

Creating
opportunities
to rise



Barclays PLC
Strategic Report
2018

Our common Purpose is 'Creating opportunities to rise'. We are a company of opportunity makers working together to help people rise – customers, clients, colleagues and society.

 See page 10 of this report for further insights

The Strategic Report was approved by the Board of Directors on 20 February 2019 and signed on its behalf by the Chairman.

Status of the Strategic Report 2018

The Strategic Report 2018 is a standalone report that summarises the Barclays PLC Annual Report 2018. For further information and a fuller understanding of the results and the state of affairs of the Group, please refer to the full Barclays PLC Annual Report 2018 at home.barclays.com/annualreport

Details on how to obtain a copy of the full Barclays PLC Annual Report 2018 can be found in the Shareholder information section.

Report of the Auditor

The Auditor's report on the full accounts for the year ended 31 December 2018 was unqualified, and their statement under section 496 (whether the Strategic Report and the Directors' report are consistent with the accounts) of the Companies Act 2006 was unqualified.

Approach to non-financial performance reporting

We note the requirements under the provisions of the Companies Act 2006, relating to the preparation of the Strategic Report which have been amended by the Companies, Partnerships and Groups (Accounts and Non-Financial Reporting) Regulations 2016, which implements EU Directive 2014/95/EU (on non-financial and diversity information). As a result of these changes, we have integrated the information required for a Non-Financial Information Statement into the Strategic Report, thereby promoting cohesive reporting of non-financial matters.

Notes, non-IFRS performance measures and forward-looking statements

Barclays management believes that the non-IFRS performance measures included in this document provide valuable information to the readers of the financial statements. This document also 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 the Group. For further details on Notes, non-IFRS performance measures, and forward-looking statements used within this document, please see page 56.

For further information and a fuller understanding of the results and the state of affairs of the Group, please refer to the full Barclays PLC Annual Report 2018 suite of documents available at home.barclays.com/annualreport

Barclays PLC Strategic Report 2018

An overview of our 2018 performance, a focus on our strategic direction, and a review of the businesses underpinning our strategy.

Barclays PLC Annual Report 2018

A detailed review of Barclays 2018 performance with disclosures that provide useful insight and go beyond reporting requirements.

Barclays PLC Country Snapshot 2018


An overview of our tax contribution country by country as well as our broader approach to tax, including our UK tax strategy.


Barclays PLC Environmental Social Governance (ESG) Report 2018

Our ESG strategic priorities and performance, reported against a range of quantitative and qualitative indicators.

Barclays PLC Pillar 3 Disclosures 2018

A summary of our risk profile, its interaction with the Group's risk appetite, and risk management.

 When you see this icon you will find more information on another page or Barclays report

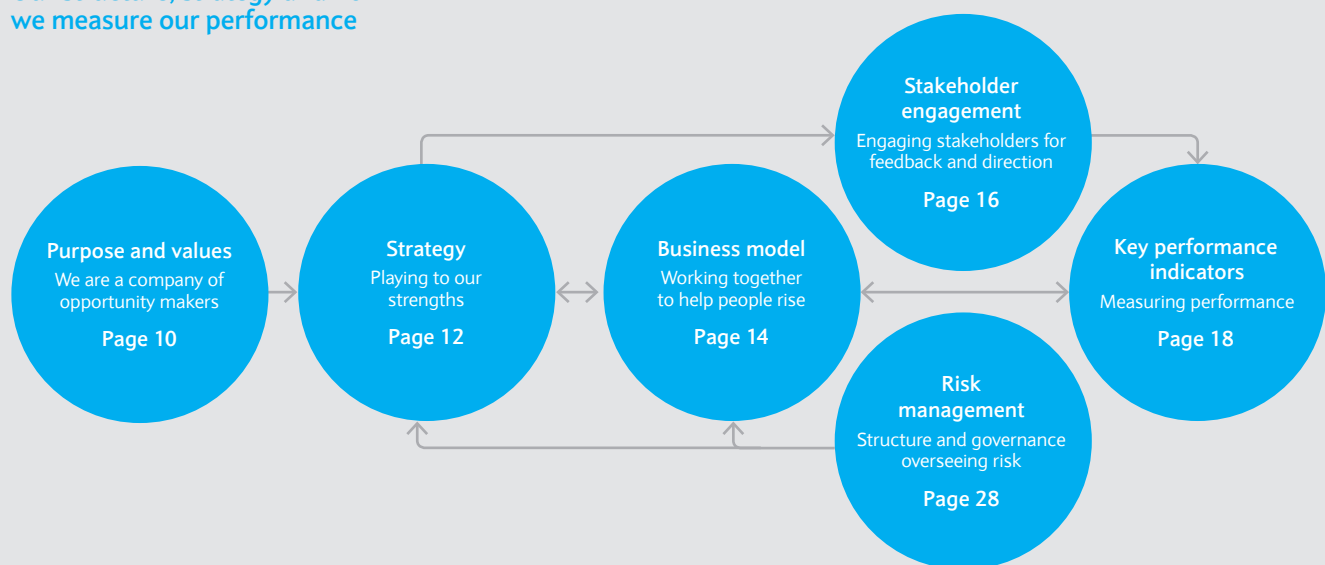
 When you see this icon you will find more information online

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A solid foundation for the future



John McFarlane
Chairman

The Chairman presents a review of the year and the key events and impacts on our business.

A handwritten signature in black ink, appearing to read 'John McFarlane', with a long, sweeping flourish extending to the right.

Dear Fellow Shareholders

I am pleased to report that Barclays is in a very different place than it has been since the global financial crisis, and with the significant restructuring done, we can now for the first time in the recent past look forward to enhancing shareholder returns and distributions.

We have made significant progress, particularly in the past few years:

- we resolved a substantial portion of our major legacy matters putting behind us issues that have to date cost us over £17 billion
- we exited the bulk of our non-core and sub-performing assets at a cost of over £12 billion.

We implemented all elements of structural reform requirements:

- created a new ring-fenced UK bank from scratch, ahead of competitors and time, that is operating strongly
- established a service company that is delivering operational and financial efficiencies, creating the capacity to reinvest in the core businesses, as well as being in a position to provide essential services in the event of a failure of the bank
- finalised the arrangements for an intermediate holding company in the US
- set up arrangements in the EU and a transfer process, such that we are one of the most prepared banks for Brexit
- reflected advanced corporate governance in the major subsidiary banks with new governance arrangements including the introduction of separate boards of directors.

We have also developed a strong values-based culture that enables us to serve our customers, to make a significant contribution to society, to reward shareholders and to protect ourselves from the reputational damage associated with poor industry conduct.

Against a backdrop of very substantial increases in regulatory capital requirements, over time we have built up sufficient capital and financial strength enabling us to achieve our target capital ratio of c.13% of risk-weighted assets, prudently surpassing our mandatory distribution restriction hurdle, and we are in a position to endure severe future economic stress and yet be in a position to extend credit to our customers in that event. Some commentators imply because we are at that level but below other more domestic competitors, our capital is inadequate. However, we do not agree. The aim is to have the right amount of capital to balance safety and returns, rather than the maximum amount possible.

While digital technology has radically changed people's lives and has brought untold benefits, unfortunately, it has also brought cybercrime. Not only are criminals after information, they are after money, and can and will steal it where and whenever they choose, whether we are awake or asleep. They are harnessing this new digital reality, in which they can reach out across the globe, anonymously, and virtually risk-free. They are smart, highly innovative and persistent. The rewards are enormous and the risks to them low. This issue is a real and present danger, not only to our current way of life, but also to society as a whole.

At Barclays, we have made defending against cybercrime one of our most important and most urgent priorities. Accordingly, we are investing heavily to protect our customers, our system, our bank and society. This is a decision not only worth making, but one where there really is no choice in assuring the long-term future of the company.

Moreover, and finally, our major businesses are now positioned for success and on a path to deliver healthy and sustainable returns for shareholders. The return to profit in the year has also enabled us to increase the return of capital to shareholders, including increasing our dividend to its previous level.

Turning to the year itself, Group statutory profit before tax was £3.5bn, down 1% on the prior year (after absorbing litigation and conduct losses in the year of £2.2bn) yielding a return on tangible equity of 3.6%, up 7.2% on the prior year. Earnings per share showed a better picture at 9.4p, up from a 10.3p loss in 2017. The improved result benefited from a significant reduction in impairment as a result of prudent management of credit risk, as well as the benefit from improved macroeconomic forecasts during the year.

The conduct losses were a major factor in reducing our tangible net asset value per share (TNAV) from 276p to 262p in the year. The significant reduction to today's level in part reflects the gruelling effect of the global financial crisis. I believe, and we have seen it in the quarterly progression since Q1 2018, that period of decline is now over, and we should over time see TNAV rising, which is an important foundation for the share price and progressive dividends.

Excluding litigation and conduct items, profit before tax was £5.7bn, up 20% on the previous year and yielded a return on tangible equity of 8.5%, just shy of our target levels for 2019 and 2020. Earnings per share was 21.9p, up from a 3.5p loss in the prior year.

These results demonstrate a good level of progress and provide a solid foundation for the future.

On the same basis, our businesses generally showed progress and advanced performance in the year.

Barclays International (which includes our Corporate and Investment Bank and Consumer Cards and Payments) grew its profits before tax 10% to £3.9bn and achieved a return on tangible equity of 8.7%. The Corporate and Investment Bank was the major contributor to profit growth, up 15% on the prior year at £2.7bn, and with an improved return on tangible equity of 7.1%. Consumer Cards and Payments achieved profits before tax of £1.2bn, with a strong return on tangible equity of 17.3%.

Barclays UK continues to be a major contributor to the Group with profits before tax of £2.4bn and with a strong return on tangible equity of 16.7%.

However, as we all know, in banking the journey is never done. The economic environment remains uncertain and issues will emerge, but we feel secure that we will be able to deal with these as they arise. In particular, we are well prepared for Brexit and the transfer of businesses into the EU, as and when this is required.

Shareholders may now be aware that funds managed by Sherborne, controlling approximately 5.5% of your company's share capital, have proposed that Edward Bramson, of Sherborne, be appointed to your Board. Sherborne's views and intentions in doing so are not fully clear to us. We continue to meet and correspond with Sherborne and Mr Bramson, and give due consideration to the issues they raise. As such, we do not believe that a board seat is needed for Sherborne to contribute its views. Your Directors believe that good governance requires a cohesive board that can properly represent the interests of all shareholders, and not just a small proportion of them.

The Board remains confident in our strategy, the fruits of which are reflected in our improved operating results. We believe it is important to avoid a further period of significant disruption, from which we have only this year freed ourselves, so that the Board and management can focus on executing the strategy and on our plans to improve performance beyond current levels. As a result, your Board is recommending that shareholders vote against the Sherborne resolution.

Introducing your Chairman-designate



Succeeding John McFarlane, who has done such a sterling job during a period of great change at Barclays, is a huge honour.

I have been lucky enough to enjoy 36 years at Rothschild, working with many wonderful colleagues and clients, and was particularly honoured to lead the firm for a decade or so.

I now look forward to joining another great institution and to working closely with its executive management team, led by Jes Staley, and my fellow non-executive Directors.

I am totally committed to helping Barclays and its people continue to develop and progress.

Nigel Higgins
Chairman-designate

A solid foundation for the future

I might also mention our position on energy finance and climate change, as it is now a major consideration for boards. It is a priority for us to contribute to society's initiatives in limiting the impact of climate change. In doing so, we must recognise that for some time to come, renewable sources alone cannot meet global demand for energy.

Hence, our position has three areas of focus:

- financing the growth of green and renewable energy sources and proactively supporting the development of businesses aiming to solve the world's environmental challenges
- taking a responsible and sustainable approach to the financing of essential sources of energy today that are more carbon intensive, or those with higher environmental impact, and
- reducing the carbon footprint of our own operations and supply chain.

The world is in transition, and Barclays' approach reflects this. It requires a balance between advancing tomorrow's energy technologies and reducing our current exposure to carbon-intensive energy sources such as thermal coal, recognising current reliance on traditional energy sources is necessary until such time as new methods can replace them fully.

We share the desire to accelerate the transition to a green future, and will therefore work constructively with all of our stakeholders to find the right balance. Shareholders can read more about our approach on page 25 of the Strategic Report and in the Environmental, Social and Governance (ESG) Report.

If we pause to reflect on the period since the crisis, it has indeed been a tough few years for the Group. What we have achieved could not have been done without the leadership of our Chief Executive Jes Staley and his senior team. I would therefore like to thank the Board, our management and all our staff for the enormous efforts they have made to make Barclays a better place.

You will be aware I plan to retire from the Group at the upcoming AGM. I'm satisfied that I will leave a company that is capable and prepared for the future, in particular to be able to deliver sustainably stronger returns to shareholders than have been seen for many years.

The Corporate and Investment Bank is an important contributor to the economy, has increased its market position globally and particularly in the US and Europe, positioning itself as a leading player in the world's deepest capital pools at a time when capital markets are playing an increasingly important role in supporting the growth of our corporate and institutional clients.

Barclays UK is strongly positioned in both Cards and in Retail banking, and our US cards business is now larger than our UK equivalent with attractive prospects for growth.

The Group has also invested appropriately in digitisation to position us to take advantage of the technical revolution, as well as defending ourselves from new Fintech competitors.

This new financial and operational foundation and improved business productivity and performance should serve us well in the coming years and should enable share price recovery from recent discounted levels.

And finally, since this is my last letter to you as Chairman, it has been a great privilege for me to have served this great company and you as shareholders, and I thank you for allowing me to do so. I will of course continue to serve you until I finally step down.

I commend my proposed successor, Nigel Higgins to you. The Board has made an excellent choice and I have every confidence that Nigel will be a superb steward of the Board and the Company.

John McFarlane
Chairman

We are delivering on our strategy



James E. Staley
Group Chief Executive

“The fundamental strength of our Group rests on a diversified, though connected, portfolio of interests – and Barclays today is very well diversified by geography, by product segment, and by currency.”

2018 represented a very significant period for Barclays.

In the course of the year, having resolved major legacy issues and reduced the drag from low returning businesses, we started to see the true earnings potential of this bank, as the strategy we have implemented began to deliver.

This was evident in the strongly improved performance across the Group compared to 2017.

Excluding litigation and conduct, profit before tax was up 20% – an outcome driven in part by lower impairment as a result of prudent management of credit risk, as well as the benefit from improved macroeconomic forecasts during the year.

Our Group return on tangible equity, was 8.5% for the full year – close to our 2019 financial target of greater than 9%. Achieving our return on tangible equity targets of greater than 9% in 2019 and greater than 10% in 2020 will remain our overriding priority.

BX, our service company, has driven greater efficiency through the business and allowed us to bring costs down to within our guidance range of £13.6-13.9 billion, while creating capacity for investment. We have the ability to flex that investment to support our return on tangible equity targets if the environment requires us to do so.

Excluding litigation and conduct, our earnings per share for the full year were 21.9p.

What these key performance measures demonstrate is that our strategy is working, and momentum is building in Barclays.

As we began the year, we had all but reached the end of the huge restructuring of the business which we commissioned with our strategy in March of 2016:

- we had completed the run-down of our Non-Core Unit, eliminating over £90bn of Risk Weighted Assets – predominantly in our Corporate & Investment Bank – closing operations in a dozen countries, and selling some 20 businesses which were no longer strategically important to Barclays
- we had sold down our interest in Barclays Africa to a level allowing regulatory deconsolidation, which was formally granted in July of 2018
- we had completed our work on structural reform, creating our Intermediate Holding Company in the USA, and standing up our ring-fenced bank in the UK – the successful execution of which in April was the result of an extraordinary effort by colleagues across the bank, and one of the biggest technological shifts ever carried out in financial services; and

We are delivering on our strategy

- we had created our Service Company, Barclays Execution Services, or 'BX', as a state-of-the-art operating platform on which to run and build our business going forward.

We were able to resolve major outstanding legacy conduct issues for the bank in 2018:

- reaching a settlement with the US Department of Justice in relation to Residential Mortgage Backed Securities
- having the UK SFO charges against the bank relating to our 2008 capital raisings dismissed; and
- providing further for the completion of PPI redress.

We have also implemented our contingency plan to ensure we can continue to seamlessly service our clients across Europe following a UK withdrawal from the EU.

This transformation – as with any major corporate restructuring – cost a substantial amount of money to effect, and absorbed enormous amounts of colleague time and management focus. But the effort and investment was worth it to remove major drags on the operational effectiveness and profitability of Barclays, and to create the model we laid out in our strategy – a transatlantic consumer and wholesale bank, with global reach – which is now starting to generate attractive and sustainable returns for our shareholders.

The fundamental strength of our Group rests on a diversified, though connected, portfolio of businesses - and Barclays is well diversified by geography, by product and by currency between our consumer and wholesale businesses.

We have a great position in UK retail and business banking, serving 23 million customers and a million small businesses in a market where we have roots going back 328 years. We have an enviable position in fast growing international cards and payments in the UK, US, and Europe. And we are a strong and profitable global player in corporate and investment banking, anchored in the world's deepest and most sophisticated capital markets of London and New York.

Our diversified model is not only designed to be well balanced and produce consistent and attractive returns through the economic cycle, it is also a more robust model for any modern financial services business. A decade after the financial crisis I am very confident that Barclays today would be well prepared to weather major shocks in the future.

Of course one area where performance progress has unfortunately not been reflected is in our share price, which remains disappointingly low. In common with all European banks, we have been hit very hard in this regard by macroeconomic issues which have weighed heavily on investor sentiment.

Notwithstanding that, I have repeatedly said that a management team cannot rest while the share price trades below book value, and it is a priority for us to drive a recovery.

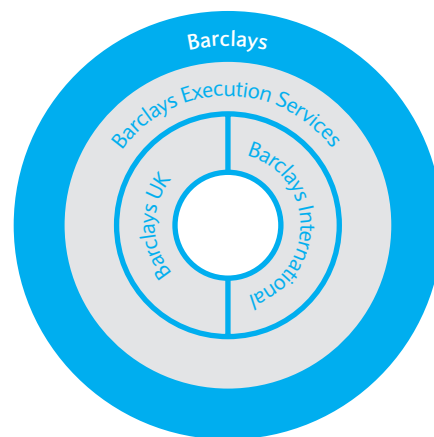
Improved returns to shareholders will certainly help in that endeavour. In 2018, based on our strong capital position, the restoration of the dividend to 6.5p, and the redemption of expensive preference shares dating from the financial crisis, saw us return around £1.8bn of capital. That is progress, but not yet sufficient.

As we generate excess capital going forward we intend to return a greater proportion of those earnings to shareholders by way of dividends and other distributions including buybacks, and I am optimistic for our prospects to do more in 2019 and beyond.

There are three principal reasons for that optimism.

First, the opportunity to further digitise our consumer businesses in the UK, the US, and in Germany is significant. For example, today we have 11 million digitally active customers, with over six million users of our award-winning mobile banking app in the UK, and the quality of engagement with customers on digital platforms such as these is impressive. On average, a Barclays customer visits a branch once every six weeks. Contrast that with the statistics for Barclays Mobile Banking, where customers typically go into the app every single day. Our relationships with these customers are consequently much stronger, and we are better able to help them with their financial needs. Of course as we expand our offering in this area we have a close eye on the security and resilience of systems.

Second, the importance of capital markets as a source of funding for corporates and investment is growing, continuing the shift in recent years away from reliance on bank balance sheets. In the past decade bank lending to corporates has declined by 14% relative to GDP. At the same time there has been a surge in capital market issuance, with global Debt Capital Markets up by 75% in the past decade - and we are a top 4 player in Debt Capital Markets. Since the financial crisis, growth in the bond market in Europe has replaced 90% of the decline in bank lending. These trends will continue and, as the only non-US investment bank operating at scale in both London and New York, we are well placed to participate in the opportunity this represents. Competing in the top tier of global



investment banking, enabled by our size and commitment across asset classes, is important to Barclays' future returns – and we demonstrably do compete. For example, in our Markets business in 2018 we saw revenue growth on a US dollar basis.

Third, we are today investing in multiple growth opportunities – principally in technology development – across the Group. The efficiencies driven by BX, our service company, have been instrumental in creating the capacity to do so, while continuing to control our costs. Such meaningful investments in growth opportunities were simply not a viable option during the many years of reshaping this company.

As our strategy continues to work, the principal calls on our future earnings should now be returns to shareholders and investment in growing the business – rather than litigation and conduct charges, restructuring costs, and capital accumulation. That shift is very welcome.

I remain hugely proud of the continuing positive impact which Barclays has in the communities in which we operate around the world. From our major citizenship programmes such as LifeSkills, Connect with Work, and Unreasonable Impact, to the individual, local, social and charitable efforts of colleagues and teams around the world. This work says much about the culture of Barclays today – driven by a deep commitment to help customers, clients, and wider society, to rise and succeed. I am grateful for the effort and commitment Barclays' people exhibit every day.

Finally, I want to pay tribute to the contribution of our retiring Chairman, John McFarlane, to the development of Barclays over these past four years.

John took on the Chairmanship of the Group during a period of tumultuous change for financial services, and for this bank in particular. Barclays, and I personally, have been fortunate to benefit from his wisdom, his challenge, his courage to make tough calls, and his steadfast leadership during that time. It is due in no small part to John that we find ourselves in such a positive position today, with our turnaround complete, and confident in our prospects. On behalf of colleagues across the bank, I would like to thank John for his stewardship, and to wish him and his family well following his retirement in May.

James E. Staley
Group Chief Executive

Delivering for our wider stakeholders is integral to our success

We are responding to global challenges like climate change and global energy demand by evaluating our financing of carbon intensive energy sources, while proactively supporting the development of green financial products and services. We are contributing to inclusive prosperity by enhancing the skills and meaningful employment opportunities of people in our local communities. And we are investing in innovation from our best asset – our colleagues – to test and scale new business opportunities that tackle social and environmental challenges.

We are responding to global challenges, supporting the development of green financial products and services, and contributing to inclusive prosperity.



The Environmental Social Governance (ESG) Report provides additional information on key non-financial topics and forms part of the Barclays PLC Annual Report suite.

