



# Building the bank of the future

### The Strategic Report

An overview of our 2016 performance, a focus on our strategic direction, and a review of the businesses underpinning our strategy.

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For shareholder information and contact details see page 52

The Strategic Report was approved by the Board of Directors on 22 February 2017 and signed on its behalf by the Chairman.

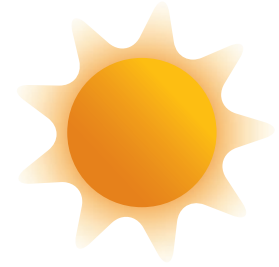
**Status of the Strategic Report 2016** The Strategic Report 2016 is a standalone report that summarises the Barclays PLC Annual Report 2016. For further information and a fuller understanding of the results and the state of affairs of the Group, please refer to the full Barclays PLC Annual Report 2016 at [home.barclays/annualreport](http://home.barclays/annualreport)

Details on how to obtain a copy of the full Barclays PLC Annual Report 2016 can be found in the Shareholder enquiries section.

**Report of the Auditor** The Auditor's report on the full accounts for the year ended 31 December 2016 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.

**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 full details on Notes, Non-IFRS performance measures, and forward-looking statements used within this document, please see the back cover.

# Completing the restructuring of Barclays



#### Where can I find out more?

You can learn about Barclays' strategy, our businesses and performance, approach to governance and risk online, where latest and archived Annual and Strategic reports are available to view or download.



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 2016 at [home.barclays/annualreport](http://home.barclays/annualreport)

# While much is yet to be done, business restructuring will largely be completed in 2017...



## Summary

**Today the Group is smaller, safer, more focused, less leveraged, better capitalised and highly liquid, with the customer at the centre of the business. The sale of Africa, the settlement of legacy conduct matters and the exit of Non-Core will improve this significantly going forward.**



For further information, see [home.barclays/annualreport](http://home.barclays/annualreport)

2016 was pivotal for Barclays, which is engaged in one of the largest restructurings in history.

Jes Staley has had an impressive first year. Initially, he set out a new strategic agenda for the Group as a leading UK and transatlantic bank, with the customer at its heart, placing it at the forefront of our industry, and re-embracing banking as a profession.

Under his leadership, the Core business was redefined and reorganised in preparation for structural reform, together with plans to bring its returns above hurdle rates. It was decided to exit Africa and accelerate the reduction in Non-Core. The senior management team was strengthened with key internal and external appointments, and plans put in place to achieve successful structural reform in the UK and the US, as well as a major medium-term initiative to embrace digital technology, to upgrade our systems architecture, to become fully cyber ready and improve our control effectiveness.

While much is yet to be done, including the full transfer of business to the UK ring-fenced bank during the first half of 2018, business restructuring will largely be completed in 2017, and subject to the future impact of a number of legacy conduct issues, this should allow the Group to return to a good and more stable financial performance in 2018, and possibly in the late months of 2017.

The year itself saw external surprises, including the decision by the UK to exit the EU, a consequent decline in Sterling, as well as a new political climate emerging in the UK and the US. We also faced regulatory pressure to increase capital levels, and the need to improve further our control effectiveness and corporate culture.

Notwithstanding such pressures, I'm pleased with the progress that we have made. The Group implemented its geographic refocus around the UK and North America, while retaining international coverage for our clients. The business was reorganised into Barclays International (corporate/investment banking and international consumer) and Barclays UK (local consumer, small business, UK wealth and credit cards) in preparation for structural reform and to leverage the core competitive advantages of the Group. New senior management joined in Risk, Corporate and Investment Banking and Operations and Technology, and a new Group Executive Committee was constituted, with Jes investing heavily in its cohesion and effectiveness.

Overall, the Group returned to bottom-line profitability in the year, with attributable profits up £2.0bn and with basic earnings per share of 10.4p. Capital was strengthened, and the Common Equity Tier 1 ratio improved by 100bps to 12.4%. The Cost: Income ratio improved from 84% to 76%.

The Core business had a good year with attributable profit doubling to £3.4bn, together with an equivalent improvement in Return on Tangible Equity to 8.4% and basic earnings per share of 20.5p.

This was offset significantly by the £1.9bn loss (11.3p per share) associated with the run down of Non-Core, which saw its risk weighted assets reduce by 41% to £32bn with transactions announced in France, Italy, Spain, Portugal and in Asia. Given this progress, we now expect the run down of Non-Core to be completed six months earlier than planned, at the end of the first half of 2017. This will leave an anticipated residual £25bn of RWAs that will be re-absorbed by the Core businesses.

A major decision was made to sell down our 62% shareholding in Barclays Africa Group Ltd (BAGL) and the process began with a reduction to just over 50%. This investment became non-viable economically under current regulatory capital rules, and the UK bank levy. BAGL had a reasonable year in 2016, although profits were slightly down on 2015. Our shareholding benefitted from an improvement in the exchange rate and an increase in its stock price.

From these statistics, we can see the merits of improving further the Core return, the elimination of the drag from Non-Core, the sale of Africa, and further progressing the resolution of historical conduct matters.

It is worth stepping back to remind shareholders of the enormous changes that are taking place at Barclays. At our peak in 2008 we had:

- £2.1trn in assets against £1.2trn today, down over 40% and declining
- shareholders' equity was £36.6bn, and is now £58.4bn, up 60%
- balance sheet leverage (total assets to ordinary shareholders' funds) was a stretched 56 times, and has been reduced to 21 times
- shareholders' capital as a percentage of risk weighted assets was 8.5% and is now almost double at 16%.

Today therefore, the Group is smaller, safer, more focused, less leveraged, better capitalised and highly liquid, with the customer at the centre of the business. The sale of Africa, the settlement of legacy conduct matters and the exit of Non-Core will improve this significantly going forward.

Despite this progress, significant challenges remain. The interest rate and growth environment remains subdued in our core markets. Our Core business overall is still operating below our cost of equity. In the near term, we need to exit Non-Core and complete the sale of Africa at the best financial outcome possible. UK and US structural reform also needs to be implemented, with a major event involving the transfer of business from Barclays Bank PLC to the ring-fenced bank. A number of potentially material legacy conduct matters need to be resolved at acceptable cost. A way forward to capture the opportunity and mitigate the risk of the UK's exit from the EU needs to be found, depending on the final international agreement. Finally, we need to reach our required regulatory capital and desired control levels. I am confident we have the capacity to work our way through these.

Looking forward therefore, a great deal has changed at Barclays and much will change going forward. We are a major full-service player in the UK, have leadership in several important segments and are the digital banking leader. We also have a major corporate, investment banking and cards presence in the US. For example, our cards and consumer and payments businesses there, now produce more revenues than our equivalent UK business. We also retain a focused international presence to serve our customers internationally and bring overseas customers to our core markets.

# 12.4%

## Common Equity Tier 1 ratio

2016 CET1 ratio up 100bps vs 2015  
(2015: 11.4%)

# £58.4bn

## Shareholders' equity

2016 shareholders' equity up 7% vs 2015  
(2015: £54.5bn)

This foundation gives us a new beginning and subject to the resolution of legacy conduct matters and the satisfactory execution of the near-term agenda. I genuinely believe we can see the light at the end of the tunnel. Restructuring will largely be completed in 2017, and subject to legacy matters, this should allow the Group to return to a good and more stable financial performance in 2018, and possibly in the late months of 2017. This augurs well for completion of the turnaround at Barclays, for future value creation, and at the appropriate time, a reconsideration of the dividend.

I would like to take this opportunity to thank our Board for their contribution to our company. I am also grateful for the enormous progress made by our senior management team, and thank our staff across the organisation for coming every day to serve our customers, without whom we would not have an enterprise. Finally, I would pay respect to our shareholders for their ongoing patience and support.



**John McFarlane**  
Chairman

# ...positioning ourselves for growth while delivering a positive impact on society.



## Summary

**We will stay wedded to a fundamental principle of finance: earn and maintain the trust of your customers and clients. Just as 327 years ago when we were founded, Barclays will be known for the way in which we do business, the integrity with which we operate, having a positive impact on society, and delivering shareholder value.**



For further information, see [home.barclays/annualreport](http://home.barclays/annualreport)

A year ago we laid out our intention to accelerate the restructuring of Barclays and refocus our business as a transatlantic, consumer, corporate and investment bank, anchored in the two financial capitals of the world, London and New York.

I am pleased to report that the strategic actions we have undertaken in 2016 have allowed us to make strong progress against this agenda, including: reorganising our business into Barclays UK and Barclays International; renewing our commitment to operate a leading global corporate and investment bank; reducing our stake in Barclays Africa, over time, to a non-consolidated level; and accelerating the run down of our Non-Core assets.

Barclays UK and Barclays International are doing well, our Corporate and Investment Bank has solidified its position in the bulge bracket, our Non-Core run-down is ahead of schedule, and we expect to close that unit in the middle of 2017. We are also on track to complete the planned sell-down of our Barclays Africa stake to a non-consolidated level in due course. Certain legacy conduct issues remain and we intend to make further progress on them.

In short, we have accomplished a lot in a year, and I am thankful to each and every one of our colleagues who have made this possible. Their efforts mean that, in 2017, we can begin to move on from the restructuring of Barclays, shifting our focus solely to the future, and in particular to how we can generate attractive, sustainable, and distributable, returns for you, our shareholders.

This means increasing management focus on Barclays UK and Barclays International, the future of your firm. Together, they encompass a diverse set of market-leading consumer and wholesale businesses. From retail and business banking operations and our merchant acquiring business in the UK; to our corporate and investment banking and cards businesses in the US. Barclays UK and Barclays International are diversified by product, by customer and client, by currency and by geography. We deliver everything from institutional advisory to international cards and payments; from equity capital markets to corporate lending; from macro markets execution to mortgages.

**“We have accomplished a lot in a year, and I am thankful to each and every one of our colleagues who have made this possible. Their efforts mean that, in 2017, we can begin to move on from the restructuring of Barclays, shifting our focus solely to the future, and in particular to how we can generate attractive, sustainable, and distributable, returns for you, our shareholders.”**

It is worth noting that just over half of our income in 2016 was from our consumer businesses, and just under half from our wholesale businesses. This balance between the two is a huge strength for Barclays, giving us opportunities for growth across a wide waterfront, and resilience in earnings if one side of the mix comes under pressure. I firmly believe that this model gives us the capacity to generate strong sustainable returns for you, our shareholders, through any cycle, especially with the reinvestment capacity we expect to generate through cost savings from the single core operational foundation that we are building.



### Barclays UK

For further information, see pages 26 to 27

#### Personal Banking

For further information, see page 28

#### Barclaycard Consumer UK

For further information, see page 29

#### Wealth, Entrepreneurs and Business Banking

For further information, see page 30

### Barclays International

For further information, see pages 32 to 33

#### Corporate and Investment Bank

For further information, see page 34

#### Consumer, Cards and Payments

For further information, see page 35

#### Non-Core and Africa

For further information, see page 36

Operational and technological strength is going to be a key competitive advantage for any global bank in the future. And so our intent is to build Barclays on a foundation of world class core operations and technology. This will strengthen our core processes, provide our businesses with the ability to use data in new and innovative ways, allowing us to fundamentally rethink the way we run Barclays, and how we serve our customers and clients. Upon this foundation, we can generate efficiency from scale while at the same time ensuring that we deliver world-class customer experience which is key to driving loyalty and long-term growth.

As we complete the restructuring of our bank we will stay wedded to a fundamental principle of finance: earn and maintain the trust of your customers and clients. Just as 327 years ago when we were founded, Barclays will be known for the way in which we do business, the integrity with which we operate, having a positive impact on society, and delivering shareholder value.

We will do that through providing great service, as well as playing our full part in the communities in which we live and work. I am very proud in particular of how, following the EU referendum last June, Barclays continued to be a constructive partner to our customers and clients, and to the Government, as we dealt with the initial impact of that decision.

We stayed truly 'open for business' throughout 2016, lending £3.6bn to small and medium-sized businesses in the UK. We wrote nearly £19bn of mortgages to almost 90,000 households across the country, including to over 18,000 first-time buyers. We processed some £260bn of payments for consumers and businesses in the UK, with £1 in every 3 spent on cards going through our systems. We enhanced our customers' experiences, by introducing market-leading innovations like voice security, contactless cash, a new direct investing platform, and our 'collect' cash management service for businesses.

I was particularly proud when we became the first major UK bank to run TV advertising on how people can protect themselves from fraud. We also helped to up-skill 1.7 million people through a range of regional partnerships and our LifeSkills programme. More than 43,000 colleagues also contributed 212,000 hours of time volunteering for a range of charities and causes.

Our people, and their commitment to Barclays' customers and clients, are the reason why I have such confidence in our capacity to realise our potential as a company. Regardless of role or location, seniority or business unit, I am continually amazed by the talent that we have within Barclays and the dedication people show to this institution. That dedication is one of the company's strongest assets, and it is because of it that bright years lie ahead for our bank. I look forward to discussing this future with you when we meet at our AGM.

**James E. Staley**  
Group Chief Executive

# Our decision making considers developments in the external environment...

## Summary

**As a consumer, corporate and investment bank with operations around the world, Barclays is impacted by a wide range of macroeconomic, political, regulatory and accounting, technological, social and environmental developments. We continue to live in a period of significant change and uncertainty, which requires us to be vigilant in our review and assessment of the operating environment and as nimble as possible in the delivery of our strategy.**

Global economic growth has been modest in recent years and 2016 was characterised by ongoing uncertainty with periods of volatility in global markets and a continuation of the low interest rate environment. A low growth, low interest rate environment makes income growth more challenging.

