else appointed as a proxy for the AGM and to attend, speak and vote on their behalf. If you have any questions you should contact the registered shareholder (the custodian or broker) who looks after your investment on your behalf.

How will my shares be voted if I appoint a proxy?

The person you name on your Proxy Form must vote in accordance with your instructions. If you do not give them any instructions, a proxy may vote or not vote as he or she sees fit on any business of the AGM. Please see the explanatory notes on the reverse of the Proxy Form.

Can I appoint anyone to be a proxy?

Yes. You can appoint your own choice of proxy or you can appoint the Chairman as your proxy. Your proxy does not need to be a Barclays shareholder.

Can I appoint more than one proxy?

Yes. You may appoint more than one proxy, provided that each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to the same share. To appoint more than one proxy you should photocopy the Proxy Form and indicate in the box that this is one of multiple instructions.

Can I change my mind once I have appointed a proxy?

Yes. If you change your mind, you can send a written statement to that effect to The Registrar to Barclays. The statement must arrive with The Registrar by 11.00am on Tuesday, 22 April 2014, or you should bring it along to the AGM.

How will the votes be counted?

Each of the resolutions set out in the Notice of AGM will be voted upon on a poll. The passing of resolutions 1 to 3, 5 to 21 and 23 are determined by a majority of votes. Resolutions 22 and 24 to 26 are being proposed as special resolutions and will therefore require a 75% majority of the votes cast for them to be passed. Resolution 4 must be approved by shareholders holding a majority of at least 66% of the shares represented (in person or by proxy) at the AGM, provided that at least 50% of the total shares are represented (in person or by proxy) at the AGM. If the latter condition is not met, at least 75% of the shares represented (in person or by proxy) at the AGM must be voted in favour of resolution 4 in order for it to be passed.

Our Registrar counts the proxy votes received before the AGM and then counts the votes cast at the AGM. An independent third party, Electoral Reform Services, has been appointed by Barclays to monitor the shareholder voting process.

When will the results of the voting be declared?

The preliminary results of voting on the resolutions to be proposed at the AGM will be displayed in the meeting room shortly after the AGM. The final results will be announced to the London Stock Exchange and will appear on our website at Barclays.com/agm.

barclays.com/annualreport

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Shareholders' Questions and Answers > continued

Corporate shareholders

I am a corporate shareholder – what do I need to do to attend the AGM?

Representatives of shareholders that are corporations will have to produce evidence of their proper appointment when attending the AGM. Please contact our Registrar if you need further guidance on this.

Questions

Can I ask a question at the AGM?

Yes, however, questions should only be asked on the specific business of the AGM. If you would like to ask a question at the AGM, you can register your question at the Question Registration Points in the Exhibition Area before the AGM starts. You can also register your question once the AGM has started. Any questions raised but not answered at the meeting will be reviewed by the Chairman after the AGM and a reply will be sent out within 14 days. Shareholders who are unable to attend the meeting still have the opportunity to submit a question to the Board by writing to Shareholder Relations at Barclays PLC, 1 Churchill Place, London E14 5HP or emailing privateshareholderrelations@barclays.com

Please try to keep your questions short and relevant to the business of the AGM. We want all shareholders to have the opportunity to ask questions.

Can I ask a question about customer issues?

If you would like to ask a question about a personal customer matter at the AGM you should go to the Customer Relations Point in the Exhibition Area, which is staffed by Senior Customer Relations personnel.

Can I ask a question about my personal shareholding?

If you would like to ask a question about your personal shareholding you should go to the Shareholder Enquiry Point in the Exhibition Area. This is staffed by The Registrar to Barclays and Barclays Stockbrokers and will be open both before and after the AGM.

General questions

If you have any further questions about the AGM or your shareholding, please contact The Registrar to Barclays on 0871 384 2055* (in the UK) or on +44 121 415 7004 (from overseas) or by email at questions@share-registers.co.uk

*Calls to this number cost 8p per minute plus network extras. Lines are open 8.30am to 5.30pm UK time, Monday to Friday, excluding UK public holidays.

Do you provide this Notice in alternative formats?