[See Barclays PLC ESG 2018 available at home.
 barclays/annualreport](https://www.barclays.com/annualreport)

A constantly evolving operating environment

Barclays is a transatlantic consumer and wholesale bank, anchored in our two home markets of the UK and US, therefore impacted by a wide range of macroeconomic, political, regulatory and accounting, technological and social developments. The evolving operating environment presents opportunities and risks which we continue to monitor and evaluate to ensure that we appropriately adapt our strategy and its delivery.

Economic growth

The global economy continued to expand in 2018, at an estimated rate of 3.7%^a. However, there have been noticeable regional differences. US expansion accelerated through higher consumer spending as tax cuts boosted disposable income. On the other hand, growth in Japan, Eurozone and the UK slowed amid political and economic disruption. Significant concerns remain around the sustainability of the sovereign debt level in Italy. Emerging markets diverged due to higher interest rates in the US, volatile oil price and escalating trade tensions.

Central banks continued tightening monetary conditions, notably, the Federal Reserve and Bank of England increased their policy rate and the European Central Bank (ECB) announced the end of its quantitative easing programme. Labour markets have tightened, putting upward pressure on inflation, indicating potential further monetary tightening.

Barclays' business mix spans multiple geographies and client types – we believe a diversified portfolio lowers volatility and enhances stability in a macro environment such as ours today. As a result, we believe in Barclays' ability to generate solid returns through economic cycles, even when some areas perform less well than others.

Political risks

Global political uncertainty continued to manifest itself in 2018. Conflicts remained unresolved in some areas of the world, such as Asia, the Middle East and Eastern Europe. In addition, rising trade tensions across the globe are starting to have a negative impact on economic activity, consumer confidence and general financial conditions. The possibility of an escalating trade conflict between the US and China would likely have significant and wide-ranging economic and political consequences. Separately, Brexit continues to give rise to significant uncertainty across the socio-economic environment in Europe.

The uncertain political environment may impact market dynamics and sentiment – however, we believe in Barclays' ability to adapt to changes for the benefit of customers, clients and broader stakeholders.

Regulations

From 1 January 2019, the largest UK banks were required to have separated core retail banking operations from investment banking and international banking activities to comply with the Financial Services (Banking Reform) Act 2013. These banks have had to restructure their activities and operations on a scale rarely seen before to comply with the new legislation. These changes have had implications for almost all stakeholders, with banks particularly focused on minimising disruption for clients and customers.

On 1 April 2018, Barclays' UK banking business, largely comprising of Personal Banking, Barclaycard Consumer UK and Business Banking, was transferred from Barclays Bank PLC (BBPLC) to Barclays Bank UK PLC under the single ring-fencing transfer scheme. The corresponding products and services including current and savings accounts, consumer lending, credit cards, investment products and services, and business banking solutions, were also transferred.

Separately, as a consequence of the likely departure of the UK from the European Union (EU), financial services firms that previously accessed European markets through the UK, will need to establish new legal entities in Europe to ensure business continuity and minimise disruption to clients. Banks in particular are having to implement significant changes that include but are not limited to; the transfer, or recruitment, of colleagues into the EU; building infrastructure; transfer of balance sheet; and trades.

To help manage the risks related to Brexit, Barclays is expanding its existing banking subsidiary in the EU, Barclays Bank Ireland PLC (BBI). BBI will become a wholly owned subsidiary of BBPLC, through which we will be able to continue to serve our European clients globally and our global clients in Europe. We currently already have branches of BBPLC in key European jurisdictions, which will become branches of BBI as part of our response to the UK exiting the EU. We continue to work closely

with our regulators in the UK and Europe to ensure we will be able to support our clients in Europe, and globally, from the moment the UK leaves the EU. However, execution risks remain for the industry as a whole, including but not limited to balance sheet and trade transfers, client readiness and operational resiliency.

The revised Payments Services Directive (PSD2) and Open Banking went live in early 2018. These initiatives require banks to share more customer information, subject to customer consent, with regulated third parties than ever before. Such regulatory changes are designed to bolster innovation and market competition. This poses challenges to the traditional banking business model, however, opportunities exist for banks that develop new products and services to customers, improve customer journeys, and extend beyond traditional financial products.

The EU General Data Protection Regulation (GDPR) came into effect in May 2018. The GDPR aims primarily to give individuals control over their personal data and to simplify the regulatory environment for international business by unifying the regulation within the EU. In today's modern economy, data is becoming increasingly important and banks are emerging as key custodians of customers' and clients' data.

Barclays has a history of innovation spanning three industrial revolutions. We want to lead the change, being technological, regulatory, or customer driven, rather than simply responding to it. We are committed to providing a market leading digital offering to our customers and clients by making customer journeys simpler and more intuitive and offering and building digital platforms that benefit the whole society and economy.



Material and emerging risks are discussed further on page 131 of the Barclays PLC Annual Report 2018

Note
a IMF estimate, January 2019.

Our preparations for the departure of the UK from the EU

2016

June

Begin evaluation of business model options post-Brexit

2017

February

Launch of formal programme to address Brexit contingency planning

October

Submission of draft Licence Extension Application to the ECB and the Central Bank of Ireland

2018

October

Licence extension approval for Barclays Bank Ireland attained from the Central Bank of Ireland

December

Migration of Germany Branch
Opened new office space in Dublin

2019

January

Court order received to enable use of Part VII transfer scheme

February

Migration of Spain and Sweden Branches
Euro payments technology transferred over from London to Frankfurt
Corporate Bank client migrations begin

March

Italy, Portugal, France, Netherlands branch migrations
Investment Banking, Markets and private banking: Onboarding to Barclays Bank Ireland and start of position migrations

We are a company of opportunity makers

Our common Purpose is ‘Creating opportunities to rise’. Because when our customers, clients, colleagues and society rise, Barclays rises too. We measure and reward our people, not just on commercial results, but on how they live our Values and bring them to life every day.

Our Purpose and Values are central to Barclays. They drive everything we say and do. They are fundamental to the relationships we build with our colleagues, customers, clients and stakeholders and have been part of our DNA for over 328 years. They reflect our entrepreneurial spirit; our relentless quest for better; and our commitment to putting people first. Single-minded application of our Purpose and Values, across all of our activities, continues to build the bank, providing the fundamentals upon which to build further success.

In April 2018, we completed one of the most complex restructurings ever undertaken by a bank. We now look to the future and have a renewed focus on growth and returns. The ring fencing undertaken is a necessary regulatory requirement, but in all the ways that make us Barclays, we remain one. We’re united by a common set of Values and a single guiding Purpose, detailed here, along with the other elements that help us play our part in building a clear, creative and compelling Barclays.

Our Purpose

In today’s world, a bank needs to demonstrate, both internally and externally, the honest and authentic way it goes about its business, and the value it brings to its stakeholders. Purpose-driven organisations have higher levels of employee satisfaction, higher levels of business performance, and a higher level of societal impact.

We want to see Barclays playing a key role in restoring the professionalism of banking and want this bank to be respected and admired for the strength of its character; for our ability to foster trust between Barclays and its customers, clients and society.

Our Purpose also needs to reflect our entrepreneurial spirit; our drive to leave things better; our customer and client centricity; and our commitments to colleagues and to society at large.

In the process of researching the new Purpose, we interviewed colleagues and found that a new Purpose would be welcomed in order to reflect our strategy and a renewed sense of optimism. Colleagues said the statement should re-emphasise and build on the strength of existing values, and it should focus on what business we are in, and the impact we make. Our new Purpose therefore reflects this.

Our Purpose

Creating opportunities to rise

We are a company of opportunity makers, working together to help people rise – customers, clients, colleagues and society

Our Values

Our values underpin our business and govern everything we do



Our Group strategy

To build on our strength as a transatlantic consumer and wholesale bank, anchored in our two home markets of the UK and US, with global reach

Measuring success

Our performance measurement approach reflects the way in which management monitors the performance of the Group, allows for a holistic assessment and sets out our progress towards the strategic goals of the organisation

Our Values

Our five Values (as shown in the chart opposite), hold us to account and guide us to behave in the right way. They have always underpinned our Purpose and will continue to do so. Because 'Creating opportunities to rise' must never come at the cost of what is right. It will always be grounded in the deep-rooted Values of our organisation – Respect, Integrity, Service, Excellence and Stewardship.

The Barclays Code of Conduct – 'The Barclays Way' – outlines the Values and Behaviours which govern our way of working across our business globally. It constitutes a reference point covering all aspects of our working relationships, specifically with other Barclays employees, customers and clients, governments and regulators, business partners, suppliers, competitors and the broader community. The objective is to define the way we think, work and act at Barclays to ensure we deliver against our Purpose of 'Creating opportunities to rise'.

We want to see Barclays playing a key role in restoring the professionalism of banking and want this bank to be respected and admired for the strength of its character; for our ability to foster trust between Barclays and its customers, clients and society.

The Barclays Way is aligned to the Code of Professional Conduct, published by the Chartered Banker Professional Standards Board, which sets out the ethical and professional attitudes and behaviours expected of bankers. Barclays subscribes to this code and is committed to ensuring the broad principles into our business continue to apply.

You can learn more online at:
home.barclays/about-barclays/barclays-values

Our culture and people

The culture of Barclays is formed by its people and the choices they make. Fostering the right environment so that our people can flourish is critical to our success and to our values-based culture. The tone from the top has been clear throughout 2018, including through the launch of the Purpose, colleague forums specifically focused on colleague initiatives that are making Barclays a great place to work and the inaugural CEO Rise Awards which recognised the outstanding work our colleagues did in 2018.

We are proud of the progress we have made to promote respect, diversity and excellence in the workplace, and we see this progress reflected in our employee opinion survey results. The engagement of our colleagues has improved by four percentage points since 2016 (when we last asked all colleagues to take part in the survey at the same time) to 79% in 2018 and we were especially pleased to see that 92% of colleagues agreed that Barclays is focused on achieving good customer and client outcomes (up 9% points since 2016). In addition, 91% of colleagues said they felt they can be themselves at work, and when asked to describe the culture of Barclays, the top ten words selected by colleagues have all remained positive. Eighty-six per cent of our colleagues agree that it's safe to speak up, which is encouraging. To continue to encourage a culture which supports speaking up, the Group Executive Committee announced the creation of a centralised team and a new intranet site which sets out clearly how to raise a concern when things don't seem right.

We have continued to run key programmes and initiatives across the organisation that we know support our colleagues and help them to achieve excellent performance. These include Dynamic Working, sponsorship and development programmes, mental health and well-being awareness, and upgrading our technology and infrastructure. We are building the next generation workplace and we have had some great successes this year including the launch of our world-class Whippy campus and announcing our intention to build further campuses in Glasgow and India, which provide our colleagues the tools that they need to deliver outstanding service, and help us to attract and retain the very best talent in the global market. We are starting to build new skill sets across the firm, such as advanced analytics, digital and data and becoming more experimental, so we can be at the forefront of innovation.

From the trading floors to our branches, the way that we hire, train, develop and retain our colleagues, and the day-to-day decisions that they make, are intrinsic to embedding our culture and in turn, delivering the best for our customers, clients and local communities. For further details on the wide range of colleague and diversity initiatives that support our ambition to be the most accessible, inclusive and sought after employer, please refer to the People section on pages 93 to 98 of the Barclays PLC Annual Report 2018.



Playing to our strengths

As a leading, diversified, transatlantic bank with global reach, our goal is to support our stakeholders via a commercially successful business that generates long-term sustainable returns.

Building on our strong foundations

Our strategy is to build on our strength as a transatlantic consumer and wholesale bank, anchored in our two home markets of the UK and US, with global reach. Our two clearly defined divisions, Barclays UK and Barclays International, provide diversification to our business model. We believe that combining consumer and wholesale businesses, as well as accessing geographic diversification, provides real advantages to both the Group and our investors and helps contribute to the delivery of more consistent and sustainable returns through the business cycle. The diversification should help to reduce volatility of income and earnings, generate higher returns through the cycle and improve the resilience of the Group as a whole.

Consistent with the objective of delivering long-term sustainable value for our stakeholders, we continue to pursue an

approach to citizenship and sustainability that is integrated with our core business. By focusing on our core products and services, and our relationships, we can make the greatest positive impact.

You can read more about our approach within our performance metrics on pages 18 to 27.

Completion of the restructuring

In 2018, we successfully concluded our restructuring which saw us run-down the Non-Core, sell-down Barclays Africa, complete the Structural Reform Programme and create BX. These combined actions have significantly contributed to the simplification of the Group, helping to reduce drag on Group profitability and laying the foundations for Barclays to drive sustainable returns in its businesses.

Delivering the Barclays of the future

Our focus is now on building the Barclays of the future, operating principally through Barclays UK, Barclays International and supported by BX. We remain fully committed to our model as a diversified bank and will remain a well-diversified financial institution providing excellent products and services to our customers and clients, underpinned by world class operations. We believe we are well positioned to deliver future growth and appropriate returns for shareholders.

We will remain a well-diversified financial institution providing excellent products and services to our customers and clients.

We continue to invest in our technological and digital capabilities, particularly in Barclays UK where we already have a strong digital proposition, Barclays Mobile Banking. We are using technology to deliver more meaningful customer relationships by transforming the way we interact with customers, leverage data analytics and utilise the opportunities presented by Open Banking. Delivering a truly customer-centric model is at the heart of Barclays UK's strategy.

Barclays International will continue to focus on markets and services where we have a competitive advantage, allocating capital where we see the ability to generate the most attractive risk-adjusted returns and investing where we see an opportunity to expand our market share. We see technology as a significant enabler across the investment banking business, particularly in Markets business lines, and will continue to invest appropriately, alongside recruiting the best talent as we build the Barclays of the future.



Strategic opportunities

Leveraging our geographic and business diversification, we see a significant opportunity to develop our payments capabilities across the Group. We aim to leverage our extensive experience and expertise developed through our leadership position in the UK to grow our market share in the US. In the Business to Business (B2B) space, we will continue to invest in our commercial payments capabilities, in order to meet the evolving needs of our customers, by leveraging innovative solutions and our data assets. On the consumer side, we are growing our mobile payment solutions in the UK. In the US, we see continued opportunity to build on our position as a Top 10 credit card issuer by receivables, as our targeted partnership model drives continued growth. Furthermore, we are investing in our US consumer banking proposition, where we have a growing, own-brand digital banking offering.

Our strategy is enhanced by the launch of BX. BX changes the way Barclays operates, enabling the delivery of world class services through a more standardised global operating model. We believe this will enable us to extract cross-Group cost synergies through scale, simpler processes, enhanced controls, a better co-ordinated service provision and more effective management of investment in our technology and processes. Cost transparency is expected to improve as well by applying a price-quantity approach, that transfers increasing cost ownership to the business. BX is a key component of Barclays' operating model.

We remain focused on conduct, regulations and delivering enhanced controls

We aspire to be one of the world's most respected and well-regarded banks. We have worked hard to resolve outstanding legacy issues, while continuing to strengthen our control environment. We put our customers and clients at the heart of everything we do and seek to strengthen the trust of our customers, clients and wider society.



Barclays mobile app

Our customers increasingly engage with Barclays using a smartphone and we see that our app, BMB, has become a vital part of their financial life.

6.2 million customers use the Barclays app to manage their finances, c.700k more than last year, of which 5 million log into the app every week. On average each customer typically logs in every day and spends 21 minutes on the app per month. In addition to the 1.5 million customers who use the Barclaycard app, last year our customers logged in a total of 2 billion times. 3.6 million payments and 3 million transfers are made through the app every week, and we complete 155k personal loan fulfilments a year providing convenience and simplicity for our customers. In 2018 we embedded the ability to open up savings accounts which led to 200k customers opening an account via the Barclays app.

The app supports our customers through their life moments, for example, buying a home starts with helping customers save for a deposit, not just when they need a mortgage. We also help customers with relevant offers and services to help them move in and settle down in their new home.

We will continue to evolve the Barclays app around the theme of being a one-stop-shop for all the money management needs our customers have. We intend to do so through our investments in cutting edge technology and data capabilities. Just a few of the recent examples include; current account aggregation; transaction categorisation; the ability to turn off spending in merchant categories including gambling and premium rate phone

numbers; and the functionality in the app to freeze cards if customers believe it to be lost or stolen.

Current account aggregation was one of the first of many innovations made possible by Open Banking. We were the first UK bank to launch this feature in our app in September 2018. Our customers can see current accounts from other UK high street banks safely and securely. We are planning to expand this functionality by adding more banks, aggregating other types of accounts like savings accounts and credit cards, and introducing the ability to initiate payments from accounts held with other providers from within the Barclays app.

A key need for our customers is the ability to understand and manage their spending. Customers will soon be able to undertake further analysis of spending by category, view the top merchants they spend the most money with, and get meaningful insights on their spending. This will further enable our customers to make informed decisions on how they manage their finances.

We also intend to bring innovation from the Fintech community around the world. Working with start-ups coming through the Barclays RISE accelerator as well as with other Fintech partners, we continue to gather customer feedback on innovative features through our Launchpad app. One such recent example is our partnership with Bink, bringing to life payment card linked loyalty.

We will continue to listen to our customers to make the Barclays app the best money management experience in the UK.

Working together to help people rise

Our business model enables us to leverage resource and relationships to produce long-term sustainable outputs for our stakeholders. These outputs provide combined value for our stakeholders, helping people to rise.

We believe our diversified business model through business line, geography and customer, helps enhance our resilience to changes in the external environment, and captures the benefits of diversification through the efficient delivery of cross-group synergies and funding.

Barclays operates via two clearly defined divisions – Barclays UK and Barclays International, supported by BX.

Barclays UK is a personal and business banking franchise with true scale, built around our customers’ needs with innovation at its core. It comprises our UK retail banking operations, our UK consumer credit cards business, our UK-based wealth offering, and banking for smaller businesses.

Barclays International is a diversified transatlantic business comprising our corporate banking franchise, which is market leading in the UK with strong international growth opportunities, our top-tier investment bank, a strong and growing US and international cards business, our international wealth offering, and leading payments capability through both corporate banking and the Barclaycard merchant acquiring expertise. Barclays International has scale in wholesale banking and consumer lending, strength in our key markets, excellent growth potential, and good balance in its revenue streams, delivering further resilience and diversification.

BX provides state of the art, simple, efficient, innovative and secure operation and technology services which deliver customer and shareholder value. BX achieves this by building world-wide connectivity, standardising services, creating synergies and cost efficiencies, fostering innovation, leveraging technology Group-wide and ensuring resilience and security. It also builds trust through ensuring resilience and security, whilst creating capacity for investment.

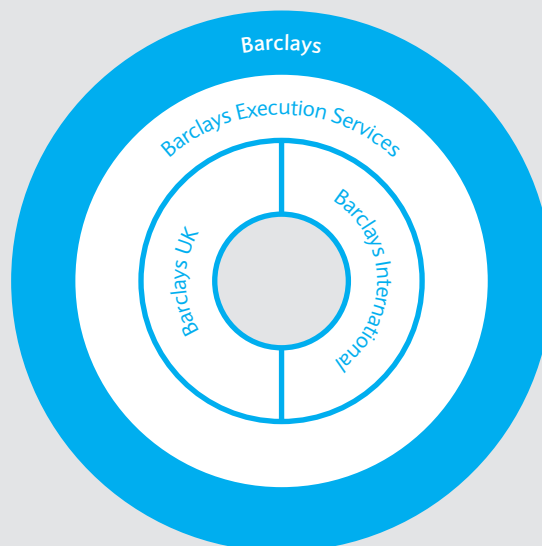
For further information on our divisions, see:

[+ Barclays UK see pages 30 to 33](#)

[+ Barclays International see pages 34 to 37](#)

[+ Barclays Execution Services see pages 38 to 39](#)

Resource and relationships



We draw on the following to support our activities and deliver value to our stakeholders:

- the strength and reputation of our brand – serving customers and clients for over 328 years
- a strong, well-funded and diversified balance sheet
- customer and client trust and depth of relationships
- our geographic focus: firmly anchored in the two financial centres of London and New York, with global reach
- a track record of successfully innovating for customers and clients
- the skills and expertise of our people and our shared values which inform the way we work and how we act.

We aim to provide superior services to help customers and clients create, grow and protect wealth in a sustainable way:

Barclays’ customers and clients include: individuals, small and medium-sized businesses, large corporates and multinational companies; financial institutions and banks; institutional investors, funds, sovereign institutions and governments.

We offer:

- a safe place to save, invest and manage cash and payments
- funding for purchases and growth
- management of business and financial risks
- financial and business support
- innovative digital and technology capabilities.

Outputs



Financial

- Group Return on Tangible Equity (RoTE) of greater than 9% in 2019 and greater than 10% in 2020, excluding litigation and conduct, and based on a CET1 ratio of c.13%.
- CET1 ratio of c.13%.
- Group costs, excluding litigation and conduct, of £13.6–13.9bn in 2019, and a target cost: income ratio below 60% over time.

Non-financial

- Building trust with our customers and clients.
- Successfully innovating and developing products.
- Providing accessible products and services.
- Fostering a diverse and inclusive workforce.
- Motivating engaged and enabled colleagues.
- Enabling a positive conduct and a values-based environment.
- Making decisions and doing business that provides our stakeholders with access to a prosperous future.
- Proactively manage the environmental and societal impacts of our business.

[+](#) See pages 44 to 46 for our non-financial information statement

Value created



Company

- We support our stakeholders via a commercially successful business that generates long-term sustainable returns.
- We work together with regulators to help reduce risk in the industry and provide a more sustainable banking landscape over the long term.



Customers and clients

- We offer superior service through a broad range of products to enable customers and clients to achieve their goals, and engaging with customers and clients in the way they want to engage with us.
- We develop strong relationships with customers and clients built on trust.



Colleagues

- We help our people have challenging and fulfilling careers in a values-driven organisation.
- We help our colleagues develop themselves and empower them to work in a way that suits their lives and supports our business.



Citizenship

- We deliver financing solutions in social and environmental sectors, and enable access to financial and digital empowerment for individuals and companies.
- We help provide employment and growth in the economies in which we operate.
- We engage with governments and society to address societal issues and needs.

[+](#) See pages 18 to 27 for further insights

Engaging stakeholders for feedback and direction

Barclays aims to create value for all of our stakeholders, balanced across both the short and the long term. We engage with our stakeholders to better inform them of our activities to create mutually supportive opportunities and outcomes for them.

At Barclays, stakeholder engagement is key to ensure responsible balanced decisions are made. We provide opportunity for engagement through the year via different forums and channels to help shape the direction of our business, aligned to stakeholders needs and expectations.

