




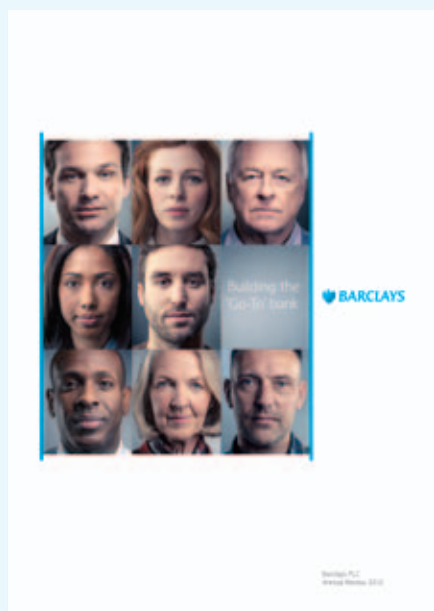
The strategic report

Tough questions, honest answers

Barclays is changing. We are changing the way we do business, changing the type of business we do and setting a new course for the future. That means we are listening more than ever before, to our customers and clients, our employees and to all of the people our work impacts.

The portraits that appear in this Annual Review are of real Barclays customers. The tough questions featured throughout are the ones that we have been consistently asked, throughout this year by our stakeholders.

 More detail can be found online at www.barclays.com/annualreport



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 2012 to the corresponding 12 months of 2011 and balance sheet comparisons, relate to the corresponding position at 31 December 2011. 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 explained further on page 24 and defined in the online glossary at www.barclays.com/annualreport

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", "achieve" or other words of similar meaning. Examples of forward-looking

An overview of our 2012 performance, a focus on our new strategic direction, and a review of the businesses underpinning our strategy

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statements include, among others, statements regarding the Group's future financial position, income growth, assets, impairment charges, business strategy, capital ratios, leverage, payment of dividends, projected levels of growth in the banking and financial markets, projected costs, commitments in connection with the Transform Programme, 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, including, but not limited to, UK domestic, 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 notes, the policies and actions of governmental and regulatory authorities (including requirements regarding capital and Group structures and the potential for one or more countries exiting the Eurozone), changes in legislation, the further development of standards and interpretations under IFRS and prudential capital rules applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of current and future legal proceedings, the success of future acquisitions and other strategic transactions and the impact of competition, a number of such factors being beyond the Group's control. As a result, the Group's actual future results may differ materially from the plans, goals, and expectations set forth in the Group's forward-looking statements.

Any forward-looking statements made herein speak only as of the date they are made. Except as required by the UK Financial Services Authority, the London Stock Exchange plc (the "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 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 filed or may file with the US Securities and Exchange Commission.

The Annual Review includes certain information required to be included in the joint Barclays PLC and Barclays Bank PLC Annual Report on Form 20-F for 2012. Form 20-F will contain as exhibits certificates pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, signed by the Group Chief Executive and the Group Finance Director.

Tough questions, honest answers



“What does being the ‘Go-To’ bank mean and how will it affect me?”

Being the ‘Go-To’ bank means being the instinctive partner of choice for anyone looking to do banking business, whether a small business, first-time house buyer, or a large corporate undertaking a complex merger or acquisition deal. Customers and clients will benefit from being firmly in the centre of everything we do. For further information on becoming the ‘Go-To’ bank, please see page 8.

Group overview

While 2012 was a difficult year for Barclays, financial performance was strong. Results clearly demonstrate the good momentum in our businesses and a robust capital and liquidity position.

Adjusted total income

£29,043m

Total adjusted income was up 2%.
Statutory income down 24% to £24,691m

Adjusted profit before tax

£7,048m

Adjusted profit before tax up 26%,
with significant contribution from both
investment and retail banking activities.
Statutory profit before tax down to £246m

Liquidity pool

£150bn

Liquidity pool remains strong and
well within our liquidity risk appetite

Gross new lending to UK

£44.0bn

We provided £44bn of gross new lending to
UK households and businesses including an
estimated £5.7bn of net new lending under
Funding for Lending Schemes

People supported

1.2 million

Helped to improve the enterprise, financial
and life skills of more than 1.2 million 10 to
35 year olds through a range of programmes

Dividends per share

6.5p

Despite challenges faced, underlying
performance enables us to pay a full year
dividend of 6.5p

Key performance indicators (KPIs)

The KPIs presented below reflect the way in
which the performance of the Group has been
measured during 2012. These KPIs will be
superseded to align with the new strategy and

we will use a balanced scorecard to monitor
the performance and delivery of the new
strategy. For more information on the
balanced scorecard, please see page 13.

Measures	Statutory			Adjusted		
	2012	2011	2010	2012	2011	2010
Capital						
Core Tier 1 ratio	10.9%	11.0%	10.8%			
Adjusted gross leverage	19x	20x	20x			
Returns						
Return on average shareholders' equity (RoE)	(1.9)%	5.8%	7.2%	7.8%	6.6%	6.8%
Return on average tangible equity (RoTE)	(2.2)%	6.9%	8.7%	9.1%	7.9%	8.2%
Return on average risk weighted assets (RoRWA)	(0.1)%	1.0%	1.1%	1.3%	1.1%	1.1%
Profit before tax	£246m	£5,879m	£6,065m	£7,048m	£5,590m	£5,707m
Cost: income ratio	85%	64%	64%	64%	67%	64%
Loan loss rate	75bps	77bps	118bps			
Dividend per share	6.5p	6.0p	5.5p			
Income growth						
Total income	£24,691m	£32,292m	£31,440m	£29,043m	£28,512m	£31,049m
Income by geography: UK	31%	49%	40%	41%	43%	39%
Europe	15%	13%	15%	13%	15%	16%
Americas	32%	19%	25%	26%	21%	25%
Africa and Middle East	18%	15%	16%	16%	17%	16%
Asia	4%	4%	4%	4%	4%	4%
Citizenship						
Gross new lending to UK households and businesses	£44.0bn	£45.0bn	£43.5bn			
Global investment in our communities	£64.5m	£63.5m	£55.3m			
Colleagues involved in volunteering, regular giving and fundraising initiatives	68,000	70,000	59,000			
Group Employee Opinion Survey (EOS) – Proud to be Barclays	78%	81%	83%			
Percentage of senior managers who are female	22%	21%	24%			

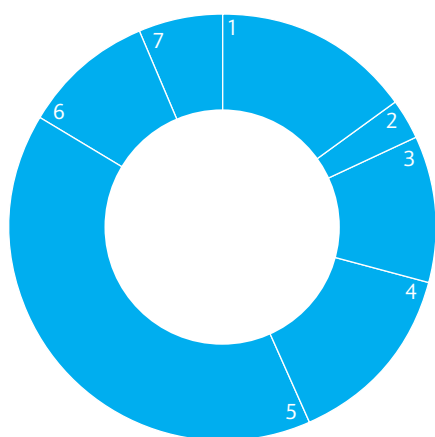
Our businesses

About Barclays


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.

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

Total income by business segment



1. UK Retail and Business Banking
2. Europe Retail and Business Banking
3. Africa Retail and Business Banking
4. Barclaycard
5. Investment Bank
6. Corporate Banking
7. Wealth and Investment Management

 For more detailed information please refer to page 16-23

UK Retail and Business Banking (UKRBB)

£4,421m

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)

£915m

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)

£3,157m

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

Barclaycard

£4,170m

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

£11,722m

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

£2,918m

A leading provider of integrated cash management, financing and risk management solutions to large corporate clients in the UK and South Africa, and multinationals and financial institutions globally

Wealth and Investment Management

£1,815m

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

Chairman's statement

Cultivating the right culture,
running Barclays the right way,
and responding to regulation.

“Changing Barclays culture is a critical component in rebuilding trust and real change is required.”

Sir David Walker
Chairman



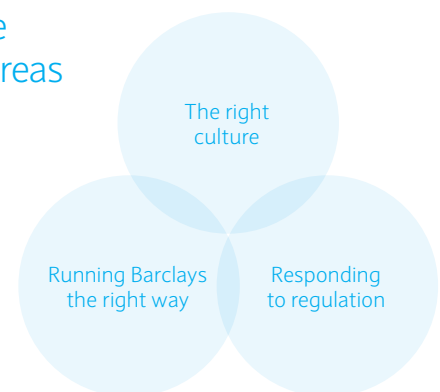
Barclays experienced an extremely difficult 2012. In the wake of the announcement of the penalties relating to the industry-wide investigation into the setting of interbank offered rates, Marcus Agius chose to resign as Chairman and Bob Diamond subsequently resigned as CEO.

The Board moved swiftly to fill both positions. My appointment as Chairman was announced in early August and the appointment of Antony Jenkins as CEO was made at the end of that month.

The announcement of the penalties in respect of LIBOR and EURIBOR rates was in addition to the provisions made in respect of the mis-selling of PPI to consumers and interest rate hedging products to business customers, both of which were increased at the end of the year. Stakeholders' trust in Barclays and the banking sector generally has been severely damaged by these events. We recognise that we must rebuild that trust and are determined to win it back through demonstrating real and fundamental change in our culture, especially the way we operate. We must demonstrate that going forward we are truly serving all our stakeholders, particularly our customers and clients, the communities in which we operate and society as a whole.

My priority as Chairman is to work with the Board, Antony Jenkins, management and employees to ensure that we win back trust and ensure that we have in place a sustainable business model that will create long term shareholder value.

I have three particular areas of focus:



Your Chairman's view

The Chairman's primary role is to provide leadership to the Board, creating the conditions for overall Board effectiveness and ensuring that Barclays satisfies its legal and regulatory responsibilities.

Here, Sir David Walker – who became Chairman in 2012 – takes the opportunity to provide his views on the performance of Barclays, the Board, and his priorities for the future.

The right culture

Changing Barclays culture is a critical component in rebuilding trust and real change is required. The Board and management have an essential role to play in promoting a culture that embeds appropriate and consistent values throughout the whole of the organisation, irrespective of location or seniority. We have already started work on changing the culture with the launch in January of Barclays new Purpose and Values. We have defined our Purpose as 'Helping people achieve their ambitions – in the right way'. This is underpinned by five core values: Respect, Integrity, Service, Excellence and Stewardship. Antony Jenkins provides more detail on this work and the overall Transform Programme – designed to position Barclays as the 'Go-To' bank – in his CEO's Review. Embedding the new Purpose and Values will take time but we are already changing the way we pay people to help accelerate that journey. Remuneration structures are being amended to ensure they take into account how results are delivered as well as the actual delivery of those results. We have already removed all sales commission for branch-based staff with performance now being measured against customer service metrics.

Running Barclays the right way

Changes will be made to the way Barclays is governed in order to reflect the new environment in which we are operating and reinforce the cultural change that we are putting in place. We were one of the first banks to create a Board Risk Committee and this served Barclays well during the financial crisis. It has primarily focused on financial risks, such as credit, market, capital and funding risk. However, we now need to ensure an equal focus on conduct and reputation risk. We have accordingly created a new Board Committee to scrutinise these areas of risk, including operational risk. The creation of such a committee will ensure that the existing Board Risk Committee can focus its attention on financial risk, while the new Board Conduct, Reputation and Operational Risk Committee can focus on ensuring that our business practices and culture appropriately reflect the needs of all of our stakeholders, especially our customers, in addition to focusing on other areas of non-financial risk.

Remuneration has been a key governance concern for many of our stakeholders. There is no doubt that pay in some parts of the industry became excessive in the years leading up to the financial crisis. We are determined to ensure that shareholders receive an increased share of the

income and pre-compensation profits earned by the Group. Significant progress was made in 2012 – incentive awards reduced by 16% overall and 20% in the Investment Bank, despite a material increase in adjusted profit before tax. We are determined to continue making progress in improving critical compensation ratios such as compensation to net operating income to the benefit of our shareholders.

The Barclays Board responded swiftly following the resignations of Marcus Agius and Bob Diamond as Chairman and CEO respectively in order to ensure stability was restored as quickly as possible, with Marcus Agius agreeing to act as full-time Chairman until a new Chairman and CEO had been appointed. It has also worked diligently to ensure Barclays survived during one of the most serious financial crises the world has faced. The Board and management deserve credit for Barclays profitable track record during this period.

Criticism has, however, been levied at both the Board and senior management for their role in the events which resulted in the resignations last July. With the benefit of hindsight, there was a failure to recognise sufficiently that the environment in which banks operate had changed. A key lesson from the events of last summer is to underline the need for the Board to step back periodically from the detail and to take stock of the changing external strategic and operating environment. The Board will be assisted in this by the addition of two new Directors who have recently been appointed: Tim Breedon, the former Chief Executive of Legal & General Group plc, and Diane de Saint Victor, the General Counsel of ABB Limited. Tim brings to the Board deep financial services experience and a shareholder perspective, while Diane brings specific experience of legal and compliance issues in a global business and in helping to embed cultural change. Further Board appointments will be made during 2013. Marcus Agius and Alison Carnwath both left the Board last year. I want to thank Marcus for his dedicated contribution as Barclays Chairman through an extraordinarily difficult 5-year period for the banking sector between 2007-2012 and, in particular, for the effectiveness and dignity of his leadership in the demanding phase of transition after Bob Diamond stepped down and before I became Chairman later in the year. I want also to thank Bob Diamond for the very significant positive contribution that he made during his 16 years with Barclays. Sir Andrew Likierman will be retiring from the Board at the AGM having served nine years as a Director. I would like to thank Andrew for his contribution to the Board over this period, particularly as a member of the Board Audit and Risk Committees. I would also like to thank Alison Carnwath for her contribution to the Board.

Responding to regulation

There is now emerging more clarity on the future shape of the regulatory environment, although the precise details still need to be resolved. It is, however, clear that intensive and intrusive regulation is here to stay, together with higher levels and quality of capital and liquidity. It is also clear that there will be significant structural reform in the shape of a ring-fenced bank in the UK and other reforms in the US, including the prospective need to create an intermediate US holding company with its own capital and liquidity to hold Barclays US subsidiaries. We will respond positively to these developments and are already beginning the process of establishing a ring-fenced bank here in the UK. We aim to continue to lead the sector in ensuring that we can eliminate the 'too big to fail' problem through our work on recovery and resolution planning.