We experienced significant developments in the global political environment in 2016, including the UK's vote to leave the EU in June and the presidential election in the US in November. Significant policy uncertainty remains around the implications of these events and there is further potential political change in 2017 with several major European countries holding elections. We remain alert to the risks, including those posed by policy-induced disruptions of global trade and investment, as well as the impact of current and potential geopolitical tensions. However, we do not see these events impacting the broad direction of our strategy set out in March 2016 to be a leading transatlantic bank with global reach.

Over recent years a significant objective of change in financial regulation has been to create a stronger banking environment through enhancing capital, liquidity and funding in the sector. A sounder banking environment has been further supported by an increased focus on stress testing, with the UK regulatory authorities completing their third comprehensive stress testing of the sector in November 2016. A key element of the regulatory agenda, known as Structural Reform, requires banks to 'ring-fence' certain activities and these requirements, particularly in the UK and US, were reflected in our strategy update in March 2016. The implementation of these changes requires significant focus and we continue to execute our approach in accordance with regulatory timelines. An additional consideration relates to future accounting changes, specifically the introduction of IFRS9 in 2018 which will see significant change in the accounting for impairment.

Regulatory scrutiny around conduct remains in sharp focus and we continue to embed a conduct-focused culture across the organisation, through the delivery of our strategy, in order to drive positive outcomes for all our stakeholders. We are also working to put legacy conduct issues behind us and the FCA's proposed deadline of the end of June 2019 for PPI complaints, although not yet confirmed, is a significant development.

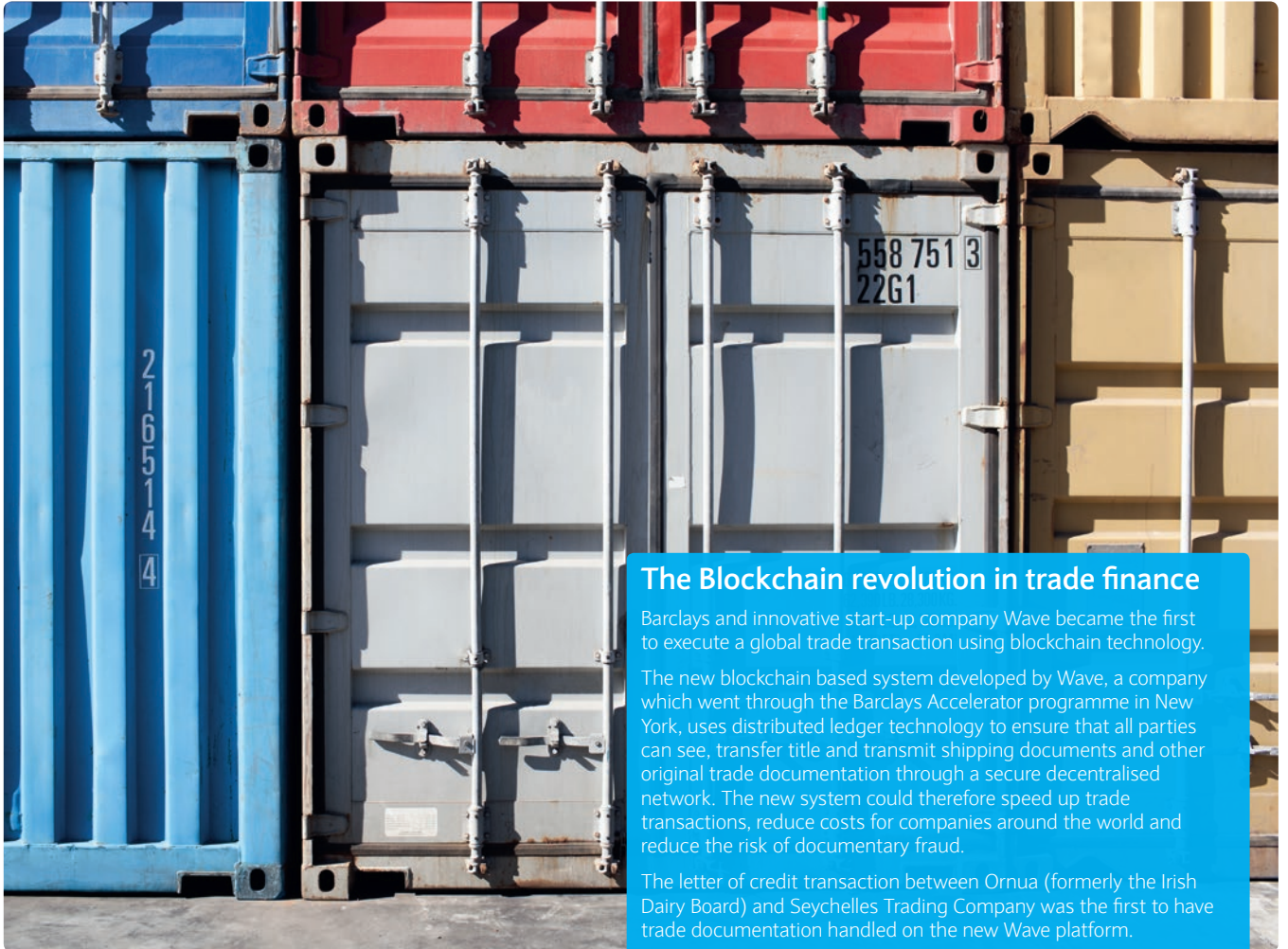
Technological change continues at pace, significantly impacting customer expectations and leading to the ongoing review of established banking operating models and systems.

**“One of the key benefits of digitisation and the growth in mobile banking has been improved customer and client experiences as transactions and interactions become faster and more convenient.”**

However, the rapid speed of innovation also presents challenges. We have seen agile, digital players entering the market while new avenues for increasingly sophisticated fraudulent and criminal activity have been created. We continue to develop new technology and invest in digital and mobile capabilities to improve and differentiate our offering, while remaining constantly vigilant to, and investing in, fraud prevention, cyber risk, IT security and the appropriate management of data.







### The Blockchain revolution in trade finance

Barclays and innovative start-up company Wave became the first to execute a global trade transaction using blockchain technology.

The new blockchain based system developed by Wave, a company which went through the Barclays Accelerator programme in New York, uses distributed ledger technology to ensure that all parties can see, transfer title and transmit shipping documents and other original trade documentation through a secure decentralised network. The new system could therefore speed up trade transactions, reduce costs for companies around the world and reduce the risk of documentary fraud.

The letter of credit transaction between Ornuu (formerly the Irish Dairy Board) and Seychelles Trading Company was the first to have trade documentation handled on the new Wave platform.



For further information, see [newsroom.barclays.co.uk/r/3396/barclays\\_and\\_wave\\_complete\\_world\\_first\\_blockchain\\_trade](https://newsroom.barclays.co.uk/r/3396/barclays_and_wave_complete_world_first_blockchain_trade)

During 2016 there has been activity to further the financial sector's understanding of the potential financial, operational and strategic implications of climate change. In addition, there has been an increase in the level of interest in companies' responses to climate change, largely driven by the ratification of the UN Climate Change Conference requirements and publication of draft recommendations by the Financial Stability Board's Taskforce on Climate-related Financial Disclosures for annual reports.



Developments in the external environment present both opportunities and risks. Without active risk management to address these external factors our long-term goals could be adversely impacted. Our approach to risk management and material existing and emerging risks to the Group's future performance are outlined in the Risk Review section on page 137 of the Barclays PLC Annual Report 2016.

...we create value for our stakeholders and deliver broader economic benefits to society...

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Summary

**Barclays PLC Group operates via two clearly defined divisions – Barclays UK and Barclays International – with a diversified business model that we believe helps to enhance our resilience to changes in the external environment.**

For further information on our divisions see:

**Barclays UK** – pages 26 to 31

**Barclays International** – pages 32 to 35

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**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 325 years
- a strong, well-funded and diversified balance sheet
- customer and client 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 the shared values which inform the way we work and how we act.



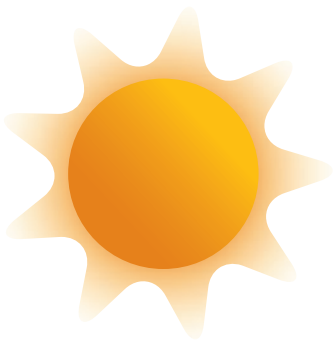
**We aim to provide superior services to help customers and clients create, grow and protect wealth in a sustainable way**

Barclays' customers and clients include: individuals, small and medium-sized businesses, corporates, financial institutions and banks, and 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.



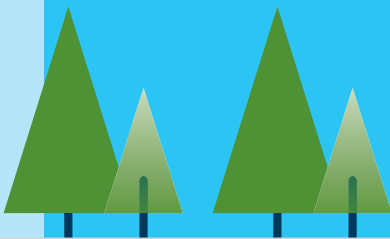


## We support our stakeholders via a commercially successful business that generates long-term sustainable returns

- Our services generate income via net interest income and non-interest income, including fees and commissions as well as trading and investment income through our wholesale activities.
- We are a large financial institution and provide diversification by business line, geography and customer; supported by a conservative risk profile. We believe this diversification and prudence enhances our resilience.

## We aim to deliver broad value from the way we do business, including:

- superior service to enable customers and clients to achieve their ambitions
- challenging and fulfilling careers for our people in a values-driven organisation
- long-term sustainable returns for our investors
- we work together with regulators to help reduce risk in the industry and provide a more sustainable banking landscape over the long term
- employment and growth in the economies in which we operate
- engagement with governments and society to address societal issues and needs.



...where success for us is to be a leading, diversified, transatlantic bank.

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## Summary

**Our goal is to become the bank of choice by providing superior services to customers and clients and supporting our stakeholders via a commercially successful business that generates long-term sustainable returns.**

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The strategy of Barclays PLC Group is to build on our strength as a transatlantic consumer, corporate and investment bank, anchored in our two homes markets of the UK and US, with global reach. Our two clearly defined divisions, Barclays UK and Barclays International, provide diversification by business line, geography and customer, enhancing financial resilience and helping to contribute to the delivery of consistent returns through the business cycle. We have a strong core business with exciting prospects, well positioned to deliver long-term value for our shareholders.

Consistent with the objective of delivering long-term sustainable value for all our stakeholders, we have developed our Shared Growth Ambition – our approach to citizenship and the sustainability of the business model we operate. The aim is to make decisions and do business that provides our clients and customers, and the communities which we serve, with access to a prosperous future.

The delivery of our strategy is underpinned by the energy, commitment and passion of our people, and we are clear on our common purpose: to help people achieve their ambitions, in the right way. Our shared values inform the way we work and how we act, guiding the choices we make every day.

### Building the Barclays of the future

In March 2016 we announced the following actions to materially progress our restructuring and lay the foundations for increased stability and improved performance:

- the creation of two clearly defined divisions, Barclays UK and Barclays International, consistent with the regulatory requirements of ring-fencing in the UK
- the sell-down of our 62.3% stake in Barclays Africa Group Limited (BAGL) to a non-controlling, regulatory deconsolidated, position
- a one-time increase to Barclays Non-Core, with a plan to accelerate the run down.

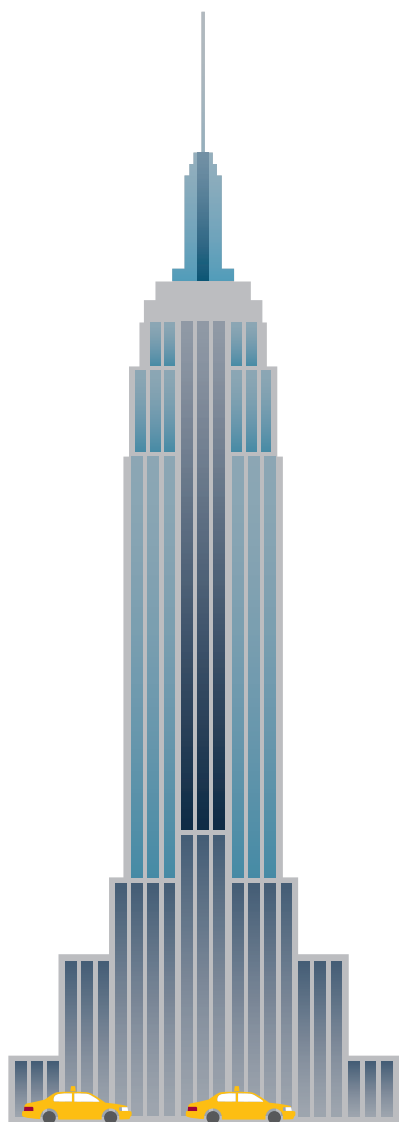
The priorities that emerged from our March 2016 announcement can be broadly summarised as:

- simplifying our core business
- accelerating the run down of our Non-Core operations
- continuing to address our remaining legacy conduct issues and improving our control environment.

### Simplifying our core business

Our two divisions represent a balanced business mix that we believe helps to enhance our resilience to developments in the external environment, while remaining focused on helping our customers and clients achieve their ambitions.

Barclays UK is our UK consumer and business bank differentiated by scale and proven digital capability. Barclays UK will become the ring-fenced bank for the UK during 2018, providing transactional, lending and investment products and services to over 24 million Personal, Wealth and Business Banking customers and clients. For further information on Barclays UK's performance, please see page 26.





## Non-Core run-down

In 2016, Barclays completed the sale of its Retail Banking, Wealth and Investment Management and part of its Corporate Banking business in Portugal which serves small and medium-sized enterprises to Bankinter S.A. Barclays also completed the sale of its insurance business in Portugal to Bankinter Seguros de Vida S.A. Seguros y Reaseguros, which operates an insurance joint-venture with Mapfre S.A.