Through engagement, we aim to build trust and confidence, promote participation and influence, identify and promote robust risk management, and ultimately make decisions with shared benefits for our stakeholders.

By having an open and frequent dialogue across stakeholders, we have developed a clearer understanding of stakeholder requirements and ambitions and how we can best address these needs.

Our performance measures build on our stakeholder engagement

Our performance measurement framework builds on our stakeholder engagement to align Barclays performance to their ambitions.

We reflect a balance of key financial performance metrics and broader strategic non-financial measures which focus on the impact we have on our customers and clients, colleagues, and the benefit we bring to society via our citizenship activity. These measures are underpinned by how we behave towards all our stakeholders, through our conduct and our culture.

To assess our performance we use a number of sources including dashboards of our performance metrics and measures, regular management reporting and external measures to provide a balanced review of performance during the year, while additionally monitoring for emerging trends.

Performance against our financial metrics and strategic non-financial performance measures is directly linked to executive remuneration, and influences incentive outcomes for Barclays' employees more broadly. This approach supports us in our work to deliver positive outcomes for all our stakeholders.

Please refer to the Remuneration report on pages 99 to 127 of the Barclays PLC Annual Report 2018 for further information.

The following pages detail the performance of the Group for 2018.

What is our ambition for our stakeholders?



Company

Achieving our targets is consistent with our aim of generating long-term sustainable returns for the shareholders:

- Group return on tangible equity* >9% in 2019 >10% in 2020
- CET1 ratio at c.13%
- Group costs guidance of £13.6–£13.9bn in 2019†. Targeting cost: income ratio below 60% over time

* Excluding litigation and conduct, and based on a CET1 ratio of c.13%

† Excluding litigation and conduct



Customers and clients

- Building trust with our customers and clients, such that they are happy to recommend us to others.
- Successfully innovating and developing products and services that meet their needs.
- Offering suitable products and services in an accessible way, ensuring excellent customer and client experience.



Colleagues

Promoting and maintaining:

- a diverse and inclusive workforce in which colleagues of all backgrounds are treated equally and have the opportunity to be successful and achieve their potential
- engaged and enabled colleagues
- a positive conduct and values-based environment.



Citizenship

- Making decisions and doing business that provides our clients, customers, shareholders, colleagues and the communities which we serve with access to a prosperous and sustainable future.
- Proactively managing the environmental and societal impacts of our business.

➕ See pages 18 to 27 of this report for further insights

How did we engage them?

We engaged with our shareholders and stakeholders at our AGM in May 2018, with the Board providing a review of the performance of the Group, and providing opportunity for interaction and shareholder voting on resolutions.

We held conference calls or webcasts for our quarterly results briefings and an in-person presentation for our 2017 full year results in February 2018, all hosted by the Group Chief Executive and Group Finance Director.

We have an open and regular engagement with our regulators, ensuring clarity and transparency, and sharing views and expectations of Barclays.

What were the key topics raised?

Discussions included, but were not limited to:

- improved operating performance of the Group in the first year post-restructuring
- continued digitisation of the bank
- ongoing investment in technology
- value being created by Barclays Execution Services in improving the mix and efficiency of our cost base.

Investors also discussed topics including the strategy, prudent risk management and steps taken to mitigate the potential impact from the uncertainty surrounding Brexit, as well as climate change and ESG factors.

How did we respond?

- We placed greater emphasis on regular new and existing shareholder engagement with a broader range of divisional management presenting to investors, deepening understanding of Barclays' investment case, and promoting greater awareness and understanding of our operating businesses.
- We published our Environment and Climate Change Statement to clarify our position and commitment to supporting the transition to less carbon intensive sources of energy.
- These actions help promote dialogue on longer-term strategic developments in addition to recent financial performance of the Group.

Our front-line colleagues are integral in engaging with our customers and clients, and we gain invaluable insight to how our customers feel about our service and what we could do better. By continually monitoring customer feedback, we aim to understand what features customers really want and need, as well as any frustration they may be feeling, which we can work to either develop or rectify.

In developing our propositions, we look to take a customer-centric approach and put customers and clients at the heart of the process to understand what they really need and would value and build our products and services accordingly.

- Innovation to meet our customer's rapidly evolving needs and expectations. As competition intensifies, with new FinTech and challengers entering the market, the pace of change is faster than ever and we continue to invest to meet this challenge.
- The complaints we receive help us identify areas in our business which need to be improved. Including processes and services we deliver, through to the underlying policies.
- For our business banking clients, managing cash flow and raising capital for growth are two key challenges they face, especially for those without premises to offer for a secured loan.

- We will look to improve customer experience by: accelerating automation; building value and image perceptions; and delivering strong customer outcomes to grow relationships.
- Accessibility – new services were launched including: the ability for deaf customers to contact us by telephone with the assistance of a third-party interpreter, online support page for people experiencing mental health concerns, and a wide-range of considerations for older customers including fraud and scams awareness and accessible banking services.

During the year, we engaged with our people through a number of forums and channels, to gather thoughts, opinions and feedback on how we are doing, with the opportunity to ask questions directly to our senior leadership teams. These include the annual Employee Opinion Survey supported by quarterly 'pulse checks', local colleague forums, town halls, and 'skip-level' meetings where senior leaders meet with small groups of employees not in their direct management. More recently we have seen an uptake in reverse mentoring sessions with senior leaders being mentored by more junior colleagues.

- The ability to work flexibly continues to be key to unlocking colleague engagement (colleague engagement of those who work dynamically is up four percentage points on overall engagement score in 2018).
- Scores on enablement, e.g. tools to do the job have been historically low and continue to be a key area of focus. However, there has been an improvement year on year, highlighting that our continued investment is having an impact.

- Continued focus on dynamic working: We published a white paper on Dynamic Working to help other organisations understand the benefits.
- Reducing under-investment and duplication: We have invested in hardware and software collaboration tools designed to make it easier and more efficient for colleagues to work.
- We have focused on mental health through our Be Well campaign to launch new training for all colleagues and a launch of a film of senior leaders discussing their experiences of mental health to support with tackling the stigma and support our colleagues with managing stress in the workplace.

We engage in a continual dialogue with non-governmental organisations (NGOs) and other interest groups, to improve our understanding of emerging and existing environmental and societal topics. We regularly engaged with our stakeholders through participation in forums and round tables and joined industry, sector and specific topic debates. We explored citizenship and sustainability agendas, where collaboration and joint action are needed.

We continue to engage with these stakeholder groups on an ongoing basis through Barclays' Sustainability and Citizenship teams.

- Green finance and supporting clients through the transition to a low carbon economy.
- Responsible financing for companies in sensitive energy sectors.
- Societal impacts and work in the communities in which we operate.
- Accessibility of our products and services to all demographics, and treating customers fairly.

We responded on key topics in 2018 through a number of communications and business developments including:

- continuing to grow our suite of green products
- releasing statements on coal, World Heritage Sites and Ramsar Wetlands, and a comprehensive Energy and Climate Change Statement (which replaced and strengthened the Coal Statement published previously)
- maintaining ongoing dialogue with NGOs and civil society regarding financing extractive industries
- enhancing transparency around our transition journey to a low carbon economy, and the support we provide to clients.

Measuring performance

Our performance measurement framework undertakes a holistic assessment and sets out our progress towards the strategic goals of the organisation. Our framework is focused on achieving positive and sustainable outcomes for our diverse group of stakeholders.



Company

How we are doing

Group Return on Tangible Equity* (RoTE)

8.5%

2017 (1.2)%

CET1

13.2%

2017 13.3%

Cost: income ratio

77%

2017 73%

Operating expenses†

£13.9bn

2017 £14.2bn

RoTE measures our ability to generate acceptable returns for shareholders. It is calculated as profit after tax attributable to ordinary shareholders, including an adjustment for the tax credit recorded in reserves in respect of other equity instruments, as a proportion of average shareholders' equity excluding non-controlling interests and other equity instruments adjusted for the deduction of intangible assets and goodwill.

This measure indicates the return generated by the management of the business based on shareholders' tangible equity. Achieving a target RoTE demonstrates the organisation's ability to execute its strategy and align management's interests with the shareholders'. RoTE lies at the heart of the Group's capital allocation and performance management process.

The CET1 ratio is a measure of the capital strength and resilience of Barclays. The Group's capital management objective is to maximise shareholder value by prudently managing the level and mix of its capital. This is to ensure the Group and all of its subsidiaries are appropriately capitalised relative to their minimum regulatory and stressed capital requirements, and to support the Group's risk appetite, growth, and strategic options while seeking to maintain a robust credit proposition for the Group and its subsidiaries.

The ratio expresses Barclays' capital as a percentage of risk weighted assets (RWAs), as defined by the PRA, in the context of Capital Requirements Directive IV (CRD IV) – an EU directive prescribing capital adequacy and liquidity requirements, and is part of the regulatory framework governing how banks and depository institutions are supervised.

Barclays views operating expenses as a key strategic area for banks; those which actively manage costs and control them effectively will gain a strong competitive advantage.

The cost: income ratio measures operating expenses as a percentage of total income and is used to assess the productivity of the business operations.

How we are doing

Group RoTE

RoTE for the Group, excluding litigation and conduct, was 8.5%. Based on a CET1 ratio of 13% this would have been 8.3%.

CET1

The Group's CET1 ratio continued to be at the end-state target of c.13%. The ratio decreased to 13.2% (2017: 13.3%), as CET1 capital decreased to £41.1bn and RWAs remained broadly stable at £311.9bn, as underlying profit generation of £4.2bn was more than offset by £2.1bn of litigation and conduct charges, as the bank resolved legacy matters, £1.7bn for ordinary dividends and AT1 coupons paid and foreseen, and £1.0bn from the redemption of capital instruments.

Operating expenses and cost: income ratio

Group operating expenses were £13.9bn† in line with 2018 guidance, while Total operating expenses were £16.2bn (2017: £15.5bn), including litigation and conduct, and a charge of £140m in relation to the equalisation of Guaranteed Minimum Pensions (GMP).

The Group cost: income ratio including litigation and conduct increased to 77% (2017: 73%) due to stable income and a 5% increase in total operating expenses, which included litigation and conduct charges for an RMBS settlement and PPI provisions.

For further information on the financial performance of the Group, please see pages 51 to 53.

* Excluding litigation and conduct

† Excluding litigation and conduct and Guaranteed Minimum Pensions (GMP) charges



Customers and Clients

How we are doing

Barclays Net Promoter Score® (NPS)

+17

2017 +14

Lending to UK businesses

c.£63bn

2017 c.66bn

Barclays UK complaints including PPI

down 1% YoY

2017 down 7% YoY



Key outcomes we will look to achieve include:

- building trust with our customers and clients, such that they are happy to recommend us to others
- successfully innovating and developing products and services that meet their needs
- offering suitable products and services in an accessible way, ensuring excellent customer and client experience.

How we measure success

Measures used in our evaluation include, but are not limited to:

- Net Promoter Score® (NPS)*
- client rankings and market shares^a
- complaints performance
- lending volumes provided to customers and clients
- digital engagement
- conduct indicators.

How we are doing

Areas of encouragement Net Promoter Scores (NPS)^b

The net promoter metrics across our brands are a view of how willing customers are to recommend our products and services to others, indicating how satisfied they are with their overall experience with us. Barclays Relationship NPS increased to +17 (2017: +14) due to continued investment into our customer experience, value propositions and consumer campaigns that not only strengthen our brand but work to improve the financial and security awareness of our customers. Barclaycard UK relationship NPS stayed flat over the year, closing at +9 at year-end (2017: +9). The Relationship NPS of the US Consumer Bank increased further to +38 (2017: +36) supported by our customer centric culture and improvements in our products and digital experience.

Client rankings and market shares^c

The Banking franchise maintained its sixth place ranking by fee share (2017: sixth) in our UK and US home markets across M&A, equity and debt capital markets, and retained its top 3 position in the UK (Dealogic).

Our Markets franchise delivered strong results, maintaining its fourth place ranking in Global Fixed Income market share (Greenwich Associates).

Ninety-five per cent of our largest UK corporate clients considered the service they receive from Barclays to be good, very good or excellent, up from 88% in 2017 (Charterhouse).

Lending volumes provided to customers and clients^d

Barclays continued to be an important provider of financial services to UK businesses. We provided around £63bn of lending, down 6% on 2017, as we continued to exert high levels of discipline in capital allocation decisions as part of our returns agenda, strengthening the long-term sustainability of the business for all our stakeholders.

Notes

a All Markets ranks and shares: Coalition, FY18 Preliminary Competitor Analysis based on the Coalition Index and Barclays' internal business structure

b NPS measures customer experience and facilitates benchmarking. It is widely used in banking and other industries and utilises a mixed-methodology to ensure full representativeness of financial behaviours across the UK population. The basis of Barclays Relationship NPS has been a 12-month rolling average to minimise data fluctuations. Source: UK: GfK FRS, 12 months ending December 2018. Adults interviewed: 8,765 Barclays main Current Account holders (Barclays Relationship NPS), and 4,741 Barclays main Credit Card holders (Barclaycard UK Relationship NPS); US: Satmetrix, average of two semi-annual results

c Charterhouse Research based on 683 interviews (173 Barclays £25m+) with companies turning over between £25m and £1bn carried out in year end 2018. Survey data is weighted by turnover and region to be representative of the total market in Great Britain. % Responses – Excellent, Very Good and Good.

d Best Lender for Buy to Let (Moneywise), Best lender for Remortgage (Moneywise), Best Lender for Large loans (Moneywise), Best National Bank (Mortgage Strategy Gazette), Best Intermediary Lender (Mortgage Strategy Gazette), Best Overall Lender (Mortgage Strategy Gazette), Best Buy to Let Lender (Mortgage Strategy Gazette), Mortgage Lender of the Year (Mortgage Introducer), Best Offset Mortgage Lender (What Mortgage), Best remortgage lender (Personal Finance)

* ®Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

Key performance indicators

Measuring performance

A vibrant small and medium-sized enterprises (SMEs) sector is a vital ingredient for a healthy market economy. Barclays UK provided new lending of £2.8bn to SMEs, 3% more than last year and completed over 110,000 mortgages for customers, worth over £23bn, up 1.5% year-on-year. Our Mortgage business won 10 awards in 2018, confirming our continued focus on customer experience.

Digital engagement

In the era of constant technological development, it is crucial for us to provide a market leading digital offering and digitally engage with our customers. By the end of 2018, around 10.8m customers and clients in the UK were using our digital services on a regular basis, 6% more than in 2017 with our Barclays Mobile Banking (BMB) user base increasing from 5.5m to nearly 6.2m.

In 2018, 69% of the US Consumer Bank customers are now digitally active (vs. 66% in 2017), and 57% now receive paperless statements. Our strategy and customer centricity is encouraged by the prestigious third place in J.D. Power's 2018 Credit Card Satisfaction Survey. To maintain and improve this position, we continue to work on building our single, integrated native app to provide our customers an effortless experience. The app will allow customers to apply for products, manage their accounts, and track rewards earned all in one convenient place.

In the Open Banking environment, we are committed to serve a new type of client: developers. Through our API Exchange, we received more than 8.4m calls or requests to our open APIs^a in 2018.

BMB is the most used mobile banking app in the UK (source: eBenchmarkers) and was the first core banking app from a major UK high street bank to enable account aggregation through Open Banking technology. This means that customers can now view their balances and transactions from other banks in BMB without having to share their online or mobile banking credentials. Further to this, we also improved the functionality of our app throughout 2018 to better help our customers manage their money, with a temporary card-freeze feature for misplaced debit cards, a calendar view of regular payments and the ability to open an Everyday Saver account entirely in BMB. This has proved particularly popular, with over 60% of Everyday Saver



accounts being opened digitally this year. We will continue to add great new features to BMB in the near future, including spend categorisation and financial insights.

Areas of continued focus

Complaints performance

In Barclays UK, we continue to focus on customer experience by transforming customer journeys. Our underlying complaint volumes reduced 9% year-on-year. However, we have seen an increase of 2% in PPI complaints. Total Barclays UK complaint volumes (including PPI) were down 1% year-on-year. Barclays International complaint volumes have shown a small increase (2%) year on year. The level of complaints we receive remains too high and reducing them further will continue to be a key priority for us in 2019

Conduct indicators

Barclays has operated at the overall set tolerance for Conduct risk throughout 2018. The tolerance is assessed by the business through key indicators which are aggregated and provide an overall rating which is reported to the Board Reputation Committee as part of the Conduct Dashboard. We remain focused on the continuous improvement being made to manage Conduct risk effectively, with an emphasis on enhancing governance and management information to facilitate the identification of risks at earlier stages. For further information on the management and performance of Conduct risk, please refer to the Risk review section on pages 146 and 212 of the Barclays PLC Annual Report 2018.

Note

a Open APIs are publicly available application programming interfaces that provide developers programmatic access to our products and services and use them in third-party applications. For example, a bookshop can integrate Barclays' payment initiation API into its web shop. After selecting the desired book, the customer is directed to her bank to authorise the payment without using a card or sharing any details with the bookshop. We make our open APIs available on the Barclays API Exchange website.



Colleagues

How we are doing

Sustainable engagement of colleagues

79%

2017 78%, 2016 75%

Women in senior leadership roles

24%

2017 23%

"I would recommend Barclays as a good place to work"

86%

2017 82%



Key outcomes we will look to achieve include:

Promoting and maintaining:

- a diverse and inclusive workforce in which employees of all backgrounds are treated equally and have the opportunity to be successful and achieve their potential
- engaged and enabled colleagues
- a positive conduct and values-based culture.

How we measure success

Measures used in our evaluation include, but are not limited to:

- diversity and inclusion statistics
- employee sustainable engagement survey scores
- conduct and culture measures.

How we are doing

Areas of encouragement

A diverse and inclusive workforce

We continue to focus heavily on our culture, and in particular how we provide the right environment for all of our colleagues to feel able to bring their whole selves to work. We were delighted that 91% of our employees who responded in our Your View employee opinion survey agreed that we had made real progress again this year.

We were also proud to be recognised through a number of external awards in 2018:

- The Times Top 50 Employers for Women 2018
- Stonewall Top Global Employer for LGBT employees, 2018
- Working Families UK Best for Embedded flexibility for Dynamic Working, 2018
- UK Top 10 employer for Working Families, 2018
- Department of Work and Pensions Disability Confident Leader, 2017 to 2020
- Business in the Community Best Employer for Race 2018.

Engaged and enabled colleagues

An engaged workforce is critical to the success and delivery of our strategy. We continue to measure this with our annual Employee Opinion Survey, Your View, using the outputs to help shape our human capital agenda and areas of executive focus across all of our businesses and functions supported by small 'pulse check' surveys each quarter.

This year, our overall sustainable engagement increased to 79%, up four points from 2016, when we last had our all colleague survey. Our scores around Energise and Engage were also up five and four points on 2016 to 83% and 88%, respectively, which is above Financial Services Companies norms and our Enable score was up five percentage points to 65%.

A positive conduct and value-based culture

We have continued to make good progress on embedding our culture measurement framework and are now working with our businesses to develop further metrics to track and monitor performance on a more granular level which will be implemented in 2019.

We saw a notable increase on the question, 'Is it safe to speak up at Barclays', which went from 77% to 86%. Other key highlights which also demonstrate the continued embedding of the Values of Respect and Stewardship include: "Barclays is focused on achieving good customer and client outcomes" (92% favourable, 2016: 83%); "I would recommend Barclays as a good place to work" (83% favourable, 2016: 76%); and "I can be myself at work" (91% favourable. A new question for 2018).

Areas of continued focus

A diverse and inclusive workforce

Gender diversity, particularly at senior leadership levels within the organisation remains our focus. At the end of 2012 the percentage of women in our senior leadership roles (Managing Directors and Directors) was 20% and we set ourselves a target to reach 26% by the end of 2018. The 2018 year-end

Key performance indicators

Measuring performance

position was 24% at the Barclays Group level (2017: 23%), the 2% gap can be attributed to the divestment of our Africa business. Our 2021 target is to reach 28% women in our senior leadership roles with each of our businesses developing local actions to help reach this Group-wide target.

We report progress on the women in senior leadership target annually to HM Treasury as part of our commitment to the Women in Finance Charter. We have committed to the Hampton-Alexander recommended targets of 33% female representation on the Board of Directors by 2020 year-end, and 33% female representation across the Group Executive Committee and direct reports by 2020 year-end. We are currently at 27% (2017: 21%), and 28% (2017: 26%), respectively.

This year, we have again increased our activities to support the development of our senior female leadership population and we expanded our Encore! Programme to attract more women returners. At our graduate level, the percentage of female hires in 2018 was 37% across the Barclays Group (2017: 40%).

Under the Companies Act 2006, Barclays is required to report on the gender breakdown of our employees and 'senior managers'. Of our global workforce of 83,500 (47,500 male, 36,000 female), 555 were senior managers (401 male, 154 female), which include Officers of the Group, certain direct reports of the Chief Executive, heads of major business units, certain senior Managing Directors, and directors on the boards of undertakings of the Group, but exclude individuals who sit as Directors on the Board of the Company. The definition of senior managers within this disclosure has a narrower scope than the Managing Director and Director female representation data provided above.

Engaged and enabled colleagues

Our score on the Enable pillar, which measures how Barclays is helping colleagues to meet challenges and overcome obstacles, has been on an upward trend since 2016. Yet it remains our biggest opportunity to improve, and we are not yet where we want to be. An area of continued opportunity is enabling our colleagues through enhanced technology and collaboration tools.

A positive conduct and value-based culture

We will maintain our focus to embed meaningful tracking of our culture with the revised culture dashboards. We will continue to target efforts in our action plans to address the key opportunities for improvement, such as an obstacle-free working environment that allows colleagues to do their jobs well.



Citizenship

How we are doing

Access to financing

£27.3bn

2017 £31.7bn

People helped to improve skill sets through employability partnerships

2.4m

2017 2.1m

Global carbon emissions reduction

38%

2017 26.1%

Key outcomes we will look to achieve include:

- making decisions and doing business in a way that provides our clients, customers, shareholders, colleagues and the communities we serve with access to a sustainable and prosperous future.
- proactively managing the environmental and societal impacts of our business.

How we measure success

Measures used in our evaluation include, but are not limited to:

- delivery against the Shared Growth Ambition
- colleague engagement in citizenship activities
- external benchmarks and surveys.