The new regulatory environment will require changes to both business models and cost structures. The Transform Programme and Strategic Review that Antony Jenkins sets out in his CEO's Review is designed to address precisely these issues. However, care does need to be taken to ensure that regulation does not go too far. A healthy banking sector earning returns above the cost of equity is essential to economic growth. It is 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.

Conclusion

I feel immensely privileged to be Chairman of this great organisation at such an important point in its history. Barclays has a proud and successful history. Its reputation has, however, been badly damaged by recent events and it is crucial to restore trust in the eyes of stakeholders. I am pleased to say that work is well underway under the leadership of Antony Jenkins to do just that.

I have been impressed since joining Barclays by the quality of its people and of its businesses. I would like particularly to thank our 140,000 employees worldwide who have shown commitment and loyalty to both Barclays and our customers and clients. It is because of them that I am confident in Barclays future.

Sir David Walker
Chairman

We must also not forget the many good things that Barclays does, including:

£44bn	We provided £44bn in gross new lending to UK households and businesses in 2012
112,000	We supported the creation of 112,000 new businesses in the UK
500	We welcomed over 500 apprentices in January 2013 and are on track to meet our commitment to recruit 1,000 apprentices by the middle of this year
£64.5m	We invested a total of £64.5m in community programmes globally in 2012, with 68,000 Barclays employees providing their time, skills and money to charitable causes
750,000	We continue to innovate for the benefit of our customers and clients; for example through PayTag we have enabled over 750,000 mobile phones to make contactless payments across three countries, and through Pingit, the first mobile payment application in Europe, we have won numerous industry awards
£3.2bn	We are a major taxpayer, with our total tax contribution amounting to £3.2bn in 2012, in addition to taxes paid on behalf of employees, customers and clients

Tough questions, honest answers



“Bankers are overpaid and don’t have society’s interests at heart. It’s that simple, isn’t it?”

Part of the change that is happening at Barclays is to consider the broader societal impacts of what we do. Barclays has always sought to link pay to performance in a commercially sensible way. For the first time we will be overtly linking pay to performance based on delivering a set of values that reinforce our promise to the stakeholders we serve. See page 13 for further details on our balanced scorecard.

Group Chief Executive's review

Barclays will only be a valuable business if it is a values-driven business. We must operate to the highest standards if our stakeholders are to trust us and bring their business to Barclays.

"I started as Barclays Chief Executive at a turning point in our 323 year history."

Antony Jenkins
Group Chief Executive



2012 was unquestionably a difficult year for Barclays and the banking industry. Serious mistakes were made and trust badly damaged. Significant change is needed. But while I am determined that we will not repeat the mistakes of the past, I also recognise that Barclays remains a great business and we need to reshape it to meet the needs of all stakeholders – colleagues, customers, clients, broader society and, of course, our shareholders.

Transform overview

Stabilise the organisation, provide context for the change to come, maintain short term momentum


Improve business returns, define and execute plan to deliver RoE above CoE

Become the 'Go-To' bank, for our stakeholders – customers and clients, colleagues, investors and wider society

0-9 months
Turnaround

0-3 years
Return Acceptable Numbers

0-5 years
Sustain FORward Momentum

 For more information on our Transform Programme please see pages 10-13

Becoming the 'Go-To' bank

I have defined Barclays goal as becoming the 'Go-To' bank. Quite simply, this means that in future Barclays will be the instinctive partner of choice for anyone looking to do banking business, whether a small business, first-time house buyer or a large corporate undertaking a complex merger or acquisition deal. I want Barclays to be recognised not just for our performance, but for the values we embody in everything we do. If we can achieve this then we will become both the rational and emotional bank of choice for people regardless of the transaction they are looking to make.

This goal is ambitious. The changes we are making are fundamental and the plans we have announced comprehensive. But without them, Barclays will not prosper in what is an ever-changing environment.

Transforming Barclays

Our Transform Programme has three components. Turnaround, Return Acceptable Numbers and Sustain Forward Momentum.

Turnaround was the immediate task of stabilising the business and maintaining momentum after the settlement in relation to LIBOR and EURIBOR in the summer and its subsequent impact on Barclays reputation. I was determined that this would mean listening to all of our stakeholders. We have proactively looked to rebuild relationships with our regulators through frequent, transparent dialogue. We have engaged with politicians, the media, our customers and clients, and I have personally met dozens of investors and analysts. And of course, we have consulted thousands of our colleagues.

Each of these groups had one clear request – for Barclays to become a better bank. This is what we are striving to achieve and I thank everyone who engaged with us.

Your Chief Executive's view

The role of the Group Chief Executive includes implementing the Group's strategy as agreed by the Board. Here Antony provides his view on the events of 2012, and the ambition for Barclays for the future, along with the strategy to get us there.

Of course, at the same time, it was essential that we delivered our financial objectives and I believe that the results for 2012 show that we did not lose momentum during a very difficult year.

Aside from delivering an adjusted profit before tax of over £7bn, up 26% year on year, adjusted total income increased 2% to £29bn and impairments improved by 5% resulting in net income growth of 3% to £25.4bn. Charges of £1.6bn and £850m were incurred for PPI and interest rate hedging products redress respectively. Our capital, liquidity and funding also remained strong with a Core Tier 1 ratio of 10.9% and total capital ratio of 17.1%.

Our four largest businesses all increased returns on the previous year. There were strong performances from UK Retail and Business Banking and Barclaycard which reported returns of 16.0% and 22.1% respectively. The Investment Bank delivered returns of 13.7% and Corporate Banking continued its turnaround with returns of 5.5%, up from 1.7% in 2011.

We have a long way to go to become the 'Go-To' bank and the second element of Transform, Return Acceptable Numbers, outlines our plans to build on these strong foundations to deliver a Group return on equity above the Group's cost of equity during the course of 2015 and beyond.

The economic outlook for the foreseeable future is subdued. This means we have to prioritise our investment and our focus rather than look to grow every business. More than ever, we need to focus on costs. This will be the strategic battleground for the financial services industry in the future and we must do things differently if we are to thrive.

Over the last few months, we have undertaken a comprehensive, end-to-end review of our operations, unprecedented in scope and detail. We have closely examined the external environment – now and in the future – looking at the economic context, the needs of our customers and clients, regulatory and stakeholder expectations, and the competitive landscape.

As you will read in this report, we are reshaping Barclays. We have made tough commercial decisions about those businesses not consistent with our financial targets or reputational criteria. But as a result we will build a universal bank that generates a return on equity sustainably in excess of the cost of equity in the course of 2015, while meeting our responsibilities to all our stakeholders.

The final part of Transform, Sustain Forward Momentum, defines how we will reach 'Go-To' by creating and sustaining a culture that delivers the right outcomes in the right way.

Purpose and Values

The notion that there must always be a choice between profits and a values-driven business is false. Barclays will only be a valuable business if it is a values-driven business. And we will become a valuable and sustainable institution for all our stakeholders by aligning behind a common purpose: 'Helping people achieve their ambitions in the right way' and adhering to our new core values: Respect, Integrity, Service, Excellence and Stewardship.

These values are not window dressing, nor are they part of an elaborate PR campaign. They are the foundations of our future and will define the work we will and will not do, and therefore the value we will create. For the past 30 years, banking has been progressively too aggressive, too focused on the short term, too disconnected from the needs of our customers and clients, and wider society and we lost our way. This cannot be allowed to happen again.

Our values will be the bedrock of our future success and the blueprint to define how we work together from now on. Our balanced scorecard (page 13) will create a holistic assessment of our performance for all of our stakeholders. This scorecard will underpin the performance assessment for our 125 most senior leaders this year and for all colleagues by the middle of 2014 and we will be transparent about the progress we are making against this scorecard.

This journey will not be easy. In 2013, overall returns will decrease as we take the action required to reshape our portfolio of businesses. We also see four key risks to achieving our plans – a major macroeconomic downturn, a significant unexpected change in regulation, legacy issues and failure to execute the plan.

We have been deliberately conservative in our planning to mitigate against a major downturn in the global economy, in addition to any significant and unexpected change in regulation. While a number of regulatory reforms have not yet been finalised, we believe that the direction of travel on the principal reforms is clear and our plans anticipate this new landscape as much as possible. Should the final shape of regulation differ from what we expect, Barclays track record demonstrates a clear ability to adapt while still delivering against our commitments.

With regard to legacy issues, we have a number of on-going areas of litigation and regulatory review and we have robust processes in place to address them. The execution of our plans is absolutely within our control. We know that. And we are aware of the importance of being able to track and assess our progress which is why we have made a series of financial and non-financial commitments with clear timescales. See page 12 for more information.

Ultimately, we recognise that it will be for others to judge whether or not we have succeeded in our objectives. But we have a credible plan, a strong team and my commitment is absolute – we will do everything in our power to achieve our objective of becoming the 'Go-To' bank.

Antony Jenkins
Group Chief Executive

What we want to be

Becoming the 'Go-To' bank for our customers and clients will require us to develop deeper relationships more efficiently and in the right way.

Our goal

Becoming the 'Go-To' bank

Our goal is to build not only a sustainable, trusted business, but a business which customers and clients consider as the first choice for answers and solutions – their 'Go-To' bank.

Customers and clients will benefit from our focus on doing business in the right way, putting them firmly in the centre of all that we do.

In coming years, we will re-establish Barclays as a benchmark brand which our colleagues will value throughout their careers.

For Barclays and our shareholders, 'Go-To' means a more efficient way of doing business and developing deeper relationships that sustainably improve return on shareholder investment.

Our purpose

Helping people achieve their ambitions – in the right way

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.

Barclays in action – how we live our values today



Creating a values-driven culture

We commissioned Anthony Salz to conduct an independent Group-wide review of the bank's current practices. We intend to implement the findings of this review as we transform the organisation.



Enhancing customer experience

Barclays Pingit was awarded the accolade of 2012 Disruptive Service of the Year by Apple. This positive recognition by the technology world is for an innovation that has the potential to create a new market or business model. The App allows customers to send and receive money anytime, anywhere.



Supporting society

Our Corporate Banking business in the UK developed Cash-back for Business, which is a new initiative as part of the government's Funding for Lending and provides additional funding upfront equal to 2% of the loan.

Our goal, purpose and values

Our goal and purpose represent a focal point for all colleagues that will guide our efforts and approach.

Barclays values, newly revised in this report, focus our approach to doing business – how we will work and serve – in the right way.

Our values

Being the 'Go-To' bank sets a new bar for what we do for customers and clients, how we do it and how we are perceived in the market.

We have created values that will embody our new goal and purpose. Barclays will be differentiated from peers by bringing these values to life every day in the way we behave.

Transparency must be at the heart of all we do – from financial disclosure to customer service.

The new values we will live by are:

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.



Improving our business controls

In December 2012, we created a new role of Head of Compliance and Government and Regulatory Relations, reporting directly to the CEO. To help build a more cohesive and effective function, all compliance colleagues and activity across Barclays now report to this individual and thus operate independently of any business and regional teams for management purposes.



Creating opportunities for our colleagues

Our new consolidated Africa operating model will provide increased opportunities for colleague mobility through the creation of short term intra-Africa secondments that will help colleagues to build international experience and further their careers through opportunities that may not be available in their home countries.



Helping with disaster relief

Along with 200 Barclays volunteers, the Investment Bank committed \$1.5m to Hurricane Sandy Disaster Relief programme. This initiative is particularly close to the hearts of our US colleagues as much of the devastation occurred in their own or neighbouring communities.

How we will get there

Our journey to 'Go-To' has begun, but transformational change takes time. We will monitor and measure our progress in a balanced and relevant way.

Achieving our goal

Our Transform Programme is the road map to achieving our goal and purpose

Transforming Barclays and the way we do business – becoming the 'Go-To' bank – will be a long, challenging, but also exciting journey. The outcome will be worth the effort.

The quality and commitment of the people at Barclays, combined with our underlying financial strength, means we start our transformation from a good position.

Barclays Strategic Review, commenced in Q4 2012, is part of a long term programme to transform the culture and performance of Barclays over the next three to five years.

In a realistic timeline

Stabilise the organisation, provide context for the change to come, maintain short term momentum

Improve business returns, define and execute plan to deliver RoE above CoE

Become the 'Go-To' bank, for our stakeholders – customers and clients, colleagues, investors and wider society

0-9 months
Turnaround

0-3 years
Return Acceptable Numbers

0-5 years
Sustain FORward Momentum

By focusing on what matters

Barclays Strategic Review concluded that we will:

- Focus solely on activities that support customers and clients in geographic markets and businesses where Barclays has scale and competitive advantage
- Focus investment in the UK, US and Africa, while maintaining an appropriate presence across Europe and Asia to support our global investment banking franchise
- Restructure Barclays European retail operations to focus on the mass-affluent customer segment
- Reposition Barclays European and Asian Equities and the Investment Banking Division businesses to reflect the market opportunities and maintain a relevant proposition for our clients
- Close the Structured Capital Markets business unit
- Manage Risk Weighted Assets (RWAs) more efficiently through a run-off of legacy assets in Europe and the Investment Bank and invest in high-return businesses such as UK mortgages, Barclaycard and Wealth and Investment Management
- Reduce total costs significantly across the Group by operating more efficiently

And delivering on our commitments

We are making a series of commitments against which progress can be tracked. We will update against these commitments every six months:

Non-financial commitments

- Provide greater disclosure and transparency around our financial performance
- Embed our Purpose and Values across Barclays and publish an annual scorecard assessing our performance

Financial commitments

- Target return on equity for the Group in excess of the Group cost of equity in 2015, which we have assumed will remain at the current 11.5% level
- In 2013, reduce headcount by at least 3,700 across the Group, including 1,800 in the Corporate and Investment Bank and 1,900 in Europe Retail and Business Banking
- Aim to reduce the Group's total cost base by £1.7bn to £16.8bn in 2015, including interim cost estimates of £18.5bn and £17.5bn in 2013 and 2014 respectively
- Target RWAs of £440bn by the end of 2015
- Report a transitional Common Equity Tier 1 ratio in 2015 above its target of 10.5%
- From 2014, accelerate our progressive dividend policy, targeting a payout ratio of 30% over time

Our path forward

Our balanced scorecard outlines the performance categories and objectives that will guide the behaviours for all our colleagues.