Completion of this transaction was further progress towards completing the restructuring of Barclays, resulting in a further decrease in risk weighted assets of £1.8bn. The sale is also expected to reduce Group annualised costs by c.£70m.



For further information, see [newsroom.barclays.com/r/3331/accelerated\\_run-down\\_of\\_barclays\\_non\\_core\\_continues\\_sale](https://www.barclays.com/newsroom/barclays.com/r/3331/accelerated_run-down_of_barclays_non_core_continues_sale)

Barclays International is our diversified transatlantic wholesale and consumer bank which will be housed within Barclays Bank PLC, the future non-ring-fenced bank. We seek to compete in markets where we have the competitive advantage and provide best-in-class service to our clients and customers. On 1 July 2016 our US Intermediate Holding Company (IHC) became operational, as part of Barclays International. For further information on Barclays International's performance, please see page 32.

Our objective is to maintain solid investment grade ratings for our rated entities.

Barclays UK and Barclays International will be supported by a Group Service Company, a subsidiary which houses the majority of Barclays' Group Functions and the Chief Operating Office, which includes Operations and Technology.

Further details on the structure of the Group under Structural Reform can be found in the Supervision and Regulation section on page 236 of the Barclays PLC Annual Report 2016.

We are also reducing our stake in Barclays Africa Group Limited to a non-controlling, regulatory deconsolidated position, subject to required approvals. Having completed the first sell-down, to 50.1%, in 2016, we expect to continue to reduce our ownership and will execute this change in our investment responsibly.

### Accelerating the run down of our Non-Core operations

Our Non-Core businesses act as a significant drag on Group profitability and exiting these businesses will enable us to focus on a simplified Group, centred on our key areas of strength. Over the year we have continued to run down our Non-Core business, reducing risk weighted assets and strengthening our Common Equity Tier 1 ratio in the process.



We have made strong progress in executing our strategy and are fully committed to the early closure of Non-Core in June 2017. For further details please refer to the Non-Core Performance Review on page 36.

### Continuing to address remaining legacy conduct issues and improving our control environment

We are working hard to resolve our remaining legacy conduct matters as soon as is practical, while improving our control environment.

We aspire to be one of the world's most respected and well-regarded banks. We put our customers and clients at the heart of everything we do and seek to strengthen trust in the profession of banking, using transparency and integrity to engender the trust of our customers, clients and wider society.





## Our strategy

...where success for us is to be a leading, diversified, transatlantic bank.



### Unreasonable Impact

Barclays and Unreasonable Group have partnered to launch Unreasonable Impact, the world's first international network of accelerators focused on scaling up entrepreneurial solutions that will help employ thousands worldwide while solving some of our most pressing societal challenges. The programme supports the scale of growth-stage ventures by providing entrepreneurs with the resources, mentorship, and global network of support that they need to rapidly create jobs in high impact sectors such as clean energy, waste management and sustainable agriculture.



For further information, see  
[unreasonableimpact.com](http://unreasonableimpact.com)



# We balance risk against opportunity...



## Summary

**Risk management at Barclays is directed and overseen by the independent Risk Management function. The function's primary roles are to define the level of risk taking for the Group in normal and stressed economic conditions and to oversee that business activities are undertaken to be consistent with these levels.**



For further information, see [home.barclays/annualreport](http://home.barclays/annualreport)

The Risk Management function is accountable to the CEO and the Risk Committee of the Board. In 2016, Barclays' financial condition and our results were subject to various external developments, including market volatility related to the UK's vote to leave the EU in June, as well as inflationary expectations related to the US elections in November. In 2017, we will continue to monitor the external environment, including: macro-economic risks in the UK and Europe, heightened risk of global deflation and the possible end of central bank quantitative easing, as well as ongoing regulatory developments.

Barclays engages in activities which entail risk taking, every day, throughout its business. The firm is vulnerable to credit losses in its lending and banking transactions. It experiences gains and losses from market risk in its traded positions. It is subject to treasury risk (including liquidity, leverage and capital gains or losses) in its financial management. Many important activities are managed and controlled through models, which introduce risk in themselves. Across its business, the firm is subject to operational risks, including from fraud, and process or technology failure. Our reputation is important when it comes to trust in the firm's integrity and competence. In addition Barclays may, in its activities, create conduct risk in relation to its customers, clients and the markets in which it operates. Lastly, Barclays faces the risk of being penalised for not meeting its legal obligations.

The firm sets a risk appetite based on current and anticipated exposures, and views on the evolution of markets and the economy in normal and stressed conditions. In effect, the risk appetite is designed to measure the amount of market volatility and stress the firm can withstand, while still meeting its financial goals and regulatory requirements. This enables the Risk function to set, monitor and enforce appropriate risk limits.

The overall governance of Risk is defined in an Enterprise Risk Management Framework (ERMF), which describes how Barclays identifies and manages risk. The framework defines the Principal Risks to which the firm is subject to (see table overleaf). Model risk, reputation risk and legal risk are newly classified as Principal Risks in the latest version of the ERMF, reflecting the heightened importance of these risk types in the current environment. Other risks may also arise from time to time, for example, the firm is also subject to political and regulatory risks. While these risks are not considered Principal Risks, they are also subject to the principles set out in the ERMF and overseen by Risk Management.

**“The firm sets a risk appetite based on current and anticipated exposures, and views on the evolution of markets and the economy in normal and stressed conditions.”**

All colleagues have a specific responsibility for risk management under a Three Lines of Defence model. The First Line includes customer and client-facing colleagues and supporting functions. The role of the first line is to identify and manage risks. The Risk and Compliance functions form the Second Line. They set and monitor compliance with the rules and limits needed to stay within risk appetite. Finally, Internal Audit is the Third Line, who provide assurance to the Board on the effectiveness of risk management. The ERMF also sets out Risk governance principles and committee structures. The ERMF is approved by the Board.

**Principal Risks are overseen by a dedicated Second Line function<sup>a</sup>**

Risks are classified into Principal Risks, as below

How risks are incurred/managed

<b>Credit Risk</b>	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.	We incur credit risk when we lend money, e.g. to individual customers (including mortgages, credit cards and personal loans), small and medium-sized businesses, loans to large companies; and from derivatives contracts.
<b>Market Risk</b>	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.	We incur market risk via trading activities with clients and via the liquid assets Barclays holds to ensure we can meet our short-term obligations.
<b>Treasury and Capital Risk</b>	<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>	<p>We can incur liquidity risk in the event of severe financial market disruptions or Barclays idiosyncratic events that impede the bank's ability to secure funding.</p> <p>Capital risk is mainly due to large unexpected losses, which can arise, e.g., from economic or market events or fines. Changes in regulations can also affect the assessment of capital adequacy.</p> <p>Interest rate risk arises because assets, such as loans to customers, and liabilities, such as deposits, carry different interest rates. Losses can occur when interest rate changes affect the performance of assets and liabilities differently. Interest rates have different impacts on assets and liabilities due to contractual differences, e.g. fixed vs floating interest rate profiles.</p>
<b>Operational Risk</b>	The risk of loss to the firm from inadequate or failed processes or systems, human factors or due to external events (e.g. fraud) where the root cause is not due to credit or market risks.	Operational risks are inherent in the firm's activities, and can arise, e.g. from fraud, process or technology failures.
<b>Model Risk</b>	The risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports.	Model risk is incurred through model misuse and poorly designed/implemented models.
<b>Reputation Risk</b>	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 positive and dynamic culture within Barclays, ensuring that we act with integrity, enabling strong and trusted relationships to be built with customers and clients, colleagues and broader society.
<b>Conduct Risk</b>	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.	All colleagues are responsible for the management and mitigation of conduct risk. The Compliance function sets the minimum standards that are required to ensure this risk is managed and provide oversight to ensure these risks are effectively managed and escalated where appropriate.
<b>Legal Risk</b>	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 Group conducts diverse activities in a highly regulated global market and therefore is exposed to the risk of fines and other sanctions relating to the conduct of its business. The Group General Counsel and the Legal function support colleagues to mitigate legal risk.

Note  
<sup>a</sup> Legal risk is overseen by the Group General Counsel and the Legal function, which are not part of the Three Lines of Defence.



In 2016, markets experienced three distinct phases of volatility. At the start of the year, fears of a slowdown in China led to a sharp decline in global interest rates and equity markets. Mid-year, closer to home, the UK's vote to leave the EU led not just to volatility in financial markets but also drove a steep decline in Sterling to levels not seen in 30 years. Moreover, the referendum has sparked fears, which still persist, of resultant real weakness in the UK economy. Toward the end of the year, US election results buoyed international equity markets, and sparked rate rises on the anticipation of global reflation. The firm has aimed to prudently manage its exposures to financial markets over the last year, consistent with our risk appetite and engagement in global financial markets. The results of the UK referendum and the US elections will likely be felt over 2017 and beyond, and require continued care in managing the firm's exposures, not just in financial markets but in credit portfolios. In addition to financial risk, the firm continues to monitor its risk processes and operational risks closely.

Focus areas in 2016 have included credit risk, with a management review of the UK and US cards portfolio impairment modelling leading to process enhancements, and operational risk focus areas including technology and information security. The number of well-publicised instances of cyber-attacks and related fraud has been increasing in both scope and size, placing a greater need to increase protection. Barclays also continues to pay careful attention to the management of conduct and reputational risks (please see pages 160 and 161 of the Barclays PLC Annual Report 2016).

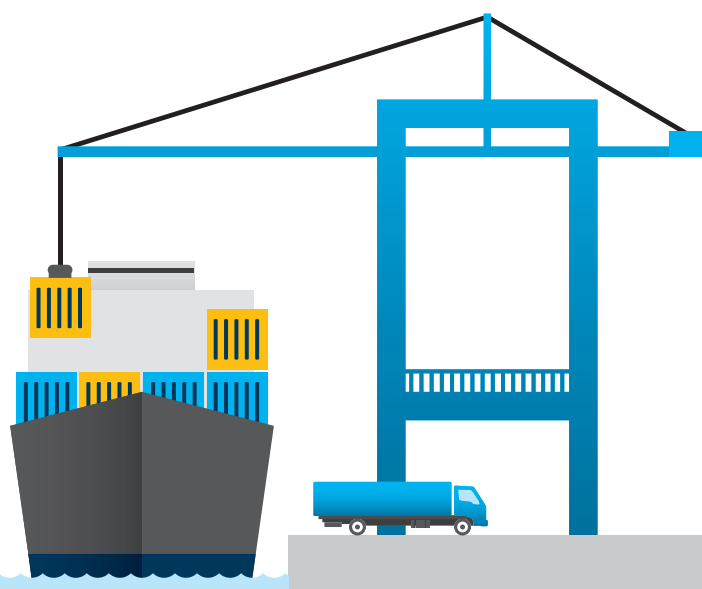
## “All colleagues have a specific responsibility for risk management under a Three Lines of Defence model.”

The firm continues to respond to evolving regulatory requirements, including in relation to IFRS9, stress testing, UK Structural Reform, and the institution of the Intermediate Holding Company (IHC) in the US. These changes require considerable risk management effort and monitoring (please see material existing and emerging risks outlined in the Risk Review section on page 137 of the Barclays PLC Annual Report 2016). In particular, IFRS9 implementation is expected to result in higher impairment loss allowances that are recognised earlier, on a more forward-looking basis and on a broader scope of financial instruments. Finally, in 2016, the firm commenced the re-organisation of the risk management function by legal entity. This is being done in compliance with the requirements of Structural Reform and to support the IHC.

In summary, the scale, complexity and requirements of Risk Management have been steadily increasing since the financial crisis of 2008-2009, and will continue to do so. At the same time, the market and economic environment are showing greater signs of flux, after a relatively long period of improving credit conditions and quiescent volatility. The combination of these factors will likely pose important challenges for Risk Management in 2017.



C.S. Venkatakrishnan  
Chief Risk Officer



... and positive outcomes for our stakeholders are integral to our long-term strategic success.

## Summary

**In 2013, we introduced a Balanced Scorecard to allow delivery of our strategy to be measured over a five-year time horizon. As we are now approaching the end of this period, we believe that a revised approach to measuring financial and non-financial performance, aligned to the strategic update announced on 1 March 2016, is more appropriate.**






**We comment in this section on our performance against the Balanced Scorecard in 2016, and introduce the revised performance measurement framework that we will use going forward to assess progress against our strategy.**

In 2016, the Balanced Scorecard was used by the organisation as part of its performance management framework, to assess our performance against nine specific metrics that were designed to allow progress against our strategy to be measured. These metrics were aligned to five categories: Company, Customer and Client, Colleague, Citizenship and Conduct. In revising our approach to performance measurement going forward, we have kept elements of the Balanced Scorecard consistent, such as the objective of delivering positive outcomes for all our stakeholders and many of the metrics, but broadened the scope of the evaluation to produce a more detailed and informed reflection of how we are delivering against our strategic objectives.

Overall in 2016, the majority of these Balanced Scorecard metrics remained broadly stable, with the exception of our CET1 ratio and the percentage of women in senior leadership, both of which improved. Below you will find a summary of our performance in 2016 against the each of the Balanced Scorecard categories.

**Company:** our financial metrics were revised within the Balanced Scorecard at the beginning of 2016 when we announced our intention to simplify our financial targets for Barclays PLC Group to focus on three key metrics. We aligned our focus to Return on Tangible Equity, from Return on Equity, taking on board the feedback from our stakeholders and aligning ourselves to how many of our peers report their returns. We are also committed to the continued management of our cost base, as a proportion of income, and incorporated Cost: Income ratio as a new metric. Finally, we continue to focus on our CET1 ratio, by driving the capital strength and resilience of Barclays and ensuring a safer bank for all of our stakeholders. Further detail on how we performed against our financial metrics under our revised performance measurement framework can be found on page 19.