How we are doing

Areas of encouragement

Delivery against the Shared Growth Ambition

We met or exceeded five out of six internal objectives on the annual Shared Growth Ambition metrics. Performance was ahead of target against our annual internal milestones for the three focus areas of 'Access to financing', 'Access to digital and financial empowerment' and 'Access to employment'. We also met or exceeded our 2018 annual targets for The Barclays Way training and carbon emissions reduction. Supplier payment on time was below target due to a change in systems, which impacted performance during the year.

Access to financing

We have continued to build our capability to deliver financing solutions across a range of social and environmental sectors including renewable energy, education, healthcare and development finance institutions. Our financing volume is tracked and screened using Barclays Impact Eligibility Framework, developed in collaboration with Sustainalytics a global provider of ESG and corporate governance, research, ratings and analytics. In 2018 Barclays facilitated £27.3bn in financing for specific social and environmental sectors across our business (2017: £31.7bn). The reduction from prior year reflects market conditions, including the impact of changes in U.S. tax law which caused certain qualifying clients to accelerate new debt issuance from 2018 into 2017. Underlying environmental financing increased 11% to £5.3bn, driven by a range of capital markets transactions and a growing volume from our dedicated green product portfolio.

We expanded our green product portfolio, including the launch of the first Green Mortgage for retail customers by a mainstream UK institution, added Green Trade Finance to our Corporate Banking green product set, and structured several innovative transactions such as the first Sustainability-linked Revolving Credit Facility for a US borrower.

We also deepened client engagement on these issues and hosted Barclays' inaugural Green Frontiers conference with a keynote presentation from former US Vice President Al Gore. We continue to engage with industry groups and policymakers on enhancing sustainable finance flows and providing a supportive policy framework.



Access to financial and digital empowerment

We continue to focus on empowering customers and providing dedicated products, tools and training to help enhance access to financial services, manage digital security and improve financial health. We helped support around 260,000 people in 2018 (2017: 205,000) through initiatives such as Barclaycard Initial for those with a limited credit history; our Digital Eagles network, comprised of specially trained Barclays employees working to provide free technology support to both customers and non-customers alike. See the Barclays UK performance overview on pages 30 to 33 for further information on the support we provide to financially vulnerable customers, disabled people and older customer groups, and tools to enhance financial health and tackle fraud.

Access to employment

Barclays is committed to helping people gain access to the skills they need to secure meaningful employment, connecting job seekers and employers, and supporting entrepreneurs to scale their businesses to create new jobs. We helped improve the skills of over 2.4 million people in 2018 (2017: 2.1 million), driven by a range of employability partnerships around the world, our global Connect with Work programme and our LifeSkills programme in the UK.

We held programmes for the third year of the 'Unreasonable Impact' programme, created in partnership with the Unreasonable Group, focused on scaling innovative ventures that solve environmental and societal problems and grow to create new jobs. More than 90 ventures have participated to date in programmes across

the UK and Europe, US and Asia.

Our programmes received a number of awards. Barclays was named on the Fortune 2018 Change the World List for the first time for positive social impact connected to core business strategy. Additional awards include the Business in the Community (BITC) Outstanding Employment Award for our Connect with Work programme, and the Corporate Engagement Award for Best Environmental or Sustainable Programme and Better Society Innovation Award, both for Unreasonable Impact.

Proactively managing the environmental and societal impacts of our business

We released statements in April 2018 on our approach to the coal sector and Ramsar Wetlands and World Heritage Sites. This was followed by a more comprehensive statement on our approach to energy and climate change in January 2019 (which strengthened and replaced our Coal Statement), and which includes a wider range of sensitive energy sectors. See the box on page 25 for more information.

We published an updated Statement on Modern Slavery which includes additional information on the work our financial crime teams are doing in partnership with law enforcement agencies to identify suspicious activity and support our customers. The statement is available on our website home.barclays/citizenship/our-approach/human-rights.html

We continued to manage our operational environmental impacts, reducing global

carbon emissions by 38% (2017: 26.1%) and exceeding our target of 30% reduction by 2018 against the 2015 baseline.

We achieved 82.1% (2017: 89%) on-time payment by value to our suppliers, falling short of our public commitment of 85% for the first time. This metric was affected by a change in systems which impacted performance during the year.

Colleague engagement in citizenship activities

Our colleagues are central to the success of our citizenship strategy and in driving our societal impact. Beyond the financial services we provide, our colleagues support the local communities in which we operate through volunteering, matched fundraising and payroll giving. We provide the opportunity to engage via our Barclays programmes such as LifeSkills and Digital Eagles among others, but similarly support other charitable activities in which our colleagues participate. We have active internal Environmental, Green Banking and Social Innovation networks. We celebrate our colleague engagement and participation through our 21st annual Citizenship Awards, which saw almost 1,500 employees nominated. 87% of colleagues who responded to the annual Your View employee survey are proud of Barclays' contribution to the community and society, above the global Financial Services Companies norm.

Areas of continued focus

Banks play a key role in connecting the providers and users of capital. Barclays recognises this role in serving society, and our success as a business has always been inextricably linked to the progress of the people and businesses that we serve.

As society's expectations of businesses continue to evolve, we aim to stay ahead of those expectations. It is by focusing on our core products and services, and our relationships, that we can make the greatest positive impact.

So as we move forward into 2019, our citizenship and sustainability work will evolve to align with our new Purpose, and will go further towards improving the positive social environmental impact of the business we do every day.

Key performance indicators

Measuring performance

Capital and products

We will continue to develop opportunities to achieve positive outcomes through the products and services we provide across the diverse consumer and wholesale client segments we serve:

- We will facilitate £150bn of social and environmental financing by 2025, including funding for sectors such as renewable energy, clean technology, education, affordable housing and national and supranational development institutions.
- We remain committed to the green bond market as an investor and after meeting our £2bn target, we now aim to double our green bond investment to £4bn over time.

Skills and employability

We will scale our partnerships with leading community organisations to address critical skills development and employability opportunities:

- we aim to upskill ten million people to support all generations across the UK through LifeSkills by 2022
- we will also use our networks to help provide pathways to employment using a demand-driven approach. We will help place 250,000 people into work through our Connect with Work partnerships across the UK, US and Asia by 2022.

Economic growth

Barclays has been part of the fabric of the UK for over 328 years. In addition to our role in the UK as a leading employer and provider of financial services across all segments of the economy, we will also pursue targeted local economic growth initiatives working in partnership with stakeholders:

- we will support business growth across the UK through dedicated regional and industry focused growth funds
- we will work with partners to identify the opportunities to Build Thriving Local Economies and run pilot schemes in four different local economies around the UK by 2022.

Sustainable innovation

We recognise the role of innovation in solving some of society's major challenges and the part Barclays can play in supporting new ideas to flourish and entrepreneurs and ventures to grow and thrive:

- we will support innovative business models and help to mentor over 250 high impact

businesses solving social and environmental challenges through our Unreasonable Impact accelerator by 2022

- we will continue to support Barclays' Social Innovation Facility (SIF) to enable colleagues to develop new products and services that allow Barclays to generate both commercial and social value.

Environmental stewardship

Banks have an important role to play in ensuring the world's energy needs are met while helping to limit the threat that climate change poses to people and to the natural environment. We are focused on three areas of activity at Barclays:

- financing the growth of renewable energy sources and proactively supporting the development of businesses aiming to solve the world's environmental challenges
- taking a responsible and sustainable approach to the necessary financing of sources of energy that are more carbon intensive or those with higher environmental impact; and
- reducing the carbon footprint of our own operations and supply chain throughout the world. We will reduce operational scope 1 and 2 emissions by 80% by 2025 and commit to RE100 – the world's most influential companies committed to 100% renewable power – to procure 100% of global operational energy needs from renewable sources by 2030, with an interim target of 90% by 2025.

Contributing to global initiatives

We will continue to engage with industry groups and policymakers on enhancing sustainable finance flows and providing a supportive policy framework. This includes supporting the Task Force on Climate-related Financial Disclosures, the IIF Sustainable Finance Group and a range of Green Finance initiatives with the UK Government and the Corporation of London.

Barclays is one of the 28 founding banks of the Principles for Responsible Banking under the United Nations Environment Programme – Finance Initiative (UNEP FI). We support the finalisation of the Principles and will work to implement them over time. We support the creation of national green finance strategies, which specifically aim to support the mobilisation of finance towards the low-carbon economy.

External ESG ratings and surveys

Barclays is evaluated on ESG factors by a wide range of external agencies. Currently there is significant variance between methodologies, with relatively opaque scoring models and limited consistency in the underlying data used at present. We believe it is important that these agencies, working with companies, investors and other market participants, continue to enhance consistency and transparency to support increasingly robust ESG data and ratings in the future.

Across a set of ESG Ratings, our performance was broadly stable year-on-year with methodology changes the primary drivers of scoring. The FTSE4Good ESG Rating^c was flat at 4.3/5 (2017: 4.3/5 with an 81st percentile ranking against the global banks sector. Barclays was rated BBB by MSCI ESG Ratings (2017: BBB) and scored 60 points in Sustainalytics ESG Ratings^e (2017: 61 points). We saw a decline in our RobecoSAM^f scores due to changes in methodology, down by 4 points to 75 points (2017: 79 points), against a sector average of 54 points. Institutional Shareholder Services^g (ISS) released new environmental and social quality scores to assess corporate disclosures. On a 1-10 scale where 1 is highest, Barclays was rated as '1' for social reporting and '2' for environmental reporting. Barclays was rated as A- in the 2018 CDP climate disclosure survey, up from B in 2017.

Enhancing disclosures

We recognise that markets and stakeholders need clear, relevant and consistent information and will continue to focus on enhancing disclosures, particularly on climate change, and across wider ESG factors, including the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). We have enhanced our TCFD aligned disclosures in 2018 and set out a high-level implementation plan. See pages 26 to 27 for further information.

Barclays publishes an annual Environmental Social Governance (ESG) Report as part of the Annual Report suite of documents. We have provided additional detail on material ESG themes in the 2018 Report available at home.barclays/annualreport

 Barclays PLC ESG Report 2018 is available at home.barclays/annualreport

Notes

a Eligible environmental and social transactions and relevant products are tracked through a use of proceeds framework. Further detail is available in the ESG Report and online at home.barclays/citizenship.

b Unique participants measures colleague involvement in eligible volunteering, matched fundraising, regular giving initiatives. Data sourced from internal reporting systems including several manual sources and includes employee self-reported activity.

c Source: FTSE Russell.

d Source: MSCI ESG Inc.

e Source: Sustainalytics Inc.

f Source: RobecoSAM.

g Source: Institutional Shareholder Services.



Our approach to sensitive energy sectors

Barclays is committed to a considered approach to energy and mining clients in sectors with higher carbon-related exposures or emissions from extraction or consumption, or those which may have an impact in certain sensitive environments or on communities. We conduct Enhanced Due Diligence (EDD) on a case-by-case basis on clients in these sensitive energy sectors, and will consider the following factors as a minimum:

- The client's adherence to the Equator Principles (if a project finance or credit transaction is deemed to be in scope) and relevant International Finance Corporation (IFC) performance standards;
- The client's adherence to local and national environmental regulation and standards and industry best practice;
- The client's management and implementation of procedures which minimise direct environmental impacts in the context of their operations;
- The client's responsible public and stakeholder engagement with impacted local communities and indigenous people;

- The client's approach to health and safety of the workforce and local communities; and,
- The client's transparent corporate governance and oversight of climate change issues and associated corporate risks, including disclosure against principles such as the Financial Stability Board (FSB) Taskforce on Climate-related Financial Disclosures (TCFD).

In order to assist and enhance the EDD process, we operate a training programme for credit teams.

External technical input may be obtained to assist the business in reviewing and assessing whether certain client activities meet our internal EDD criteria, or where there is uncertainty as to whether a certain activity is within scope of our EDD criteria.

Barclays will continue to align its approach to sensitive energy sectors with developments in government and public policy.

Because of the nature of the business activities and the associated social and environmental impacts and risks, Barclays will apply further sector specific EDD and, in some cases restrictions, to the following sensitive energy sources:

- Coal
- Arctic Oil and Gas
- Oil Sands

Barclays external statements can be found in the Statements section of home.barclays/citizenship with further detail in the Barclays PLC ESG Report 2018

Measuring performance



Task Force on Climate-related Financial Disclosures (TCFD)

Barclays is a member of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and signed the Statement of Support for the TCFD Recommendations, which were published in June 2017. This disclosure outlines the progress Barclays has made to date in adopting these voluntary recommendations, and presents our plan on how we will achieve alignment to the recommendations by February 2021.

The TCFD recommendations aim to improve the disclosure of information to allow investors, regulators and other stakeholders to better assess and manage the risks and opportunities resulting from climate change. We rely on appropriate disclosures from clients to inform our own climate-related sector risk management. Clear understanding and analysis of potential financial risks and opportunities in short, medium and longer-term horizons is still at an early stage. We anticipate that disclosures will continue to develop over time, supported by improved analytical tools, data and market practice. This will support Barclays as a user of climate disclosures across industry sectors and subsequently to inform our own disclosures as a preparer.

We provide summary disclosures in the Strategic Report with additional detail, including results of pilot scenario analysis and wider activity in 2018, in the ESG Report.

Governance

Barclays Group Executive Committee is responsible for managing the overall delivery of environmental and social matters, which includes climate-related risks and opportunities. On behalf of the Board, the Board Reputation Committee (RepCo) reviews and approves Barclays' overall approach to environmental and social issues, including the approach taken on climate change.

The TCFD Implementation Forum, a senior forum set up in 2017 to provide oversight and drive implementation of the TCFD recommendations met three times in 2018. The Forum has representation from across the bank, including: Group CEO Office; Green Banking; Strategy; Compliance; Corporate Relations, including Sustainability and Reputation Risk; Credit Risk; Investor Relations and business teams from Barclays International and Barclays UK.

Strategy

Barclays has been integrating the management of climate-related risks and opportunities for a number of years, advising on, and developing green products. The Barclays Energy and Climate Change Statement focuses on financing the growth of renewable energy sources, taking a responsible and sustainable approach to the necessary financing required, and reducing the carbon footprint of our own operations and supply chain.

Increasing funding needs for the energy transition and climate resilient infrastructure will continue to provide opportunities to mobilise capital, advise clients and develop dedicated products. We continued to build our platform for green and sustainable finance. See page 25 for more information.

Taking an exploratory approach in 2018, Barclays assessed credit risk (and opportunity) alongside 15 other banks as part of the United Nations Environment Programme Finance Initiative (UNEP FI) pilot project on both transition and physical risks. This was our first iteration of how scenario-based climate-related transition and physical risks could potentially be integrated into the credit risk process. Testing of transition risk was undertaken in Electric Utilities and Oil and Gas (sub-set Exploration and Production) up to 2030 and 2040; and physical risk in the UK Mortgage Portfolio up to 2020 and 2040. The pilot testing of these scenarios proved a useful exercise, and also indicated the current challenges with data and applying climate scenario methods over long-term time horizons.

Risk management

Through the TCFD implementation programme, Barclays is taking steps to identify the relative significance of climate-related risks as they relate to the Principal Risks within the Barclays Enterprise Risk Management Framework (ERMF).

Environmental risk is recognised as a credit risk issue and Barclays has a dedicated Environmental Risk Management team, within the central Credit Risk Management function. An addition in 2018, resulting from both TCFD implementation and the UNEP FI pilot learnings, was to include the impacts of climate change in both the Environmental Risk Standard and the Client Assessment Standard. See page 134 of the 2018 Annual Report for information on environmental risk management within credit risk and the Pillar 3 disclosures available at [home.barclays/annualreport](https://www.barclays.com/annualreport)

Metrics and targets

As disclosures develop, we would expect further dialogue over time between banks, corporates, investors and other market participants on appropriate, decision-useful and robust metrics to assess material financial risks and opportunities. Areas of focus include, among others, clarity over detailed definitions of carbon-related assets building on the TCFD high-level guidance; standardised methods for the calculation and presentation of credit exposure to carbon-related assets; definitions for climate-related and green financing across product categories; and suitable risk management metrics.

- Financing: Barclays facilitated £5.3bn in environmental financing in 2018 (2017: £4.82bn) which includes green bonds and loans for renewable energy and low-carbon technology.
- Treasury Green Bond Investment: Barclays remains committed to the green bond market as an investor and has continued to expand our green bond portfolio to £2.27bn in 2018 (2017: £1.56bn), meeting our target of £2bn. We now aim to double our investment to £4bn over time.
- Operations: In 2018 we set a science-based reduction target for scope one and two greenhouse gas emissions of 80% by 2025; this is in line with the level of decarbonisation required to keep global temperature increases well below two degrees.

Structure and governance overseeing risk

Barclays is exposed to internal and external risks as part of our ongoing activities. These risks are managed as part of our business model.

Enterprise Risk Management Framework

At Barclays, risks are identified and overseen through the Enterprise Risk Management Framework (ERMF), which supports the business in its aim to embed effective risk management and a strong risk management culture.

The ERMF specifies the Principal Risks of Barclays and the approach to managing them.

The management of risk is embedded into each level of the business, with all colleagues being responsible for identifying and controlling risk.

Risk Appetite

Risk Appetite defines the level of risk we are willing to take across the different risk types, taking into consideration varying levels of financial and operational stress. Risk Appetite is key for our decision making process, including ongoing business planning, new product approvals and business change initiatives. In recent years we have taken significant steps to de-risk our business, setting us up for sustainable growth in the future.

The management of risk is embedded into each level of the business, with all colleagues being responsible for identifying and controlling risks.



Three Lines of Defence

The First Line of Defence is comprised of the revenue generating and client facing areas, along with all associated support functions, including Finance, Treasury, Human Resources and Operations and Technology. The First Line identifies the risks, and sets the policies, standards and controls, within the criteria set by the Second Line of Defence.

The Second Line of Defence is made up of Risk and Compliance and oversees the First Line by setting the limits, rules and constraints on their operation, consistent with the Risk Appetite.

The Third Line of Defence is comprised of Internal Audit, providing independent assurance to the Board and Executive Committee.

Although the Legal function does not sit in any of the three lines, it works to support them all and plays a key role in overseeing Legal Risk throughout the bank. The Legal function is also subject to oversight from the Risk and Compliance functions with respect to the management of operational and conduct risks.

Monitoring the risk profile

Together with a strong governance process, using Business and Group level Risk Committees as well as Board level forums, the Board receives regular information in respect of the risk profile of the Group, and has ultimate responsibility for Risk Appetite and capital plans.

We believe that our structure and governance will assist us in managing risk in the changing economic, political and market environments.

Principal risk management

Risks are classified into Principal risks, as below

How risks are managed

Financial principal risks

Credit risk	The risk of loss to the firm from the failure of clients, customers or counterparties, including sovereigns, to fully honour their obligations to the firm, including the whole and timely payment of principal, interest, collateral and other receivables.	Credit risk teams identify, evaluate, sanction, limit and monitor various forms of credit exposure, individually and in aggregate.
Market risk	The risk of loss arising from potential adverse changes in the value of the firm's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.	A range of complementary approaches to identify and evaluate market risk are used to capture exposure to market risk. These are measured, controlled and monitored by market risk specialists.
Treasury and Capital risk	<p>Liquidity risk: The risk that the firm is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.</p> <p>Capital risk: The risk that the firm has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This includes the risk from the firm's pension plans.</p> <p>Interest rate risk in the Banking Book: The risk that the firm is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.</p>	Treasury and capital risk is identified and managed by specialists in Capital Planning, Liquidity, Asset and Liability Management and Market Risk. A range of approaches are used appropriate to the risk, such as: limits; plan monitoring; and stress testing.

Non-financial principal risks

Operational risk	The risk of loss to the firm from inadequate or failed processes or systems, human factors or due to external events (e.g. fraud or cybercrime) where the root cause is not due to credit or market risks.	The Group assesses its operational risk and control environment across its businesses and functions with a view to maintaining an acceptable level of residual risk.
Model risk	The risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports.	Models are evaluated for approval prior to implementation, and on an ongoing basis.
Reputation risk	The risk that an action, transaction, investment or event will reduce trust in the firm's integrity and competence by clients, counterparties, investors, regulators, employees or the public.	Reputation risk is managed by maintaining a controlled culture within the Group, with the objective of acting with integrity, enabling strong and trusted relationships to be built with customers and clients, colleagues and broader society.
Conduct risk	The risk of detriment to customers, clients, market integrity, competition or Barclays from the inappropriate supply of financial services, including instances of wilful or negligent misconduct.	The Compliance function sets the minimum standards required, and provide oversight to monitor that these risks are effectively managed and escalated where appropriate.
Legal risk	The risk of loss or imposition of penalties, damages or fines from the failure of the firm to meet its legal obligations including regulatory or contractual requirements.	The Legal function supports colleagues in identifying and limiting legal risks.

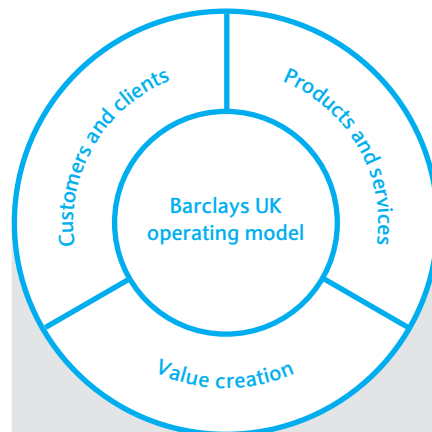
Leaders in innovation



Ashok Vaswani
CEO, Barclays UK

With 24 million customers and clients and 25,000 colleagues, Barclays UK's strategy is about building long-term, meaningful relationships with our customers. This is achieved through colleagues, empowered by technology, passionate about the customer, delivering perfect and personalised experiences to help customers move forward with confidence every day.

Ashok Vaswani



Customers and clients

- Individuals
- Small and medium-sized enterprises

Products and services

- Personal banking services
- Credit cards and transactional lending
- Mortgages and secured lending
- Investment products and services
- Business banking solutions

Value creation

- To our customers and clients – building meaningful relationships, providing relevant and personalised financial solutions
- To society – helping communities move forward
- To shareholders – providing sustainable, diversified returns and prudent balance growth

Contribution to Barclays

£7.4bn

Income

£2.4bn*

Profit before tax

16.7%*

RoTE

56%*

Cost: income ratio

£75.2bn

Risk weighted assets

* Excluding litigation and conduct.