We are currently working on the full set of precise scorecard measures. The objectives below are illustrative of the type of objectives that may be selected.

Our balanced scorecard – measuring the success of our strategy

We understand the need to demonstrate tangible progress, not just talk about our good intentions. We are serious about making sure we live by these values, so they will play a significant role in how we measure and reward individual and business performance.

We will continue to pay for performance and we will continue to pay competitively for the best talent. However, in future, variable pay will depend on performance against our values as well as other targets.

A new performance assessment approach, based on a balanced scorecard, will be introduced for senior executives during 2013 and for all colleagues from the middle of 2014. This means all variable remuneration will depend on delivering performance in the way that is consistent with our values.

Adding further weight to doing business 'in the right way', we will launch a new Code of Conduct for all staff following (and including) recommendations from the Salz Review.

Customers and Clients

Delighting our customers and clients is fundamental to being their 'Go-To' bank. We want to be the provider of choice by ensuring that our customer service is top tier for the markets in which we operate.

Objectives

- Greater level of customer and client satisfaction
- More business from more customers and clients

Colleagues

Colleagues are the cornerstone of Barclays. We strive to create a diverse and inclusive environment, where colleagues can fulfil their potential, and Barclays is seen as the employer of choice. Our colleagues need to be fully engaged in order to serve effectively and to experience fulfilling careers.

Objectives

- Improved colleague engagement and satisfaction
- Diversity across our workforce
- Retention of high-performing colleagues

Citizenship

In striving to make Barclays the 'Go-To' bank, we must consider the impacts of our day-to-day business decisions on our stakeholders and wider society. We will ensure our decisions take account of external stakeholder needs in the short and long term and positively impact the communities in which we operate.

Objectives

- Improve external stakeholder perceptions
- Increase impact of community programmes

Conduct

We must be a values-driven business, becoming once again a trusted pillar and the 'Go-To' bank because of our behaviour. Success will be seen when our regulators view us as a model of constructive engagement. Our products and services will be designed and distributed to meet clients' and customers' needs consistent with our mutual risk appetite and will be priced appropriately.

Objectives

- Effective control environment
- Fewer customer complaints

Company

As a financial institution, we understand the importance of strong commercial performance. We are resilient as a firm as demonstrated by our 323 years in operation, but we will reinvigorate a focus on building to last, particularly in our financial strength.

Objectives

- Return on equity above the cost of equity

How we create value

We will become the bank of choice for people regardless of the transaction they are looking to make.

How Barclays does business

Our objective is to create and deliver long term sustainable value for all our stakeholders – in the right way.

We fulfil our purpose by delivering the fundamental functions of a bank to our customers and clients for which we receive interest income and/or fees.

Our competitive advantage

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

Scale and diversity allow us to build sustainable businesses by delivering operational excellence, investing in innovation, managing our risks and allocating scarce resources, including capital, efficiently across our portfolio of businesses. Our people allow us to cultivate deeper relationships with our customers and clients by bringing the best of Barclays to each.

As we refresh our goal, purpose and values and rebalance our objectives across multiple stakeholders, we believe we can become the bank of choice for people regardless of the transaction they are looking to make.



How Barclays creates value

Barclays operates a universal banking model through which we seek to build strong and stable relationships with our customers and clients by meeting a wide range of their needs across different locations. These multi-dimensional strategies allow Barclays to offer a greater range of products and services and achieve both a smoother income stream and sustainable returns.

Our Retail and Business Banking businesses operate in a regional model, focusing on delivering targeted solutions to individuals and small businesses. Barclaycard, the Investment Bank, Corporate Banking and Wealth and Investment Management leverage their offerings to provide comprehensive solutions across borders.

Where possible, we have encouraged Group functions to take advantage of synergies through the sharing of ideas and collaboration from cross-functional working groups.

How our businesses create value

Business type	Primary income source	Description
Retail and Business Banking	Interest and fee income	We accept customer deposits in exchange for interest payment. We lend these funds, for an interest charge, to individuals and businesses looking to grow and make meaningful contributions to the economy.
Barclaycard	Interest income and transaction fees	We facilitate and simplify the flow of funds between customers and businesses for a small percentage of the transaction and, in the case of credit cards, we earn interest income on credit balances.
Investment Bank	Trading income and fee income	We provide clients with financial and transaction advice, assistance with capital raising, trade execution and risk management for which we earn trading and fee income.
Corporate Banking	Interest and fee income	We provide clients with banking, cash management and financing services, in exchange for interest and fees, to facilitate growing businesses' ability to conduct business domestically and internationally.
Wealth and Investment Management	Interest and fee income	We help affluent customers grow and protect their wealth through advisory and investment services, for which we earn a fee, and private and international banking, on which we earn interest.

Tough questions, honest answers



“As a shareholder, returns and performance have been disappointing. How will you change that?”

In times of economic uncertainty, performance is difficult for all. But we believe our fundamentals are strong and we are well positioned to achieve long term value. We are aiming to improve the quality and predictability of earnings allowing us to deliver sustainable returns in excess of our cost of equity. See www.barclays.com/Transform for further details on the Transform Programme and Returning Acceptable Numbers.

UK Retail and Business Banking (UKRBB)

We aim to become the 'Go-To' bank in the UK by making our customers' lives much easier.

UKRBB is our UK-based high street retail bank network and brand presence for the Group. UKRBB provides customer referrals for Barclaycard, Wealth and Investment Management and Corporate Banking; and retail banking platforms and infrastructure.

UKRBB has over 15 million personal customers, one million of whom are classified as mass-affluent and serves over 750,000 businesses. Our strategy is to develop and deliver simple and transparent products, run on scalable infrastructure and we invest heavily to try to enhance our customers' experiences.

In October, Barclays agreed to acquire the deposits, mortgages and business assets of ING Direct UK. It is a good fit with our existing business and will be integrated into UKRBB. Completion is expected in March 2013, subject to approval.

Our customers

We have put the customer in control by developing services and propositions that they can personalise to suit their needs. Our new current account proposition, Features Store, allows customers to tailor their banking relationship across a range of free and paid for features, whilst over 400,000 customers have taken advantage of the ability to personalise their debit card.

Barclays Mobile Banking app, Pingit and Text Alerts were launched with the aim of making customers' lives much easier. These services help people to do their everyday banking, track payments and to send and receive money at any time, wherever they are. We also changed to a customer service based incentive scheme for our frontline staff, to ensure that our customers remain at the heart of our business.

Our colleague, conduct and citizenship initiatives

The large majority of our UKRBB colleagues remain involved and positive about their work, with 94% saying they are very committed. We have continued to enhance our colleague offering as we strive to be their employer of choice.

In 2012 we continued to find ways to positively impact the communities in which we operate. Barclays Money Skills helped one million people to manage their money more effectively and Barclays Apprentice Programme was launched to help tackle the problem of youth unemployment in the UK.

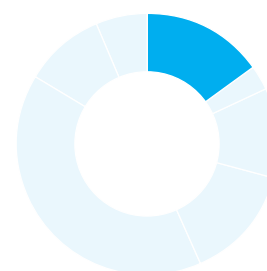
For small businesses, we provided support and advice through seminars and workshops across the UK; and we are fully supportive of Government schemes designed to boost lending to UK SMEs. We are proud to have been number one in the market place for both Funding for Lending Scheme (FLS) and National Loan Guarantee Scheme (NLGS)^a.

Note

^a Cumulative net stock lending for Q3 2012 as per Bank of England publication in December 2012: <http://www.bankofengland.co.uk/markets/Pages/FLS/data.aspx>

Contribution to total income

£4,421m



Our 2012 performance

	2012	2011	2010
Income (£m)	4,421	4,656	4,518
Adjusted profit before tax	1,472	1,420	889
Adjusted ROE (%)	16.0	14.9	9.9
Loan loss rate (bps)	21	44	70
Loans and advances to customers (£bn)	128.2	121.2	115.6
Distribution points	1,593	1,625	1,658

In 2012 UKRBB generated £4.4bn of income and an adjusted return on equity of 16%, whilst prudently controlling credit and operational risk.

Income reductions principally due to non-recurrence of gains from the disposal of hedging instruments in 2011 were more than offset by significant reductions in credit impairment charges. Loans and advances to UK customers and clients grew by £7bn, including an estimated £4.4bn under the FLS where we have committed to pass all associated funding cost benefits to customers. A £1.2bn charge for the cost of PPI redress was incurred.



For more detailed financial information please see the Financial review section at www.barclays.com/annualreport

Our priorities for 2013

- Provide a differentiated experience to customers by launching new digital assets to make their lives much easier. Continue to drive the adoption of initiatives launched in 2012.
- Focus on cost management, building on the work carried out in 2012 to achieve a cost to income ratio in the mid-50's by 2015.
- Complete the acquisition and integration of ING Direct UK.
- Continue investing in our colleagues and focussing on embedding Group values to do business – in the right way.

Europe Retail and Business Banking (Europe RBB)

We focus on meeting the banking and investment needs of mass-affluent and business customers in Spain, Portugal, Italy and France.

Europe RBB offers a full range of banking, investment and insurance products tailored to meet our customers' financial needs. We provide services to over 1.5 million retail customers and businesses in Europe.

Within our customer base, we focus on the mass-affluent segment and offer a differentiated proposition. Our business leverages the expertise of Barclays other Retail and Business Banking franchises to benefit our client base as well as to exploit synergies across our non-retail European businesses.

Our customers

In 2012, we took advantage of the expertise of our other Retail and Business Banking franchises to better serve customers and made good progress against our long term vision of making our customers' lives much easier. For instance, we simplified some of our most manual customer processes and launched mobile banking to allow customers in Spain, Italy and France to access their accounts on the move.

We also introduced a system into our French network that allows staff to quickly determine a customer's investment profile and monitor their portfolios in real time. This system saves time, improves customer service and enhances our oversight over advisory services.

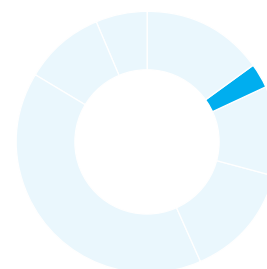
Our colleague, conduct and citizenship initiatives

We maintained and enhanced our strong control environment by improving systems and processes, for instance in Iberia where we introduced a citizenship dimension into our new product approval process to ensure products are not only compliant but also socially responsible given our broader commitments.

We also continued our commitment to local communities, with around 2,000 Europe RBB colleagues contributing to our Make a Difference Day campaign, taking time out to share their knowledge and skills and helping support their local communities in what have been austere times.

Contribution to total income

£915m



Our 2012 performance

	2012	2011	2010
Income (£m)	915	1,226	1,164
Adjusted loss before tax	(239)	(234)	(168)
Adjusted ROE (%)	(8.0)	(6.0)	(1.0)
Loan loss rate (bps)	80	54	71
Loans and advances to customers (£bn)	40.0	43.6	43.4
Distribution points	1,142	1,228	1,363
Cost: income ratio (%)	92	99	89

Within a macroeconomic, sovereign and regulatory environment that continued to be challenging, income fell 25% due to the non-recurrence of gains from disposal of hedging instruments in 2011 and the run-off of loans, driven by active management.

This was offset by strategic action to reposition the business – we reduced operating expenses by 31%, 18% when adjusted for the non-recurrence of 2011 restructuring charges.

To enhance future performance, we also combined our businesses in Spain and Portugal to promote best practices, take advantage of synergies and align strategies. Europe RBB also increased deposit taking and focused asset growth in the mass-affluent segment.



For more detailed financial information please see the Financial review section at www.barclays.com/annualreport

Our priorities for 2013

- Create a smaller but sustainable business by focusing on mass-affluent customers, reducing headcount, downsizing branch operations and refocusing on digital solutions for clients.
- Introduce dedicated management to optimise the performance and accelerate the run-off of our less attractive legacy portfolios.
- Reduce Europe RBB's cost base through greater sharing of infrastructure with Barclays other European businesses to better serve customers.
- Continue to employ technology to streamline processes.

Africa

We combine global product knowledge with regional expertise and our extensive and well-established local presence in Africa.

One Africa strategy

Barclays in Africa comprises a local Retail and Business Bank, along with a local presence for Barclays global businesses – Barclaycard, Corporate Banking, Investment Bank and Wealth and Investment Management. Africa provides the Group with emerging market exposure and a promise of growth. Together, we serve over 14.3 million customers and clients across 12 countries.

In 2012, we consolidated our Barclays Africa and Absa banking operations into a single management structure. In 2013, subject to the receipt of regulatory approvals, the majority of Barclays Africa businesses and Absa will be brought under one legal entity to create a leading pan-African financial services business.

Our One Africa strategy focuses on broadening services in leading markets and investing in new geographies.

Our customers and clients

As part of our goal to make customers and clients lives much easier, we continued to drive innovation, for example, by rolling out several new online banking services to customers across Africa.

We deployed our global, regional and local capabilities to the benefit of our corporate clients in landmark deals, such as the partnership of Kenya Airways and Barclays Bank of Kenya with Visa to relaunch an airline co-branded credit card. Other major deals included the inaugural \$0.5bn Zambia Sovereign benchmark issuance, that was 20 times oversubscribed; and project financing of \$1.5bn for ExxonMobil/NNPC to develop 27 oil wells in Nigeria.

Life insurance products have been launched in Botswana, Mozambique, Zambia and Ghana via our bancassurance model, through the Barclays branch network. Two new Islamic banking products have been launched in Kenya by leveraging Group capabilities and synergies.