## Delivery of 2016 Barclays PLC Group performance against our Balanced Scorecard

	Primary metrics	2014 Actual	2015 Actual	2016	2018 Target
 <b>Company<sup>a</sup></b>	Return on Tangible Equity	5.9%	5.8%	<b>4.4%</b>	N/A
	Excluding notable items <sup>b</sup>	(0.3%)	(0.7%)	<b>3.6%</b>	
	Including notable items				
 <b>Customer and Client</b>	Cost: Income ratio <sup>c</sup>	70%	69%	<b>72%</b>	N/A
	Excluding notable items <sup>b</sup>	81%	81%	<b>74%</b>	
	Including notable items				
	Common Equity Tier 1 ratio	10.3%	11.4%	<b>12.4%</b>	N/A
 <b>Colleague</b>	Net Promoter Score (NPS)	4th	4th	<b>4th</b>	1st
	Client Franchise Rank (CFR)	5th	5th	<b>5th</b>	Top three
 <b>Citizenship</b>	Sustained engagement of colleagues score	72%	75%	<b>75%</b>	87-91%
	% of women in senior leadership	22%	23%	<b>24%</b>	26%
 <b>Conduct</b>	Citizenship Plan – initiatives on track or ahead of plan	11/11	10/11	<b>8/10</b>	Plan targets
	Conduct Reputation (YouGov survey)	5.3/10	5.4/10	<b>5.4/10</b>	6.5/10

Note:  
a New Company targets were introduced on 1 March 2016. The Adjusted Return on Equity metric was replaced with Return on Tangible Equity and the Cost: Income ratio was introduced.  
b Notable items comprise provisions for UK customer redress of £1 bn (2015:2.8bn), a £615m (2015: £nil) gain on disposal of Barclays' share of Visa Europe Limited, and an own credit loss of £35m (2015: gain of £430m).  
c Cost: Income ratio for the Balanced Scorecard expressed as total operating expenses of the Group, including Africa, divided by the total income of these businesses (both excluding notable items).

**Customer and Client:** despite improvements to our NPS across most consumer businesses, our ranking of 4th relative to our peer group remained the same, as improvements continued across the industry. We focused on making further enhancements to customer journeys and strengthening the level of engagement we have with customers, while continuing to offer innovative products and services that meet their needs. We were pleased that our Client Franchise Rank remained flat on 2015, demonstrating the strength of our banking and markets franchises in our home markets of the UK and US, despite the execution of our strategic realignment announced on 1 March 2016. Further detail on how we delivered positive outcomes for Customers and Clients under our revised performance measurement framework can be found on page 20.

**“ We remain resolutely focused on creating an environment in which our colleagues feel enabled to fulfil their potential. ”**

**Colleague:** we saw an improvement in the gender diversity of our leadership, with initiatives to promote diversity proving successful. Our colleague engagement remained constant despite some significant organisational change. We remain resolutely focused on creating an environment in which our colleagues feel enabled to fulfil their potential. Further detail on how we delivered positive outcomes for Colleagues under our revised performance measurement framework can be found on page 22.

**Citizenship:** previously, performance was measured against 11 metrics embedded in the 2015 Citizenship Plan, which has now been completed. In June 2016, Barclays launched the Shared Growth Ambition and we have developed new metrics as part of the evolution of our performance measurement framework. 2016 is a transition year in moving to our new approach, with distinct performance frameworks for Barclays Group (excluding Africa) and Barclays Africa.

For Barclays Group (excluding Africa), performance was assessed against six initiatives: three reflecting the new Shared Growth Ambition focus areas of ‘access to financing’, ‘access to financial and digital empowerment’ and ‘access to employment’; and three initiatives that are consistent with the previous Citizenship Plan, namely ‘Barclays Way training’, ‘carbon emissions reduction’ and ‘payment of our suppliers on time’. We exceeded our objectives on all six of these initiatives in 2016 (see page 23 for more detail).

Barclays Africa has a Citizenship strategy that is closely aligned, but focused on four regionally specific objectives. In 2016, Barclays Africa delivered strong performance on ‘investment in education’ and ‘SME financing’, both of which were on track for 2016. However, performance on two initiatives in Africa was off-track due to external challenges which impacted the delivery of ‘planned employability’ and ‘financial inclusion interventions’, and resulted in an overall Group score of 8/10 for Citizenship on the Balanced Scorecard.

**Conduct:** our Conduct Reputation measure was flat on 2015, at 5.4/10, as stakeholder audience perceptions weakened slightly across the components of the Conduct measure, with the exception of ‘Has high quality products and services’. While below our expectations, overall performance on the Conduct reputation measure remains stronger than two of the three prior years and reflects our ongoing commitment to promoting a positive conduct and values-based culture. In 2016, the Group continued to incur significant costs in relation to litigation and conduct matters and resolution of these matters remains a necessary and important part of delivering the Group’s strategy, together with an ongoing commitment to improve oversight of culture and conduct. As we transition to our revised performance measurement framework (see page 18 for more detail), how we behave through our conduct and culture underpins our objective of achieving positive outcomes for all our stakeholders and is embedded across the organisation.



**Supporting the UK economy**

Barclays added £8.5bn<sup>a</sup> in economic benefit to the UK through our employment, supply chain and purchasing power, which creates a positive ripple throughout the economy. This is a bigger benefit than the entire UK pharma, IT or aviation industry.

Note  
a From April 2015 to March 2016.

## Our key performance indicators

... and positive outcomes for our stakeholders are integral to our long-term strategic success.

### Revised performance measurement framework

**Evolving our approach to measuring progress towards our strategic goals and delivering positive outcomes for all our stakeholders.**

In line with our objective of delivering a simplified bank, focused on delivering long-term sustainable value for all our stakeholders through the strategic actions announced on 1 March 2016, we are now evolving our approach to performance measurement to reflect better the way in which management monitors the performance of the Group. The framework incorporates a balance of key financial performance metrics, while broadening our approach to strategic non-financial measures, and represents an evolution from the Balanced Scorecard that has been used since 2013.

Our revised approach retains a similar focus on achieving positive outcomes for our key stakeholders. However, rather than focusing on a few narrowly defined targets to measure our performance, the revised approach allows for a more holistic assessment, and provides a better reflection of our progress towards the strategic goals of the organisation.

**“ The revised approach will support the sustained delivery of our strategy over the medium to long-term and will influence executive remuneration from 2017. Our strategic success is intrinsically linked to the positive impact we have on all our stakeholders and society as a whole. ”**

### Financial performance metrics

The financial metrics are aligned to Barclays PLC Group Financial Targets: Group Return on Tangible Equity (RoTE) to converge with Core RoTE; Cost: Income ratio below 60%; and CET1 ratio 150-200bps above the minimum regulatory level, and will be reported quarterly as part of our financial results. Achieving these three targets within a reasonable timeframe is consistent with our aim of generating long-term sustainable returns for the shareholders of Barclays PLC Group.

### Strategic non-financial performance measures

Non-financial measures remain an important element of how we evaluate our strategic performance, in achieving our ambition of delivering a sustainable business for all our stakeholders. We focus on the impact we make on our customers and clients, colleagues, and the benefit we bring to society via our new citizenship strategy – our Shared Growth Ambition. These measures are underpinned by how we behave towards all our stakeholders, through our conduct and our culture.

To assess our performance, we draw on a broad range of information sources that are aligned to our management reporting framework, including internal management reports and external measures, ensuring a balanced view. As our management reporting framework develops, the sources may also evolve, but we will retain a consistent approach, with quantitative and qualitative evaluation to provide context to the performance assessment.

## Revised Barclays PLC Group Performance Measurement Framework

### Financial performance metrics

#### – to be delivered within a reasonable timeframe

- Group RoTE to converge with Core RoTE
- Group Cost: Income ratio below 60%
- CET1 ratio 150-200bps above minimum regulatory level

### Strategic non-financial performance measures

#### – delivering positive outcomes for our stakeholders

#### Customer and Client

- 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

#### Colleague

- 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 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 future, through our Shared Growth Ambition
- Proactively managing the environmental and societal impacts of our business

Underpinned by how we behave towards all our stakeholders through our **conduct and culture**

## Financial performance metrics

### Key outcomes we will look to achieve include:

Achieving Barclays PLC Group financial targets within a reasonable timeframe, consistent with our aim of generating long-term sustainable returns for the shareholders.

### How we measure success

Current financial targets that we aim to achieve within a reasonable timeframe:

- Group Return on Tangible Equity (RoTE) to converge with Core RoTE
- Cost: Income ratio below 60%
- CET1 ratio 150-200bps above the minimum regulatory level.

### How and why we are renewing our approach

On 1 March 2016, we set out three financial targets to allow shareholders to track our progress towards our strategic objectives. Our revised approach aligns our financial performance metrics to the Barclays PLC Group targets, which are reported quarterly in line with our financial results.

### How we are doing

# 3.6%

## Group Return on Tangible Equity

(2015: (0.7%))

# 8.4%

## Core Return on Tangible Equity

(2015: 4.8%)

RoTE measures our ability to generate acceptable returns for shareholders. It is calculated as profit after tax attributable to ordinary shareholders, divided by average shareholders' equity for the year, excluding non-controlling interests and other equity instruments adjusted for the deduction of intangible assets and goodwill.

Group RoTE increased to 3.6% (2015: (0.7%)) predominately reflecting the significantly lower impact of notable items in 2016, as profit before tax increased 182% to £3,230m. Notable items totalled a net loss before tax of £420m (2015: £3,330m) comprising provisions for UK customer redress of £1,000m (2015: £2,772m), a £615m (2015: £nil) gain on disposal of Barclays' share of Visa Europe Limited and an own credit loss of £35m (2015: gain of £430m). Excluding notable items, Group RoTE was 4.4% (2015: 5.8%).

Core RoTE increased to 8.4% (2015: 4.8%), or 9.4% (2015: 11.2%) excluding notable items, on an average tangible equity base that was £4.2bn higher at £41.0bn. While we expect Group and Core RoTE to converge over time, Group RoTE in 2016 was significantly impacted by the loss before tax of £2,786m (2015: £2,603m) incurred by Non-Core as its run-down was accelerated.

# 76%

## Cost: Income ratio

(2015: 84%)

Cost: Income ratio measures operating expenses as a percentage of total income, and is used to gauge the efficiency and productivity of our business.

Group Cost: Income ratio reduced to 76% (2015: 84%) primarily as a result of lower litigation and conduct charges, as total operating expenses declined 12% to £16,338m. Group Cost: Income ratio, excluding notable items, was 73% (2015: 70%), with the increase primarily driven by negative income in Non-Core reflecting the acceleration of the run-down. Core Cost: Income ratio, excluding notable items, was 61% (2015: 62%), as Core income increased by 7% to £22,035m, while total operating expenses increased by 6% to £13,507m. We are on track to achieve our Group target of below 60% over time.

## Our key performance indicators

... and positive outcomes for our stakeholders are integral to our long-term strategic success.

# 12.4%


### Common Equity Tier 1 (CET1) ratio (2015: 11.4%)

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 to: ensure the Group and all of its subsidiaries are appropriately capitalised relative to their minimum regulatory and stressed capital requirements; 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 (CRDIV – an EU Directive prescribing capital adequacy and liquidity requirements), and is part of the regulatory framework governing how banks and depository institutions are supervised.

The Group's CRD IV fully loaded CET1 ratio increased to 12.4% (2015: 11.4%) due to an increase in CET1 capital to £45.2bn (2015: £40.7bn), driven largely by profits generated during the year. This was partially offset by an increase in RWAs to £366bn (2015: £358bn), driven by the appreciation of US Dollar, Euro and South African Rand against Sterling.

We have increased our expected end-state management buffer from a 100-150bps range to 150-200bps above the minimum regulatory level, providing 400-450bps buffer to the Bank of England stress test systemic reference point. On this basis we currently expect our end-state CET1 ratio to be in a range of 12.3-12.8% and we remain confident in our capital trajectory.

 For full details of our financial performance, please refer to the financial statements from page 267.

### Strategic non-financial performance measures: Customer and Client

#### 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

Progress towards these outcomes is informed by a number of sources including internal dashboards, regular management reporting materials and external measures, ensuring a balanced review of performance. Evaluation includes, but is not limited to:

- Net Promoter Scores (NPS)<sup>1</sup>
- Client rankings and market shares
- Complaints performance
- Lending volumes provided to customers and clients.

#### How and why we are renewing our approach

These measures build on the previous Balanced Scorecard metrics for Customer and Client, defined as Relationship NPS and Client Franchise Rank. Our revised approach allows for a broader consideration of how well we are serving our customers and clients, including our complaints performance and the volume of lending we have provided to support consumers and businesses, as well as examples of innovation.



**Supporting SMEs**  
We lent to a UK SME every four minutes<sup>a</sup>.

Note  
a From April 2015 to March 2016

## How we are doing

In 2016, we focused on delivering excellent customer and client experience, by offering innovative products and services to meet their needs in an appropriate and accessible way, while also promoting fair, open and transparent markets. Although our NPS increased across many of our businesses, customer expectations also continued to increase, meaning continual improvements to our customer journeys across our businesses are necessary. And while the repositioning of our CIB involved challenging strategic choices to reduce our activities in certain products and geographies, our client rankings and market shares demonstrate the strength of our proposition in our home markets of the UK and US. Complaints reduction remains a priority and we have more work to do, as can be seen from our position in the FCA complaint tables in the UK<sup>2</sup>. This is a key focus area for management as part of our ongoing commitment to improve our oversight of conduct.