Overview

Barclays UK is a personal and business banking franchise, comprised largely of our Personal Banking, Barclaycard Consumer UK and Business Banking businesses.

Our Personal Banking business includes Community and Premier banking, as well as Savings, Investments & Wealth Management, which offer financial solutions to help customers move forward with confidence. Barclaycard Consumer UK is a leading credit card provider, offering flexible borrowing and payment solutions, while delivering a leading customer experience. Business Banking serves a spectrum of clients, from high growth start-ups to small and medium-sized enterprises who need specialist advice, products and services.

This year, we officially established Barclays Bank UK PLC, which forms part of Barclays PLC Group, being the first bank in the UK to become legally ring-fenced. This was a huge undertaking and brings with it a new phase in Barclays' history.

Strategy

Our strategy is centred on building long-term, meaningful relationships with our customers. This is achieved through colleagues, empowered by technology, passionate about the customer, delivering perfect and personalised experiences to help customers move forward with confidence every day.

The Barclays Purpose is Creating opportunities to rise. In Barclays UK we express this as #letsforward – helping people move forward and do the things they want to do, with confidence, every day.

Market and operating environment

The current political and economic environment poses a number of challenges through the impact on our customers of continuing uncertainty, modest economic growth and volatile exchange rates, while ongoing low interest rates constrain overall profitability. Against this backdrop, competition, customer behaviour and regulatory expectations continue to evolve rapidly, requiring a high degree of business change. Barclays UK, however, continues to deliver solid financial performance, with a Return on Tangible Equity of 16.7% (excluding litigation and conduct), underpinned by strong capital and liquidity positions with a conservative LDR of 96%. This has been achieved through the delivery of customer-centric solutions and franchise-led deposit growth, matched by low risk, high-quality secured asset growth while maintaining a stable net interest margin.

Risks to the operating model

The uncertainty around Brexit has been a challenge throughout 2018 and remains so, impacting both customer confidence and the market environment. We closely monitor the

environment in which we operate and key indicators within our business, while proactively planning for numerous potential outcomes, in order to minimise the risks associated with the UK's withdrawal from the European Union. We remain conservative in our outlook, supported by our strong risk management framework and oversight.

The threats of organised crime and cyberattacks remain key risks to our operating model and we continue to invest to ensure the operational resilience and reliability of our technological infrastructure, while simplifying our technological estate in order to remain agile and drive technological advancement for the benefit of our customers.

We remain focused on reducing the volume of operational incidents through continued investment in our technology and controls. The volume of operational incidents caused by technology are becoming less frequent across Barclays year-on-year, with a 13% reduction in the last 12 months. Where incidents do occur, we are resolutely focused on minimising any impact on customers.

There have been a number of significant regulatory developments around retail banking business models and pricing in 2018 that have the potential to impact our business models going forward, while potential new market entrants, such as Fintechs and established large technology companies, threaten to take market share.

As the deadline for PPI enquiries approaches, we continue to monitor responses and resource appropriately for an increase in the lead up to the claims deadline date, in order to ensure the right outcomes for our customers.

Key highlights of the year

Throughout 2018, we have continued to demonstrate our position as leaders in innovation, providing customers with solutions to better serve their financial needs. Through automation and digitisation, over half of the products we delivered in 2018 were taken out digitally and 90% of our service transactions are now completed in a self-service fashion by our customers.

We have continued to develop the capabilities of our mobile banking app, Barclays Mobile Banking (BMB) to allow our customers to manage their finances more easily and effectively, with BMB becoming the most used banking app in the UK (eBenchmarkers). We now have around 10.8 million digitally active, around five million of whom are digital only.

We are proud to be the first major UK high street bank to allow customers to aggregate their other current accounts into our mobile banking app through Open Banking API technology, meaning that customers do not have to share their online banking log-in credentials with us in order to do this. We

Building Thriving Local Economies

In September, we launched our first Building Thriving Local Economies pilot in Bury, Greater Manchester. Through this we aim to bring together people, teachers, business groups and political leaders across our communities to identify growth opportunities and understand the barriers that prevent local communities in the UK from moving forward. We understand that every community has different characteristics and circumstances, so following our pilot in Bury, we will create a further three pilots in different types of communities across the UK, including a rural community, a coastal community and a smaller town.

will continue to harness the opportunities that Open Banking provides in order to deliver new and exciting applications for our customers in the future.

By focusing our efforts on improving the end-to-end journeys for our customers, we have again reduced the number of complaints we receive. Despite this, the level of complaints we receive remains too high and reducing them further will continue to be a key priority for us in 2019.

This year has seen further progress in ensuring we continue to properly support older, disabled or potentially vulnerable customers. A number of new services were launched including: the ability for deaf customers to contact us by telephone with the assistance of a third-party interpreter; an online support page for people experiencing mental health concerns; and a wide-range of considerations for older customers including fraud and scams awareness and accessible banking services.

We are investing in personalised ways to support customers who are showing that they may be experiencing early stages of financial stress. Enabled by a new sophisticated data engine, we have developed a suite of tailored contacts to direct customers towards tools and information that could help them improve their financial health.

We have already helped over 6.7 million young people develop the core, transferable skills they need for the world of work through our LifeSkills programme and we have committed to upskill another 10 million people over the next five years to support all generations, across the whole of the UK.

Ashok Vaswani
CEO, Barclays UK

Personal Banking

Our Community and Premier Banking team develop transparent and innovative solutions for our customers. We help customers move forward by putting them at the heart of everything we do, connecting the different aspects of their lives to their financial lives, at the time that suits them. This ranges from opening their first bank account to completing a mortgage on their dream home.

Savings, Investments & Wealth Management serves a spectrum of clients – from those who manage their own investments, requiring an execution service, to those who require a dedicated and holistic service through our Wealth Management division.

Community and Premier Banking

Throughout the year, we have helped our Community and Premier customers go forward through a range of both new products and propositions as well as enhancements to existing ones.

We have made a range of enhancements to BMB in order to help our customers manage their finances more effectively. As well as being able to view current accounts from other banks, we continue to give customers more control of their financial lives. Misplaced debit cards can now be temporarily frozen through BMB, preventing any cash machine withdrawals and online or in-store debit card purchases. We have also implemented a calendar view feature showing regular payments scheduled for the month ahead to assist in better financial planning, as well as an improved view of transaction details, including a map view, so our customers can identify with whom they have spent their money more quickly and easily.

We continued to reward customers who chose to bank with us, launching two switching campaigns in 2018 based on our Blue Rewards proposition. Our first campaign offered double rewards for a year for switching, followed by a subsequent campaign offering double Rewards for Community and triple Rewards for Premier customers for switching to a Barclays Current Account through the Current Account Switch Service. 1.4 million customers now benefit from Blue Rewards, including Cashback, representing a 51% year-on-year increase.

In 2018, we helped over 110,000 customers take out a mortgage or further borrowing on their property, 22,000 of whom were first-time buyers. We continue to help our customers on their home-buying journey with 1.5% growth in gross lending year-on-year.

Demonstrating our commitment to Barclays Group's green finance agenda, we were the first major UK bank to offer a Green Mortgage product. The Barclays Green Home Mortgage rewards customers with lower rates on certain deals when purchasing new energy efficient homes and builds upon Barclays green product offering.

Savings, Investments and Wealth Management

In 2018, we brought our Savings proposition together with our Wealth and Investments business, so that we can seek to offer our customers and clients a flawless experience, whatever stage they are at in their savings and investments journey.

We launched our Flexible Monthly Income Bond, which enables customers to deposit a lump sum for a three-year term and then drawdown the capital on a monthly basis to supplement their income. This is a unique and innovative product designed for customers in the retirement segment, with the launch linked to National Pension Awareness Day.

Customers who want instant access to their savings can now open an Everyday Saver account entirely through BMB. We have seen a huge customer response to this with over 60% of Everyday Saver accounts opened digitally in 2018.

In our Wealth Management business we continued our focus on growth throughout 2018, with a number of new hires and continued strong levels of new client acquisition. However, challenging market conditions have resulted in overall assets under management falling year on year. Investment will continue to be made to improve the client experience and productivity of our Wealth Managers during 2019.

After a difficult start to the year, with issues relating to the migration of customers to our digital investing proposition, Smart Investor, we have worked to enhance the platform in 2018 – for example customers can now sign up to Smart Investor via BMB. However, there remains work to do in 2019 to turn the platform into a leading digital investments offering. To this end, we have a confirmed 2019 delivery roadmap, based on client feedback, that will see significant upgrades to the platform throughout the year.



Barclaycard Consumer UK

Barclaycard Consumer UK is a leading credit card provider, providing flexible borrowing and payment solutions to around 10 million customers in the UK. We help people move forward, by helping them to borrow and pay in the way that suits them. We are a responsible lender, providing credit based on credit history, ability to afford credit and our risk appetite, while seeking to deliver a leading customer experience.

In 2018, we have looked at further ways to meet the needs of our customers.

At Barclaycard Consumer UK, we inspire confidence by making sure everything we do is secure, reliable and useful to our customers and clients, like giving our customers 24/7 fraud protection to keep their money safe and equipping customers with the knowledge to protect themselves from fraud. Our Fraud Fighter campaign highlights that fraud is not always so easy to spot and encourages customers to use our Fraud Fighter Tool.

We continued working to better understand the needs of different customer circumstances and help put the customer in control. We launched a credit build tool that offers tips and advice to help customers build their credit score. We helped customers move forward this year with our first ever product upgrade from Initial to Platinum for qualifying price promise customers – we upgraded customers who kept their accounts in order for 12 months to help them further build their credit score and go forward to do the things they want to do, with confidence, every day.

We are also committed to ensuring more transparency with our customers, not just in the ways that we communicate with them, but by simplifying the ways that our products work. Over the last year, we have waived interest charges on purchases that are paid in full if a card also has a promotional balance. Under this new scheme, cardholders that make new purchases during the billing cycle and pay them off in full by their payment due date will no longer pay any interest on those transactions, thus removing the need for customers to use separate cards for their spending and balance transfers.

We continue to challenge ourselves to think differently and create a model that lowers complaints and provides better customer experience while delivering sustainable returns. Customers want relevant, personalised payment and borrowing options, coupled with perfect digital-driven experiences and they want those experiences to come to them, in the digital channels they choose, at the moment that's right for them. In a first for any of Barclays UK's retail banking products, customers can now acquire a Barclaycard credit card on an external Open Banking Mobile app.

Barclays was the first major UK bank to offer a Green Mortgage product. The Barclays Green Home Mortgage rewards customers with lower rates on certain deals when purchasing new energy efficient homes and builds upon Barclays green product offering.

Business Banking

Business Banking offers products, services and specialist advice to over one million clients in the UK, ranging from start-ups to mid-sized businesses, to help them achieve their goals.

Business Banking provides support to clients across the UK at all stages of their business cycle through a relationship-based and digitally-driven service.

Our UK-wide network of experts has helped thousands of businesses get started and grow, with access to specialist industry insights across key segments such as Agriculture and Real Estate. We also support a legacy portfolio of Education, Social Housing and Local Authorities (ESHLA) clients. Although new lending to ESHLA clients is met through Barclays International, Barclays UK continues to support ESHLA clients, for example, by agreeing a number of mergers within social housing, which gives clients the capacity to continue building more new homes to address UK housing needs.

Innovation is an integral part of our strategy for growth and continues to be at the forefront of our services. In 2018, we announced a number of key partnerships with Fintech businesses, such as our industry-leading collaboration with PayPal, enhancing customers' digital payments, saving SMEs time and putting them in control, with access to marketing, inventory and other valuable data all in one place. We collaborated with MarketInvoice, Europe's largest online invoice financing platform, providing small businesses with access to invoice financing products and transforming the way SMEs manage cash flow and accelerate growth.

We also launched £100,000 unsecured lending limits for SMEs, doubling our maximum limits for unsecured business loans for eligible clients, making small business lending faster, simpler and easier. This adds to our existing unsecured lending offering which allows qualifying SME clients to access pre-assessed affordable lending up to £25,000 via our mobile app and through online banking, often receiving the cash that same day.

Island dream becomes reality thanks to funding from Barclays

Laura Pitchford from North Wales has secured funding from Barclays to take ownership of a community coffee shop on the Isle of Mull that she has visited since childhood. The business loan enabled her to purchase the business which includes tearooms and self-catering accommodation, a centre point in the local community.

Laura and her family have been repeat visitors there for 15 years and while visiting last summer, Laura asked the owner if she ever planned on selling. Just six months later, the call came offering Laura the chance to make her island dream a reality.

Laura approached her local Barclays Relationship Manager to support her ambitions, "Running my own business is something I've wanted to do for some time" said Laura. "I'm really excited about the future and looking forward to adapting to the island way of life. Thanks to the support from Barclays, the dream I've had for years has become a reality."

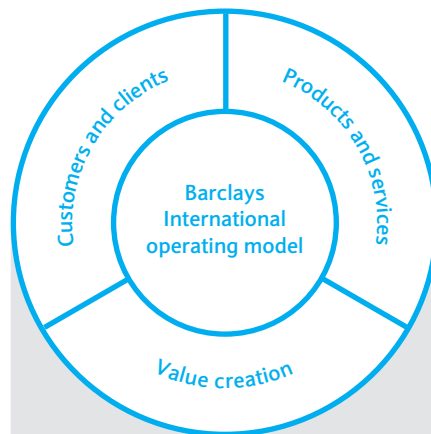
A Barclays spokesperson said: "At Barclays we're passionate about helping Scotland's business owners at every stage of their journey. We were able to offer Laura a local relationship manager, who understood her ambitions and helped her to take ownership of the business. With Barclays' backing, Laura's island plans have now become a reality."

Strengthening our diversified portfolio



Tim Throsby
CEO, Barclays International

In 2018, Barclays International made good progress on executing our strategy and improving returns. Our progress gives us confidence that by continuing to build our businesses through targeted deployment of financial resources and investments in talent and technology, we can accelerate our growth and achieve increased returns.



Customers and clients

- Consumers
- Corporates
- Financial institutions
- Governments
- High and ultra-high net worth individuals and family offices
- Money managers and institutional investors

Products and services

- Corporate banking
- Investment banking
- Non-UK consumer banking, cards and lending
- Payments
- Securities sales, trading and research
- Wealth management

Value creation

- To our customers and clients – we connect providers and users of capital
- To society – we facilitate sustainable economic growth
- To shareholders – we deliver sustainable returns from our diversified portfolio of businesses

Contribution to Barclays

£14.0bn

Income

£3.9bn*

Profit before tax

8.7%*

RoTE

68%*

Cost: income ratio

£210.7bn

Risk weighted assets

* Excluding litigation and conduct.

Overview

Barclays International consists of the Corporate and Investment Bank (CIB) and Consumer, Cards and Payments (CCP). With relentless focus on delivering for customers and clients in our UK and US home markets and around the world, Barclays International's diversified business portfolio provides balance, resilience and exciting growth opportunities. The division has strong global market positions, and continues to invest in people and technology in order to deliver sustainably improved returns.

Strategy

Barclays International has a transatlantic footprint anchored in the world's deepest and most sophisticated capital markets, London and New York.

Barclays International offers clients and customers a range of products and services spanning retail banking and wealth management, credit cards and payments, and corporate and investment banking. The diversified business model provides Barclays shareholders with a mix of revenue streams that benefit from the different stages of the world's economic cycles.

We are making strategic investments to seize the clear growth prospects each business presents. Similarly, we continue to build a great culture where our strong conduct and rigorous controls environment enable us to deliver the right outcomes for all our stakeholders.

Market and operating environment

The markets in 2018 were characterised by US economic outperformance, including further labour market improvements and on-target inflation rates. Against this backdrop, short-term US interest rates increased further, ahead of other core markets, and the US dollar strengthened. While market volatility remained generally low, isolated bouts of volatility resulted in a more uneven equity performance. In the UK, growth softened further amid heightened uncertainty around Brexit developments, reflected in a volatile and depreciating sterling.

Barclays has been working on plans with respect to the UK's departure from the EU in 2019. Our plans are driven by an overriding commitment to preserve seamless ongoing EU market access for Barclays and our customers and clients. A key element of our plans was to seek regulatory authorisations from the Central Bank of Ireland and the European Central Bank to expand the operations of Barclays Bank Ireland PLC (BBIPLC). Barclays has had a banking licence in Ireland for almost 40 years. During 2018, Barclays received the necessary authorisations, scaled up our presence in Ireland, and began the transfer of our European branches from BBPLC to BBIPLC. We remain confident in our ability to serve our customers and clients once the UK's withdrawal is complete.

Our US Intermediate Holding Company (IHC) received positive feedback from the US Federal

Reserve on the IHC's first-ever public stress test submissions, indicating the strength of the IHC's capital position. The IHC, which we established in 2016, is an umbrella holding company for our US subsidiaries, including the US broker-dealer that operates key investment banking businesses and the entity that operates Cards & Payments in the US.

Risks to the operating model

Geopolitical and macroeconomic uncertainty in some markets remain a risk, while the volume and reach of regulatory change continues to require significant attention.

The potential impact of longer-term uncertainty is a sustained low rate environment, predominately impacting revenues and driving cautious market activity. This was evident in 2018, and created a challenging operating environment for corporate and investment banking activities in particular.

As we accelerated our growth efforts in 2018, we increased our focus on ensuring that new revenue opportunities do not compromise our prudent approach to risk, or our ability to generate sustainable returns. Coupled with our cost efficiency programmes, this balanced approach is designed to deliver a more attractive bottom line.

We have a conservative risk profile, and continue to work to maintain the quality of our lending book. The quality of our US credit card portfolios has been consistent with the overall industry and key competitors. After an increase in delinquency rates in 2017, rates moderated for both the industry and Barclays in 2018. Loss and arrears rates are still below the long-term average and below pre-recession levels, driven in part by favourable US GDP growth and low unemployment rates. We continue to monitor overall growth in unsecured debt across the industry, particularly relative to wage growth, and during 2018 unsecured debt growth slowed to 4.9%, compared with 6.7% in 2017.

We continue to invest to ensure our infrastructure is resilient to cybercrime, conducting comprehensive penetration testing, supported by the deployment of a number of best-in-class malware detection tools.

Key highlights of the year

Barclays International delivered profit before tax across all four quarters of 2018 – demonstrating the increasing ability of our diversified portfolio of businesses to deliver the sustainable growth our shareholders expect.

We continually evaluate our entire portfolio of businesses for capital, leverage, risk assets and funding across all jurisdictions and legal entities. This helps us to further enhance both our operational discipline and precision in our capital allocation to deliver stronger returns.

Identifying the right talent to execute on our ambitions remains fundamental to our growth strategy. Over the course of the year, we hired

Investing in electronic trading capabilities to increase share in Markets

Upgrading our cross-asset electronic trading platform, BARX, provided significant fuel for our Markets business' standout performance this year. For example, the overhaul of our e-Rates platform is driving a tenfold increase in electronic trading of interest rate swaps by our buy-side clients. Our new Equities platform, featuring industry-leading algo capabilities, is generating significantly higher volumes from our clients and very positive feedback. The clients who generate the highest returns do more business with firms who deliver a consistently strong market-making offering across asset classes, so we are committed to extending our BARX investment in order to meet and exceed those client expectations, and to drive profitable growth in our franchise.

several experienced professionals to bring complementary skills to our leadership team, and made strategic appointments in areas where we see opportunities for growth, including a significant number of internal promotions.

To enable our people to deliver the best outcomes for our customers and clients, we focused our technology investment on commercially impactful enhancements, and this focus remains a hallmark of the division's strategy for the year ahead. Key initiatives ranged from new data science and algorithmic capabilities, to an enhanced digital experience for our customers and clients.

We are already seeing results of investing in our businesses. For example, our Equities franchise delivered a standout performance this year, with revenue growth outpacing competitors. Similarly, we are seeing growth in our newly launched US consumer loans product, which complements our US cards business.

During the year, we continued to contribute to society, from launching a new housing development fund to creating pathways to employment, and from mentoring entrepreneurs to structuring sustainability-linked loans.

Building on our progress is the mission of every colleague in Barclays International. We are confident in our ability to build on the commercial focus we demonstrated in 2018, and to deliver the right outcomes for all our stakeholders.

Tim Throsby
CEO, Barclays International

Barclays International

Strengthening our diversified portfolio

Corporate and Investment Bank

The Corporate and Investment Bank comprises principally the Banking, Corporate Banking and Markets businesses which aid money managers, institutions, governments and corporate clients in managing their funding, financing, and risk management needs.

Performance overview

Banking

Banking provides clients with long-term strategic advice on mergers and acquisitions (M&A), corporate finance and financial risk management solutions, as well as equity and debt capital raising services.

In 2018, across the industry, fees were down approximately 4% globally, with some products and regions down double digits. Barclays' global investment banking fee share was 4.2%, consistent with our performance in 2017.

In Europe and the Middle East, we ranked fifth for all Banking products, our highest ever full-year ranking. In the Americas, we ranked sixth, and remain the highest-ranked European investment bank. Our Asia Pacific franchise continues to perform well.

Our performance was bolstered by a standout year in M&A, where we attained our highest global fee share in four years and ranked in the top five in Americas M&A for the third consecutive year. In Debt Underwriting we ranked in the top four in global fee share for the third consecutive year, driven by a continued strong presence in both the leveraged finance and investment grade primary debt markets. Our Equity Underwriting business performed well in a very challenging market environment, winning our highest ever ranking in European rights offerings, and continued to demonstrate momentum in initial public offerings (IPOs), where we book-ran five of the year's 10 largest IPOs from the Americas, Europe and the Middle East.

During 2018, our new Social Impact Banking group structured the first sustainability-linked loans in the US. More than 100 of our Banking colleagues mentored entrepreneurs as part of the third annual Unreasonable Impact programme, the world's first international network of accelerators focused on scaling-up entrepreneurial businesses that will help employ thousands worldwide while solving some of society's most pressing challenges.

Barclays was the recipient of multiple industry awards in 2018, including being named by Euromoney as the UK's Best Investment Bank for the third consecutive year (and sixth time

in the last seven years), and as Western Europe's Best Bank for Financing. In addition, Global Capital ranked Barclays as the Best Corporate Broker in the UK for the third year running, and IFR magazine named Barclays its North America Asset-Backed Securitisation House of the Year.