Our colleague, conduct and citizenship initiatives

As part of our citizenship strategy, we adhere to laws, regulations and codes, ensuring that we make responsible decisions in how we manage the business and sustain ourselves into the future.

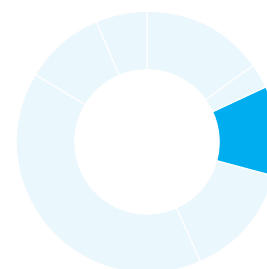
We continued to participate in a range of community initiatives such as the Nelson Mandela Day in South Africa and Make a Difference Day campaign across Africa, where 7,211 volunteers were involved. In 2012, 11,705 colleagues volunteered to the benefit of communities across the continent.

Africa Retail and Business Banking (Africa RBB)

Barclays Group reports Africa RBB separately and the following information relates specifically to the Retail and Business Bank. Our global businesses participating in Africa are integrated within each business report.

Contribution to total income

£3,157m



Our 2012 performance

	2012	2011	2010
Income (£m)	3,157	3,571	3,512
Adjusted profit before tax	468	830	649
Adjusted ROE (%)	3.8	9.7	8.7
Loan loss rate (bps)	194	129	125
Loans and advances to customers (£bn)	31.7	34.4	43.1
Distribution points	1,451	1,493	1,543

Africa RBB generated income of £3.2bn in 2012, however, profit and returns both decreased. This was primarily due to currency fluctuations and increased impairment charges relating to the South African home loans recovery book and the impact of one large name in the commercial property portfolio. In local currency, loans and advances to customers remained broadly stable, while customer deposits increased by 7%.



For more detailed financial information please see the Financial review section at www.barclays.com/annualreport

Our priorities for 2013

- Drive sustainable growth by completing the Retail and Business Banking transformation; whilst restoring income growth; grow corporate and investment banking in Africa; deepen and expand in core markets in line with One Africa strategy.
- Build out the platform by embedding the integrated target operating model to support scale, growth and efficiency, drive innovation and digital capabilities.
- Have the customer and client at the core, by optimising core customer processes and customer and client segmentation; realign businesses to a customer/client centric approach.
- Drive people centricity, by aiming to attract, retain, stretch, and develop top talent and reward competitively; promote a conducive environment for engaged, motivated and empowered colleagues.
- Focus on control and compliance by continuing to embed a risk awareness culture that balances commerciality and control.

Business review

Barclaycard

We are a leading international payments business that serves both consumers and business clients.

Barclaycard, the eighth largest payment business in the world, provides the Group with exposure to the fast growing global payments industry and is an important source of new relationships to Barclays for both individual and business customers.

Barclaycard serves 29 million retail and business customers across the world, including the United Kingdom, United States, Germany, South Africa through Absa Card and Norway, Sweden and Denmark through the EnterCard joint venture.

Barclaycard is investing in core consumer cards issuing to gain share in all markets, rebalancing towards high-return business payments and continuing to lead in payment innovation to meet evolving customer needs.

Barclaycard received numerous awards in 2012, including the Moneyfacts: Best Card Provider 2012 award in the UK and Forrester Voice of the Customer award in the US.

Our customers

Barclaycard has a heritage of innovation, starting from the launch of the first credit card in the UK in 1966. Since 2011, Barclaycard has launched several new products to meet evolving customer needs, including Freedom and Cashback consumer cards in the UK, Google Adwords for UK SMEs, Barclaycard Plus for online consumer spending in Germany and the world's first social media credit card, Barclaycard Ring in the US.

Digital payments are a major part of our innovation and in 2012 we enabled over 750,000 mobile phones to make payments (using PayTag) across three countries and helped increase contactless transactions by over 250% year on year in the UK.

Our colleague, conduct and citizenship initiatives

Barclaycard continues to review policies and practices to identify and address those that are not simple, transparent and market-leading.

In 2012, we provided £2.8bn of net new lending, retained first place in Brand Consideration amongst UK consumer cards and supported over 35% of our colleagues to engage in fundraising and 65% of colleagues to participate in volunteering.

Contribution to total income

£4,170m



Our 2012 performance

	2012	2011	2010
Income (£m)	4,170	4,095	4,024
Adjusted profit before tax	1,506	1,208	791
Adjusted ROE (%)	22.1	17.4	12.5
Loan loss rate (bps)	282	391	570
Loans and advances to customers (£bn)	32.9	30.1	26.6
Customers (m)	28.8	22.6	21.7

Despite adverse economic conditions, Barclaycard maintained its track record of delivering strong financial performance with income up 2%, a 22% reduction in credit impairment charges and adjusted return on equity rising to 22%. A £420m charge for the cost of PPI redress was incurred.

Barclaycard continues to grow the UK and international businesses, with strong organic growth and acquisitions, including Edcon, in 2012. This resulted in a 27% increase in customers and a 10% increase in payments processed to £240bn.



For more detailed financial information please see the Financial review section at www.barclays.com/annualreport

Our priorities for 2013

- Deliver leading and innovative products to our retail customers and business clients that help them achieve their ambitions – in the right way.
- Expand payment acceptance and commercial payments in Europe and consolidate to a single card platform for continental Europe.
- Attract, develop and retain colleagues of the highest calibre and integrity.
- Continue to have a positive impact in local communities by creating sustainable relationships and using the skills of the business and colleagues to support our local communities.
- Focus on the way we do business to ensure that our products and services are industry leading in transparency.

Investment Bank

We provide advice, financing and risk management solutions to companies, governments and institutions around the world.

Barclays integrated universal banking model, with a presence in 50 countries, allows us to meet the needs of our clients by connecting capabilities from across the Group. The Investment Bank aims to be the 'Go-To' bank for corporate and institutional clients, providing them with the products and services they need to invest, grow and manage risk.

Through our client-focused flow business we provide diversity of income and risk to the Group and are able to deliver market execution services for retail, wealth and corporate customers.

Our business model

Investment Banking Division

Our Investment Banking Division provides a full suite of banking services to corporations, governments and institutions worldwide.

Services include arranging and underwriting debt and equity issuance, providing advice on mergers and acquisitions, corporate finance and restructurings, making active markets for securities across global debt and equity exchanges and delivering strategic risk management solutions.

Markets

Our Markets team provides execution and risk management across the full range of asset classes including equity and fixed income, currency and commodity (FICC) products.

We facilitate client transactions on stock, options and futures exchanges globally and provide prime brokerage services, including clearing, financing and securities lending, to institutional clients. We are active market-makers for securities across every asset class, helping to provide liquidity to the world's financial markets.

We also provide access to derivative products allowing organisations to hedge exposure to movements in interest rates, currencies and commodity prices.

A combined Markets team was established October 2012, integrating our FICC, Equities and Distribution divisions. This new structure will enable us to deliver more joined up solutions for our clients, and deliver greater synergies across product groups and trading and distribution teams.

Research

Our global, multi asset Research team delivers actionable ideas and innovative products to our clients, partnering with them to help ensure they make informed investment decisions. Our expertise in debt, equity and economic research provides our clients with impartial, insightful advice on global and regional companies, markets and topics.

Contribution to total income

£11,722m



Our clients

Our clients include multi-national corporates, sovereign governments and supranational bodies and financial institutions, including banks, pension funds and insurance firms.

We help corporate clients to achieve growth and job creation in the real economy, governments to deliver their stability and growth plans, and institutions to meet the long term investment needs of their clients.

In 2012, we were once again recognised for the strength of our client focus and were awarded Best US Investment Bank and Best UK Investment Bank by Euromoney.

Our colleague, conduct and citizenship initiatives

In response to the events of the summer and the wider change in the industry we undertook a detailed review of our business practices across three broad areas: business line, business conduct and reward practices.

The resulting recommendations included changes to our business model in certain areas and enhancements to our controls and broader working practices. These will be implemented through the Transform Programme and will help ensure the Investment Bank is able to continue to meet the needs of all its stakeholders.

Training the next generation of leaders

The Investment Bank has continued to develop and improve its annual internship programme which runs for 10 weeks every summer, and sees over 900 students join the bank globally, embedded in teams across the organisation.

In 2012, we were recognised for the strength of this programme by being voted the number one place to do an internship in the UK by ratemyplacement.co.uk, based on thousands of student-written reviews submitted to the website.

Encouraging youth entrepreneurship

The Investment Bank has an ongoing partnership with Youth Business International (YBI), an organisation which helps young people start their own business, create jobs and develop communities in more than 35 countries around the world.

In 2012, we provided support, including training and on-going mentoring to help YBI support over 7,500 entrepreneurs, creating an estimated 25,000 jobs globally.

Our 2012 performance

	2012	2011	2010
Income (£m)	11,722	10,335	13,209
Adjusted profit before tax (£m)	4,063	2,965	4,389
Adjusted ROE (%)	13.7	10.4	13.5
Cost: net income ratio (%)	64	71	65
Compensation: income ratio (%)	39	47	43

In spite of a backdrop of challenging economic and market conditions, we have continued to maintain or gain share across all of our core businesses. Profit before tax increased 37% to £4bn driven by strong income growth and reduced operating expenses, resulting in an adjusted ROE of 14%.

Total income increased 13% with strong performance within FICC and Equities and Prime Services. This increase, combined with a reduction in operating costs, while at the same time absorbing the £193m settlement in relation to LIBOR and EURIBOR, reduced the cost to net income ratio to 64%; within the targeted range of 60% to 65%.

We remain committed to evolving our business in line with changing regulation and the developing needs of all our stakeholders.



For more detailed financial information please see the Financial review section at www.barclays.com/annualreport

Our priorities for 2013

- Continuing to provide leading execution and advisory services.
- Creating innovative products and technologies to meet the evolving needs of our clients.
- Adapting our business to meet new regulatory requirements.
- Gaining or maintaining share in all core businesses.
- Delivering sustainable reductions to our cost and capital base through efficiency improvements and RWA management.
- Developing a best in class control environment.
- Providing a meritocratic environment in which our best employees are able to thrive.
- Making a positive difference to the communities with which we interact, through supporting business growth and providing assistance through volunteering and fundraising initiatives.

Our strategy in action: Case Study



When GDF SUEZ, one of the world's largest listed utility companies, proposed in March 2012 to make an offer for the remaining 30% stake in International Power, the UK listed international electricity generating company in which GDF SUEZ already owned a 70% shareholding, Barclays was corporate broker to International Power and acted as joint financial adviser to International Power on the transaction.

The transaction followed on from a combination of International Power and certain of GDF SUEZ's assets which closed in February 2011 and resulted in GDF SUEZ owning 70% of the issued share capital of International Power. The 2012 transaction valued the entire share capital of International Power at c£23bn, delivered a c20% premium to International Power shareholders, in addition to the premium reflected in the 2011 transaction.

The transaction represented a major strategic step in GDF SUEZ's development enabling it to take full control of a unique platform for development in fast growing countries. The transaction will also enable GDF SUEZ to receive the full benefit of the synergies generated from the initial combination.

Corporate Banking

We work closely with clients to achieve their potential through cash management, loans, trade finance and risk management services.

Corporate Banking is an integral part of Barclays universal banking offering. We help over 40,000 corporations achieve their ambitions. This includes multinational corporates and financial institutions globally, and domestic corporations in the UK and South Africa. Corporate Banking has stable revenues and is self-funded.

Our clients

We work closely with clients to fully understand their business and build long term, broad-based relationships. As a result, in the UK no other bank achieved a higher rating for overall client satisfaction^a.

We continue to strive for ever better client servicing, and in 2012 a Global Corporates team was established jointly between Corporate Banking and the Investment Bank. The objective is to strengthen existing client relationships and provide more corporate banking solutions to the treasuries of our largest multinational clients.

In 2012 we launched the new Cash Management offering, Pingit for Corporates, providing clients with more efficient and convenient ways to manage payments. We also continued to invest in our client servicing model.

We continue to focus on products that are important to our clients, and therefore invest in our Cash Management and Trade Finance capabilities. Key initiatives are underway, and in 2012, we launched our cash management platform Barclays.net, and invested in Trade Finance hubs in key locations. We are also in the process of enhancing an integrated Corporate Banking offering with Absa across Africa.

Our citizenship initiatives

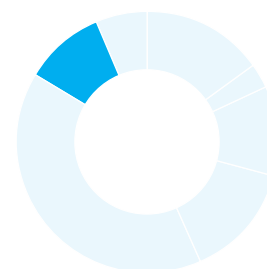
We are actively engaged with government initiatives to support the UK economy – Corporate Banking clients benefited from Barclays being the first among UK banks to fully utilise our NLGS allocation, lending a total of £1.5bn through our innovative Cashback Finance Scheme offering. This continues with Cashback for Business loans through the Funding for Lending Scheme. We are also an important partner for local governments and other government institutions for loans and other financial services.

Note

^a Source: Charterhouse Research based on 2,076 interviews with companies turning over between £5m and £1bn carried out in Q4 2012.

Contribution to total income

£2,918m



Our 2012 performance

	2012	2011	2010
Income (£m)	2,918	3,108	3,162
Adjusted profit/(loss) before tax	551	204	(314)
Adjusted ROE (%)	5.5	1.7	(3.7)
Loan loss rate (bps)	128	156	219
Loans and advances to customers (£bn)	80.5	84.1	82.5
Customer deposits (£bn)	97.1	85.2	79.0

Performance is continuing in its positive trend, with a reduction in both costs and impairments, and substantial improvement to return on equity. A £850m charge was incurred for interest rate hedging product redress. We are self-funded, and customer deposits are up 14%.

Underlying income is resilient despite increased funding charges and the challenging economic environment. Non-core activities are being actively restructured and non-core assets reduced as we refocus our business.