## Net Promoter Scores<sup>1</sup>

Relationship NPS (RNPS) across Barclays UK in 2016 reached a high of +13, an increase of 6 points compared to 2015, with more customers advocating our brands across key product categories, notably UK current accounts and UK credit cards. The continuous improvements we made to customer journeys through automation, digitisation and omni-channel capabilities were reflected in an average increase of five Transactional NPS (TNPS) points, with particularly strong scores in Barclays Mobile Banking and Pingit. Our Barclaycard International business also continued to have strong RNPS, driven by a clear focus on advocacy and improvements in our products and digital experience. Despite minor improvements to our NPS in business banking, we are intently focused on improving customer experience in 2017 to meet and exceed industry benchmarks. We are placing particular focus on our TNPS for business banking telephony and complaints, which are below expectations.

## Client rankings and market shares

In Barclays International, within the Corporate and Investment Bank, we ranked in 2016: 5th by fee share, up from 6th in 2015, across our UK and US home markets in M&A, equity and debt capital markets and syndicated loan transactions (Dealogic) and 4th based on 2016 Global Fixed Income market share (Greenwich Associates). Among our largest UK corporate clients, 90% considered the service they receive from Barclays to be good, very good or excellent, broadly stable with 2015 (Charterhouse<sup>3</sup>).

## Complaints

Underlying complaint volumes in Barclays UK reduced by 11% as a result of our ongoing focus on improving customer journeys. However, with PPI complaints increasing by 16%, total Barclays UK complaint volumes were up 1% year on year in 2016. Barclays International complaints increased 8%, mostly in our consumer business, driven by 6% growth in US credit card average open accounts, although complaints per account still remain close to an all-time low.

## Lending volumes

Barclays is an important provider of financial services to UK businesses – we provided around £70bn of loans, up 6%, and just over £3.6bn to SMEs, demonstrating our commitment to supporting growth in the UK. We also extended or renewed mortgage facilities worth nearly £19bn, up 8% year on year, to nearly 90,000 UK households. Building on the success of our digital consumer loan offering to existing customers, we recently became the first UK bank to offer instant business lending via a mobile app. And we processed one third of all payments made in the UK, through customer spending and our merchant acquiring network.

**“In 2016 we focused on delivering excellent customer and client experience, by offering innovative products and services to meet their needs in an appropriate and accessible way.”**

## Making customers' and clients' lives easier

We are making our customers' and clients' lives much easier through pioneering innovation. For example, Barclays will be the first UK bank to offer a contactless mobile withdrawal service of up to £100 with the tap of a smartphone. We also launched our new online direct investing service (Smart Investor) and are the first high street bank to provide fully integrated banking and investments via online banking. Barclaycard also continued to lead in innovation, being the first of our competitors to launch a proprietary contactless Android capability through its app.

We also offered initiatives to help high-growth businesses flourish – for example, our Barclays Eagle Labs provided innovation hubs for pioneering businesses in bank branches around the UK (see case study on page 28). Our UK credit cards' Specialist Support team won the Vulnerable Customer Support Initiative Award at the 2016 Collections and Customer Service Awards; testament to the significant work we have done to provide the best possible experience to customers in difficult situations.



Our customers and clients are at the heart of our purpose and strategy. For further information on our customer propositions provided via our two core divisions, Barclays UK and Barclays International, please refer to pages 26 to 35.

## Notes

- 1 NPS is a ranking widely used in banking and other industries that facilitates comprehensive benchmarking and identifies best practice. Relationship NPS is measured at a business level, whereas Transactional NPS is measured for key customer journeys.
- 2 FCA reporting methodology changes were implemented for the second half of 2016, with reporting to commence from the end of February 2017.
- 3 Charterhouse Research Business Banking survey, 804 interviews with businesses in the UK turning over £25m-£1bn in 2016. Data is weighted to be representative of the UK business market. Percentage rating for overall service of bank named as main bank.



## Our key performance indicators

... and positive outcomes for our stakeholders are integral to our long-term strategic success.

### Strategic non-financial performance measures: Colleague

#### 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 environment.

#### How we measure success

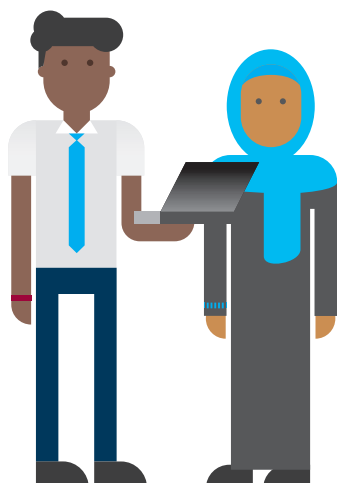
Progress towards these outcomes is informed by a number of sources including internal dashboards, regular management reporting and external measures, ensuring a balanced review of performance. Evaluation includes, but is not limited to:

- Diversity and Inclusion statistics
- Employee sustainable engagement survey scores
- Conduct and culture measures.

#### How and why we are renewing our approach

These measures build on the previous Balanced Scorecard Colleague metrics, the sustainable engagement of colleagues and proportion of women in senior leadership. Our revised approach allows for broader consideration of the extensive initiatives at Barclays that promote a diverse and inclusive environment where colleagues are engaged and enabled, while maintaining a positive conduct and values-based culture.

“Although this is evidence of good progress, we continue to strengthen our gender pipeline and enable women to fulfil their career aspirations.”



**Supporting our employees**  
We provide 2m hours of training to our employees.

#### How we are doing

In 2016, we received positive external recognition for our work towards promoting a diverse workforce, with initiatives ongoing across each of our diversity pillars. At the same time, engagement of our colleagues remained stable overall, with opportunities identified to enable our colleagues to deliver excellent performance. We also made solid progress in embedding a positive conduct and values-based environment which will continue to evolve into 2017 and beyond.

For further information on our People, please see page 95 of the Barclays PLC Annual Report 2016.

#### Diversity of our workforce and inclusion of our colleagues<sup>a</sup>

In 2016 we remained committed to increasing the diversity of our workforce, with increased female representation at all levels remaining a key focus – on our Board this remained at 31% (2020 target of 33%). Across our senior leadership, female representation was 24% (2018 Women in Leadership goal of 26%). Following the recommendations from the Hampton Alexander Review, from 2017, we will publish the combined number of women on the Group Executive Committee and their direct reports, which was 25% at the end of 2016 (2020 target of 33%). In addition, in 2016 we increased female graduate hires to 39% from 31% in 2014.

Although this is evidence of good progress, we continue to strengthen our gender pipeline and enable women to fulfil their career aspirations, through activity such as: the 2016 Barclays Global Women in Leadership summit, promoting Dynamic Working, our Encore! Returnship Programme, our HeForShe campaign and the Barclays Women's Initiatives Network.

The other pillars of our global Diversity and Inclusion strategy are:

- **Disability:** Barclays 'Able to Enable' Apprenticeship Programme launched in 2016 along with the Business Disability Forum awarding Barclays a score of 98%, the highest company rating in the history of the index
- **LGBT:** Our Spectrum Allies programme includes over 7,000 colleagues supporting our LGBT agenda
- **Multicultural:** 30% of our apprentices identify as Black, Asian and Minority Ethnic, 19% points above the national apprenticeship average
- **Multigenerational:** Barclays Armed Forces Transitioning, Employment and Resettlement (AFTER) programme with nearly 400 ex-military hires since 2010.

External recognition from organisations such as Stonewall, The Times Top 50 Places to Work for Women, 100% on the Human Rights Campaign Corporate Equality Index and a Working Mother Media's Top Employer for Women, confirms the progress we have made. In 2017, we will focus on our multicultural agenda through the launch of our Embracing Us Campaign and partnerships with organisations including the Wall Street Project and Race for Opportunity.

#### Note

<sup>a</sup> Under Companies Act 2006, we are also required to report on the gender breakdown of our employees and 'senior managers' – a narrower scope than our Women In Senior Leadership definition. Of our global workforce of 119,300 (60,100 male, 59,200 female), 756 were senior managers (531 male, 225 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.



### Engaged and enabled colleagues

Engaged employees are critically important as they are more likely to remain at and recommend Barclays, and deliver beyond the day to day requirements of their role. By promoting internal mobility and career development, we hope to not only attract talented individuals, but retain them. In 2016 we launched our 'Apply Within' internal mobility campaign, increasing our rate of internal hiring to 48%, from 37% at the end of 2015 (excluding Africa).

This year our annual 'Your View' employee opinion survey became a quarterly pulse survey (excluding Africa) allowing for more real-time feedback on how it feels to work at Barclays. At the end of 2016, sustainable engagement of our colleagues remained stable at 75%. Areas of particular strength from the survey included: 'colleagues feeling proud of the contribution Barclays makes to the community and society' (88% favourable, up 3% points on 2015) and 'employees feeling respected regardless of their job' (83% favourable, up 4% points on 2015).

Areas of opportunity include 'removing the obstacles people face in doing their jobs well' and 'ensuring people have the necessary tools and resources to achieve excellent performance' (both 52% favourable). To address this we continue to look at ways to improve the simplicity and efficiency of our systems, tools and resources to drive a culture of excellence.

### A positive conduct and values-based culture

Fostering the right culture at Barclays is critical to our success and we continue to build a positive conduct and values-based culture through initiatives aimed at strengthening the profession of banking. The 'Let's talk about how' performance management campaign, launched this year, supports the behaviours that underpin our values and reinforces the importance that we place on measuring and rewarding both 'what' our employees deliver and 'how' they deliver.

During 2016, we developed a culture measurement framework, anchored in our values, to manage and measure progress in embedding a positive conduct and values-based culture. The initial results demonstrate that we have been particularly successful in continuing to embed Stewardship and Integrity through focus on innovation and citizenship and by creating an environment where colleagues 'feel increasingly safe to speak up' (81% favourable, up 6% points on 2015); and are 'unafraid to report unethical behaviour' (first reported outcome 86% favourable). In addition, Service and Respect remain strong with 83% of colleagues agreeing with the proposition that 'Barclays is truly focused on achieving good customer and client outcomes' and 89% of colleagues agreeing that 'Leaders at Barclays support diversity in the workplace'. Excellence remains our biggest opportunity for improvement with 36% of colleagues agreeing that 'Barclays has been successful in eliminating obstacles to efficiency'.



## Strategic non-financial performance measures: Citizenship

### Key outcomes we will look to achieve include:

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

### How we measure success

Progress towards these outcomes is informed by an assessment against our Shared Growth Ambition. These are supplemented by internal dashboards and external measures. Evaluation includes, but is not limited to:

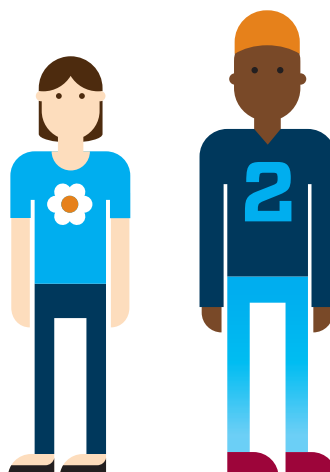
- Delivery against our Shared Growth Ambition
- Colleague engagement in Citizenship activities
- External benchmarks and surveys.

### How and why we are renewing our approach

Since 2012, we have measured progress against initiatives in our four-year Citizenship plan. In June 2016, we launched our new plan, the Shared Growth Ambition.

“Our long-term aim is to create and grow a collection of products, services and partnerships that improve the lives of people in the communities which we serve, while providing the commercial return our shareholders deserve.”

We are moving away from setting narrow targets for our Shared Growth Ambition, as we focus more on impact and use a broader range of quantitative and qualitative indicators to assess performance. We will continue to have targets for carbon emissions reduction and training on the Barclays Way. We aim to enhance the impact of our Shared Growth Ambition over time and may expand our assessment to include additional measures in future years.



### LifeSkills

Since 2013, 3.6m young people have participated in the programme, gaining real-world experiences for a better future.

## Our key performance indicators

... and positive outcomes for our stakeholders are integral to our long-term strategic success.

### How we are doing

We exceeded our own objectives on all six initiatives in the first year of our Shared Growth Ambition. Performance was ahead of plan against our internal milestones for three initiatives around 'access to financing', 'access to digital and financial empowerment' and 'access to employment'. We also exceeded our 2016 targets for Barclays Way training, carbon emissions reduction and payment of suppliers on time.

**Access to financing:** We continued to deliver innovative financing solutions for areas including renewable energy, water and low carbon technologies; social infrastructure; development institutions; and small business financing. Barclays delivered £21.1bn in financing for selected social and environmental segments across our business lines. This included a range of green bond transactions for corporate, supranational and municipal clients as well as lending facilities for renewable energy projects. For further information, please see our Environmental, Social, Governance (ESG) Supplement 2016 available at [home.barclays/annualreport](http://home.barclays/annualreport)

**Access to financial and digital empowerment:** Inclusive financial systems are key to achieving economic and societal progress, but there can be several barriers to access. We believe digital offerings can help break down these barriers. We helped empower around 249,000 people in 2016 through initiatives such as Barclaycard Initial for those with a limited credit history; our Digital Eagles network, who are specially trained Barclays employees working to provide free technology support to customers and non-customers; and the continued development of learning platforms such as Financial Wings and Digital Wings.

**Access to employment:** In the 21st century new jobs are increasingly coming from fast-growing small businesses and entrepreneurs, which require support to scale up. Barclays is committed to working on both the supply and demand side – enhancing supply by helping people gain access to skills, and facilitating demand by supporting entrepreneurs to drive job creation. We helped upskill over 1.7 million people in 2016, driven by a range of regional partnerships and our LifeSkills programme. We also launched 'Unreasonable Impact' in partnership with Unreasonable Group, focused on scaling ventures that solve environmental and societal problems. The first cohorts in the UK started in September and in the US in November 2016, with Asia launching in 2017.