Copies of this Notice are available in large print, Braille or on audio CD. If you would like a copy in any of these forms, please contact The Registrar to Barclays.

Shareholder information >

If you need help, contact The Registrar to Barclays

**Telephone**

0871 384 2055* (in the UK)
+44 121 415 7004 (from overseas)

*Calls cost 8p per minute plus network extras.
Lines are open from 8.30am to 5.30pm, Monday
to Friday, excluding UK public holidays.

**Email**

questions@share-registers.co.uk

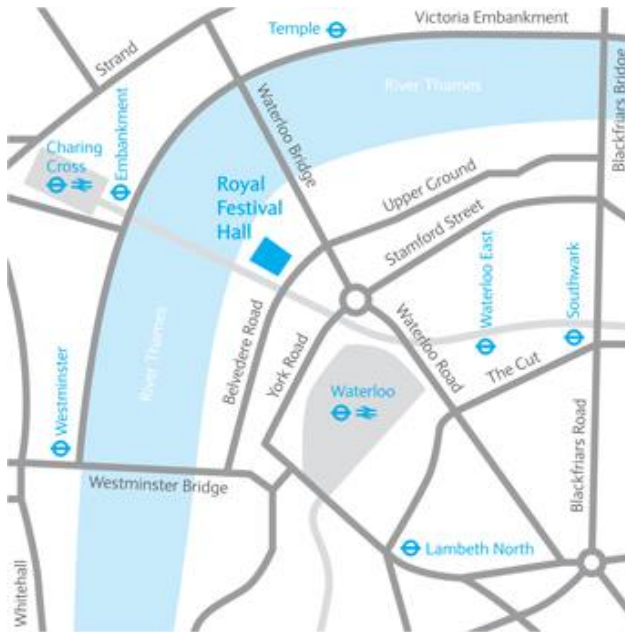
**Postal address**

The Registrar to Barclays
Aspect House, Spencer Road
Lancing, West Sussex BN99 6DA
United Kingdom

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Additional information for shareholders attending the Annual General Meeting

The AGM will be held at the
Royal Festival Hall, Southbank Centre,
Belvedere Road, London SE1 8XX



Travelling to the AGM

The nearest tube stations are Waterloo on the Bakerloo, Northern, Jubilee and Waterloo & City lines, Embankment on the District and Circle lines and Charing Cross on the Northern and Bakerloo lines. The nearest overground train stations are Waterloo and Charing Cross. Buses stop on Waterloo Bridge, York Road, Belvedere Road and Stamford Street.

A map showing the location of the venue can be found above or you can find more information at www.southbankcentre.co.uk/visiting-us/royal-festival-hall

Date

Thursday, 24 April 2014

Time

The AGM will start promptly at 11.00am

You should allow 15 to 20 minutes for security and registration formalities.

AGM schedule

10.00am

- Registration desks open
- Tea and coffee available
- Q&A registration opens

11.00am

- The AGM starts in the Meeting Room

1.00pm (approximately)

- Light refreshments available (after the conclusion of the AGM)

The final poll results are expected to be released to the London Stock

Security

For safety reasons, security checks will be carried out on entry to the Royal Festival Hall. Please note that you will be asked to leave large bags in the cloakroom and small bags may be searched. Cameras, video recorders or tape recorders should not be used during the AGM. Mobile phones and other electronic communication devices should be turned off.

Cloakroom facilities

Cloakroom facilities will be available in the registration area.

Registration

Attendance Cards should be presented to The Registrar's staff who will be available as you arrive at the venue. Corporate representatives, proxies and guests and Barclays Stockbrokers clients should register at the registration desks, which will be clearly signposted.

Persons with special needs

The Royal Festival Hall is easily accessible by wheelchair users and has lift access. Barclays staff will be on hand to guide you to the lifts.

Speech to text and hearing induction loop facilities will be available at the AGM. The AGM will also be signed.

An audio CD containing extracts from the 2013 Strategic Report is available, free of charge, either on request in writing from The Registrar to Barclays or at the AGM.

First aid

First aid facilities will be available. Please approach any member of Barclays staff.

Refreshments

Tea and coffee will be available before the AGM. After the business of the AGM has been concluded, light refreshments will be available.