For more detailed financial information please see the Financial review section at www.barclays.com/annualreport

Our priorities for 2013

- Become the 'Go-To' bank for multinational corporations and financial institutions globally, and domestic corporations in the UK and South Africa, by supporting their financing and servicing needs.
- Maintain market-leading rating of client satisfaction in the UK.
- Continue to enhance our product capabilities in Cash Management and Trade Finance.
- Continue to improve profitability, supported by increased cross-selling with the Investment Bank, Barclaycard and Wealth and Investment Management.
- Reinforce client confidence and focus on good conduct across the business by improving controls and standards.

Wealth and Investment Management

We provide holistic wealth management services to affluent and high-net-worth clients globally.

Wealth and Investment Management (W&IM) provides a full range of wealth management services to affluent and high-net-worth clients globally, including banking, credit, investments and advisory services.

We will be the 'Go-To' wealth manager for clients by helping them to better understand, organise and invest their wealth.

We believe the best way to support clients is to have deep knowledge of their full financial position. Amongst other techniques, we use the principles of behavioural finance to tailor investment and structuring solutions for each client through use of our proprietary Financial Personality Assessment tool.

In addition to providing comprehensive wealth management services to affluent and high-net-worth clients, we bring the best of all areas of Barclays to these clients, be it retail, business, corporate or investment banking.

2012 marked the third year of W&IM's five year strategic investment programme, known as Project Gamma, to transform our business through improvements to client experience and productivity. It continues to progress well, with 2012 seeing continued improvement in both these areas.

Our clients

In 2012 we launched a new digital client portal, which allows clients to self-serve more effectively, when and how they prefer. In addition, we initiated more detailed client reporting, voice biometrics for identification purposes, an upgraded portfolio management and construction tool, a more streamlined onboarding of new clients and quicker and simpler credit applications.

Our colleague, conduct and citizenship initiatives

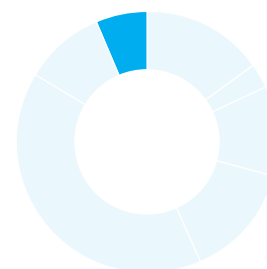
We continue to focus on training and development, and in 2012 a Wealth Management Curriculum was launched for all colleagues. We believe our graduate programme in particular is one of the most comprehensive in the industry, including both in-house training and participation in the Chartered Financial Analyst programme.

We are committed to operating at the highest standards of conduct, fundamentally believing that the trust our clients place in us is the most critical element of our franchise.

In addition to extensive colleague involvement in local communities, we maintain a philanthropy centre of excellence that provides education for clients to help them achieve their own citizenship ambitions.

Contribution to total income

£1,815m



Our 2012 performance

	2012	2011	2010
Income (£m)	1,815	1,744	1,560
Adjusted profit before tax	315	207	163
Adjusted ROE (%)	13.9	10.9	8.8
Loans and advances to customers (£bn)	21.2	18.8	16.1
Customer deposits (£bn)	53.8	46.5	44.8
Client assets (£bn)	186.0	164.2	163.9

During 2012, financial performance was robust despite economic headwinds and growth rates were favourable in comparison to the peer average on key metrics such as income and profit before tax.

Adjusted return on equity increased to 14%; driven by a 13% increase in client assets to £186bn, an increase in client deposits of 16%, income growth of 4%, and operating cost control as Project Gamma investments and improvements continue to earn returns.



For more detailed financial information please see the Financial review section at www.barclays.com/annualreport

Our priorities for 2013

- Further enhance the client experience through continued technological improvements and an ever-deeper and more rigorous understanding of clients' entire financial position.
- Continue to strengthen the control and governance framework and processes through Project Gamma and other key investments.
- Drive professional development of all our 7,900 W&IM colleagues in line with the Barclays Purpose and Values.
- Increase the productive time that relationship managers can spend with clients.
- Help colleagues to be even more impactful in their communities, and continue to provide philanthropy services to clients to allow them to meet their own citizenship goals.
- As part of Project Gamma, continue to grow income, in particular stable annuity income, combined with tight cost control.

Group Finance Director's review

Continuing prudent management means that our capital, liquidity and funding remain strong.



“We have delivered adjusted profit before tax of £7bn in 2012. Our capital, liquidity and funding remain strong, with our Core Tier 1 ratio at 10.9%.”

Chris Lucas
Group Finance Director

In 2012 we made good progress across most of our businesses, with adjusted profits increasing significantly, reflecting higher income and improvements in credit impairment and cost reductions.

Income statement

Adjusted profit before tax increased 26% to £7,048m. Statutory profit decreased to £246m (2011: £5,879m). Adjusted results provide a more consistent basis for comparing business performance between periods and principally excludes own credit charge of £4,579m (2011: gain of £2,708m), gain on disposal of BlackRock, Inc. investment of £227m (2011: impairment/loss of £1,858m), £1,600m (2011: £1,000m) provision for PPI redress, and £850m (2011: £nil) provision for interest rate hedging products redress.

Adjusted income was up 2% at £29,043m despite challenging economic conditions, the continuing low interest rate environment and non-recurrence of £1,061m gains from the disposal of hedging instruments in 2011. Within this, adjusted income in the Investment Bank grew 13% to £11,722m reflecting improved trading conditions. The net interest margin in Retail and Business Banking, Corporate Banking and Wealth and Investment Management fell 18bps to 1.85%, 14bps of which resulted from reduced contribution from Group hedging activities. This shows the relative stability of our customer margins.

Credit impairment charges were down 5% at £3,596m, principally reflecting improvements in Barclaycard, Corporate Banking and UKRBB. This was partially offset by higher charges in the Investment Bank, Africa RBB and Europe RBB.

Adjusted operating expenses were down 3% to £18,539m, with non-performance costs decreasing 3% to £16,114m after absorbing regulatory penalties of £290m (2011: £nil) relating to the industry-wide investigation into the setting of interbank offered rates and a £345m (2011: £325m) UK bank levy charge. Performance costs reduced 4% to £2,425m despite an increase in the charge for bonuses deferred from prior years to £1,223m (2011: £995m).

The adjusted cost: income ratio decreased to 64% (2011: 67%).

The tax charge on adjusted profits increased to £2,025m (2011: £1,325m), giving an adjusted effective tax rate of 28.7% (2011: 23.7%). The tax charge on statutory profits decreased to £482m (2011: £1,928m) after including a tax credit of £1,543m (2011: charge of £603m) on the charge for own credit, provisions for PPI and interest rate hedging product redress and other adjusting items, which mainly received relief at the UK rate of 24.5% (2011: 26.5%), resulting in a significant increase in the statutory effective tax rate.

Balance sheet

Total loans and advances declined to £466bn (2011: £479bn) with increases in UK mortgage lending and Barclaycard offset by reductions in lending in the Investment Bank, Europe RBB and Corporate Banking.

Your Finance Director's Review

The Group Finance Director is responsible for monitoring the Bank's financial performance and position and communicating this to both internal and external stakeholders. Below he discusses the Bank's performance during 2012 and its year end position as at 31 December 2012.

Total assets reduced 5% to £1,490bn, principally reflecting lower derivative assets as spreads tightened within the credit derivative portfolio. This was partially offset by increased reverse repurchase agreements and other similar secured lending due to higher matched book trading.

Total shareholders' equity (including non-controlling interests) reduced £2.2bn to £63.0bn, driven by the loss for the year, dividends paid and currency translation differences due to depreciation of US Dollar and South African Rand against Sterling.

Capital Management

Core Tier 1 ratio was 10.9% (2011: 11.0%), reflecting a 2% reduction in Core Tier 1 capital to £42.1bn partially offset by a 1% reduction in risk weighted assets to £387bn.

Risk weighted assets reduced 1% to £387bn principally due to reductions in risk exposures, including the sell-down of legacy assets, and the impact of foreign exchange movements, largely offset by an increased operational risk charge and methodology and model changes.

We have estimated our proforma CRD IV Common Equity Tier 1 (CET1) ratio on both a transitional and fully loaded basis, reflecting our current interpretation of the rules and assuming they were applied as at 1 January 2013. As at that date Barclays proforma transitional CET1 ratio would be approximately 10.6% and the fully loaded CET1 ratio would be approximately 8.2%.

Funding and Liquidity

The Group maintained a strong liquidity position throughout 2012. The liquidity pool was £150bn (2011: £152bn) remaining well within our liquidity risk appetite.

The loan to deposit ratio for the Group was 110% (2011: 118%) and for Retail and Business Banking, Corporate Banking and Wealth and Investment Management was 102% (2011: 111%).

Total wholesale funding outstanding (excluding repurchase agreements) was £240bn (2011: £265bn), of which £101bn matures in less than one year (2011: £130bn).

The wholesale funding requirement supporting retail and wholesale businesses reduced with the continued increase in customer deposits and further reduction of legacy assets. £6bn was raised through Barclays participation in the Bank of England's FLS supporting lending into the real economy to individuals, households and private non-financial companies.

Conclusion

To summarise, we're reporting good results for 2012. Adjusted profits grew 26% to £7.0bn, income was up 2%, impairment improved 5%, and we reduced costs by 3%. Our capital, liquidity and funding remain strong with a Core Tier 1 ratio of 10.9%. All of which allowed us to pay a total declared dividend for 2012 of 6.5p per share.

Chris Lucas
Group Finance Director

Distribution of earnings

We believe that the best way to support our stakeholders is by operating a strong, profitable and growing business, which creates jobs and contributes to the economic success of the communities in which we live and work. The charts below detail how the earnings generated by our businesses are distributed to a number of key stakeholders.

Shareholders



Government



Staff



Notes

- Calculated as dividend per share divided by adjusted EPS.
- Taxes borne are the Company's own tax contribution, representing taxes paid by the Company in the year.
- Taxes collected are those collected from employees and customers on behalf of governments.

Risk

Getting risk management right is essential for a universal bank and to achieve this our exposures must be well understood and managed.



“The credit and market risk portfolios have continued to perform well during the recent difficult market conditions.”

Robert Le Blanc
Chief Risk Officer

Barclays Risk objectives are aligned with the Group’s purpose to help people achieve their ambitions in the right way and is underpinned by the Group’s five core values: Respect; Integrity; Service; Excellence; and Stewardship.

Barclays has clear risk management objectives and an established strategy to deliver them through core risk management processes. Of course, risks develop and evolve over time and their impact on the Group will vary in response to internal and external events.

Independent risk teams are in place within each of our businesses to support close working relationships with the business teams taking on the risk. These risk teams ultimately report to a Chief Risk Officer within each business who in turn reports to the Group Chief Risk Officer and the business Chief Executive.

A separate Group risk team, including individually identified Principal Risk Owners for each Principal Risk adds a further layer of independence and looks across the Group to ensure that, for each Principal Risk, an overall risk appetite has been clearly defined and required standards and policies for risk management are being consistently delivered. During 2012, there were four Principal Risks (see the table below).

Risk type	
Credit risk	The suffering of financial loss should any of our customers not fulfil their contractual obligations to the Group.
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.
Funding risk	The failure to maintain capital ratios to support business activity and meet regulatory requirements and the failure to meet liquidity obligations leading to an inability to support normal business activity and to meet liquidity regulatory requirements.
Operational risk	Losses or costs resulting from human factors, inadequate or failed internal processes and systems or external events.

How we measure and mitigate risk

Barclays constantly reviews its exposures in a number of areas according to, for example, geography, maturity and industry. We use portfolio reviews and a series of methodologies, control processes and limits to maintain concentrations at appropriate levels.

In order to strengthen the governance relating to conduct and reputation matters we created a Board Conduct, Reputation and Operational Risk Committee in 2013. As a consequence the Board Risk Committee will have oversight of credit, market and funding risk matters and will be renamed the Board Financial Risk Committee.

Conduct risk is the risk that detriment is caused to the Bank, to our customers, clients or counterparties because of the inappropriate execution of our business activities. During 2013 we have specifically recategorised conduct risk as a Principal Risk which will have Executive Committee sponsorship from the Head of Compliance and Government and Regulatory Relations. A new management committee will be established to focus specifically on conduct risk.


In 2013 we will build out and embed a new framework for the management of this risk and have delivered a Group-wide programme to ensure that this is delivered.

 [For more detailed information on conduct risk please see the Risk review section at www.barclays.com/annualreport](http://www.barclays.com/annualreport)

Reputation risk is the risk of damage to Barclays brand arising from any association, action, or inaction which is perceived by stakeholders to be inappropriate or unethical. This risk has been recategorised as a Principal Risk in 2013.

Managing reputation risk on a day-to-day basis is the direct responsibility of individuals involved in making commercial decisions in their respective businesses or functions. Management of reputation risk cannot be isolated and allocated to a single person. While the Group's Chairman and Chief Executive have ultimate responsibility for ensuring reputation risk is managed to a high standard across the business, success relies on each and every business and function fulfilling its obligations.

The Reputation Risk Control Framework provides a clear articulation of the expectations of how businesses should identify and manage reputation risk consistently, recognising that Barclays has one global brand.


 [For more detailed information on reputation risk please see the Risk review section at www.barclays.com/annualreport](http://www.barclays.com/annualreport)

Performance in 2012

While the economic environment in Barclays main markets was marked by generally weak or negative growth in 2012, Barclays loan impairment charges reduced 6% and the loan loss rate remained broadly stable at 75bps (2011: 77bps).

The retail loan impairment charge reduced 16% mainly reflecting improvements in unsecured products in UKRBB and Barclaycard, where lower impairment resulted from improved delinquency, lower charge-offs and better recovery rates. However deterioration was seen in our Europe and South African businesses reflecting the weak credit environment and concerns about the housing sectors.

The wholesale loan impairment charge increased 13% principally due to higher charges in some legacy positions and losses on a small number of single name exposures in Investment Bank.

 [We have improved our risk reporting disclosure to make it transparent and easily navigable. Please see both the Risk review and the Risk management sections at www.barclays.com/annualreport](http://www.barclays.com/annualreport)

The daily value at risk fell sharply in early 2012 as market activity improved from the fourth quarter of 2011. For the remainder of the year DVaR remained relatively stable but at lower levels than seen in recent years.