In the year ahead, we see opportunities to improve further the performance of Banking by investing in talent in key products and sectors, and continuing to build on our historical strength in debt underwriting.

Corporate Banking

Our Corporate Banking business provides GBP and EUR working capital and transaction banking services, including trade and payments, for multinational corporates and institutions, and UK large and medium size corporate clients.

Our new Corporate Banking leadership is focused on enhancing our offering. During the year, we developed a new multi-country digital banking platform, primarily supporting Corporate and Investment Bank clients, which was most recently rolled out in Ireland and Germany. In Q3 2018, Corporate Banking and the UK Government launched a £1bn housing development fund to boost the delivery of new housing in England, and also launched a £300m ENABLE Guarantee cashback scheme with the British Business Bank to boost asset finance lending to SMEs.

Corporate Banking has also driven stronger client relationships through innovative programmes like Connect with Work, which builds bridges between people who face barriers to getting into work and businesses that are recruiting but struggling to find suitable candidates.

Through significant investments in our technology, we are increasing the resiliency and performance of our digital client experience. These investments will continue to be a focus for the year ahead, alongside enhancing our competitive position in the UK, and growing our transaction banking revenues globally, expanding our European cash management platform, and continuing to enhance the commercial effectiveness of our lending book.

Markets

Our Markets business provides a broad range of clients with market insight, execution services, and tailored risk management and financing solutions across equities, credit, rates and foreign exchange (FX) products.

We made good progress in 2018 on our strategy to rebuild our franchise and transform performance over the long term. Supported by our investments in financial resources, technology, and human capital, our business this year increased market share^a across each asset class and delivered five consecutive quarters of outperformance vs. our peers. In a year of challenging market conditions, our Credit and Macro (Rates and FX) businesses – which we report as FICC (Fixed Income, Credit and Commodities) – produced steady performances, driven by revenue diversification in Credit and market share gains in Macro. Revenue growth in our Equities franchise outperformed our competitors, driven by strong performances in derivatives and equity financing. We also made significant progress in building out our electronic platform capabilities across all asset classes, enabling best-in-class execution for clients.

Note

^a All Markets ranks and shares: Coalition, FY18 Preliminary Competitor Analysis based on the Coalition Index and Barclays' internal business structure

Enhancing the precision of our capital allocation

With the goal of ensuring that our resources are being deployed in a manner that will drive improved shareholder returns, we are embedding a rigorous approach to quantitative and analytic capabilities and balancing risk and return within our businesses across Barclays International. We are focused on driving efficiency in funding and optimising the allocation of our capital. In addition, we identify new businesses to grow top line revenue. Early success on this front includes the Asset Finance business, which executed two major mortgage acquisition and securitisation transactions this year, both valued over £4bn.



We continued to help clients navigate market events and volatility, and maintained or improved our position in a number of markets. For example, Barclays was one of three banks chosen to execute the first-ever bond issue and the first-ever asset-backed commercial paper transaction based on the new Secured Overnight Financing Rate (SOFR). Additionally, we are a top three ranked broker by traded notional on the Tokyo Stock Exchange (TSE), with over 100 trillion yen traded for our clients in 2018, equating to more than 10% market share.

The clients who generate the highest returns for market-making businesses consistently allocate the greatest and most profitable share of their activity to full service markets franchises. To better meet the needs of these clients – typically the world’s largest money managers – and therefore to improve returns, in 2019 we plan to pursue targeted growth and diversification opportunities. Our dialogue with clients regarding these initiatives gives us confidence that these investments will drive the right commercial outcomes.

Research

Our Research team’s mission is to affect clients’ decision-making through independent, thought-leading, differentiated insights on equity and debt, as well as on the macro trends shaping the global economy.

To enhance our relevance to clients, particularly after the implementation of MiFID II, we continue to invest in our analysts and the digital capabilities supporting their work, as well as in best-in-class platforms to disseminate their insights. The Research Data Science Platform we are building will become an increasingly important differentiator for us, with state-of-the-art data infrastructure operated by leading data scientists and leveraging alternative data sets in innovative ways. Partnerships with research aggregators and new multimedia capabilities are helping clients interact with us in the channels of their choice, and report enhanced categorisation is bringing our best content to a broader audience.

The insights generated by our analysts drive connectivity with clients across the Investment Bank, with particularly strong client engagement on cross-asset, cross-regional perspectives, and our teams’ industry rankings demonstrate their relevance in helping clients understand the markets in a challenging year.

Consumer, Cards & Payments

Consumer, Cards and Payments includes Cards & Payments and Private Bank & Overseas Services. Cards & Payments provides branded and co-branded consumer credit cards, lending and deposit accounts to our customers in the US and Germany, and payment solutions to our customers and clients in the UK. Private Bank & Overseas Services provides banking, credit and investment services to retail, high net worth and ultra-high net worth clients, family offices, businesses, corporates and fiduciaries internationally.

Performance overview

Cards & Payments

Our Cards & Payments business operates across five business units: US Consumer Bank, Barclaycard Payment Solutions, Barclays Partner Finance, Barclaycard Commercial Payments and Barclaycard Germany.

US Consumer Bank offers co-branded and branded credit cards in the US, along with consumer loans and online retail deposits. Across all credit card products, US Consumer Bank added over two million new accounts in 2018 while growing our consumer retail deposits to over US\$14bn. We are among the top-ten credit card issuers in the market by total outstandings as at the end of 2018. Our strong position in the travel and entertainment industry continued with the launch of a new Frontier Airlines co-brand credit card. Our Uber Visa card and our JetBlue Plus Card appeared in *U.S. News & World Report’s* list of Best Travel Rewards Credit Cards. We also maintained our number three position in the 2018 J.D. Power US Credit Card Satisfaction Study. Driving continued strong growth in our US Consumer Bank – across online consumer banking and our partner cards franchise – is a strategic priority for us in 2019.

Barclaycard Payment Solutions provides merchant acquiring, payments integration and acceptance, and payment gateway products in the UK. In 2018, we processed over £250bn in payments, making us one of the largest payment acceptance providers in Europe. During the year, we successfully migrated over 100,000 clients from across our small business and corporate client base onto our new BankWORKS platform; clients now enjoy better and more resilient service, including new and improved statements and simplified and flexible pricing.

Barclays Partner Finance provides point of sale finance products to consumers in the UK through a network of retailers and car dealerships. In 2018, we grew our existing

partnerships, built relationships with new clients, won a number of industry awards, and retained our position as the market leader in the UK retail market.

Barclaycard Commercial Payments provides commercial cards and virtual payment products in the UK. In 2018, we launched the UK’s first co-branded trade credit card partnership with Travis Perkins Group, and strengthened our presence in the travel industry by signing new partnerships with Amadeus, Paxport and Voxel.

Barclaycard Germany is now over a quarter of a century old and serves over 1.3 million credit card, deposit and loan customers. We are the leading issuer of revolving credit cards in the country by outstanding balances. We also have a growing instalment loans business as well as an online deposit product. In 2018 we launched a new Barclaycard Visa credit card, and expanded our unique Equal Payment Plan (EPP) offering by enabling credit card customers to repay their credit card balance in fixed instalments. Barclaycard Germany continues to drive exceptional customer satisfaction rankings (RNPS), with the business ranking in the top two for both cards and loans.

Barclays is also a leading provider of credit cards and lending in Norway, Sweden and Denmark via our EnterCard joint venture with Swedbank.

Private Bank and Overseas Services

In the Private Bank we focus on bespoke solutions, ranging from standard to sophisticated, for our high net worth, ultra-high net worth and family office clients. Overseas services offers banking, investment and credit products and services to local residents and businesses based in Jersey, Guernsey and the Isle of Man, and serves non-UK based corporates and fiduciaries who have UK banking, credit and investment requirements. International Banking delivers banking, savings, mortgages and investment products to affluent international customers.

Private Bank and Overseas Services delivered a strong performance during 2018. We continued to enhance our client offering with new products and services, which drove an underlying increase in client balances. The business delivered strong revenue growth year on year, and a good return on equity.

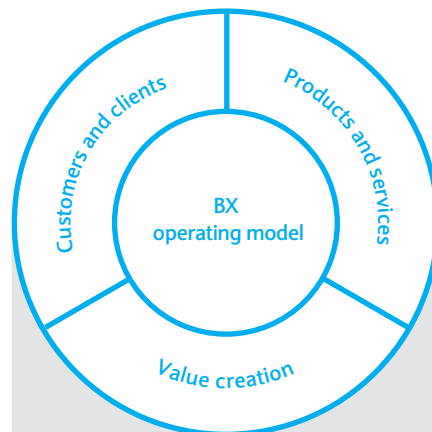
We strive to build long-term value creation with our clients. Central to our strategy is continually enhancing our investment, banking and credit propositions. We have been developing differentiated capabilities in discretionary portfolio management, foreign exchange and real estate, and in bringing investment opportunities from our world-class Investment Bank.

World-class service provider



Paul Compton
CEO, Barclays Execution Services

2018 is the second year of operations for BX and we have gone from strength to strength. Through our centres of excellence we are delivering capacity to support investment in our businesses and drive exceptional customer service.



Customers and clients

- BUK and BI businesses – and their customers and clients

Products and services

- Technology
- Operations
- Other functional services

Value creation

- To our customers and clients – delivering high quality services and an outstanding experience
- To society – safety and continuity of services to the financial system
- To shareholders – generating efficiencies by transforming the way we do business

Overview

BX is the Group-wide service company providing technology, operations and functional services to businesses across the Group.

The initial catalyst for the creation of BX was the UK ring-fencing regulation and the need to ensure operational continuity. However, from day one, we have thought about BX strategically as an organisation that can drive productivity and capacity across Barclays. BX has a central role in Barclays' operating model supporting the performance of both the BI and the BUK businesses.

BX operates through centres of excellence which group complimentary processes and services together in order to offer consistency and efficiency of delivery. It is an organisation of scale and sophistication with nearly two-thirds of colleagues within the BX organisation.

Strategy

The BX strategy is to be a world class provider of simple, efficient, innovative and secure services, which deliver customer and shareholder value.

We will achieve this by leveraging our centres of excellence to drive operational excellence and outstanding customer experience to create competitive advantage.

We remain focused on eliminating inefficiencies within the Group, creating capacity to enable investment both in our core infrastructure and in growth opportunities.

Bringing teams together creates opportunities to identify and share best practices and foster innovation. This delivers enhanced controls and security resulting in a more resilient organisation.

Market and operating environment

In an era of high paced development, maintaining state of the art technology for our customers and colleagues is critical. Technology is a core enabler of our strategy and BX partners with BI and BUK to ensure that we continue to offer a market leading digital offering; for example, supporting the development of BUK's mobile banking application and developing enhanced electronic trading capabilities for BI's Equities business.

Risks to the operating model

Robust management of operational risks have never been more important in financial services and Barclays is no exception. BX is at the forefront of actively managing the Group's operational risks. Key focus areas for BX include enhancing and maintaining the cyber defences and technology resilience that is critical. The threat of cybercrime remains a key risk and we continue to invest in keeping our customers and businesses safe. We have made major investments in our cyber defences, including in our global network of Security Joint Operation Centres. These are state of the art integrated facilities, providing 24/7 monitoring and response capability enabling a Group-wide collaborative response to threats and incidents potentially impacting our colleagues, customers and clients.

Technology resilience is at the heart of our approach to operational resilience. The demands of stakeholders including customers, markets and regulators, have never been greater in respect of this risk. We continue to invest to ensure the operational resilience and reliability of our technology infrastructure.

Key highlights of the year

Throughout 2018, we have delivered outstanding customer service and kept Barclays safe and secure.



Engaging with financial technology companies to drive innovation

Innovation plays a key role in solving Barclays' challenges, identifying new revenue and investment streams and building next-generation products, services and platforms. One way of bringing innovation into the organisation is by harnessing the power of FinTech companies.

Known as the #homeoffintech, Rise, created by Barclays, is a global community of the world's top innovators working together with our colleagues, partners and clients, to create the future of financial services. Rise operates state-of-the-art workspaces in key cities across the world, including London, New York, Tel Aviv and Mumbai. Today, we have over 250 Technology companies who are based at Rise, along with a virtual community of over 6,000 members.

In 2018, we successfully halved the onboarding cycle time for our clients across Corporate, Markets and Banking and 95% of Corporate new-to-bank clients say they have had a positive experience with their onboarding manager.

Our investments in resilience and in our cyber defences are enhancing the resilience of our operations. In addition, we have made major strides in moving our hosting solutions to the Cloud and this will remain an area of focus in 2019.

We have continued to develop our digital capability and in 2018 we added over 15,000 clients onto our Corporate Banking iPortal platform, covering more than 80% of the customer base. In addition, we added more cash management services to the platform and launched the first mobile version.

Rise is home to the Barclays Accelerator, powered by Techstars. Now in its fifth year, this 13-week programme is designed to tackle some of Barclays' biggest challenges, as well as shape and scale the next generation of FinTech businesses. To date, we've had over 140 companies graduate from the programme. Their combined valuation is estimated at £550m.

This year, we launched 'Rise Growth Investments', making up to £10 million of investment capital available to each class of ten companies coming through the Barclays Accelerator. These funds would provide financial support at a key growth stage for FinTech companies working with us on strategic opportunities, reflecting Barclays' commitment to mutual growth and success.

In 2019, investment in iPortal will increase to allow the addition of: digital onboarding and servicing; improved user experience; extended transaction banking capabilities; and API accessibility to deliver a market leading Corporate Banking platform. We have developed strategic campus sites in Whippany, Glasgow and Pune which provide state of the art work spaces for our colleagues.

Our focus on our customers and clients remains relentless.

Paul Compton
CEO, Barclays Execution Services

The UK Corporate Governance Code 2016 (The Code)

A snapshot of how Barclays complies with the requirements of The Code is set out below. For further information, see pages 83 to 88 of Barclays PLC Annual Report 2018.

Leadership

The Barclays PLC Board of Directors (the Board) is responsible for the overall leadership of the Barclays Group, including establishing its Purpose, Values and Strategy and satisfying itself as to the alignment of Barclays' culture to its Purpose, Values and Strategy. In 2018, the Board approved a new common Purpose for the Barclays Group – Creating opportunities to rise – which reflects Barclays' entrepreneurial spirit, relentless quest for better customer and client centricity, and our commitments to society at large and to our colleagues.

The Board is also responsible for ensuring that management maintains a sound system of audit, risk management, compliance and internal control.

There is clear division of responsibilities between the Chairman, who runs the Board, and the Group Chief Executive, who manages the Barclays Group on a day-to-day basis. Individual roles on the Board and their responsibilities are set out in Barclays' Charter of Expectations. Pursuant to the Charter of Expectations, non-executive Directors provide effective oversight, strategic guidance and constructive challenge, help to develop proposals on strategy and empower the executive Directors to implement the strategy, while holding the executive Directors to account. The Senior Independent Director provides a sounding board for the Chairman and acts as an intermediary for the other Directors when necessary.

Effectiveness

A majority of the Board – 12 of the 15 Directors – are independent non-executive Directors and, as required by The Code, the Chairman was independent on appointment.

In accordance with the recommendations of The Code, the independence of Tim Breedon, Reuben Jeffery III and Dambisa Moyo – all of whom have served on the Board for more than six years – was subjected to a more rigorous review. The Board remains satisfied that the lengths of their tenure have no impact on their respective levels of independence or the effectiveness of their contributions. Having served on the Board for nine years, both Reuben and Dambisa will be retiring from the Board at this year's AGM and will not, therefore, be standing for re-election.

The composition of the principal Board Committees meets the independence criteria of The Code, and there is appropriate cross-membership to further promote effectiveness.

All appointments to the Board are based on merit and objective criteria, in the context of Barclays' strategic direction and the diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, as well as skills, knowledge and experience required for the Board to be effective. Appointments are made following a formal, rigorous and transparent process.

Diversity, particularly at Board and senior leadership levels across the Barclays Group, remains a key area of focus. The Barclays Group recognises and embraces the benefits of a diverse Board, and sees diversity at Board level as an essential element in maintaining a competitive advantage. The Nominations Committee regularly reviews the composition of the Board and the Board Committees. It frequently considers a skills matrix for the Board, which identifies the core competencies, skills, diversity and experience required for the Board to deliver its strategic aims and govern the Barclays Group effectively. To the extent that the Nominations Committee identifies any gaps in the Board's profile – which may be a result of the forthcoming retirement of a Director, or in response to changing market needs – that information is used to inform the search for a new Director or Directors. For example, as at the date of this report, there are four female Directors (27%) against a target of having 33% female representation on the Board by 2020, to which we remain committed.

Potential new Directors are asked to disclose their significant commitments, and to give an indication of the time spent on those commitments, on the basis that all Directors are expected to allocate sufficient time to their role on the Board in order to discharge their responsibilities effectively. In 2018, the attendance of Directors at scheduled Board meetings was 100% and the attendance of Directors at additional Board meetings (which were often called on short notice) was strong, at 95%.

All Directors are expected to allocate sufficient time to their role on the Board in order to discharge their responsibilities effectively. In 2018, the attendance of Directors at scheduled Board meetings was 100%.

Directors are now obliged to obtain pre-clearance prior to taking on any additional commitments, including but not limited to directorships, and to indicate in the clearance request the likely time commitment involved. For the year ended 31 December 2018, and as at the date of this report, the Board is satisfied that none of the Directors is over-committed.

Directors are subject to election or re-election each year by shareholders at the AGM.

The effectiveness of the Board, the Board Committees and the individual Directors has been assessed in a process facilitated by an independent third party. Further information regarding the process for the review of the Board, the Board Committees and the individual Directors' effectiveness can be found in the Nominations Committee report on page 68 of Barclays PLC Annual Report 2018.

Accountability

The Board is responsible for setting Barclays' risk appetite, that is, the level of risk it is prepared to take in the context of achieving Barclays' strategic objectives.

Barclays' Enterprise Risk Management Framework (ERMF) is designed to identify and set minimum requirements in respect of the main risks to strategy execution. The key elements of the Barclays Group's system of risk management and internal control are set out in the risk frameworks relating to each of our eight Principal Risks – Credit risk, Market risk, Treasury and Capital risk, Operational risk, Model risk, Reputation risk, Conduct risk and Legal risk – and the Barclays Control Framework, which details requirements for the delivery of control responsibilities. Frameworks, policies and standards applicable to the Barclays Group under the ERMF also set out the approaches to meet applicable legal and regulatory requirements relating to internal control and assurance.

Regular reports are made to the Board covering significant risks to the Barclays Group. Key controls are assessed on a regular basis for both design and operating effectiveness. The Risk Committee and the Reputation Committee examine reports covering the Principal Risks as well as reports on risk measurement methodologies and risk appetite. The Audit Committee oversees the control environment (and remediation of related issues), and assesses the adequacy of credit impairment. The Board reports on the risks faced by the Barclays Group in the annual viability statement on pages 42 and 43.

The Audit Committee, comprising independent non-executive Directors, oversees the effectiveness of Barclays' internal and external auditors.

Remuneration

The Remuneration Committee, which comprises independent non-executive Directors, sets the overarching principles and parameters of remuneration policy across the Barclays Group and approves the remuneration arrangements of the Chairman, the executive Directors, other senior executives and certain Barclays Group employees.

The Barclays Group's remuneration philosophy links remuneration to achieving sustained high performance and creating long-term value.

The remuneration structure for employees is closely aligned with that for executive Directors, the primary exceptions being that the executive Directors participate in the Barclays' Long Term Incentive Plan and receive part of their pay in Barclays PLC shares.

To ensure alignment with shareholder interests, a significant proportion of the potential remuneration of the executive Directors is variable and is therefore performance related. It is also subject to deferral, additional holding periods, malus and clawback.

Unvested deferred remuneration is subject to malus. Clawback also applies to any variable remuneration awarded to Material Risk Takers after 1 January 2015.

The composition of the principal Board Committees meets the independence criteria of The Code, and there is appropriate cross-membership to further promote effectiveness.

Relations with shareholders

The Board is committed to promoting effective channels of communication with our shareholders and upholding good corporate governance as a means of building stronger and more engaged relationships with them.

The Directors, in conjunction with the senior executive team and Investor Relations, participate in varied forms of engagement with institutional investors, including investor meetings, seminars and conferences across many geographic locations, reflecting the diverse nature of our equity and debt institutional ownership. The Chairman and Senior Independent Director, together with other Board representatives and the Company Secretary, hold investor meetings focused on corporate governance matters. The Group Chief Executive and Group Finance Director also hold quarterly results briefings and maintain a dialogue with investors.

We continue to communicate with our private shareholders through shareholder mailings. Shareholders can also choose to sign up to Shareview so that they receive information about Barclays PLC and their shareholding directly by email.

The Board and the senior executive team consider the AGM as a key date for engagement with shareholders. A number of Directors, including the Chairman, are available for informal discussion either before or after the meeting.

The Senior Independent Director is available to shareholders if they have concerns that have not been addressed through the normal channels.

A revised version of The Code was published in 2018, and came into effect for financial years beginning on or after 1 January 2019 (The New Code). We will report against the requirements of The New Code and The Companies (Miscellaneous Reporting) Regulations 2018, which were also published last year and came into effect for our financial year beginning on 1 January 2019, in our next Annual Report.

Acknowledging the heightened focus in The New Code on the need for boards to understand the views of their key stakeholders, and to report annually on how their interests have been considered in board discussions and decision-making, the Board is reviewing its existing engagement mechanisms with colleagues, shareholders and other key stakeholders. For more details of how we engage with our workforce, in particular, please refer to the 'Governance reporting for 2019' section on page 89 of Barclays PLC Annual Report 2018.

The UK Corporate Governance Code 2016 – Section (C.2.2)

The financial statements and accounts have been prepared on a going concern basis. In addition, the UK Corporate Governance Code (2016) – Section (C.2.2) requires the Directors to make a statement in the Annual Report regarding the viability of the Group, including explaining how they assessed the prospects of the Group, the period of time for which they have made the assessment and why they consider that period to be appropriate.

Time horizon

In light of the analysis summarised below, the Board has assessed the Group's current viability, and confirms that the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three years. This time frame is used in management's Working Capital and Viability Report (WCR), prepared at February 2019. The availability of the WCR gives management and the Board sufficient visibility and confidence on the future operating environment for this time period. The three-year time frame has also been chosen because:

- it is within the period covered by the Group's future projections of profitability, cash flows, capital requirements and capital resources
- it is also within the period over which regulatory and internal stress testing is carried out; and
- it is representative of the continued level of regulatory change in the financial services industry.