Go online



Further information on our Annual Report
barclays.com/annualreport

Exchange on Thursday, 24 April 2014.

barclays.com/annualreport

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Proxy Form for the Annual General Meeting (AGM)

The AGM will be held at the Royal Festival Hall, Southbank Centre, Belvedere Road, London SE1 8XX on Thursday, 24 April 2014 at 11.00am



+ +

Voting ID: Task ID: Shareholder Reference Number:

You can vote your Barclays shares online at Barclays.com/investorrelations/vote or by completing and sending this form back in the enclosed pre-paid envelope. Before completing this form, please read the explanatory notes on the rear.

I/We hereby appoint the Chairman of the meeting, or as my/our proxy to attend, speak and vote on my/our behalf at the AGM of Barclays PLC (the Company) to be held on Thursday, 24 April 2014 and at any adjournment of that meeting.

Resolutions

The full wording of the resolutions and brief biographical details of all Directors standing for appointment and reappointment at the 2014 AGM are in the Notice of Annual General Meeting which has been sent to you with this form. Please write an X in the For, Against or Vote Withheld box for each resolution below. If you do not complete the boxes below, the person you appoint as proxy can decide whether, and how, he or she votes in relation to any matter which is properly put before the meeting.

Important: fold along this line

	For	Against	Vote Withheld		For	Against	Vote Withheld
1. To receive the Reports of the Directors and Auditors and the audited accounts for the year ended 31 December 2013.	☐	☐	☐	16. To reappoint Sir John Sunderland as a Director of the Company.	☐	☐	☐
2. To approve the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy) for the year ended 31 December 2013.	☐	☐	☐	17. To reappoint Sir David Walker as a Director of the Company.	☐	☐	☐
3. To approve the Directors' Remuneration Policy.	☐	☐	☐	18. To reappoint PricewaterhouseCoopers LLP as Auditors of the Company.	☐	☐	☐
4. To approve a fixed to variable remuneration ratio of 1:2 for 'Remuneration Code Staff'.	☐	☐	☐	19. To authorise the Directors to set the remuneration of the Auditors.	☐	☐	☐
5. To appoint Mike Ashley as a Director of the Company.	☐	☐	☐	20. To authorise the Company and its subsidiaries to make political donations and incur political expenditure.	☐	☐	☐
6. To appoint Wendy Lucas-Bull as a Director of the Company.	☐	☐	☐	21. To authorise the Directors to allot securities.	☐	☐	☐
7. To appoint Tushar Morzaria as a Director of the Company.	☐	☐	☐	22. To authorise the Directors to allot equity securities for cash or to sell treasury shares other than on a pro rata basis to shareholders.	☐	☐	☐
8. To appoint Frits van Paaschen as a Director of the Company.	☐	☐	☐	23. To authorise the Directors to allot equity securities in relation to the issuance of contingent Equity Conversion Notes.	☐	☐	☐
9. To appoint Steve Theike as a Director of the Company.	☐	☐	☐	24. To authorise the Directors to allot equity securities for cash other than on a pro rata basis to shareholders in relation to the issuance of contingent Equity Conversion Notes.	☐	☐	☐
10. To reappoint Tim Breedon as a Director of the Company.	☐	☐	☐	25. To authorise the Company to purchase its own shares.	☐	☐	☐
11. To reappoint Reuben Jeffery III as a Director of the Company.	☐	☐	☐	26. To authorise the Directors to call general meetings (other than an AGM) on not less than 14 clear days' notice.	☐	☐	☐
12. To reappoint Antony Jenkins as a Director of the Company.	☐	☐	☐				
13. To reappoint Dambisa Moyo as a Director of the Company.	☐	☐	☐				
14. To reappoint Sir Michael Rake as a Director of the Company.	☐	☐	☐				
15. To reappoint Diane de Saint Victor as a Director of the Company.	☐	☐	☐				

☐ Please indicate with an X if this Proxy Form is one of multiple instructions being given. Please refer to note 4 overleaf.

Signature(s)

Date

Please note that your votes must be received by The Registrar to Barclays no later than 11.00am on Tuesday, 22 April 2014.