The operational risk profile in 2012 was dominated by the conduct risk penalties relating to the industry-wide investigation into the setting of interbank offered rates, provisions for PPI and interest rate product redress.

Corporate Governance

The UK Corporate Governance Code makes clear that corporate governance is about what the board of a company does and how it sets the company's values. This is something that has been brought into sharp focus for Barclays during 2012.



Barclays has a well-defined and well-structured corporate governance framework in place to support the Board's aim of achieving long term and sustainable shareholder value. But however robust the framework, it is imperative that it is supported by the right culture, values and behaviours, both at the top and throughout the entire organisation.

In 2012, Barclays faced much criticism of the values and behaviours it has demonstrated. We are unanimous as a Board that we must accept this criticism and seek ways in which we can do better in the future. I regard the independent review of Barclays business practices, led by Anthony Salz, which we announced in July 2012, and the work instigated by Antony Jenkins on culture and values as part of the Transform Programme, as providing a solid foundation on which we can build and move forward to become best in class.

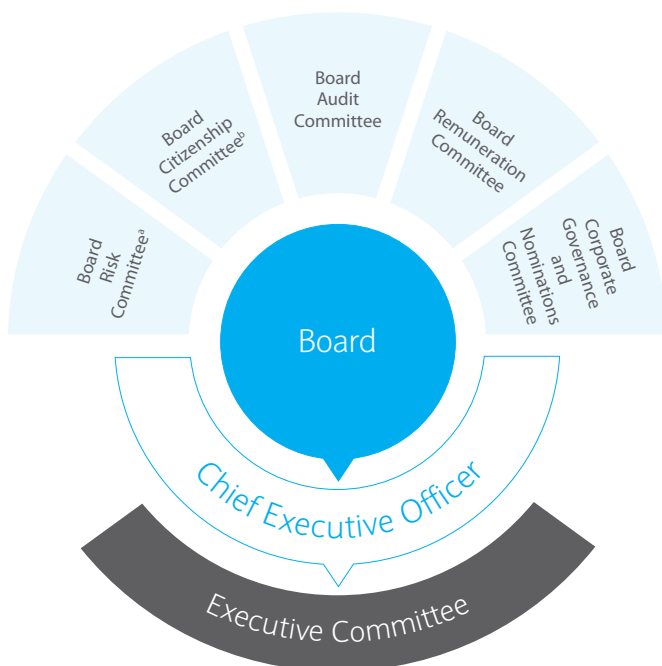
As Chairman, I am responsible for the effective performance of the Board and, in that regard, one of my areas of focus since joining the Board has been to ensure that we have a strong and well-functioning Board, comprised of individuals not only with the right abilities in terms of technical or business experience, but with the personal qualities required to be effective stewards of the business and the dedication and commitment to the Company, particularly in times of stress. Tim Breedon and Diane de Saint Victor have joined the Board as non-executive Directors since I joined the Board and I anticipate that we will make further appointments during the course of 2013.

We are determined as a Board and as a company to make progress during 2013 and to do everything in our power to regain the trust of our stakeholders: our commitment to implementing the recommendations of the Salz Review is affirmation of our determination.

Sir David Walker
Chairman

5 March 2013

Corporate Governance Framework



Board Enterprise Wide Risk Committee

A Board Enterprise Wide Risk Committee was established at the end of January 2013.

Notes

- a Known as the Board Financial Risk Committee with effect from 31 January 2013.
- b Known as the Board Conduct, Reputation and Operational Risk Committee with effect from 31 January 2013.

Board of Directors

Sir David Walker (73)	Chairman
Antony Jenkins (51)	Group Chief Executive; Executive Director
David Booth (58)	Non-executive Director
Tim Breedon (55)	Non-executive Director
Fulvio Conti (65)	Non-executive Director
Simon Fraser (53)	Non-executive Director
Reuben Jeffery III (59)	Non-executive Director
Chris Lucas (52)	Group Finance Director; Executive Director
Sir Andrew Likierman (69)	Non-executive Director
Dambisa Moyo (44)	Non-executive Director
Sir Michael Rake (65)	Deputy Chairman and Senior Independent Director
Sir John Sunderland (67)	Non-executive Director
Diane de Saint Victor (58)	Non-executive Director



For more detailed biographies please see
www.barclays.com/corporategovernance

Good governance is vital in supporting the delivery of our strategic priorities

More information on the role of the Board and its Committees can be found in 'Corporate Governance in Barclays' which is available online at Barclays.com

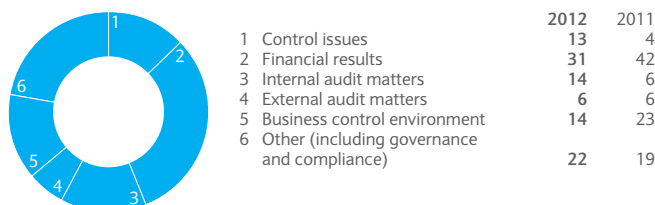
Board Corporate Governance and Nominations Committee allocation of time %



The Board Corporate Governance and Nominations Committee is responsible for reviewing the composition of the Board and Board Committees to ensure they are properly constituted and balanced in terms of skills, experience and diversity. It is also responsible for ensuring the right people are in place to deliver the Company's strategy. The Committee does this by reviewing succession plans and talent management below Board level.

For more detailed information on the Board Corporate Governance and Nominations Committee please see www.barclays.com/annualreport

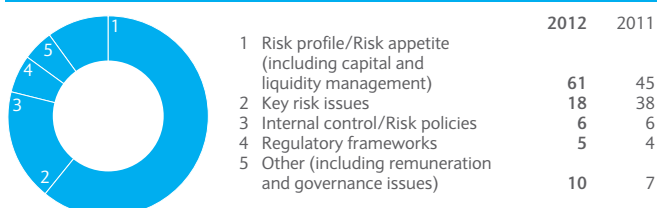
Board Audit Committee allocation of time %



The work of the Committee in 2012 addressed three main themes. First, accounting judgements, particularly in respect of provisions to be made for product mis-selling. Secondly, the impact on the systems and controls in place at each of Barclays businesses arising from increasing regulatory demands and rising consumer expectations. And thirdly, the remediation programmes in place to enhance Barclays internal control and regulatory compliance systems and procedures.

For more detailed information on the Board Audit Committee please see www.barclays.com/annualreport

Board Risk Committee allocation of time %



2012 was another challenging year for the Committee. Global economic conditions, particularly in the Eurozone, drove much of its agenda. The Committee also sought to take a more holistic view of risk management, partly in response to regulatory pressure, so that Barclays has an enterprise wide view of risk management that goes beyond the management of financial risks, such as credit risk, market risk and funding risk.

For more detailed information on the Board Risk Committee please see www.barclays.com/annualreport

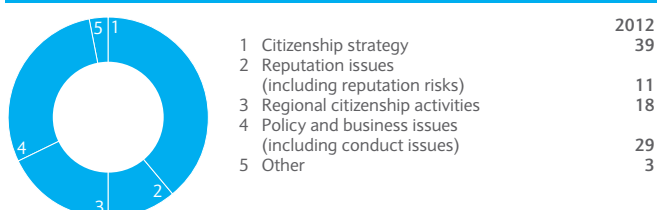
Board Remuneration Committee allocation of time %



The Board Remuneration Committee oversees all Barclays remuneration matters including incentive pool funding decisions, together with oversight and approval of remuneration for executive Directors, members of the Group and business unit Executive Committees, FSA Remuneration Code Staff and all employees with total remuneration of £1m or more. It also approves major changes in Barclays pension, benefits and long term plans.

For more detailed information on the Board Remuneration Committee please see www.barclays.com/annualreport

Board Citizenship Committee allocation of time %



As a corporate citizen, Barclays must demonstrate its value to wider society. During 2012, the Board Citizenship Committee was responsible for the oversight of Barclays conduct with regard to its corporate and societal obligations. The Committee was also responsible for ensuring the fulfilment of the Board's objective to protect and enhance the brand and reputation of Barclays and ensuring that Barclays is treating customers fairly. In addition, it was responsible for reviewing and monitoring the effectiveness of Barclays citizenship strategy.

For more detailed information on the Board Citizenship Committee please see www.barclays.com/annualreport

Enhancing Board governance of risk

To enhance Board governance of risk, a new Board committee structure was put in place at the end of January 2013.

- The Board Risk Committee is now known as the Board Financial Risk Committee, and its focus will be on credit, market and funding risk.
- The Board Citizenship Committee is now known as the Board Conduct, Reputation and Operational Risk Committee. It will have oversight of conduct risk, reputation risk and operational risk and will retain its responsibilities for oversight of Barclays citizenship strategy.
- A Board Enterprise Wide Risk Committee, comprising Sir David Walker, David Booth, Sir Michael Rake and Sir John Sunderland, has been created. It will take an enterprise wide view of risk and controls, including reviewing and agreeing overall risk appetite and monitoring performance.

This new governance structure aims to ensure that the Board and Board Committees are able to devote more time to conduct, reputation and operational risk, while at the same time bringing together in one place at Board level the entire risk profile of Barclays.

Citizenship

In striving to make Barclays the 'Go-To' bank we must consider the impacts of all our day-to-day business decisions on our stakeholders and wider society.



“Citizenship means understanding the needs of our stakeholders and making decisions – in the short and long term – that will positively impact the communities in which we operate.”

Antony Jenkins
Group Chief Executive

Our goal is to make Barclays the 'Go-To' bank for all of our stakeholders. This means understanding their needs and making decisions in the short and long term that will positively impact our clients and customers, as well as the communities in which we operate. To be successful we must establish the right culture and leadership, engage with our stakeholders and deliver on our commitments.

2015 Citizenship Plan

Our 2015 Citizenship Plan was launched in May 2012 with specific commitments in three areas: the way we do business, contributing to growth and supporting our communities. The Plan will evolve in line with our stakeholders' priorities.

We are acutely aware that events following its launch have increased scepticism about our commitment. We are engaging directly with our stakeholders and will incorporate their feedback into an updated version of the Plan.

We are also aligning and integrating the Plan with the work underway within our Transform Programme, especially the embedding of our new purpose and values. Citizenship will be an explicit dimension within the balanced scorecard that we will put in place this year. Delivery against our commitments in our Citizenship Plan will, therefore, underpin the performance assessment for our most senior leaders in 2013 and for all colleagues in 2014.


 [For more detailed information on the balanced scorecard please see page 13](#)

Enhanced governance

The Board Citizenship Committee was responsible during 2012 for the oversight of Barclays conduct with regard to its corporate and societal obligations and its reputation as a responsible corporate citizen. With effect from 31 January 2013, the Committee's remit was broadened to include conduct, reputation and operational risk, and it was renamed the Board Conduct, Reputation and Operational Risk Committee. It will retain responsibility for oversight of Barclays Citizenship strategy.

In 2012, we amended our internal management practices to ensure the consistent implementation and execution of our Citizenship Plan throughout the bank, particularly integration in each business division in a consistent and aligned manner.

We also enhanced our management of reputation risks by establishing a Reputation Council. This committee oversees a new reputation risk control framework on behalf of the Group Executive Committee.

 [For more detailed information about Board governance on Citizenship see the Governance section at \[www.barclays.com/annualreport\]\(http://www.barclays.com/annualreport\)](#)

Turning aspiration into action

Delivering our Citizenship commitments is not any one individual's responsibility – it's the responsibility of everyone at Barclays. We're well on our way, but we need to think bigger, act quicker and align what we're doing even better to our stakeholders' expectations. By staying the course, we can be certain that we will contribute positively to society, earn back – over time – the trust of our stakeholders and achieve our goal of making Barclays the 'Go-To' bank for customers, clients and society.



Performance in 2012

While recognising that we have a long way to go to deliver on our Citizenship ambitions, we are pleased with the progress that we have made in 2012, particularly given the range of distractions that could have diverted our colleagues' attention from their delivery responsibilities.

Contributing to growth

We provided £44bn in gross new lending to UK households and businesses, including an estimated £5.7bn of net new lending under the FLS in 2012.

Barclays was the leading provider of loans to UK households and businesses under the NLGS and the FLS (through Q3 2012) with strong growth continuing, particularly to individuals and households, through Q4. In the UK, we supported 112,000 business start-ups across the year, the highest number since we started keeping records in 1988.

Our Investment Bank raised over £830bn in financing for businesses and governments globally, ranking it the fourth largest provider of financing globally.


We also continued to play an active role in addressing societal challenges around employability in 2012. For instance, our Apprenticeship Programme, which seeks to contribute to addressing the problem of youth unemployment in the UK, welcomed its 500th apprentice in January. We are committed to recruiting a total of 1,000 apprentices by the middle of 2013.

Supporting our communities

Over 68,000 Barclays employees around the world gave their time, skills and money to charitable causes, and we invested a total of £64.5m in community programmes globally in 2012, focused on building the enterprise, financial and life skills of the next generation. Employees invested 458,000 hours volunteering and raised £30m for charities through our fundraising and giving initiatives. We estimate that 1.2 million young people benefitted from the range of our community investment programmes.

Measuring our performance

	2012	2011	2010
Gross new lending to UK households and businesses (£bn)	44.0	45.0	43.5
Number of start-up businesses supported in the UK	112,000	102,000	103,000
Financing raised for businesses and governments globally (£bn)	830	673	786
Global investment in our communities (£m)	64.5	63.5	55.3
Colleagues involved in volunteering, giving and fundraising initiatives	68,000	70,000	59,000
Percentage of colleagues involved in volunteering, giving and fundraising initiatives (%)	48	47	39

 For more detailed information on these performance indicators please see the Financial review section at www.barclays.com/annualreport


Our priorities for 2013

- Embed our purpose and values across Barclays.
- Launch a refreshed Citizenship Plan.
- Increase the positive impact our products and services have on enterprise development, employability and on the financial health of our customers and communities.
- Strive to be market leading on disclosure and transparency.
- Continue to build the skills of the next generation, enabling disadvantaged young people to fulfil their potential.