### Business conduct and environmental impact

The Barclays Way outlines the Purpose and Values which govern our way of working across our business globally. It constitutes a reference point covering all aspects of colleagues' working relationships. 99.6% of our colleagues completed annual training on The Barclays Way in 2016 (Target: above 97%).

We reduced carbon emissions by 15.8% against the 2015 baseline, making good progress against our new target of 30% reduction by 2018. We also achieved 88% on-time payment by value to our suppliers (Target: 85%).

### Engaging our colleagues

Our people are Barclays' greatest ambassadors, contributing time, skills and expertise to create a positive and sustainable societal impact. In 2016 more than 43,000 colleagues participated in a range of causes, contributing over 212,000 hours, donating a total of almost £25m, including Barclays matched funding.

“ We reduced carbon emissions by 15.8% against the 2015 baseline, making good progress against our new target of 30% reduction by 2018. ”

### Benchmarking our performance

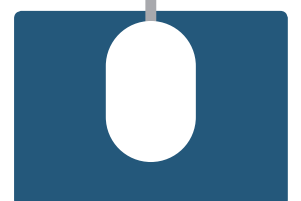
In 2016, we improved our performance and maintained membership of both the Dow Jones Sustainability Index series, where our score increased by 2 percentage points to 84%, and the FTSE4Good Index series, with an absolute score of 3.9/5, up from 3.6 in 2015.



Further detail on policies, including Barclays Group Statement on Modern Slavery, can be found on our website at [home.barclays/citizenship](http://home.barclays/citizenship)

We also provide disclosures on key initiatives aligned to the Global Reporting Initiative guidelines, in the Environmental, Social, Governance (ESG) Supplement 2016 available at [home.barclays/annualreport](http://home.barclays/annualreport)

# A review of our operational performance





## Summary

**Our aim at Barclays UK is to help people move forward. We do this by creating meaningful relationships with our customers, offering them relevant products and services, and by using our leading data and analytic capabilities to ensure suitability and delivery of excellent customer experience.**

**During 2018, Barclays UK will become the ring-fenced bank for the UK, continuing to provide transactional, lending and investment products and services to over 24 million Personal, Wealth and Business Banking customers and clients, via a separate legal entity.**

Ashok Vaswani is the CEO for Barclays UK and has spent the last seven years with Barclays in a variety of roles following an extensive career at Citigroup. Ashok represents Barclays as a Non-Executive Director on the Board of Barclays Africa Group Limited and is a member of the Board of Directors of Telenor ASA. He also sits on the advisory boards of a number of institutions such as Citizens Advice, FICO, Rutberg & Co and is Founder Director of Lend-a-Hand, a non-profit organisation focused on rural education in India.



## Market and environment in which the division operates

2016 was a year in which a number of significant events took place, such as the UK's vote to leave the EU and the presidential election in the US – both of which impacted our customers and our operating environment.

In addition, the UK retail banking environment is increasingly competitive and dynamic, and is experiencing significant regulatory and technological change. The speed of change and innovation is expected to continue to accelerate with the introduction of new data regulations, such as the Open Banking Standards. Unfortunately, we are also seeing significant growth in sophisticated cyber-fraud.

Customer expectations are also increasing. Our customers want prompt responses to their banking requirements. They want their transactions to be accurate and efficient, yet still have that personalised support during key moments in their lives.

Barclays UK has a tremendous opportunity to grow our business and generate sustainable returns by building meaningful relationships with the 24 million customers we currently do business with. By innovating and harnessing technology we are able to provide simple and relevant solutions for our customers and clients, build sustainable revenue flows, structurally remove cost and achieve prudent, balanced growth within our risk appetite.

We achieve this through:

- leveraging our data capabilities to identify when our customers need solutions e.g. SmartBusiness, our first big data product providing SMEs with key information, metrics and insights to help them grow their business
- enhancing functionality on mobile and internet banking to enable customers to undertake all their routine transactional banking quickly and easily. Over 9.5 million of our customers are digitally active
- building the Direct Bank. We have built capabilities, such as voice recognition and video banking, which allow us to interact with our customers 24/7, increase capacity, and have more meaningful interactions with our customers
- tailoring services, such as pre-selecting existing banking customers for a Barclaycard, providing instant digital fulfilment and personalised experience through Barclays Mobile Banking
- providing fully-integrated banking and investments with new, sophisticated digital platforms with a range of helpful tools, planners and information to help customers make informed decisions and take control of their investments
- giving customers and clients market data they need to make personalised choices across business, property, education or investment – by using our annual Barclays UK Prosperity Map or through our Unlock Britain campaign
- keeping our customers and clients safe with increased focus and investment in tackling cyber-fraud.

We are also leading the digital revolution with our colleagues, working hand in hand with our communities, and helping our customers feel comfortable in the digital environment by introducing them to our Digital Eagles and our Digital Wings initiatives.

Barclays UK provides diversification to the Group with our balance of products and services in the UK banking sector. This diversification helps protect revenue flows in the changing environment, and allows us to remain close to our customers for all their banking needs.

## Risks to the operating model

We monitor the market environment closely – in particular the effect of low interest rates, the expected growth in credit and unsecured lending, and adjust our financial and economic assumptions in a considered

manner. As a large UK retail bank, we are cognisant of the credit risk faced through our lending. Our conservative risk profile for lending through products such as mortgages and credit cards, is continually monitored to ensure our exposure is aligned to our risk appetite.

Barclays UK is the largest contributor to margin-led income for the Group. Our focus on pricing discipline, reflected in our stable net interest margin in recent years, and our structural hedge programme – investing in interest rate swaps to provide a smoothing effect on interest rate step changes – have both provided protection against adverse changes in the interest rate environment in 2016, and will continue to do so going forward, albeit the beneficial impact of the structural hedge will decline over time.

We are committed to ensuring continued growth of the UK business, and are developing our product offering and services to suit customers' needs, in their local environments. We understand the challenges posed by significant technological change and know it is essential that we stay relevant and provide up-to-date solutions for our customers. The pace of development also means a changing set of risks; from data integrity to continuity of service. We ensure our contingency systems are pressure-tested to ensure there is no disruption to customer service. Cyber-risk is a continuing concern, and we have invested heavily in cyber-crime prevention, working very closely with the UK government and other providers to create a secure digital environment.

We want to ensure we can put past conduct issues behind us, and have continued to de-risk and simplify our product portfolio.

You can read more about changes in regulation, and risks to the business in the Risk section and the Supervisory and Regulation sections in the Annual Report.

### Business highlights

One of our highlights of 2016 has been the creation of Barclays UK and an even greater focus on transforming how we interact with our customers and use data to identify opportunities to meet their needs.

In 2016, Barclays UK RoTE excluding notable items was 19.3% (2015: 21.1%), as profit before tax decreased 5% to £2,587m driven by an increase in credit impairment charges, partially offset by a reduction in total operating expenses. Including notable items, reflecting provisions for UK customer redress, RoTE was 9.6% (2015: (0.3%)). We have seen strong deposit growth, a stable net interest margin and prudent growth in loans and advances, focused on remortgage and lower loan-to-value segments, and unsecured loans to existing customers.

We now have 5.7 million registered users on Barclays Mobile Banking. On average, customers come into our mobile app 31 times a month, an indication of deep engagement.

This year, we launched automated valuations for home purchases, shaving four to five days off processing time and transforming both the colleague and customer experience. We've also introduced Mortgage Agreement in Principle in 338 branches, allowing a customer to obtain a mortgage decision in less than 15 minutes. We are also offering bespoke mortgage products for Premier customers. Overall, our mortgage business is seeing significant sustainable growth.

We have focused on automating the end-to-end customer journey across all parts of our business, which is resulting in improved customer experience, reduced costs and a double-digit drop in customer complaints. We have made it easier for business clients to open accounts and borrow money from us with digital on-boarding, the Solicitor Portal – a dedicated portal for managing the end-to-end business lending journey – and pre-approved limits. Business Instant Lending has reduced cycle times for customers requesting unsecured loans of less than £25,000, from five days to a matter of minutes.

We have also launched an exciting new product for SMEs. SmartBusiness is a data analytics tool that allows a business to know its monthly sales, annual debit card transactions, year-on-year sales, or average transaction values in a simple snapshot, using all of our debit card and credit card data for that business. We believe providing these analytics to small businesses will help move their business forward.

We are delivering on significant opportunities in UK Cards, both by providing credit cards to existing current account customers, leveraging what we have learnt in digital delivery of consumer lending, and by extending programmes like SmartSpend and Features Store to all UK Cards customers.

Pingit, our app where you can undertake a transaction whether or not you are a Barclays customer, now has 3.2 million registered users. Its companion app is our reference tool, Cloudit, which allows all correspondence with the bank to be stored on a customer's personal cloud.

We are the only bank in Europe to have launched video banking, rolling it out at scale, and encrypting the process. And we're the first bank in the UK to introduce contactless cash – a completely new way for our customers to withdraw cash, using contactless technology.

We have made significant changes to our business in 2016, and I am confident that in 2017 we will continue on our path of innovation and growth.

*Ashok Vaswani*

Ashok Vaswani  
CEO, Barclays UK

## Barclays UK operational model

### Customers and Clients



- Individuals
- SMEs

### Products and services



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

### Value creation



- To our customers & clients – Building meaningful relationships to provide relevant financial solutions
- To society – Helping communities move forward
- To Barclays – Ring-fenced UK-focused bank with sustainable revenues and prudent balance growth

### Contribution to Group

- £7.5bn Income
- £1.7bn Profit before tax
- 9.6% RoTE
- 65% Cost: Income ratio
- £67.5bn Risk Weighted Assets



## Personal Banking

### Summary

**Personal Banking provides simple and transparent banking products to around 16 million customers, helping them to anticipate and fulfil their financial needs. This can range from opening a first bank account as a young person to managing finances in retirement, or from everyday insurance to buying a home.**

**A core element of our Personal Banking business is to use technology to automate transactions, enabling us to interact with customers about what is important to them, when and how they want.**

The scale and reach of Personal Banking offers a unique opportunity to help people move forward, with confidence, in an increasingly dynamic and changing financial environment.

We are continuing to transform our customer experience, by building innovative technology to make banking easier. This more efficient technology also allows our colleagues more time to spend with customers, all of which positions us well for the future.

Our focus is, therefore, on delivering an outstanding experience for our customers, our colleagues and the communities in which we operate. We believe in building relationships that show we understand individual and collective circumstances to such a degree that we can provide a solution that is both relevant and meaningful. We offer choice and flexibility in how to meet the different needs of our diverse customer base and we are proud to be the first UK bank to launch voice security and secure video banking.

Discovering the value of connecting customers with other people within their communities has proved to be a great success. Our branches are providing spaces for Incubators and Barclays Accelerator projects, for Digital Eagle sessions and also Eagle Labs – not only educating customers on new and different technologies, but providing them with space to meet, collaborate, network and build on ideas.

Our innovative technology is industry leading and we are award-winners for our work on intuitive products and ways of banking that suit customer needs. Launching such a broad combination of products, services and convenient ways to conduct everyday banking has meant, however, that we continue to see counter transactions decline. Nevertheless, we have evolved our physical estate and invested in areas such as Newcastle, with our new city centre branch, and also redesigned our Fenchurch Street and Hanover Square branches in London, to better suit the banking needs of the communities there. Our highly-automated consumer lending business to existing customers is growing fast, making Barclays the biggest digital unsecured personal lender in the UK.

Significant improvements have been made to the customer experience, by looking at the end-to-end experience from our customers' viewpoint. This is an ongoing programme, but has already resulted in a double-digit drop in customer complaints, as well as helping to lower costs and improve control.



### What's an Eagle Lab?

Our Eagle Labs form part of our Digital Eagles initiative, opening up under-used space in our branches and offices. The aim is to boost the UK's innovation, digital and 'maker' skills by offering support and training on new technologies and techniques. We have opened nine Labs so far, including Cambridge, Bournemouth and Brighton. As well as businesses, our Labs are open to their communities. They are developing manufacturing skills to inspire future innovators, and giving the UK's digital skills a much needed boost. Our Brighton Lab helped transform the life of Rilee, aged three, who was born with only one hand and forearm. Rilee was too young to receive a prosthetic hand from the NHS. Over several months, our Lab technician Jon Paterson, designed and 3D-printed a prosthetic hand and arm for Rilee. By using open source innovation and the latest manufacturing methods, our Eagle Lab has helped Rilee in a way that is immeasurable.



For further information, see [labs.uk.barclays](http://labs.uk.barclays)

Rewarding customers' loyalty has been a focus for 2016. Blue Rewards, including cashback, Premier Exclusives and the launch of welcome gifts for first-time homebuyers, are good examples of this. We wanted to create moments that stand out for our customers, and to make their lives easier by simplifying our processes. This supports our ambition to build better relationships with our customers at all levels.

**“We are continuing to transform our customer experience by building innovative technology to make banking easier.”**

We have improved the support we offer the communities we serve, making it easier for students and young professionals to open an account. In addition, we are continuing our support to military personnel to improve their access to banking.

We are creating an environment for our colleagues that inspires them to be passionate and empathetic and that makes them feel empowered to find solutions for our customers – in turn, helping our customers move forward and achieve their financial ambitions.