2674-134-S

Barclays PLC. Registered in England. Registered No. 48839. Registered office: 1 Churchill Place, London E14 5HP

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Attendance Card



Information for shareholders attending the 2014 AGM

The AGM will be held at the Royal Festival Hall, Southbank Centre, Belvedere Road, London SE1 8XX on Thursday, 24 April 2014 at 11.00am



If you plan to attend the AGM, please bring this card with you. This card will allow you entry to the meeting with a minimum of formality. You will be given full instructions on what to do with this card at the appropriate time during the meeting.

Travelling to the AGM

The nearest tube stations are Waterloo on the Bakerloo, Northern, Jubilee and Waterloo & City lines, Embankment on the District and Circle lines and Charing Cross on the Northern and Bakerloo lines. The nearest overground train stations are Waterloo and Charing Cross. Buses stop on Waterloo Bridge, York Road, Belvedere Road and Stamford Street.

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How to ask a question at the AGM

If you intend to ask a question relating to the business of the meeting
You should register your question at one of the Question Registration Points in the Exhibition Area before the meeting starts. There is also provision to register your question once the meeting has started. Any questions raised but not answered at the meeting will be reviewed personally by the Chairman following the meeting and a reply will be sent out to you within 14 days.

If you would like to ask a question about a personal customer matter
You should go to the Customer Relations Point in the Exhibition Area. This is staffed by Senior Customer Relations personnel who will be available before, during and after the meeting.

Receive your dividend in shares through the Barclays PLC Scrip Dividend Programme (the Programme)

Shareholders approved the introduction of the Programme at the Barclays PLC 2013 Annual General Meeting.

Eligible shareholders can, if they wish, increase their shareholding in Barclays through the Programme. Shareholders who join the Programme will receive new ordinary shares in Barclays instead of a cash dividend, without incurring dealing costs or stamp duty. Barclays retains cash, which would otherwise have been paid as a dividend, for reinvestment in the business.

If you wish to join the Programme, please carefully read the Terms and Conditions available at Barclays.com/dividends. You will need to complete and return a Scrip Dividend Programme Mandate Form, also available at Barclays.com/dividends, to The Registrar to Barclays.

If you would like more information about the Programme or if you have any questions, please contact The Registrar to Barclays using the contact details overleaf.

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Poll card for the Annual General Meeting (AGM)



The AGM will be held at the Royal Festival Hall, Southbank Centre, Belvedere Road, London SE1 8XX on Thursday, 24 April 2014 at 11.00am

This card should only be completed during the meeting

Holders of ordinary shares as well as proxies and authorised representatives of corporations are entitled to vote.

Please write an X in the For, Against or Vote Withheld box for each resolution below. If you wish to cast your votes partly for, partly vote withheld or partly against a resolution, you should write the number of votes cast For, Against or Vote Withheld in the appropriate box.

Signature(s)