Citizenship reporting

We have included here a summary of our progress in 2012. A comprehensive account will be published in late April in our annual Citizenship Report.

That report monitors progress across a wider range of issues and contains extensive information about our strategy, impacts and performance. It is independently assured by KPMG.

 For more information about the Citizenship Report please see www.barclays.com/citizenship

Summary remuneration report

The Board Remuneration Committee provides governance and strategic oversight of remuneration.



“We have made significant reductions to our remuneration costs. They reflect the Committee’s view that we are now on a multi-year path to reposition Barclays remuneration.”

Sir John Sunderland
Chairman, Board Remuneration Committee

The next two pages provide a summary of our remuneration policy, governance, the link between remuneration and performance, and 2012 incentives. Page 35 provides summary remuneration disclosures required by statute. I encourage you to read our full Remuneration section within Governance online at www.barclays.com/annualreport which contains much fuller details on Barclays remuneration.

I hope that 2012 will be seen as a turning point in the way Barclays approaches remuneration. For 2012 and in future we are taking a different approach to the balance between Directors’ and employees’ remuneration, and returns for shareholders. We have been justifiably criticised for failures to engage effectively with and explain our decisions to shareholders and the wider public, as well as on some occasions being criticised for the decisions themselves.

We have reviewed and adopted a new remuneration policy. This reflects the direction of Barclays more broadly under the Transform Programme led by Antony Jenkins, and the adoption across the whole Group of a new statement of Barclays Purpose and Values.

We have made significant reductions to our remuneration costs. Variable remuneration has been reduced overall by 16% and fixed remuneration by 7% year on year. These are not one-off changes. They reflect the Committee’s view that we are now on a multi-year path to reposition Barclays remuneration.

We committed last year to a journey to bring down our compensation ratios and have made good progress this year, with the Group compensation to adjusted net operating income ratio declining to 38% (2011: 42%). As a result our compensation ratios have moved from the market median to the lower quartile within our industry. We believe a ratio in the mid-30s is a sustainable position in the medium term which will ensure that we can continue to pay our people competitively for performance while also enabling us 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.

The Committee’s focus in the coming months will be to continue the process of repositioning remuneration at Barclays, and regaining shareholder and public understanding and confidence. In future, as part of the Transform Programme, individual performance will be assessed against a balanced scorecard and performance will be measured against Barclays values as well as other measures.

I believe 2012 saw us move significantly forward in achieving the right balance between the priorities of our various stakeholders. Reduced remuneration costs, increasingly robust risk adjustments to both the incentive pool and individual incentive awards, tougher performance conditions, new shareholding requirements, and improved remuneration disclosures create a best practice framework which we will continue to develop in the coming year and beyond.

On behalf of the Board
Sir John Sunderland
Chairman, Board Remuneration Committee
5 March 2013

Remuneration policy

The Committee reviews and updates the Barclays remuneration policy periodically. For 2013, as part of the Transform Programme, the policy has been significantly updated. The principles set out in the policy underpin both 2012 remuneration decisions and the Committee's objectives for 2013 and beyond.

The new remuneration policy is set out in the table below.

Barclays remuneration decisions:
1. Support the goal of becoming the 'Go-To' bank by attracting, retaining and competitively rewarding colleagues with the ability, experience, skill, values and behaviours to deliver that goal.
2. Will only reward business results when these are achieved in a manner consistent with Barclays values and behaviours: <ul style="list-style-type: none">▪ Respect: We respect and value those we work with, and the contribution that they make.▪ Integrity: We act fairly, ethically and openly in all we do.▪ Service: We put our clients and customers at the centre of what we do.▪ Excellence: We use our energy, skills and resources to deliver the best, sustainable results.▪ Stewardship: We are passionate about leaving things better than we found them.
3. Protect and promote shareholder interests by incentivising colleagues to deliver sustained performance and create long term value through the delivery of Barclays goal. Those decisions will reflect that performance for individuals and in aggregate. Barclays will pay competitively for high performance but will not pay more than the amount appropriate to maximise the long term value of the bank for its shareholders.
4. Create a direct and recognisable alignment between remuneration and risk exposure, as well as adjusting current and deferred incentives for current and historic risk, including malus adjustments, as appropriate.
5. Should be as simple and clear for colleagues and stakeholders as possible – as is the process used to determine them.
6. Ensure that balance between shareholder returns and remuneration is appropriate, clear and supports long term shareholder interests.

Remuneration governance

The Committee is responsible for setting the over-arching objectives, principles and parameters of remuneration policy across the Group. It oversees all Barclays remuneration matters including incentive pool decisions, together with oversight and approval of remuneration for executive Directors, members of the Group and business unit Executive Committees, Code Staff and all employees with total annual remuneration of £1m or more. It also approves major changes in Barclays pension, benefits and long term incentive plans. The Committee takes into account independent advice and appraisals of latest market data when considering incentive levels and remuneration packages. The Committee also receives regular updates on Group and business financial performance and the Group's risk profile from the Group Finance Director and Chief Risk Officer respectively.

For individual remuneration decisions made by the Committee, including the decisions for executive Directors, the level of remuneration across Barclays and each of the businesses is taken into account. The combined potential remuneration for the executive Directors and for senior employees from bonuses and long term incentive awards outweighs the fixed component of remuneration, and is subject to individual and business performance. This means that the majority of remuneration is risk-adjusted.

Remuneration and performance

Adherence to the principles of the new remuneration policy means that remuneration decisions for all employees across the whole of Barclays are aligned with and support the achievement of Barclays goal of becoming the 'Go-To' bank.

This is achieved by linking remuneration to performance, assessing both 'what' is achieved and also 'how' goals are achieved. So we will measure and reward our people, not just on commercial success but on how they live Barclays values and behaviours in their daily work.

We will embed Barclays values in the way remuneration is managed by incorporating a balanced scorecard of both financial and non-financial measures into the performance appraisal process. Our balanced scorecard is a key part of the cultural change that is required to deliver the strategy of the Transform Programme. It measures Barclays performance across the following dimensions – Customers and Clients, Colleagues, Citizenship, Conduct and Company.

Linking our employee performance assessments and remuneration decisions to the balanced scorecard promotes a clear and direct alignment between remuneration policy and Barclays strategy.

Summary remuneration report continued

2012 incentives

We recognise the importance that our stakeholders attach to the judgements that we apply in managing remuneration. Reduced remuneration costs, and increasingly robust risk-adjustments and performance conditions will continue to be a focus in how we achieve the right balance between the priorities of our various stakeholders. Remuneration must be managed in a way which incentivises employees, ensures pay is linked to performance and is appropriately aligned to risk. Material progress has been made in reducing absolute levels of remuneration. In summary:

- Total Group incentive awards have been reduced by 16% since 2011, with Group adjusted profit before tax increasing 26%.
- Incentive awards at the Investment Bank have been reduced by 20% since 2011, with adjusted profit before tax increasing 37%.
- Group incentives have reduced by £1.3bn (38%) since 2010 with adjusted profit before tax up 23% since 2010. In the Investment Bank incentives have reduced by a similar amount, £1.3bn (48%), since 2010 with adjusted profit before tax down 7% since 2010.
- Incentive pools have been reduced while adjusted profits have increased since 2011. This is because of actions taken by management to reposition Barclays compensation in the market place and to reflect significant risk events that impacted Barclays in 2012. The significant risk events include the LIBOR investigation and redress for PPI and interest rate hedging products.
- Compensation to adjusted net operating income is down to 38% in 2012 (2011: 42%). Within aggregate compensation there has been strong differentiation on the basis of individual performance to allow us to manage compensation costs but also to pay competitively for high performers.
- Average value of bonus per Group employee down 13% year on year to £13,300; average value of bonus per Investment Bank employee down 17% year on year to £54,100. Average value of bonus per Group employee excluding the Investment Bank down 8% year on year to £4,800.
- The proportion of the bonus pool that is deferred significantly exceeds the FSA's Remuneration Code requirements and is expected to remain among the highest deferral levels globally.

Barclays total incentive awards granted

	Barclays Group			Investment Bank		
	Year ended 31.12.12 £m	Year ended 31.12.11 £m	% Change	Year ended 31.12.12 £m	Year ended 31.12.11 £m	% Change
Bonus pool	1,854	2,150	(14)	1,298	1,536	(15)
Other incentives	314	428	(27)	96	201	(52)
Total incentive awards granted	2,168	2,578	(16)	1,394	1,737	(20)
Adjusted profit before tax	7,048	5,590	26	4,063	2,965	37
Bonus pool as % of adjusted profit before tax (pre bonus) ^a	20%	29%		23%	35%	
Proportion of bonus that is deferred	53%	58%		69%	75%	
Total employees (full time equivalent)	139,200	141,100	(1)	24,000	23,600	2
Bonus per employee	£13,300	£15,237	(13)	£54,100	£65,085	(17)

Note

a Calculated as bonus awards divided by adjusted profit before tax excluding the income statement charge for bonus awards.

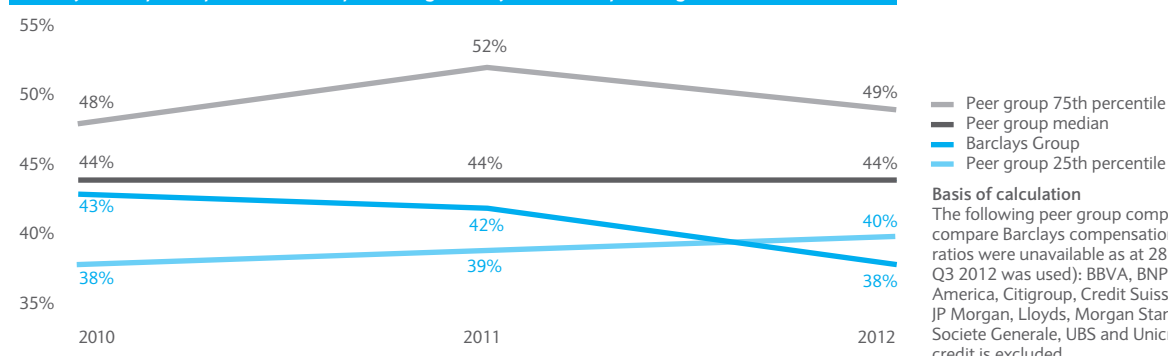
Compensation ratio trends and benchmark against peers

The reduction in compensation in 2012 moves Barclays from being at the median pay-performance level compared to competitors over the last two years to below the lower quartile level. This is a major shift which the Committee recognised would require strong management to achieve in a single year. Although it exposes the Group to some retention risk, the Committee determined that it was a necessary step on the multi-year journey to reposition Barclays remuneration. Major shareholders and their representative bodies were consulted as part of the process for deciding to take this change of approach.

Antony Jenkins said in the 2012 Results Announcement on 12 February 2013:

"We committed last year to a journey to bring down our compensation ratio and have made good progress this year, with the Group compensation to net income ratio declining to 38% (2011: 42%). While this is progress, not the destination, we believe a ratio in the mid-30s is a sustainable position in the medium term which will ensure that we can continue to pay our people competitively for performance while also enabling us to deliver a greater share of the income we generate to shareholders."

Barclays Group compensation as a percentage of adjusted net operating income



Statutory remuneration disclosures

This page includes details of Directors' remuneration in line with current UK directors' remuneration disclosure requirements. Accordingly the figures shown for 2012 in the tables on this page for Antony Jenkins and for Bob Diamond are for the period during which they served as executive Directors (30 August 2012 to 31 December

2012 for Antony Jenkins, and 1 January 2012 to 3 July 2012 for Bob Diamond). Antony Jenkins' full year 2012 remuneration was £2.596m and is shown in more detail in the Remuneration section within Governance at www.barclays.com/annualreport

Executive Directors - total remuneration

	Antony Jenkins		Chris Lucas		Bob Diamond	
	2012 £000	2011 £000	2012 £000	2011 £000	2012 £000	2011 £000
Salary	373	800	800	800	685	1,350
Current year cash bonus	0	0	0	0	0	0
Current year share bonus	0	0	0	0	0	0
Deferred cash bonus	0	0	0	0	0	0
Deferred share bonus	0	0	1,800	0	0	2,700
Total of salary and bonus	373	800	2,600	800	685	4,050
Long term incentive award	1,467	1,067	1,333	0	0	2,250
Total remuneration	1,840	1,867	3,933	800	685	6,300

Executive Directors - benefits

	2012 £000	2011 £000
Antony Jenkins	19	–
Chris Lucas	34	28
Bob Diamond	262	474

Directors' emoluments and statutory disclosures

	2012 £m	2011 £m
Aggregate emoluments	5.5	15.9
Amounts paid under long term incentive schemes	2.8	5.8
	8.3	21.7

There were no pension contributions paid to defined contribution schemes on behalf of Directors (2011: £nil). There were no notional pension contributions to defined contribution schemes (2011: £nil). As at 31 December 2012, there were no Directors accruing benefits under a defined benefit scheme (2011: no Directors).

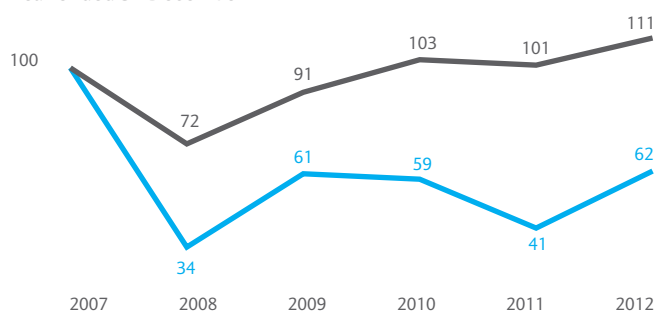
2012 fees for the Chairman and non-executive Directors

	Fees £000	Benefits £000	2012 Total £000	2011 Total £000
Chairman				
Sir David Walker (non-executive Director from 1 September 2012 and Chairman from 1 November 2012)	167	6	173	–
Non-executive Directors				
David Booth	170	–	170	145
Tim Breedon (from 1 November 2012)	18	–	18	–
Fulvio Conti	110	–	110	105
Simon Fraser	140	–	140	130
Reuben Jeffery III	105	–	105	98
Sir Andrew Likierman	135	–	135	127
Dambisa Moyo	120	–	120	105
Sir Michael Rake	220	–	220	188
Sir John Sunderland	161	–	161	132
Alison Carnwath (to 24 July 2012)	114	–	114	158
Marcus Agius (to 31 October 2012)	750	1	751	751

In accordance with his appointment letter, Marcus Agius was paid his monthly fee as non-executive Director and Chairman for the remainder of his notice period up to 1 January 2013. Accordingly the fees and benefits shown above are for the whole of 2012.