# Barclaycard Consumer UK

## Summary

**Barclaycard Consumer UK is a leading credit card provider in the UK.**

**We are a responsible lender and help consumers fund purchases by providing credit based on their credit history, ability to afford credit and our risk appetite. We enable consumers to pay in the way that suits them – by card, online, mobile or using a wearable device, including Barclaycard Contactless Mobile and Apple Pay.**

**We are customer focused and invest in people, processes and future technologies in order to continue to play a leading role in the industry and help our customers move forward every day.**



In 2016, Barclaycard celebrated its 50th anniversary, having launched the first credit card in the UK in 1966. We have been responsible for many firsts – from company credit cards through Chip & PIN to contactless, mobile payments and most recently our range of wearable payment options. As Barclays is the only major UK card issuer and payment acceptance provider, we are in a unique position to shape the payments landscape, make businesses more successful and give people greater control over their money.

In UK Cards, we offer three core credit card products. Our Barclaycard Initial credit card is aimed at customers who are looking for a first credit card, or have a limited credit history, and helps them to build a credit profile. Our Barclaycard Platinum card offers promotional savings on balance transfers and purchases for borrowers with good credit history. Alternatively, shoppers can earn reward points everywhere they shop with our Barclaycard Freedom Rewards credit card. All our products are underpinned by terms and conditions that have received the Plain English Crystal Mark.

Every Barclaycard comes with additional features and benefits, including ways to manage accounts online and on the go with the Barclaycard App. We offer free Experian Credit Scores and a range of entertainment benefits. We also give support to consumers by providing guides on how to protect themselves from fraud, how they can protect their purchases and what to do if they have money worries.

We're continuously looking for ways to improve the customer experience we deliver. We track our Transactional Net Promoter Score (TNPS) after customer interactions and use social media as a way to get feedback from our customers and improve our processes. Since UK Cards was brought under the Barclays UK structure in March, we have been looking for ways to enhance the services we provide to our joint customers. For example, Barclays customers can now apply for a Barclaycard through the Barclays Mobile Banking app, with guaranteed pre-approvals for eligible customers.

The unsecured lending and consumer payments markets continue to experience considerable change, driven by new entrants, new technologies, changing consumer expectations and behaviour. We are continuing to invest in new technology and to develop pioneering new products and services for our consumers, for example we launched proprietary contactless Android capability through our app, six months ahead of our nearest competitor.

We are pleased to have won a number of awards, acknowledging the market-leading products and services we offer our consumers. We won Best Overall Credit Card Provider at the Money Pages Personal Finance Awards 2016/17. In addition, we have won awards for our support for vulnerable customers and our use of social media.

### Money Worries hub

Many people hide from debt problems because they are embarrassed, and can find it difficult to ask their bank for help. We have created the Money Worries hub, in partnership with StepChange Debt Charity, to encourage customers to come forward and ask for support by showing that we understand their situation and are here to help. The Money Worries hub is designed to help customers understand how UK Cards has helped people who have been in similar situations and how they can help someone they care about.



For further information, see [barclaycard.co.uk/personal/customer/money-worries](http://barclaycard.co.uk/personal/customer/money-worries)

## Wealth, Entrepreneurs and Business Banking

### Summary

**Barclays' wealth offering delivers a truly holistic wealth management service that includes domestic private banking, wealth planning, trust and fiduciary services, investment management and brokerage.**

**Business Banking supports over one million clients, across the UK, run and grow their business, from start-ups to mid-sized businesses. Our model is relationship-based and digitally-driven.**

**We aim to allow clients to access the products they need, in the way they want – online, mobile or by working with a Relationship Manager. We put our clients at the heart of our business, delivering the service they need, in the way they choose.**

### Wealth Overview

In our Wealth business, our bankers provide overall advice to our clients and co-ordinate access to specialists within Wealth and the wider Barclays UK division. Clients benefit from our expertise in personal banking, credit cards, business banking and digital innovation.

A sharp focus on our fundamental business drivers in Wealth, throughout 2016, has resulted in strong underlying asset growth, generating both sustainable income growth and an improvement in our Cost: Income ratio.

We have continued to enhance our Wealth client experience in 2016, most notably with the launch of the Barclays Mobile Banking for Wealth app, which introduced innovative features, such as historical performance analysis, benchmark comparison functionality and asset class drilldowns.

We have reduced our risk by refocusing our Wealth business on our core markets in the UK. The overall wealth market remains stable and we anticipate that it will remain competitive. We feel the business is relatively insulated from the effects of FinTech on traditional financial services, as our clients have a preference for personal service and human interaction.

### Business Banking Overview

We provide coverage for clients across the UK at every stage of their business cycle in every industry, delivering distribution models which match clients' needs and sophistication. We serve our clients through a relationship-based and digitally-driven model, combining an on-the-ground and direct relationship model with unique digital solutions. A number of innovations were launched in 2016, including instant lending online, and on mobile, plus on-demand cash pick-up. We are the only UK bank to offer these services.

In 2016, we launched new tools for our Business Banking colleagues bringing relevant, up-to-date industry information together in one place, enhancing our service to clients through deeper insights and understanding.

The Industry Knowledge Hub, for example, brings together 150 client-shareable industry snapshots, external industry news, industry marketing and thought leadership into one easily-accessible place for colleagues. We are looking to continue enhancements to the platform in 2017, including the ability for colleagues to personalise their industry reports and bookmark their most used reports.

**“We ensure a strong focus on conduct and customer outcomes through creating a secure and controlled environment and have mobilised comprehensive and experienced teams to monitor, anticipate and resolve issues.”**








### Voice Security

Voice Security is a new and innovative way for our customers across Barclays UK to identify themselves via telephone banking as they no longer need to remember passwords, passcodes or transactional information. The service launched in August 2016 and is so far available to over 750,000 Personal customers. Customer feedback has been extremely positive; 'it's so easy and more natural', 'it's great for me because I can never remember my banking passcode', 'that was so quick'.

 For further information, see [barclays.co.uk/voice-security](https://barclays.co.uk/voice-security)

The launch of our market-leading 'Direct regionally focused Relationship managers' for small businesses provides a firm platform for growth and, in 2016, we transitioned 830,000 clients into the new model. We will use the Direct team to help businesses grow, through our personal contact at key moments.

An area of focus for us in 2016 has been a programme of education on cyber-fraud, for both clients and colleagues. We have provided all colleagues with training to equip them to discuss the main cyber-threats with their clients. We have also provided clients with in-depth sessions via face-to-face events and webinars. Many of these have been run in partnership with local Chambers of Commerce, councils and various business partners, allowing us to support our clients alongside their supply chains and communities.

# Barclays International



## Summary

**Barclays International is a diversified transatlantic, wholesale and consumer bank which will be housed within Barclays Bank PLC, the future non-ring-fenced bank. We seek to compete in markets where we have the competitive advantage and scale to provide best-in-class service to our clients and customers. We seek to maintain and further our position as a leading provider of financial services to corporates, institutions and individuals.**

Tim Throsby joined Barclays in January 2017 as President of Barclays International and Chief Executive Officer of the Corporate and Investment Bank. He sits on the Group Executive Committee and reports to the Group CEO, Jes Staley. Tim has had an extensive career in banking and private equity and has most recently worked for JP Morgan, becoming the Global Head of Equities in 2012.



## Market and environment in which the division operates

In 2016, heightened political uncertainty in both of our home markets, caused significant volatility in capital markets and material movements in currency markets, particularly in Sterling.

In spite of this, the environment in which we are operating in is more stable than it has been for a number of years. The implications of a number of post-crisis regulations on the business models of banks, in particular investment banks, have become clearer through 2016 as a number of key regulations have either taken effect or been clarified. As part of complying with Section 165 of the Dodd-Frank Act, Barclays and other large foreign banking organisations operating in the US were required to establish a US Intermediate Holding Company (IHC) by 1 July 2016. The IHC is an umbrella holding company for the Bank's US subsidiaries, and is subject to Federal Reserve prudential standards to ensure safety and soundness, particularly around capital, liquidity and risk management. Barclays' IHC became operational on 1 July 2016 and its key subsidiaries include Barclays Capital Inc. (US broker-dealer) that operates key investment banking businesses and Barclays Bank Delaware that operates Barclaycard US.

The implementation of our strategy, which is in-line with the UK ring-fencing regulations, has resulted in the creation of Barclays International as a sister division to Barclays UK under the Barclays PLC Group umbrella. Barclays Bank PLC, the future non-ring fenced banking entity, will continue to house the Barclays International division.

Supported by the newly created Group Service Company, Barclays International is reliant on the support of internal operations and technology to maximise efficiency for customers and clients and meet the requirements of our regulators. In a dynamic environment we need to be setting trends, by using forward-looking technology and adapting quickly and proactively to the evolving regulatory and market conditions.

For example, in the payments space, technological evolution, regulation and consumer behaviour is driving disruption, which is likely to transform the way in which consumers and businesses transact.

Barclays International encompasses the following businesses:

- Corporate & Investment Bank (CIB)
- Consumer, Cards & Payments (CC&P)

These businesses combine to form a diversified, yet highly complementary portfolio of businesses that has proved to be resilient in a year of significant uncertainty and change. We consciously focus our efforts and resources on products, sectors and geographies where we have a meaningful competitive advantage.

Our dual home markets, in the UK and US, anchor our business in the two most important global financial centres and two of the most resilient western economies.

Barclays International brings together a portfolio of businesses serving consumers, SMEs, corporates and institutional investors. On the consumer side, Barclaycard International provides consumers with credit cards and lending. In Private Bank & Overseas Services, we provide banking, investment and wealth management services across the client continuum, globally. For SMEs and corporates, we enable payment acceptance, commercial card payments and point-of-sale finance. Through our CIB, we also serve corporates by providing advice on raising new equity or debt capital, and support our institutional investors by enabling them to trade stocks and bonds.

Our business model in Barclays International, especially CIB, is dependent upon client relationships and the services that we provide to these clients. Armed with these financial tools, we help our clients execute their business strategies and grow their businesses. This may result in capital raised to build a new production centre and in turn, create employment as well as product creation for pension funds to invest in.

### Risks to the operating model

Global volatility and macroeconomic uncertainty in some markets remains a risk. While the UK's vote to leave the EU does not change our overall strategic objectives, we realise that it will add complexity in the shorter term to our operations in the EU.

The volume and reach of regulatory change continues to require significant attention and presents a number of challenges in the medium term. However, we have demonstrated our ability to react early to regulatory changes, and the impact they have on our operating environment, often turning challenges into competitive advantages.

Data and technology drive benefits for our customers and clients. The importance of complying adequately with data protection laws and protecting this information from increasingly sophisticated criminals remains at the forefront of our operations.

The frequency and reach of cyber-attacks has markedly increased, and financial institutions, such as Barclays, are obvious targets for malicious cyber-activity. We are very focused on ensuring our cyber-defences stay ahead of the increasingly sophisticated threats that we face.

In addition, preparing the business for structural reform continues. Barclays International is now operating as a separate segment within the Group, but a number of execution milestones remain before we achieve the Group's target state structure. We are very conscious of ensuring that our clients and customers face the minimum possible disruption from this transition.

We continue to strengthen our resilience to conduct risk and are working to put legacy conduct issues behind us.

### Business highlights

Barclays International RoTE was 8.0% (2015: 9.5%), excluding notable items, as profit before tax decreased 3% to £3,747m driven by increased credit impairment charges and increased operating expense. This was partially offset by strong income growth, including the benefit from the appreciation of the US Dollar and the Euro against GBP. On a statutory basis, RoTE was 9.8% (2015: 7.2%).

Barclays has taken a leadership role in Blockchain technology in the banking sector, together with enhancements in data analytics, cyber-security and innovative identification and verification techniques. This has enabled us to utilise innovation to deliver improved client service.

We became the first organisation in the world to use a Blockchain-enabled trade transaction to transfer original shipping documentation. The initiative helped the client complete a process that usually takes 10 days in just 4 hours, mostly due to allowing for paperless exchange of documents, full transparency through the supply chain and mitigation of financial crime risks. For further information refer to the case study on page 7.

Transparency and the intelligent use of data has been a key focus. We continued to roll out the SPECS platform across Barclays. SPECS provides buy-side traders with an online portal to view, verify and request changes to client order handling settings. It meets requirements for greater control, transparency, trade analytics and a consolidated view of order settings.

Our payments expertise and dedication to our customers and clients has enabled us to retain and grow relationships with partners and clients such as American Airlines, in US Cards, and Tfl, through our payment acceptance proposition, as well as launching new partnerships such as with JetBlue Airways. In addition, we expanded our lending offering with new personal loans launched in the US and Germany and a new partnership with Apple on the iPhone upgrade programme in the UK.

We have made encouraging progress in fraud and cyber-protection in 2016, and will continue to focus on this critical area. For instance, in the Corporate Bank we have introduced cutting-edge malware and remote attack detection solutions and introduced a new PIN Pad reader and Barclays Biometrics reader in the UK, to tackle PIN capture fraud.

The services we offer to our customers and clients have been recognised by industry awards: International Financing Review (IFR) magazine named Barclays its house of the year for North America high-yield bonds, Americas loans and sterling bonds in its 2016 review of the year. Our research platform ranked third for Developed Markets Research across Equities and Fixed Income in the Institutional Investor 2016 survey, reflecting alignment with our transatlantic strategy. In addition, we won 'Best Investment Bank Western Europe' in the 2016 Euromoney Awards for Excellence.