The Directors are satisfied that this period is sufficient to enable a reasonable assessment of viability to be made.

Considerations

In making their assessment the Board has:

- carried out a robust and detailed assessments of the Group's risk profile and material existing and emerging risks. Notable among these are risks which senior management believe could cause the Group's future results of operations or financial condition to differ materially from current expectations or could adversely impact the Group's ability to maintain minimum levels of regulatory capital, liquidity, funding and the minimum requirement for own funds and eligible liabilities ('MREL') over the period of the assessment
- reviewed how those risks are identified, managed and controlled (further detail provided on pages 137 to 148 of the Barclays PLC Annual Report 2018)
- considered the WCR which provides an assessment of forecast CET1, leverage ratio, Tier 1 and total capital ratios, as well as the build-up of MREL up to 2022

- reviewed the Group's liquidity and funding profile, including forecasts of Barclays' internal liquidity risk appetite (LRA) and regulatory liquidity coverage ratios
- considered the Group's viability under specific internal and regulatory stress scenarios
- considered the stability of the major markets in which it operates, the risks posed by the simplification of the business model and regulatory changes
- considered scenarios which might affect the operational resiliency of the Group
- reviewed the draft statutory accounts and the in-depth disclosure of the financial performance of the Group
- considered the Group's medium-term plan (MTP); and
- reviewed the legal, competition and regulatory matters set out in Note 27 to the financial statements on pages 315 to 322 of the Barclays PLC Annual Report 2018.
- The consequences from the UK's anticipated exit from the EU market and customs union are unpredictable and diverse and may impact over a prolonged period. In particular, a significant deterioration in the macro-economic environment in the UK and Europe could lead to credit rating downgrades of the UK sovereign and the Barclays Group, significantly increasing borrowing costs, widening credit spreads and materially adversely affecting the Group's interest margins and liquidity position
- legal proceedings, competition, regulatory and conduct matters giving rise to the potential risk of fines, loss of regulatory licences and permissions and other sanctions, as well as potential adverse impacts on our reputation with clients and customers and on investor confidence and/or potentially resulting in impacts on capital, liquidity and funding
- sudden shocks or geopolitical unrest in any of the major economies in which the bank operates which could impact credit ratings, alter the behaviour of depositors and other counterparties and affect the ability of the firm to maintain appropriate capital and liquidity ratios; and
- evolving operational risks (notably cybersecurity, technology and resilience) and the ability to respond to the new and emergent technologies in a controlled fashion.

Assessment

Risks faced by the Group's business, including in respect of financial, conduct and operational risk, are controlled and managed within the Group in line with the Enterprise Risk Management Framework. Executive management set a Risk Appetite for the Group, which is then approved by the Board Risk and Compliance set limits, within which businesses are required to operate. Management and the Board then oversee the ongoing Risk Profile. Internal Audit provide independent assurance to the Board and Executive Committee over the effectiveness of governance, risk management and control over current and evolving risks.

A full set of material risks to which the organisation is exposed can be found in the Material existing and emerging risks on pages 131 to 136 of the Barclays PLC Annual Report 2018. Certain risks are additionally identified as key themes and monitored closely by the Board and Board Committees. Certain particular risks to viability identified by the Board are detailed below. These have been chosen on the basis of their ability to impact viability over the timeframe of the assessment but in some instances the risks exist beyond this timeframe. These particular risks include:

As a diversified, transatlantic bank with global reach, Barclays is impacted in the longer term by a wide range of macroeconomic, political, regulatory and accounting, technological and social developments. The evolving operating environment presents opportunities and risks which we continue to evaluate and take steps to appropriately adapt our strategy and its delivery. Notably, the consequences of the withdrawal of the UK from the European Union and the associated economic and operational risks have received significant management attention, particularly, given the greater uncertainty this is likely to cause in 2019.

Stress tests

The Board has also considered the Group's viability under specific internal and regulatory stress scenarios.

The Board reviewed external regulatory stress test results which are designed to assess the resilience of banks to adverse economic developments and confirm that we have robust forward-looking planning processes for the risks associated with our business profile.

In addition, the latest macroeconomic internal stress test, conducted in Q4 2018, considered the potential impacts of:

- a severe UK recession triggered by the UK leaving the EU with no transitional arrangements including falling property prices which fail to recover over the forecast horizon and rising unemployment
- significant weakness in the US economy post 2019 as the stimulative effects of tax reform fade
- a sudden shortage of credit in China causing a global recession
- weakness in peripheral Europe driven by an aggressive fiscal easing pledged by the Italian Coalition Government. This weakness is exacerbated by the global economic slowdown in the US and China combined with trade tensions; and
- a major technological outage in the firm.

All of which could result in, among other things, a loss of income or increased impairment. The stress test outcome for macroeconomic tests shows our full financial performance over the horizon of the scenario and focuses on the CET1 capital ratio.

Legal proceedings, competition, regulatory and remediation/redress conduct matters are also assessed as part of the stress testing process. Capital risk appetite and LRA are set at a level designed to enable the Group to withstand various stress scenarios. As part of this process, management also identified actions, including cost reductions and withdrawal from lines of business, available to restore the Group to its desired capital flightpath.

The Group-wide stress testing framework also includes reverse stress testing techniques which aim to identify and analyse the circumstances under which the Group's business model would no longer be viable. Examples include extreme macroeconomic downturn scenarios, or specific idiosyncratic events, covering operational risk (for example, cyberattack), adverse outcomes in legal proceedings, competition, regulatory and conduct matters and capital/liquidity events.

We use an inventory of models, quantitative procedures and judgement to support the stress test calculations and projections. These tools range from experienced management judgement through to sophisticated financial and behavioural models. The stress test evaluation process produces both gross impacts and the effect of mitigation including management actions. This enables us to understand, monitor and control the risks identified. The stress testing process is overseen by a governance structure from the Board through executive business and risk committees. Management believes that the internal and external stress testing process considers a wide range of severe but plausible events. However, stress tests should not be assumed to be an exhaustive assessment of all possible hypothetical extreme or remote scenarios.

These internal and external stress tests informed the conclusions of the WCR. Based on current forecasts, incorporating key known regulatory changes to be enacted and having considered possible stress scenarios, the current liquidity and capital position of the Group continues to support the Board's assessment of the Group's viability.



For a statement as to our dividend policy please see page 89.



The Board's assessment of the Group's viability over the next three years is subject to material existing and emerging risks highlighted on pages 131 to 136.

Non-financial information statement

Measurement and reporting of non-financial matters is key to Barclays and we firmly believe that what is being measured is being managed, hence, our continuous effort at improving and refining our non-financial reporting.

We use a variety of tools to track and measure our strategic delivery and collect both quantitative and qualitative information to get the full picture of our performance. We are also committed to maintaining a robust internal and external assurance process for our key metrics, ensuring that we have strong controls and clear data management in place.

The Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006 are addressed within this section by means of reference in order to indicate which part of the strategic narrative (within this document, or available online) the respective requirements are embedded. We have used references to avoid disrupting or duplicating the narrative flow, in the spirit of clear, concise and transparent reporting.

Non-financial information and the delivery of non-financial benefits for our stakeholders is integrated into the strategy of Barclays. Our business model on page 14 encompasses the non-financial value created for our stakeholders from our resources and relationships of the Group. This value creation is measured through our performance measures.

The principal risks related to the non-financial matters are shown alongside the financial principal risks on page 28, along with a description of their management,

Our non-financial performance measures shown on pages 19 to 27 ensure we maintain accountability and deliver for a wider range of stakeholders. Delivery for our colleagues is discussed in detail within the Colleague section within our KPI framework, and the culture that fosters this environment is discussed in further detail on page 11, and within the People section in the 2018 Annual Report on pages 93 to 98. In respect of environmental matters, we assess our performance through our Citizenship lens, in addition to providing granular level information in our 2018 ESG Report. The report also discusses our position in society, respect for human rights and anti-corruption and anti-bribery matters in more detail.

Areas of the Non-financial information statement are reflected by way of reference to the following locations:

Non-financial information	Section	Page
Business model	Business model	14
Policies	Non-financial information statement	44
Principal risks	Risk review	page 137, Barclays PLC Annual Report 2018
	Risk management	page 137, Barclays PLC Annual Report 2018
	Risk performance	page 149, Barclays PLC Annual Report 2018
Key performance indicators	Key performance indicators	18

We have a range of policies and guidance (available at home.barclays/citizenship/our-reporting-and-policy-positions/ and shown opposite) that support our key outcomes for our customers and clients, colleagues and citizenship activity. Performance against our strategic non-financial performance measures, as shown on pages 19 to 27, is one indicator of the effectiveness and outcome of policies and guidance. The due diligence carried out for each policy is contained within each respective policy documentation. Policies are reviewed annually by the appropriate Board Committee, including an assessment of the effectiveness of the Policy with any recommendations for revisions made to the Board for approval.

Extensive non-financial reporting can also be found in our 2018 ESG Report at home.barclays/citizenship

Each policy is available for downloading from home.barclays/citizenship/our-reporting-and-policy-positions

Across Barclays, policies and statements of intent are in place to ensure consistent governance on a range of issues. For the purposes of the Non-Financial Reporting requirements, these include, but are not limited to:

Non-financial interests

Environmental matters

Policy statement	Description
Energy and Climate Change statement	Our new Energy and Climate Change statement sets out our approach to energy sectors with higher carbon-related exposures from extraction or consumption, and/or those with an impact in certain sensitive environments, namely thermal coal, Arctic oil and gas, and oil sands. The statement outlines the important role Barclays plays in ensuring that the world's energy needs are met, while helping to limit the threat that climate change poses to people and to the natural environment.
World Heritage Site and Ramsar Wetlands statement	We understand that certain industries, and in particular mining, oil and gas, and power, can have negative impacts on areas of high biodiversity value including UNESCO World Heritage Sites and Ramsar Wetlands. We recognise that financing projects located in these areas can impact on the outstanding universal value that they provide. Our World Heritage Site and Ramsar Wetlands statement outlines our due diligence approach to preserving and safeguarding these sites.
Environmental risk	We have a strong commitment to managing the environmental risks associated with commercial lending and recognise that a bank's major environmental impacts tend to be indirect, arising from the provision of financial services to business customers. We believe that taking due account of our environmental impacts is not only the right thing to do, but also makes good business sense.

Employees

Policy statement	Description
Board Diversity Policy	The Board Diversity Policy ('the Policy') sets out the approach to diversity on the Boards of Directors of Barclays PLC.
Code of Conduct	The Barclays Code of Conduct outlines the Values and Behaviours which govern our way of working across our business globally. It constitutes a reference point covering all aspects of colleagues' working relationships, specifically (but not exclusively) with other Barclays employees, customers and clients, governments and regulators, business partners, suppliers, competitors and the broader community.
Health, safety and welfare	Our commitment is to ensure the health, safety and welfare of our employees and to provide and maintain safe working conditions. Effective management of health and safety will have a positive effect on the services we provide. Good working environments will help our employees to perform better in serving our customers, which in turn will create value for all our stakeholders – customers, employees, shareholders and the communities that we serve.
Equality and Diversity Charter	Barclays Equality and Diversity Charter governs the approach for employees of the Group. A diverse employee-base will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between employees, with all appointments made on merit.

Non-financial information statement

Social matters

Policy statement	Description
Donations	Barclays works in partnership with non-profit organisations, including charities and NGOs, to develop high-performing programmes and volunteering opportunities that harness the skills and passion of Barclays' employees. Barclays Citizenship has chosen to partner with a small number of organisations, allowing us to have deeper relationships and ultimately enabling us to have the greatest impact on the communities in which we operate. For this reason, we are unable to provide funding to many of the individual requests we receive. Barclays does not accept unsolicited donation requests.
Tax	Our Tax Principles are central to our approach to tax planning, for ourselves or on behalf of our clients. Since their introduction in 2013 we believe our Tax Principles have been a strong addition to the way we manage tax, ensuring that we take into account all of our stakeholders when making decisions related to our tax affairs. The same applies to our Tax Code of Conduct.
Sanctions	Sanctions are restrictions on activity with targeted countries, governments, entities, individuals and industries that are imposed by bodies such as the United Nations (UN), the European Union (EU), individual countries or groups of countries. The Barclays Group Sanctions Policy is designed to ensure that the Group complies with applicable sanctions laws in every jurisdiction in which it operates.
The defence industry	Barclays has a strong and long-standing commitment to managing the social and ethical risks associated with lending and other types of financial services. We provide financial services to the defence sector within a specific policy framework. Each proposal is assessed on a case-by-case basis and legal compliance alone does not automatically guarantee our support. The Barclays Statement on the Defence Sector outlines our approach and appetite to Defence-related transactions and relationships.

Human rights

Policy statement	Description
Human rights	We operate in accordance with the Universal Declaration of Human Rights and take account of other internationally accepted human rights standards. We also promote human rights through our employment policies and practices, through our supply chain and through the responsible use of our products and services.
Modern slavery	Barclays recognises its responsibility to comply with all relevant legislation including the UK Modern Slavery Act 2015. In accordance with the requirements of the Act, we release an annual Barclays Group Statement on Modern Slavery. This includes work on combating modern slavery in our operations, supply chain, and with clients and customers.
Supply chain	Our supply chain helps us deliver for all our customers, clients and colleagues. Our supply base is diverse, including start-ups, small and medium-sized businesses, and businesses owned, controlled and operated by under-represented segments of society as well as multinational corporations. We recognise that these partnerships have significant direct and indirect environmental and social impacts. We actively encourage our supplier partners to meet Barclays' requirements in order to meet our obligations to our stakeholders.
Data protection	Across Barclays, the privacy and security of personal information is respected and protected. Our Privacy Statement governs how we collect, handle, store, share, use and dispose of information about people. We regard sound privacy practices as a key element of corporate governance and accountability.

Anti-bribery and anti-corruption

Policy statement	Description
Bribery and corruption	We recognise that corruption can undermine the rule of law, democratic processes and basic human freedoms, impoverishing states and distorting free trade and competition. Our statement reflects the statutory requirements applicable in the UK as derived from the United Nations and Organisation for Economic Co-operation and Development conventions on corruption.
Anti-money laundering and counter-terrorist financing	Barclays Anti-Money Laundering Policy is designed to ensure that we comply with the requirements and obligations set out in UK legislation, regulations, rules and industry guidance for the financial services sector, including the need to have adequate systems and controls in place to mitigate the risk of the bank being used to facilitate financial crime.

Our remuneration framework contributes to our success



Crawford Gillies
Board Remuneration Committee
(Chairman)

Our focus is on aligning pay with performance, while ensuring we continue to attract and retain the employees critical to delivering our strategy. Our Fair Pay Agenda is a key lens the Committee applies when considering the appropriateness of pay outcomes.

Overview of performance and pay in 2018

Our pay outcomes for 2018 reflect a year of positive strategic and financial performance for the Group. Strong progress has been made towards our external financial targets and it has been another year of successful execution against our strategy.

Key strategic highlights

- Strong progress towards 2019 and 2020 financial targets.
- Successful stand-up of the UK ring-fenced bank.
- Full regulatory deconsolidation of Barclays Africa Group Limited.

Pay outcomes

- Pool increase of 9% aligns with stronger financial performance (pool down 53% on 2010).
- Group compensation to net income ratio down year-on-year from 38.0% to 36.6%^a.

Group profit before tax excluding litigation and conduct

+20%

2018: £5,701m

2017: £4,748m



Group RoTE excluding litigation and conduct and other material items

+2.9%pts

2018: 8.5%

2017: 5.6%



Group incentive pool

+9%

2018: £1,649m

2017: £1,506m



Cost:income ratio excluding litigation and conduct

-2%pts

2018: 66%

2017: 68%



Note

a Basis aligned with disclosure in the Results Announcement.

Our remuneration framework contributes to our success

Approach to reward

Our remuneration philosophy articulates Barclays' overarching remuneration approach and links remuneration to achieving sustained high performance and creating long-term value. It applies to all employees globally across Barclays and aims to reinforce our belief that effective performance management is critical to enabling the delivery of our business strategy in line with our Values. Employees who adhere to the Barclays' Values and contribute to Barclays' success are rewarded accordingly.

Barclays' remuneration philosophy

Attract and retain talent needed to deliver Barclays' strategy	Long-term success depends on the talent of our employees. This means attracting and retaining an appropriate range of talent to deliver against our strategy, and paying the right amount for that talent
Align pay with investor interests	Ensure employees' interests are aligned with those of investors (equity and debt holders), both in structure and the appropriate balance of returns
Reward sustainable performance	Sustainable performance means making a positive contribution to stakeholders, in both the short and longer term, playing a valuable role in society
Support Barclays' Values and culture	Results must be achieved in a manner consistent with our Values. Our Values and culture should drive the way that business is conducted
Align with risk appetite, risk exposure and conduct expectations	Designed to reward employees for achieving results in line with the bank's risk appetite and conduct expectations
Be clear, transparent and as simple as possible	All employees and stakeholders should understand how we reward our employees. Remuneration structures should be as simple as possible so that everyone can understand how they work and the behaviours they reward

Fair Pay Agenda

We continue to be committed to fair pay, ensuring that all of our employees are appropriately and fairly rewarded for their contribution. The principles and policies that govern our approach to pay have evolved over many years. Through five broad themes, our Fair Pay Agenda brings that approach together in one place; to explain clearly how we think about pay, and how it sits alongside the other support we provide to help our people succeed both in and outside of work. We are committed to ensuring that pay is not only fair, but simple and transparent to all of our stakeholders. This year, we have continued to build on the Fair Pay Agenda, and have separately published a Fair Pay Report which highlights some of our achievements to date and sets out our areas of focus for the future. We encourage you to read the full report which can be found at home.barclays/annualreport

2018 remuneration

The following tables show a single total figure for 2018 remuneration for each executive and non-executive Director together with comparative figures for 2017.

Executive Directors: single total figure for 2018 remuneration (audited)

	Fixed Pay £000		Pension £000		Taxable benefits £000		Annual bonus £000		LTIP £000		Reduction of unvested deferred awards £000		Total £000	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Jes Staley	2,350	2,350	396	396	55	62	1,061	1,065	–	–	(500) ^d	–	3,362	3,873
Tushar Morzaria	1,650	1,614	200	200	49	44	729	747	851 ^a	982 ^{b,c}	–	–	3,479	3,587

- Notes
- a No significant movement in share price between grant and vest (based on Q4 2018 average price), no discretion applied.
 - b The LTIP amount includes a reduction of c.£200k attributable to 17% share price depreciation between date of grant and vesting date; no discretion applied.
 - c LTIP and dividend equivalent figures for 2017 have been adjusted to reflect the share price on the date of vesting (211p) rather than the Q4 2017 average price.
 - d As previously announced, malus was applied to Jes Staley's 2016 variable compensation.

Additional information in respect of each element of pay for the executive Directors (audited)

Fixed Pay

Executive Director Fixed Pay is delivered 50% in cash and 50% in shares which are subject to a five-year holding period lifting annually pro rata.

Pension

Executive Directors are paid cash in lieu of pension contributions.

Taxable benefits

Taxable benefits include private medical cover, life and ill health income protection, tax advice, relocation, car allowance, the use of a Company vehicle and driver when required for business purposes and other benefits that are considered minor in nature.

Annual bonus

The 2018 bonus awards reflect the Committee's assessment of the executive Directors' performance against the financial, strategic non-financial and personal measures and objectives set at the start of the year. A summary of the outcome of this assessment is provided below.

Performance measures	Weighting	Threshold 20%	Maximum 100%	2018 Actual	2018 Outcome	Jes Staley	Tushar Morzaria
Financial							
Profit before tax excluding material items with CET1 ratio underpin	40%	5.00bn	6.50bn	£5.32bn	14.8%		
Cost: income ratio excluding material items	20%	66.5%	62.0%	68.2%	0%		
	60%					14.8%	14.8%
		Assessed against measures within the Performance Measurement Framework					
Strategic	20%					16.5%	16.5%
Personal objectives	20%		See below			17.0%	18.0%
Total						48.3%	49.3%
Final outcome approved by the Remuneration Committee						48.3%	49.3%

In aggregate, the performance assessment for Jes Staley resulted in an overall formulaic outcome of 48.3% of maximum bonus opportunity being achieved. This included an assessment against his personal objectives of 17% out of a total of 20%, recognising his very strong personal performance against both the shared and individual objectives. In relation to his individual objectives, the Committee noted significant progress in the strengthening of controls for cyber readiness, operations and financial reporting and improved customer and client satisfaction.

For Tushar Morzaria, the performance assessment resulted in an overall formulaic outcome of 49.3% of maximum bonus opportunity being achieved. This included an assessment against his personal objectives of 18% out of a total of 20%, also recognising his very strong performance against both shared and individual objectives. In relation to his individual objectives, the Committee noted in particular feedback from the Board, regulators and investors reflecting that Tushar Morzaria is extremely well respected internally and externally, and that the performance of the Finance function has continued to strengthen.

In relation to the shared objectives, the Committee noted that Barclays is on track to achieve external returns targets in 2019 and 2020, that the 2018 cost target of £13.9bn had been achieved and that the Structural Reform programme had been completed. In addition, the Group is operationally prepared for the UK to leave the EU, with an extended license in place for Barclays Bank Ireland and the entity prepared to be fully operational by the end of March 2019.

The Committee considered the outcomes of £1,061,000 for Jes Staley (of which 62% will be deferred) and £729,000 for Tushar Morzaria (of which 45% will be deferred), both slightly down against 2017 outcomes. Based on a balanced assessment across all relevant factors (including the overall strong financial performance of the Group), the Committee determined that the outcomes were appropriate.

LTIP

The LTIP amount included in Tushar Morzaria's 2018 single total figure is the amount scheduled to be released in March 2019 in relation to the award granted under the 2016–2018 LTIP cycle. Jes Staley was not a participant in this cycle.