Total shareholder return

Year ended 31 December



Total shareholder return

The graph opposite shows the value, at 31 December 2012, of £100 invested in Barclays on 31 December 2007 compared with the value of £100 invested in the FTSE 100 Index. The other points plotted are the values at intervening financial year ends. The FTSE 100 Index is a widely recognised performance comparison for large UK companies and this is why it has been chosen as a comparator to illustrate Barclays total shareholder return.

— FTSE 100 index
— Barclays PLC
Source: Datastream

Condensed consolidated income statement

The summary consolidated income statement and the summary consolidated balance sheet were approved by the Board of Directors on 5 March 2013 and signed on its behalf by the Group Chairman.

For the year ended 31 December	2012 £m	2011 £m
Continuing operations		
Net interest income	11,639	12,201
Net fee and commission income	8,582	8,622
Net trading income	3,025	7,660
Net investment income	817	2,305
Net premiums from insurance contracts	896	1,076
Net gain on disposal of investment in BlackRock, Inc.	227	–
Other income	105	1,169
Total income	25,291	33,033
Net claims and benefits incurred on insurance contracts	(600)	(741)
Total income net of insurance claims	24,691	32,292
Credit impairment charges and other provisions	(3,596)	(3,802)
Impairment of investment in BlackRock, Inc.	–	(1,800)
Net operating income	21,095	26,690
Staff costs	(10,447)	(11,407)
Administration and general expenses	(6,643)	(6,356)
Depreciation of property, plant and equipment	(669)	(673)
Amortisation of intangible assets	(435)	(419)
UK Bank Levy	(345)	(325)
Operating expenses excluding goodwill impairment and provisions for PPI and interest rate hedging products redress	(18,539)	(19,180)
Goodwill impairment	–	(597)
Provision for PPI redress	(1,600)	(1,000)
Provision for interest rate hedging products redress	(850)	–
Operating expenses	(20,989)	(20,777)
Profit/(loss) on disposal of undertakings and share of results of associates and joint ventures	140	(34)
Profit before tax	246	5,879
Tax	(482)	(1,928)
(Loss)/Profit after tax	(236)	3,951
Attributable to:		
Equity holders of the parent	(1,041)	3,007
Non-controlling interests	805	944
(Loss)/Profit after tax	(236)	3,951
Earnings per Share from Continuing Operations		
Basic (loss)/earnings per ordinary share	(8.5p)	25.1p
Diluted (loss)/earnings per ordinary share	(8.5p)	24.0p

Independent auditors' statement to the members of Barclays PLC

Independent auditors' statement to the members of Barclays PLC

We have examined the Summary financial statement which comprises the Summary Consolidated Income Statement, Summary Consolidated Balance Sheet, and the Summary Remuneration Report.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Review in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Review with the full annual financial statements, and the Summary Remuneration Report, and its compliance with the relevant requirements of section 428 of the Companies Act 2006 and the regulations made thereunder.

We also read the other information contained in the Annual Review and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the Summary financial statement.

Condensed consolidated balance sheet

For the year ended 31 December	2012 £m	2011 £m
Assets		
Cash and balances at central banks	86,175	106,894
Items in the course of collection from other banks	1,456	1,812
Trading portfolio assets	145,030	152,183
Financial assets designated at fair value	46,061	36,949
Derivative financial instruments	469,146	538,964
Loans and advances to banks	40,489	47,446
Loans and advances to customers	425,729	431,934
Reverse repurchase agreements and other similar secured lending	176,956	153,665
Available for sale investments	75,109	68,491
Current and deferred tax assets	3,268	3,384
Prepayments, accrued income and other assets	4,360	4,563
Investments in associates and joint ventures	570	427
Goodwill and intangible assets	7,915	7,846
Property, plant and equipment	5,754	7,166
Retirement benefit assets	2,303	1,803
Total assets	1,490,321	1,563,527
Liabilities		
Deposits from banks	77,010	91,116
Items in the course of collection due to other banks	1,573	969
Customer accounts	385,707	366,032
Repurchase agreements and other similar secured borrowing	217,342	207,292
Trading portfolio liabilities	44,794	45,887
Financial liabilities designated at fair value	78,280	87,997
Derivative financial instruments	462,468	527,910
Debt securities in issue	119,581	129,736
Accruals, deferred income and other liabilities	12,232	12,580
Current and deferred tax liabilities	1,340	2,092
Subordinated liabilities	24,018	24,870
Provisions	2,766	1,529
Retirement benefit liabilities	253	321
Total liabilities	1,427,364	1,498,331
Shareholders' equity		
Shareholders' equity excluding non-controlling interests	53,586	55,589
Non-controlling interests	9,371	9,607
Total shareholders' equity	62,957	65,196
Total liabilities and shareholders' equity	1,490,321	1,563,527

 For more detailed information, please see the Financial statements at www.barclays.com/annualreport

This statement, including the opinion, has been prepared for and only for the Company's members as a body in accordance with section 428 of the Companies Act 2006 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.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our reports on the Company's full annual financial statements describe the basis of our audit opinion on those financial statements, the Directors' Report and the Summary Remuneration Report.

Opinion

In our opinion the Summary financial statement is consistent with the full annual financial statements, and the Remuneration Report of Barclays PLC for the year ended 31 December 2012 and complies with the applicable requirements of section 428 of the Companies Act 2006, and the regulations made thereunder.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London, United Kingdom
5 March 2013

Tough questions, honest answers



“Given the importance of conduct and reputation within the banking industry, how do you intend to deal with these?”

Conduct and Reputation risk are being categorised as new Principal Risks in 2013 in order to ensure appropriate oversight is being applied. See page 26 for further details on our risk management process and Board Conduct, Reputation and Operational Risk Committee.

Share capital and other information

As at 31 December 2012, the Company's issued share capital totalled 12,243m ordinary shares which represented 100% of the total issued share capital. The Company's Articles of Association provide for Sterling, Dollar, Euro and Yen preference shares (preference shares). No preference shares have been issued to date. The rights attaching to shares, including any restrictions on transfer and any limitations on the holding of securities and requirements to obtain approvals for a transfer of securities, are set out in the Company's Articles of Association.

On a show of hands and on a poll at a general meeting, every holder of ordinary shares present in person or by proxy and entitled to vote has one vote for every ordinary share held. Deadlines for voting, and any restrictions on voting, are set out in the Company's Articles of Association.

Employee Benefit Trusts (EBTs) operate in connection with certain of the Group's Employee Share Plans (Plans). The trustees of the EBTs may exercise all rights attached to the shares in accordance with their fiduciary duties other than as specifically restricted in the relevant Plan governing documents. The trustees of the EBTs have informed the Company that their normal policy is to abstain from voting in respect of the Barclays shares held in trust. The trustees of the Global Sharepurchase EBT and UK Sharepurchase EBT may vote in respect of Barclays shares held in the Sharepurchase EBTs, but only as instructed by participants in those Plans in respect of their Partnership shares and (when vested) Matching and Dividend shares. The trustees will not otherwise vote in respect of shares held in the Sharepurchase EBTs.

Substantial shareholders do not have different voting rights from those of other shareholders. Information provided to the Company by substantial shareholders pursuant to the Financial Services Authority's (FSA) Disclosure and Transparency Rules (DTR) is published via a Regulatory Information Service and is available on the Company's website. As at 31 December 2012, the Company had been notified under Rule 5 of the DTR of the following holdings of voting rights in its shares.

Person interested	Number of Barclays Shares	% of total voting rights attaching to issued share capital ^a
His Highness Sheikh Mansour Bin Zayed Al Nahyan ^b	858,546,492	7.02
Qatar Holding LLC ^c	813,964,552	6.65
BlackRock, Inc. ^d	805,969,166	7.06
Legal & General Group plc ^e	480,805,132	3.99
The Capital Group Companies Inc ^f	371,944,325	3.04

Notes

- a The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of the DTR.
- b Total shown comprises (1) 758,437,618 shares that are legally owned by PCP Gulf Invest 3 Limited, which is wholly owned by Nexus Capital Investing Limited (NCIL). NCIL is in turn wholly owned by Abu Dhabi International United Investments LLC, which is in turn wholly owned by His Highness Sheikh Mansour Bin Zayed Al Nahyan (HHSM); and (2) 100,108,874 cash-settled options referencing ordinary shares that are legally owned by Yas Capital Limited (YCL), which is, in turn, wholly owned by HHSM. YCL has no right to acquire or exercise any voting rights in Barclays PLC. Following an increase during February 2013 in issued share capital to which voting rights are attached, the Company was notified on 4 March 2013, that in aggregate, HHSM is indirectly interested in 783,509,699 ordinary shares, comprising 758,437,618 shares held by PCP Gulf Invest 3 Limited and 25,072,081 cash-settled options referencing ordinary shares held by YCL, representing 6.09% of total voting rights attaching to issued share capital.

On 31 October 2008, Barclays PLC issued, in conjunction with a simultaneous issue of Reserve Capital Instruments issued by Barclays Bank PLC, warrants to subscribe for up to 1,516.9 million new ordinary shares at a price of £1.97775. As at 31 December 2012, there were unexercised warrants to subscribe for 379.2 million ordinary shares. These warrants could be exercised at any time up to close of business on 31 October 2013. On 13 February 2013, Barclays PLC and Barclays Bank PLC announced that they had entered into an agreement with Deutsche Bank AG and Goldman Sachs International (the warrant holders) pursuant to which the warrant holders agreed to exercise in aggregate 379.2m outstanding warrants. As a consequence of this agreement no warrants remain outstanding.

Other Information

The Company's Articles of Association specify that Directors may be appointed by the existing Directors or by the shareholders in a general meeting.

The Company's Articles of Association may only be amended by a Special Resolution at a general meeting.

The Directors may, if authorised by the shareholders in general meeting, allot Barclays shares and may buy back Barclays shares. As at 28 February 2013, the Company had an unexpired authority to repurchase shares up to a maximum of 1,220,174,570 ordinary shares.

- c Qatar Holding LLC is wholly-owned by Qatar Investment Authority.
- d Total shown includes 8,003,236 contracts for difference to which voting rights are attached.
- e Legal & General Group plc's interest is held by Legal & General Assurance (Pensions Management) Limited.
- f The Capital Group Companies Inc (CG) holds its shares via CG management companies and funds. On 30 January 2013, the Company was notified that CG was interested in 492,653,250 shares, representing 4.02% of total voting rights attaching to issued share capital.

Tough questions, honest answers



“Given the ambitions for your strategy, when will the dividend increase?”

We are aiming to drive a greater balance between staff and shareholder returns, accelerating our progressive dividend policy from 2014 and targeting a payout ratio to shareholders of 30% over time. See page 25 for further details on our dividend and distribution of earnings.

Shareholder information

Your Barclays Shareholding

Key dates

15 March	2012 Final dividend payment date
25 April	Barclays 2013 Annual General Meeting
7 June*	2013 First interim dividend payment date
13 September*	2013 Second interim dividend payment date
13 December*	2013 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, 25 April 2013. The meeting will start at 11am.

 You can find out more at www.barclays.com/agma

Dividends

We will accelerate our progressive dividend policy from 2014, targeting a payout ratio of 30% over time. It is our policy to pay cash dividends on a quarterly basis. There will be three equal quarterly payments in June, September and December and a final variable payment in March each year.

Save time and receive your dividends faster!

You can choose to 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.

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

Shareholder Security

Shareholders should be very wary of any unsolicited investment advice and offers to buy shares at a discounted price. These calls are typically from fraudsters operating 'boiler rooms'. If you are concerned that you may have been targeted by fraudsters please contact The Registrar to Barclays.

More information about these scams and information on how you can protect yourself is available from the FSA at www.fsa.gov.uk/consumerinformation/scamsandswindles

Unclaimed dividends

We are aware that some shareholders do not keep their personal details on the share register up to date. Therefore we conducted a tracing process to re-unite over 24,000 Barclays Sharestore members, identified by The Registrar as having lost contact with us, with their unclaimed dividends. As at 31 December 2012, we had returned £1.8 million of unclaimed dividends to our shareholders.

Keep your personal details up to date

Please remember to tell The Registrar if you move house or need to update your bank details. If you are a Barclays e-view member, you can update your details online. If you hold 2,500 shares or less, you can change your address or update your bank details quickly and easily over the phone using the contact details opposite. 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 recent dividend tax voucher. If these are not available, you will need to provide a copy of a utility bill 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.

ShareGift your shares

ShareGift, the charity donation scheme, is a free service for shareholders wanting to give shares to charitable causes. Further information can be obtained at www.sharegift.org or by telephoning ShareGift on +44 (0)20 7930 3737.

Shareholder enquiries

Useful contact details

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 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 www.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 601 7788** (in the UK) +44 141 352 3909 (from overseas)

Notes

* Calls cost 8p per minute plus network extras.


Lines open 8.30am to 5.30pm Monday to Friday.

** Call costs 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.



Barclays e-view

You do not have to receive paper shareholder information. Many Barclays shareholders go online to find out about their shareholding and Barclays performance. Barclays e-view allows you to manage your shares online and receive the latest updates directly by email. To join Barclays e-view, please follow these 3 easy steps:

- Step 1  [Go to www.eviewsignup.co.uk](http://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.

If you have any questions, please contact The Registrar to Barclays.

Alternative formats

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

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