Date

Resolutions

	For	Against	Vote Withheld		For	Against	Vote Withheld
1. To receive the Reports of the Directors and Auditors and the audited accounts for the year ended 31 December 2013.	☐	☐	☐	16. To reappoint Sir John Sunderland as a Director of the Company.	☐	☐	☐
2. To approve the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy) for the year ended 31 December 2013.	☐	☐	☐	17. To reappoint Sir David Walker as a Director of the Company.	☐	☐	☐
3. To approve the Directors' Remuneration Policy.	☐	☐	☐	18. To reappoint PricewaterhouseCoopers LLP as Auditors of the Company.	☐	☐	☐
4. To approve a fixed to variable remuneration ratio of 1:2 for 'Remuneration Code Staff'.	☐	☐	☐	19. To authorise the Directors to set the remuneration of the Auditors.	☐	☐	☐
5. To appoint Mike Ashley as a Director of the Company.	☐	☐	☐	20. To authorise the Company and its subsidiaries to make political donations and incur political expenditure.	☐	☐	☐
6. To appoint Wendy Lucas-Bull as a Director of the Company.	☐	☐	☐	21. To authorise the Directors to allot securities.	☐	☐	☐
7. To appoint Tushar Morzaria as a Director of the Company.	☐	☐	☐	22. To authorise the Directors to allot equity securities for cash or to sell treasury shares other than on a pro rata basis to shareholders.	☐	☐	☐
8. To appoint Frits van Paasschen as a Director of the Company.	☐	☐	☐	23. To authorise the Directors to allot equity securities in relation to the issuance of contingent Equity Conversion Notes.	☐	☐	☐
9. To appoint Steve Theakle as a Director of the Company.	☐	☐	☐	24. To authorise the Directors to allot equity securities for cash other than on a pro rata basis to shareholders in relation to the issuance of contingent Equity Conversion Notes.	☐	☐	☐
10. To reappoint Tim Breedon as a Director of the Company.	☐	☐	☐	25. To authorise the Company to purchase its own shares.	☐	☐	☐
11. To reappoint Reuben Jeffery III as a Director of the Company.	☐	☐	☐	26. To authorise the Directors to call general meetings (other than an AGM) on not less than 14 clear days' notice.	☐	☐	☐
12. To reappoint Antony Jenkins as a Director of the Company.	☐	☐	☐				
13. To reappoint Dambisa Moyo as a Director of the Company.	☐	☐	☐				
14. To reappoint Sir Michael Rake as a Director of the Company.	☐	☐	☐				
15. To reappoint Diane de Saint Victor as a Director of the Company.	☐	☐	☐				

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1. Voting

If you want to attend and vote at the Barclays AGM, you must be entered on the Company's register of members by no later than 6.00pm on Tuesday, 22 April 2014, or if the meeting is adjourned, no later than 6.00pm two days before the time fixed for the adjourned meeting.

2. Vote online

You can appoint a proxy to vote your shares online at Barclays.com/investorrelations/vote. To log on you will need your Voting ID, Task ID and Shareholder Reference Number which are printed on the front of this form. Your votes must be registered by no later than 11.00am on Tuesday, 22 April 2014.

3. Proxy

You are entitled to attend, speak and vote at the AGM or you can appoint one or more people (called proxies) to attend, speak and vote on your behalf. A proxy need not be a Barclays shareholder but must attend the meeting in person.

Write the full name of the person you have chosen as your proxy in the box on the Proxy Form unless you wish to appoint the Chairman of the meeting. If no name is inserted, the Chairman of the meeting will be authorised to vote on your behalf.

Unless you complete the Proxy Form to show how you want them to vote, your proxy or proxies can vote, or not vote, as they see fit, on any matter which is put before the meeting.

4. Multiple proxies

You can appoint more than one proxy, but if more than one proxy is appointed, each proxy must be appointed to exercise the rights attached to different shares. To appoint more than one proxy, please photocopy the Proxy Form and indicate the number of shares that you are authorising them to act as your proxy for. Mark the box on the Proxy Form to show that you have appointed more than one proxy.

5. Revoking your proxy

If you complete the Proxy Form to appoint a proxy or proxies, this will not stop you from attending and voting at the meeting if you later find you are able to do so.

6. Authority and timing

To be valid, you must return this Proxy Form, together with a certified copy of the power of attorney or other authority (if any) under which it is executed, to The Registrar to Barclays, Aspect House, Spencer Road, Lancing, West Sussex BN99 8JF United Kingdom, in the pre-paid envelope provided, so that it is received by no later than 11.00am on Tuesday, 22 April 2014.

7. Joint shareholders

The signature of any one of the joint holders will be enough to appoint either the Chairman or one or more proxies to attend, speak and vote at the meeting.

8. Vote Withheld

The 'Vote Withheld' option is given to enable you to abstain on any particular resolution. This 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of votes 'For' or 'Against' a resolution.

9. Corporate shareholders

In the case of a corporation, this proxy must be given under its common seal or signed on its behalf by an officer of the company, an attorney for the company or other persons authorised to sign.

If you are attending as a representative of a shareholder that is a corporation, you will need to show our Registrars evidence that you have been properly appointed as a corporate representative to gain entry to the AGM.