Performance measure	Weighting	% of award vesting
Average return on tangible equity (RoTE) excluding material items	25%	0%
CET1 ratio as at 31 December 2018	25%	25%
Cost: income ratio excluding material items	20%	0%
Risk Scorecard	15%	10%
Balanced Scorecard	15%	4%
Total		39%
Final outcome approved by the Remuneration Committee		39%

The LTIP award is also subject to a discretionary underpin whereby the Committee must be satisfied with the underlying financial health of the Group. The Committee was satisfied that this underpin was met, and accordingly determined that the award should be considered for release at 39% of the maximum number of shares under the total award. The shares are scheduled to be released in March 2019. After release, the shares are subject to an additional two-year holding period.

Full details of the executive Directors' pay and performance for 2018 can be found on pages 112 to 119 of the Barclays PLC Annual Report 2018.

Our remuneration framework contributes to our success

Chairman and non-executive Directors: single total figure for 2018 fees (audited)

	Fees		Benefits		Total	
	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000
Chairman						
John McFarlane	800	800	1	2	801	802
Non-executive Directors						
Mike Ashley	215	215	–	–	215	215
Tim Breedon	225	225	–	–	225	225
Sir Ian Cheshire ^a	480	360	–	–	480	360
Mary Anne Citrino ^b	39	–	–	–	39	–
Mary Francis ^c	154	135	–	–	154	135
Crawford Gillies ^d	222	195	–	–	222	195
Sir Gerry Grimstone ^e	498	375	–	–	498	375
Reuben Jeffery III	120	120	–	–	120	120
Matthew Lester ^f	135	45	–	–	135	45
Dambisa Moyo	135	135	–	–	135	135
Diane Schueneman ^g	337	308	–	–	337	308
Mike Turner ^h	105	–	–	–	105	–
Diane de Saint Victor ⁱ	–	38	–	–	–	38
Steve Thieke ^j	–	87	–	–	–	87
Total	3,465	3,038	1	2	3,466	3,040

Non-executive Directors are reimbursed expenses that are incurred for business reasons. Any tax that arises on these reimbursed expenses is paid by Barclays. The Chairman is provided with private medical cover and the use of a Company vehicle and driver when required for business purposes.

Notes

a Sir Ian Cheshire's 2018 figure includes fees of £400,000 for his role as Chairman of Barclays Bank UK PLC.

b Mary Anne Citrino joined the Board as a non-executive Director with effect from 25 July 2018. Her fees are therefore pro-rated for the period of her appointment.

c Mary Francis succeeded Sir Gerry Grimstone as Chair of the Board Reputation Committee with effect from 1 April 2018.

d Crawford Gillies was appointed Senior Independent Director with effect from 1 April 2018 and the 2018 figures includes the pro-rated amount for the period of his appointment.

e Sir Gerry Grimstone was appointed Chairman of Barclays Bank PLC with effect from 1 April 2018 and subsequently stepped down as Deputy Chairman, Senior Independent

Director and Chair of the Board Reputation Committee. The 2018 figure reflects this and also includes fees of £400,000 for his role as Chairman of Barclays Bank PLC Board and his previous appointment as Chairman of the BI Divisional Board for the period 1 January–31 March 2018.

f Matthew Lester joined the Board as a non-executive Director with effect from 1 September 2017.

g Diane Schueneman was appointed Chair of Barclays Services Limited (the Group Service Company) with effect from 1 September 2017 and is a member of the Barclays US LLC (the US Intermediate Holding Company) Board. The 2018 figure includes fees of £70,000 for her role on the Barclays Services Limited Board and \$177k (£132k) for her role on the Barclays US LLC Board.

h Mike Turner joined the Board as a non-executive Director with effect from 1 January 2018.

i Diane de Saint Victor retired from the Board with effect from 10 May 2017.

j Steve Thieke retired from the Board with effect from 10 May 2017.

2019 remuneration

For 2019, in line with the Directors' remuneration policy approved by shareholders at the 2017 AGM, the executive Directors' remuneration packages will be as follows:

	Jes Staley	Tushar Morzaria
Fixed Pay	£2,350,000	£1,650,000
Pension	£396,000	£200,000
Maximum Bonus	80% of Total fixed pay ^a	80% of Total fixed pay ^a
Maximum LTIP	120% of Total fixed pay ^a	120% of Total fixed pay ^a

Note

a Total fixed pay is defined as Fixed Pay plus Pension.

Full details of Barclays' Directors' remuneration policy can be found on pages 109 to 110 of the Barclays PLC Annual Report 2018.

Looking ahead

We will be reviewing the Directors' Remuneration Policy during 2019 to ensure that future arrangements are aligned with our strategy and meet regulatory and governance requirements. We will be engaging with shareholders and regulators ahead of the 2020 AGM, at which the policy is next due to be put forward for shareholder approval. In finalising our plans ahead of the departure of the UK from the EU, the Committee will continue to work on the remuneration aspects associated with the operationalisation of Barclays Bank Ireland. Finally, we will continue to focus on our Fair Pay Agenda, as thinking and best practice in this important area evolve.

Strong progress against our strategy



Tushar Morzaria
Group Finance Director

Results for the year reflected good progress against our strategy. Group return on tangible equity was 8.5% with earnings per share of 21.9p, excluding litigation and conduct. The CET1 ratio of 13.2% is at our end state target and Barclays declares a total dividend of 6.5p for 2018.

Group return on tangible equity was 8.5% with earnings per share of 21.9p, excluding litigation and conduct charges. Including litigation and conduct charges, Group return on tangible equity was 3.6% with earnings per share of 9.4p.

Group profit before tax increased 20% to £5.7bn excluding litigation and conduct charges, and the cost: income ratio improved to 66% (2017: 68%) which included a £140m charge to reflect the increase in pension obligations due to Guaranteed Minimum Pensions (GMP). Including litigation and conduct charges, profit before tax was £3.5bn (2017: £3.5bn). Litigation and conduct charges of £2.2bn (2017: £1.2bn) principally related to a £1.4bn settlement with the US Department of Justice (DoJ) with regard to Residential Mortgage-Backed Securities (RMBS) and charges of £0.4bn (2017: £0.7bn) due to Payment Protection Insurance (PPI) in Q118.

Total income was £21,136m (2017: £21,076m). Barclays UK income was stable as lower interest margins were offset by strong balance sheet growth. Barclays International income growth in Markets was offset by lower Banking income, while Consumer, Cards and Payments income growth was offset by the non-recurrence of prior year one-offs, from a US asset card sale and a valuation gain on Barclays' preference shares in Visa Inc, and lower Banking income. Head Office income was a net expense of £273m (2017: £159m).

Credit impairment charges decreased 37% to £1,468m primarily driven by single name recoveries, updates to consensus-based macroeconomic forecasts in the UK and US during the year, non-recurrence of single name charges in 2017, portfolio adjustments as IFRS 9 has continued to embed, and the prudent management of credit risk, including the impact of repositioning the US cards portfolio towards a lower risk mix. This decrease was partially offset by a Q418 £150m specific charge for the impact of the anticipated economic uncertainty in the UK.

Operating expenses of £13,896m (2017: £14,249m) reduced 2% as continued investment to grow the business and improve future operating efficiency was more than offset by elimination of legacy costs, productivity savings and a lower bank levy.

Attributable profit was £1,394m (2017: loss of £1,922m). This reflected the non-recurrence of a £2.5bn loss related to the sell down of BAGL and a tax charge of £1,122m compared to a 2017 charge of £2,240m which included a one-off net charge of £0.9bn due to the remeasurement of US deferred tax assets.

Barclays' CET1 ratio ended the year at 13.2% (December 2017: 13.3%), at our end state target of c.13%.

Consolidated summary income statement

For the year ended 31 December	2018 £m	2017 £m
Continuing operations		
Net interest income	9,062	9,845
Net fee, commission and other income	12,074	11,231
Total income	21,136	21,076
Credit impairment charges and other provisions	(1,468)	(2,336)
Operating costs	(13,627)	(13,884)
UK bank levy	(269)	(365)
Operating expenses	(13,896)	(14,249)
GMP charge ^a	(140)	-
Litigation and conduct	(2,207)	(1,207)
Total operating expenses	(16,243)	(15,456)
Other net income/(expenses)	69	257
Profit before tax	3,494	3,541
Tax charge	(1,122)	(2,240)
Profit/(loss) after tax in respect of continuing operations	2,372	1,301
(Loss)/profit after tax in respect of discontinued operation	-	(2,195)
Non-controlling interests in respect of continuing operations	(226)	(249)
Non-controlling interests in respect of discontinued operation	-	(140)
Other equity instrument holders ^b	(752)	(639)
Attributable profit/(loss)	1,394	(1,922)
Selected financial statistics		
Basic earnings/(loss) per share ^b	9.4p	(10.3p)
Diluted earnings/(loss) per share ^b	9.2p	(10.1p)
Return on average tangible shareholders' equity ^b	3.6%	(3.6%)
Cost: income ratio	77%	73%
Performance measures excluding litigation and conduct		
Profit before tax	5,701	4,748
Attributable profit/(loss)	3,530	(772)
Return on average tangible shareholders' equity	8.5%	(1.2%)
Cost: income ratio	66%	68%

Notes

a A £140m charge for Guaranteed Minimum Pensions in relation to the equalisation of obligations for members of the Barclays Bank UKRF. There was no capital impact of this charge as at 31 December 2018, as the Barclays Bank UKRF remained in accounting surplus.

b The profit after tax attributable to other equity instrument holders of £752m (2017: £639m) is offset by a tax credit recorded in reserves of £203m (2017: £174m). The net amount of £549m (2017: £465m), along with non-controlling interests, is deducted from profit after tax in order to calculate earnings per share and return on average tangible shareholders' equity.

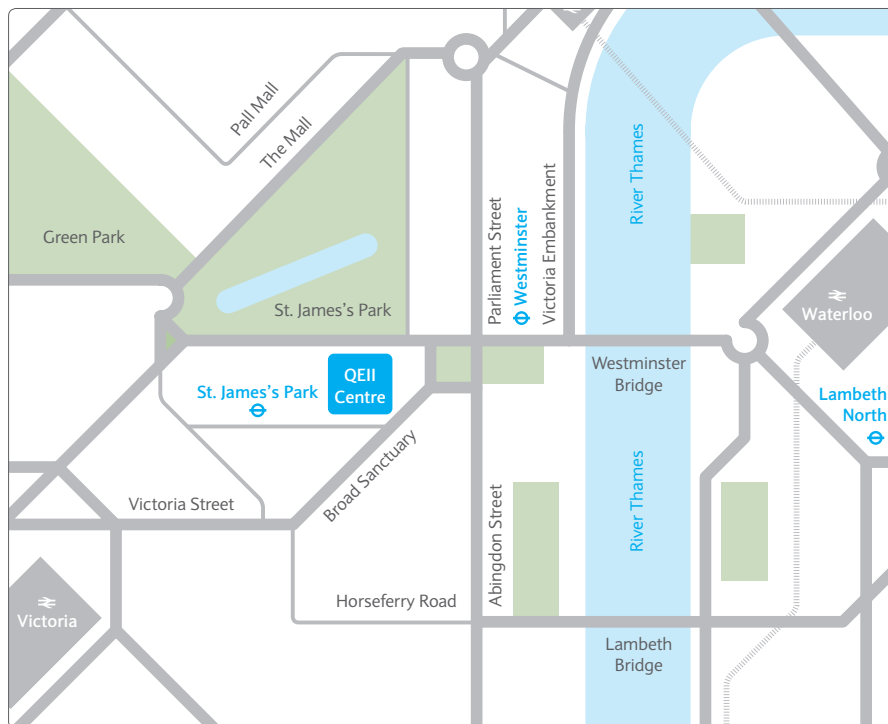
Consolidated summary balance sheet

As at 31 December	2018 £m	2017 ^a £m
Assets		
Cash and balances at central banks	177,069	171,082
Cash collateral and settlement balances	77,222	77,168
Loans and advances at amortised cost	326,406	324,048
Reverse repurchase agreements and other similar secured lending	2,308	12,546
Trading portfolio assets	104,187	113,760
Financial assets at fair value through the income statement	149,648	116,281
Derivative financial instruments	222,538	237,669
Financial investments	–	58,915
Financial assets at fair value through other comprehensive income	52,816	–
Assets included in disposal groups classified as held for sale	–	1,193
Other assets	21,089	20,586
Total assets	1,133,283	1,133,248
Liabilities		
Deposits at amortised cost	394,838	398,701
Cash collateral and settlement balances	67,522	68,143
Repurchase agreements and other similar secured borrowings	18,578	40,338
Debt securities in issue	82,286	73,314
Subordinated liabilities	20,559	23,826
Trading portfolio liabilities	37,882	37,351
Financial liabilities designated at fair value	216,834	173,718
Derivative financial instruments	219,643	238,345
Liabilities included in disposal groups classified as held for sale	–	–
Other liabilities	11,362	13,496
Total liabilities	1,069,504	1,067,232
Equity		
Called up share capital and share premium	4,311	22,045
Other equity instruments	9,632	8,941
Other reserves	5,153	5,383
Retained earnings	43,460	27,536
Total equity excluding non-controlling interests	62,556	63,905
Non-controlling interests	1,223	2,111
Total equity	63,779	66,016
Total liabilities and equity	1,133,283	1,133,248
Net asset value per ordinary share	309p	322p
Tangible net asset value per share	262p	276p
Number of ordinary shares of Barclays PLC (in millions)	17,133	17,060
Year-end USD exchange rate	1.28	1.35
Year-end EUR exchange rate	1.12	1.13

Notes

a Barclays introduced changes to the balance sheet presentation as at 31 December 2017 as a result of the adoption of new accounting policies on 1 January 2018. Further detail on the adoption of new accounting policies can be found in the Barclays PLC Annual Report 2018, Note 1 on pages 264 to 267, Note 42 on pages 348 to 354 and the Credit risk disclosures on pages 273 to 277.

Barclays shareholding




Key dates

- 5 April 2019**
Full year dividend payment date
- 25 April 2019**
Q1 Results Announcement
- 2 May 2019**
Annual General Meeting, at 11.00am
- 17 September 2019**
Half year dividend payment date

Annual General Meeting (AGM)

This year's AGM will be held at the QEII Centre, Broad Sanctuary, Westminster, London SW1P 3EE, on Thursday, 2 May 2019 at 11.00am.

The Chairman and Chief Executive will update shareholders on our performance in 2018 and our goals for 2019. Shareholders will also have the opportunity to ask the Board questions at the meeting.

 You can find out more at: home.barclays/agm

Keep your personal details up to date

Please remember to tell Equiniti if:

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

If you are a Shareview member, you can update your bank or building society account or address details online. If you hold 2,500 shares or less, you can update details quickly and easily over the telephone using the Equiniti contact details overleaf. If you hold more than 2,500 shares you will need to write to Equiniti.

Dividends

The Barclays PLC 2018 full year dividend for the year ended 31 December 2018 will be 4.0p per share, making the 2018 total dividend 6.5p.

Barclays understands the importance of the ordinary dividend for our shareholders. Barclays is therefore committed to maintaining an appropriate balance between total cash returns to shareholders, investing in the business, and maintaining a strong capital position.

Going forward, Barclays intends to pay an annual ordinary dividend that takes into account these objectives, and the medium-term earnings outlook of the Barclays Group. It is also the Board's intention to supplement the ordinary dividends with additional returns to shareholders as and when appropriate.

The Board notes that in determining any proposed distributions to shareholders, the Board will consider the expectation of servicing more senior securities.

Save time and receive your dividends faster by choosing to have them 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 Equiniti contact details overleaf. If you hold more than 2,500 shares, please contact Equiniti for details of how to change your payment instruction.




- Direct to bank account 57%
- Cheque 20.5%
- Scrip Dividend Programme (new shares) 22.5%

Scrip Dividend Programme

Shareholders can choose to have their dividends reinvested in new ordinary Barclays shares through the Scrip Dividend Programme.

More information, including the Terms and Conditions and application form, are available on our website.

 To find out more, contact Equiniti or visit: home.barclays/dividends

Shareholder security

Shareholders should be wary of any cold calls with an offer to buy or sell shares. Fraudsters use persuasive and high-pressure techniques to lure shareholders into high-risk investments or scams. You should treat any unsolicited calls with caution.

Please keep in mind that firms authorised by the Financial Conduct Authority (FCA) are unlikely to contact you out of the blue. You should consider getting independent financial or professional advice from someone unconnected to the respective firm before you hand over any money.

Report a scam

If you suspect that you have been approached by fraudsters please tell the FCA using the share fraud reporting form at fca.org.uk/scams. You can also call the FCA Helpline on 0800 111 6768 or through Action Fraud on 0300 123 2040.



Alternative formats

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

0371 384 2055^a
(in the UK)

+44 121 415 7004
(from overseas)

Audio versions of the Strategic Report will also be available at the AGM.



Managing your shares online

Shareview

Barclays shareholders can go online to manage their shareholding and find out about Barclays performance by joining Shareview.

Through Shareview, you:

- will receive the latest updates from Barclays direct to your email
- can update your address and bank details online
- can vote in advance of general meetings.

To join Shareview, please follow these three easy steps:

- Step 1** Go to portfolio.shareview.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

Returning funds to shareholders


Over 60,000 shareholders did not cash their Shares Not Taken Up (SNTU) cheque following the Rights Issue in September 2013. In 2018, we continued the tracing process to reunite these shareholders with their SNTU monies and any unclaimed dividends and by the end of the year, we had returned approximately £65,000 to our shareholders, in addition to the approximately £212,000 returned in 2017, £1.65m returned in 2016 and £2.2m in 2015.

Donations to charity

We launched a Share Dealing Service in October 2017 aimed at shareholders with relatively small shareholdings for whom it might otherwise be uneconomical to deal. One option open to shareholders was to donate their sale proceeds to ShareGift. As a result of this initiative, £46,957 was donated in 2018, taking the total donated since 2015 to over £345,000.

Useful contact details

Equiniti

 The Barclays share register is maintained by Equiniti. If you have any questions about your Barclays shares, please contact Equiniti by visiting shareview.co.uk



Equiniti

0371 384 2055^a
(in the UK)

+44 121 415 7004
(from overseas)

0371 384 2255^a
(for the hearing impaired in the UK)

+44 121 415 7028
(for the hearing impaired from overseas)



Aspect House, Spencer Road,
Lancing, West Sussex BN99 6DA

American Depositary Receipts (ADRs)

ADRs represent the ownership of Barclays PLC shares which are traded on the New York Stock Exchange. ADRs carry prices, and pay dividends, in US dollars.



If you have any questions about ADRs, please contact J.P.Morgan: jpmorgan.adr@eq-us.com or visit adr.com




J.P.Morgan Shareholder Services
+1 800 990 1135
(toll free in US and Canada)

+1 651 453 2128
(outside the US and Canada)



JPMorgan Chase Bank N.A.
PO Box 64504
St Paul
MN 55164-0504
USA


Shareholder Relations

 To give us your feedback or if you have any questions, please contact: privateshareholderrelations@barclays.com



Shareholder Relations
Barclays PLC
1 Churchill Place
London E14 5HP

Share price

 Information on the Barclays share price and other share price tools are available at: home.barclays/investorrelations

Note

^a Lines open 8.30am to 5.30pm (UK time) Monday to Friday, excluding public holidays.

Notes

The terms Barclays or Barclays Group refer to Barclays PLC together with its subsidiaries. Unless otherwise stated, the income statement analysis compares the year ended 31 December 2018 to the corresponding twelve months of 2017 and balance sheet analysis as at 31 December 2018 with comparatives relating to 31 December 2017. 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; the abbreviations '€m' and '€bn' represent millions and thousands of millions of Euros respectively.

There are a number of key judgement areas, for example impairment calculations, which are based on models and which are subject to ongoing adjustment and modifications. Reported numbers reflect best estimates and judgements at the given point in time.

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 results glossary that can be accessed at home.barclays/results.

The information in this announcement, which was approved by the Board of Directors on [20] February 2019, does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2018, which contain an unqualified audit report under Section 495 of the Companies Act 2006 (which does not make any statements under Section 498 of the Companies Act 2006) will be delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

These results will be filed as a Form 20-F to the SEC as soon as practicable following their publication. Once filed with the SEC, copies of the Form 20-F will also be available from the Barclays Investor Relations website at home.barclays/results and from the SEC's website at www.sec.gov.

Barclays is a frequent issuer in the debt capital markets and regularly meets with investors via formal road-shows and other ad hoc meetings. Consistent with its usual practice, Barclays expects that from time to time over the coming quarter it will meet with investors globally to discuss these results and other matters relating to the Barclays Group.

Non-IFRS performance measures

Barclays' management believes that the non-IFRS performance measures included in this document provide valuable information to the readers of the financial statements as they enable the reader to identify a more consistent basis for comparing the businesses' performance between financial periods and provide more detail concerning the elements of performance which the managers of these businesses are most directly able to influence or are relevant for an assessment of the Barclays Group. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by Barclays' management. However, any non-IFRS performance measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as well. Refer to pages 223 to 227 of the Barclays PLC Annual Report 2018 for further information and calculations of non-IFRS performance measures included throughout this document, and the most directly comparable IFRS measures.

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 the Barclays Group. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures 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 statements include, among others, statements or guidance regarding or relating to the Barclays Group's future financial position, income growth, assets, impairment charges, provisions, business strategy, capital, leverage and other regulatory ratios, payment of dividends (including dividend payout ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, any commitments and targets, estimates of capital expenditures, plans and objectives for future operations, projected employee numbers, IFRS 9 impacts and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. These may be affected by changes in legislation, the development of standards and interpretations under International Financial Reporting Standards including the continuing impact of IFRS 9 implementation, evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules applicable to past, current and future periods; UK, US, Eurozone and global macroeconomic and business conditions; the effects of any volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entities within the Barclays Group or any securities issued by such entities; the potential for one or more countries exiting the Eurozone; instability as a result of the exit by the United Kingdom from the European Union and the disruption that may subsequently result in the UK and globally; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Barclays Group's control. As a result, the Barclays Group's actual future results, dividend payments, and capital and leverage ratios may differ materially from the plans, goals, expectations and guidance set forth in the Barclays Group's forward-looking statements. Additional risks and factors which may impact the Barclays Group's future financial condition and performance are identified in our filings with the SEC (including, without limitation, our Annual Report on form 20-F for the fiscal year ended 31 December 2018), which are available on the SEC's website at www.sec.gov.

Subject to our obligations under the applicable laws and regulations of the United Kingdom and the United States in relation to disclosure and ongoing information, we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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