10. Euroclear electronic proxy appointment service (CREST)

If you are a user of the CREST system (including a CREST Personal Member), you may appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To be valid, the CREST message must be received by the receiving agent (ID RA19) no later than 11.00am on Tuesday, 22 April 2014. For this purpose the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the receiving agent is able to retrieve the message. After this time, changes of instructions to proxies appointed through CREST should be communicated to the proxy by other means. If you are a CREST personal member or other CREST sponsored member, you should contact your CREST sponsor for help with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings, please refer to the CREST Manual (available via www.euroclear.com). The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Shareholder information >

If you need help, contact The Registrar to Barclays



Email
questions@share-registers.co.uk



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Barclays PLC, Registered in England. Registered No. 48839. Registered office: 1 Churchill Place, London E14 5HP.

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Barclays PLC Sharestore >

Proxy Form for the Annual General Meeting (AGM)

The AGM will be held at the Royal Festival Hall, Southbank Centre, Belvedere Road, London SE1 8XX on Thursday, 24 April 2014 at 11.00am



+ +

Voting ID: Task ID: Sharestore Reference Number:

You can vote your Barclays shares online at Barclays.com/investorrelations/vote or by completing and sending this form back in the enclosed pre-paid envelope. Before completing this form, please read the explanatory notes on the rear.

I/We hereby instruct Equiniti Corporate Nominees Limited to appoint the Chairman of the meeting, or to attend, speak and vote on my/our behalf at the AGM of Barclays PLC (the Company) to be held on Thursday, 24 April 2014 and at any adjournment of that meeting.

Resolutions

The full wording of the resolutions and brief biographical details of all Directors standing for appointment and reappointment at the 2014 AGM are in the Notice of Annual General Meeting which has been sent to you with this form. Please write an X in the For, Against or Vote Withheld box for each resolution below. If you do not complete the boxes below, the person you appoint as proxy can decide whether, and how, he or she votes in relation to any matter which is properly put before the meeting.

Resolutions, fold along this line

	For	Against	Vote Withheld		For	Against	Vote Withheld
1. To receive the Reports of the Directors and Auditors and the audited accounts for the year ended 31 December 2013.	☐	☐	☐	16. To reappoint Sir John Sunderland as a Director of the Company.	☐	☐	☐
2. To approve the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy) for the year ended 31 December 2013.	☐	☐	☐	17. To reappoint Sir David Walker as a Director of the Company.	☐	☐	☐
3. To approve the Directors' Remuneration Policy.	☐	☐	☐	18. To reappoint PricewaterhouseCoopers LLP as Auditors of the Company.	☐	☐	☐
4. To approve a fixed to variable remuneration ratio of 1:1 for 'Remuneration Code Staff'.	☐	☐	☐	19. To authorise the Directors to set the remuneration of the Auditors.	☐	☐	☐
5. To appoint Mike Ashley as a Director of the Company.	☐	☐	☐	20. To authorise the Company and its subsidiaries to make political donations and incur political expenditure.	☐	☐	☐
6. To appoint Wendy Lucas-Bull as a Director of the Company.	☐	☐	☐	21. To authorise the Directors to allot securities.	☐	☐	☐
7. To appoint Tushar Morzaria as a Director of the Company.	☐	☐	☐	22. To authorise the Directors to allot equity securities for cash or to sell treasury shares other than on a pro rata basis to shareholders.	☐	☐	☐
8. To appoint Frits van Paaschen as a Director of the Company.	☐	☐	☐	23. To authorise the Directors to allot equity securities in relation to the issuance of contingent Equity Conversion Notes.	☐	☐	☐
9. To appoint Steve Theike as a Director of the Company.	☐	☐	☐	24. To authorise the Directors to allot equity securities for cash other than on a pro rata basis to shareholders in relation to the issuance of contingent Equity Conversion Notes.	☐	☐	☐
10. To reappoint Tim Breedon as a Director of the Company.	☐	☐	☐	25. To authorise the Company to purchase its own shares.	☐	☐	☐
11. To reappoint Reuben Jeffery III as a Director of the Company.	☐	☐	☐	26. To authorise the Directors to call general meetings (other than an AGM) on not less than 14 clear days' notice.	☐	☐	☐
12. To reappoint Antony Jenkins as a Director of the Company.	☐	☐	☐				
13. To reappoint Dambisa Moyo as a Director of the Company.	☐	☐	☐				
14. To reappoint Sir Michael Rake as a Director of the Company.	☐	☐	☐				
15. To reappoint Diane de Saint Victor as a Director of the Company.	☐	☐	☐				

☐ Please indicate with an X if this Proxy Form is one of multiple instructions being given. Please refer to note 4 overleaf.

Signature(s)

Date

Please note that your votes must be received by The Registrar to Barclays no later than 11.00am on Tuesday, 22 April 2014.

2674-135-S

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Barclays PLC Sharestore > Attendance Card



Information for shareholders attending the 2014 AGM

The AGM will be held at the Royal Festival Hall, Southbank Centre, Belvedere Road, London SE1 8XX on Thursday, 24 April 2014 at 11.00am.



If you plan to attend the AGM, please bring this card with you. This card will allow you entry to the meeting with a minimum of formality. You will be given full instructions on what to do with this card at the appropriate time during the meeting.

Travelling to the AGM

The nearest tube stations are Waterloo on the Bakerloo, Northern, Jubilee and Waterloo & City lines, Embankment on the District and Circle lines and Charing Cross on the Northern and Bakerloo lines. The nearest overground train stations are Waterloo and Charing Cross. Buses stop on Waterloo Bridge, York Road, Belvedere Road and Stamford Street.

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How to ask a question at the AGM

If you intend to ask a question relating to the business of the meeting
You should register your question at one of the Question Registration Points in the Exhibition Area before the meeting starts. There is also provision to register your question once the meeting has started. Any questions raised but not answered at the meeting will be reviewed personally by the Chairman following the meeting and a reply will be sent out to you within 14 days.

If you would like to ask a question about a personal customer matter
You should go to the Customer Relations Point in the Exhibition Area. This is staffed by Senior Customer Relations personnel who will be available before, during and after the meeting.

Receive your dividend in shares through the Barclays PLC Scrip Dividend Programme (the Programme)

Shareholders approved the introduction of the Programme at the Barclays PLC 2013 Annual General Meeting.

Eligible shareholders can, if they wish, increase their shareholding in Barclays through the Programme. Shareholders who join the Programme will receive new ordinary shares in Barclays instead of a cash dividend, without incurring dealing costs or stamp duty. Barclays retains cash, which would otherwise have been paid as a dividend, for reinvestment in the business.

If you wish to join the Programme, please carefully read the Terms and Conditions available at Barclays.com/dividends. You will need to complete and return a Scrip Dividend Programme Mandate Form, also available at Barclays.com/dividends, to The Registrar to Barclays.

If you would like more information about the Programme or if you have any questions, please contact The Registrar to Barclays using the contact details overleaf.

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Barclays PLC Sharestore > Poll card for the Annual General Meeting (AGM)



The AGM will be held at the Royal Festival Hall,
Southbank Centre, Belvedere Road, London SE1 8XX
on Thursday, 24 April 2014 at 11.00am

This card should only be completed during the meeting

Members of Barclays Sharestore, their proxies and authorised
representatives of corporations are entitled to vote.

Please write an X in the For, Against or Vote Withheld box for each
resolution below. If you wish to cast your votes partly for, partly vote
withheld or partly against a resolution, you should write the number
of votes cast For, Against or Vote Withheld in the appropriate box.

Signature(s)

Date

Resolutions

	For	Against	Vote Withheld		For	Against	Vote Withheld
1. To receive the Reports of the Directors and Auditors and the audited accounts for the year ended 31 December 2013.	☐	☐	☐	16. To reappoint Sir John Sunderland as a Director of the Company.	☐	☐	☐
2. To approve the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy) for the year ended 31 December 2013.	☐	☐	☐	17. To reappoint Sir David Walker as a Director of the Company.	☐	☐	☐
3. To approve the Directors' Remuneration Policy.	☐	☐	☐	18. To reappoint PricewaterhouseCoopers LLP as Auditors of the Company.	☐	☐	☐
4. To approve a fixed to variable remuneration ratio of 1:2 for 'Remuneration Code Staff'.	☐	☐	☐	19. To authorise the Directors to set the remuneration of the Auditors.	☐	☐	☐
5. To appoint Mike Ashley as a Director of the Company.	☐	☐	☐	20. To authorise the Company and its subsidiaries to make political donations and incur political expenditure.	☐	☐	☐
6. To appoint Windy Lucas-Bull as a Director of the Company.	☐	☐	☐	21. To authorise the Directors to allot securities.	☐	☐	☐
7. To appoint Tushar Morzaria as a Director of the Company.	☐	☐	☐	22. To authorise the Directors to allot equity securities for cash or to sell treasury shares other than on a pro rata basis to shareholders.	☐	☐	☐
8. To appoint Frits van Paasschen as a Director of the Company.	☐	☐	☐	23. To authorise the Directors to allot equity securities in relation to the issuance of contingent Equity Conversion Notes.	☐	☐	☐
9. To appoint Steve Theike as a Director of the Company.	☐	☐	☐	24. To authorise the Directors to allot equity securities for cash other than on a pro rata basis to shareholders in relation to the issuance of contingent Equity Conversion Notes.	☐	☐	☐
10. To reappoint Tim Breedon as a Director of the Company.	☐	☐	☐	25. To authorise the Company to purchase its own shares.	☐	☐	☐
11. To reappoint Reuben Jeffery III as a Director of the Company.	☐	☐	☐	26. To authorise the Directors to call general meetings (other than an AGM) on not less than 14 clear days' notice.	☐	☐	☐
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Barclays PLC Sharestore > Explanatory notes



1. Voting

If you want to attend and vote at the Barclays AGM, you must be entered on the Barclays Sharestore register of members by no later than 6.00pm on Tuesday, 22 April 2014, or if the meeting is adjourned, no later than 6.00pm two days before the time fixed for the adjourned meeting.

2. Vote online

You can appoint a proxy to vote your shares online at Barclays.com/investorrelations/vote. To log on you will need your Voting ID, Task ID and Sharestore Reference Number which are printed on the front of this form. Your votes must be registered by no later than 11.00am on Tuesday, 22 April 2014.

3. Proxy

You are entitled to attend, speak and vote at the AGM or you can appoint one or more people (called proxies) to attend, speak and vote on your behalf. A proxy need not be a Barclays shareholder but must attend the meeting in person.

Write the full name of the person you have chosen as your proxy in the box on the Proxy Form unless you wish to appoint the Chairman of the meeting. If no name is inserted, the Chairman of the meeting will be authorised to vote on your behalf.

Unless you complete the Proxy Form to show how you want them to vote, your proxy or proxies can vote, or not vote, as they see fit, on any matter which is put before the meeting.

4. Multiple proxies

You can appoint more than one proxy, but if more than one proxy is appointed, each proxy must be appointed to exercise the rights attached to different shares. To appoint more than one proxy, please photocopy the Proxy Form and indicate the number of shares that you are authorising them to act as your proxy for. Mark the box on the Proxy Form to show that you have appointed more than one proxy.

5. Revoking your proxy

If you complete the Proxy Form to appoint a proxy or proxies, this will not stop you from attending and voting at the meeting if you later find you are able to do so.

6. Authority and timing

To be valid, you must return this Proxy Form, together with a certified copy of the power of attorney or other authority (if any) under which it is executed, to The Registrar to Barclays, Aspect House, Spencer Road, Lancing, West Sussex BN99 8JF United Kingdom, in the pre-paid envelope provided, so that it is received by no later than 11.00am on Tuesday, 22 April 2014.

7. Joint Sharestore members

The signature of any one of the joint holders will be enough to appoint either the Chairman or one or more proxies to attend, speak and vote at the meeting.

8. Vote Withheld

The 'Vote Withheld' option is given to enable you to abstain on any particular resolution. This 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of votes 'For' or 'Against' a resolution.

9. Corporate Sharestore members

In the case of a corporation, this proxy must be given under its common seal or be signed on its behalf by an officer of the company, an attorney for the company or other persons authorised to sign.

If you are attending as a representative of a shareholder that is a corporation, you will need to show our Registrars evidence that you have been properly appointed as a corporate representative to gain entry to the AGM.

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