**Tim Throsby**  
President, Barclays International and Chief Executive Officer, Corporate and Investment Bank

## Barclays International operational model

### Customers and Clients



- Corporates
- Financial institutions
- Institutional investors
- Governments
- Consumers
- High, and Ultra-High Net Worth Individuals
- Family Offices

### Products and services



- Financial advice
- Primary capital raising and capital markets execution
- Risk and liquidity management
- Lending
- Sales and trading
- International credit cards
- Consumer payments
- Banking
- Investments
- Wealth management

### Value creation



- **To our customers & clients** – we create value by facilitating the transmission of money from providers to users of capital
- **To society** – we provide financing, including to select social and environmental segments
- **To Barclays** – as a diversified transatlantic, wholesale and consumer bank

### Contribution to Group

- £15bn Income
- £4.2bn Profit before tax
- 9.8% RoTE
- 63% Cost: Income ratio
- £213bn Risk Weighted Assets





## Corporate and Investment Bank

### Summary

**The CIB offers wholesale banking products and services to corporate and institutional investor clients. The business is anchored around our two home markets – two of the largest capital markets in the world. We have adapted early to regulatory and markets changes, positioning the business to retain our position as a leading European CIB.**

The creation of Barclays International has helped us to better align our businesses so that we now present a single integrated view of Barclays to our corporate and institutional clients through our CIB and deliver synergies to the business. The CIB offers clients a full service capability through its two divisions:

- Banking offers long-term strategic advice on mergers and acquisitions, corporate finance and strategic risk management solutions, equity and credit origination capabilities, coupled with lending and transaction banking products
- Markets provides execution, prime brokerage and risk management services across the full range of asset classes, including equity and fixed income and currency products.

We have extensively simplified our CIB over the past three years, making challenging strategic choices to reduce our activities in certain products and geographies, to better position the business for the regulatory and market conditions that we now face. In spite of the heightened political uncertainty that we have seen through 2016, the environment that we are operating in is more stable than it has been for a number of years, and we are beginning to see the positive implications of making early strategic decisions on our CIB business model. We aim to retain our position as a leading European CIB, competing with the US-domiciled banks in our chosen products and markets.

As part of our Banking division, we aim to help clients large and small, improve performance and enable businesses to grow. We review individual business needs to offer bespoke solutions suited to particular business objectives. For example, through our asset finance operations, Barclays can be an enabler in the transition to greener operations through financing more efficient manufacturing sites and green supply chains. We support lending to high growth businesses who typically have difficulty accessing bank finance, as well as through larger infrastructure project finance, where we have supported the financing of over 500 Mega Watts of clean energy in the UK and Ireland in 2016, equivalent to powering c.220,000 homes per annum.

Further information can be found in the case study below, and in the ESG supplement available at [home.barclays.com/annualreport](http://home.barclays.com/annualreport)

### Performance

Our Banking business had a strong performance in 2016 gaining share, particularly in our home markets of the UK and US where we ranked 5th by fee share for all clients in M&A, equity and debt capital markets and syndicated loan transactions in 2016 (Dealogic). This momentum helps us retain and hire talented individuals and further develop our relationships with our corporate client base. Landmark transactions that we have closed in 2016 include:

- financial advisor to Teva Pharmaceutical in its acquisition of Allergan's generic drug business
- joint bookrunner on the two largest US leveraged loan financings of 2016 for Dell and Avago
- active joint bookrunner and global coordinator in the second-largest corporate investment grade bond offering ever, ABInBev's M&A IG Bond financing.

Markets income increased compared to 2015 with strong performances in the underlying businesses. Credit income benefitted from a strong performance in fixed income flow credit and emerging markets businesses, which benefitted from increased market volatility and client demand. Macro income benefitted from an increase in activity post the UK's vote to leave the EU and US elections. These performances were partially offset by a decrease in Equities, reflecting the simplification of the EMEA business and lower client activity in Asia.

### Financing innovation

As part of our High Growth and Entrepreneurs Proposition, we have partnered with The European Investment Fund (EIF) through the InnovFin SME Guarantee scheme to support firms who typically have difficulty accessing bank finance. The scheme is financially backed by the EIF, enabled by the European Commissions Horizon 2020 programme, which covers 50% of loan losses that supports Barclays when lending to these early stage businesses. Pod Point is an electric vehicle charging developer. Its founder and chief executive, Erik Fairbairn, started the business in 2009 with his own savings, and then secured backing from the angel investor Peter Hiscocks, before he turned to crowdfunding in 2014 raising £1.5m, and a further £2m in 2015.

In 2016 Barclays provided Pod Point with funding in the form of a £1m EIF-backed loan, to help the business fulfil its mission of having a 'top-up' charge point anywhere people park for an hour or more.

The company now has over 25,000 customers and provides public charging stations at over 1,500 locations nationwide.

To find out more, see [barclayscorporate.com/insight-and-research/trending](http://barclayscorporate.com/insight-and-research/trending)



# Consumer, Cards and Payments

## Summary

**Consumer, Cards and Payments is the consolidated reporting structure for Barclaycard International and the Private Bank and Overseas Services.**

**Barclaycard International provides branded and co-branded consumer credit cards and lending to our customers and business solutions to our clients, globally.**

**Private Bank and Overseas Services provides banking, investment and wealth management services to over 163,000 clients, globally.**

### Barclaycard US

Our core co-brand and branded credit card business in the US has continued to grow strongly; we remain the ninth-largest issuer by balances, growing 14% over the last year. We have strengthened our relationship with existing partners, for example signing a major deal with American Airlines, and have launched a new partnership programme with JetBlue Airways. Our Barclaycard brand continues to get stronger in the US; with our Barclaycard Arrival Plus World Elite MasterCard winning the Best Travel Credit Card for Frequent Fliers by MONEY® Magazine.

Our successful online retail deposits business has reached US\$11bn, supporting our overall funding strategy in the US. In November we launched a personal loans offering, further diversifying our product mix.

### Barclaycard Business Solutions

Barclaycard provides payment acceptance, commercial payments and point-of-sale finance solutions to all client segments in the UK. We are a leading provider in all areas, including being the second-largest payment acceptance provider in Europe by volume.

Among our achievements this year, we have launched market-leading business card propositions, developed full omni-channel capabilities including strong data security features, and partnered with Apple to help launch their Apple iPhone Upgrade.

Our large corporate portfolio continued to grow, with a number of major new client wins and retentions, including TfL, Greggs and Centrica.

### Barclaycard Germany and EnterCard

This year, Barclaycard Germany celebrated its 25th anniversary and now serves over 1.1 million customers. With a share of 34%, Barclaycard Germany is the leading issuer for revolving credit cards in Germany by outstanding balances. In the instalment loans market, Barclaycard Germany has a strong challenger position with a growth rate of 15% and 1% share. Innovative products and features such as the fully digital Express-Kredit or the Equal Payment Plan, as well as continued customer focus, drive exceptional customer satisfaction rankings, with the business leading the market for credit cards and in the top two for loans, respectively.

We also provide cards and lending in Norway, Sweden and Denmark via our EnterCard joint venture.

## Travis Perkins PLC

Travis Perkins PLC, a leading company in the builders' merchant and home improvement markets, was looking for a unified customer payments platform across its different brands. It wanted to work with a partner that would reduce the complexity of managing and maintaining a highly secure, diverse payments environment, while allowing the flexibility to innovate and explore new customer interactions.

Barclaycard Business Solutions was able to provide a true omni-channel payments platform that offers single point management across multiple brands and channels, from online pay pages to in-store points of sale. The implementation has already seen Travis Perkins PLC benefit from increased card payment security and protection of its brand, as well as cutting transaction response times by up to 94%.



For further information, see [the-logic-group.com/cp/case-studies](http://the-logic-group.com/cp/case-studies)

### Private Bank

The Private Bank strategy going forward is to deliver personalised banking, investment and wealth management solutions to high net worth and ultra high net worth individuals, providing full access to complex and innovative products and services across Barclays' platforms. Clients are supported by a dedicated Private Banker and team of investment and wealth specialists. In addition, the Private Bank facilitates access to Barclays' Corporate and Investment Bank full suite of products and services. The Private Bank is now even more focused on our core competencies and poised to grow, demonstrated by strong underlying asset and income growth in 2016.

### Overseas Services

With a full suite of banking, credit, investment and wealth management operations principally in the Isle of Man, Jersey and Guernsey, our Overseas Services business supports client types that stretch across the client continuum, personal to corporate. Overseas Services is the gateway to the wider Barclays Group, providing offshore capabilities and expertise. The business delivered solid results in 2016, with strong liability growth, coupled with continued focus on cost management, resulting in a strong Cost:Income ratio and returns in 2016.

### Supporting our communities

Building on our commitment to make a positive difference to the communities in which we live and work, we delivered a number of successful initiatives across Barclaycard International in 2016. In the UK, we have launched a major new partnership with The Prince's Trust, helping young people build their skills and confidence, and have won The Prince's Trust Service to Young People Award for corporate volunteering. In the US and Germany we have been supporting start-ups through our programmes with West End Neighbourhood House and our Social Impact Lab incubator respectively, and helping individuals develop essential coding skills through our Apps Camp programme and partnerships with Tech Impact and Delaware State University.



# Non-Core and Africa

## Non-Core

### Summary

**The Non-Core run-down is a key driver of the simplification of Barclays, helping to improve Group returns and deliver value for shareholders. After our accelerated progress in 2016, we now intend to close Non-Core six months early at 30 June 2017.**

Non-Core was formed in 2014 to oversee the divestment of Barclays' non-strategic assets and businesses, releasing capital to support strategic growth in our Core businesses. Non-Core brought together businesses and assets that did not fit our strategy, remained sub-scale with limited growth opportunities, or were challenged by the regulatory capital environment.

Non-Core is run by a dedicated management team operating within a clear governance framework to optimise shareholder value as businesses and assets are divested. It maintains a robust risk management framework to mitigate the risks inherent in our businesses and assets, as well as our divestiture and run-down processes. The clearly defined objectives for Non-Core are to bring down RWAs, reduce the ongoing operational cost base and simplify the residual portfolio and risks in preparation for their return to Core.

To divest Non-Core successfully we are partly dependent on external factors that can impact our planned run-down profile. For instance, the income from our businesses and assets, the quantum of associated RWAs and finally market appetite for Non-Core components are all influenced by the market environment. In addition, our ability to complete divestitures depends on regulatory approvals in various jurisdictions and regulatory changes in the treatment of RWAs can impact our 'stock' of RWAs.

2016 was an important year for Non-Core as RWAs were reduced by 41% to £32bn, preparing the division for reintegration into the Core in 2017. The loss before tax increased to £2.8bn, reflecting the acceleration of the run-down during the year, where significant progress was made across all three components of Non-Core. Business RWAs were reduced by £4bn, with the completion of the sales of Barclays Risk Analytics and Index Solutions, the Asia Wealth and Investment Management business, the Southern European cards business, and the Italian retail business. We also made good progress in the run-down of Derivatives, reducing RWAs by £10bn, and Securities & Loans by £3bn respectively.

Given the progress made in 2016, we intend to close Non-Core six months early at 30 June 2017, with c.£25bn of RWAs, meaning that we will have reduced Non-Core RWAs by c.£85bn in just over three years. We expect Non-Core losses in 2017 to be significantly lower than in 2016, with further reductions thereafter once the remaining assets are reabsorbed back into the Core where they will continue to be managed down.

## Africa

### Summary

**As part of the strategic review on 1 March 2016, Barclays announced its intention to sell down its stake in BAGL to a level that would permit regulatory deconsolidation.**

Barclays Africa Group Limited (BAGL) is a leading pan-African diversified financial services provider headquartered in South Africa, with meaningful operations across the continent (Botswana, Ghana, Kenya, Mauritius, Mozambique, Seychelles, South Africa, Tanzania, Uganda and Zambia), and is listed on the Johannesburg Stock Exchange.

During 2016, we sold a 12.2% stake, reducing our previous 62.3% holding to 50.1%. Further sell-down to a level that will permit regulatory deconsolidation is expected, and it is currently the Boards intention to maintain a minority shareholding and a commercial relationship with BAGL. Both would need to be consistent with the aim of achieving regulatory deconsolidation.

BAGL is represented in Barclays accounts through Africa Banking. Africa Banking represents BAGL accounts converted to GBP, in addition to Barclays' goodwill on acquisition and Head Office allocations that are deemed to be incrementally incurred as a consequence of Barclays operations in Africa, such as the UK bank levy. For clarity, the income statement is provided on page 257 of the Barclays PLC Annual Report 2016. As Africa Banking meets the requirements for presentation as a discontinued operation, the results are presented as two lines in the Group income statement, representing profit after tax relating to our 50.1% stake, and the 49.9% portion attributable to the non-controlling interests in BAGL. This can be seen in the Group income statement on page 49.

Barclays and BAGL have been working closely together to plan and prepare for the successful separation and migration of BAGL's operations from the Barclays Group while Barclays assesses sell-down options, both on and off-market. This work has culminated in the agreement of terms for transitional services and supporting arrangements with BAGL, the details of which have been submitted to relevant regulators as part of a request for approval for Barclays to sell down to below a 50% holding.

A successful regulatory deconsolidation of BAGL's operations will lead to further simplification for the Group, resulting in CET1 ratio uplift and will constitute a further step towards focusing on our core transatlantic consumer, corporate and investment bank operations.



Details on the performance of BAGL can be found at [barclaysafrica.com](http://barclaysafrica.com)

# Overview of governance and financial performance



# Our shared values guide the choices we make every day...



## Summary

**A comprehensive corporate governance framework is vital... it helps ensure that your investment in Barclays is protected, while at the same time recognising the interests of our wider stakeholders.**

For your Board, 2016 was a year of continued focus on execution and managing through a period of change. Our Group Chief Executive Officer, Jes Staley, completed his first full year in the role and the momentum that has been achieved under his leadership over a relatively short period has been notable. During this time, he has articulated a clear strategy for the future and put together an executive management team that is focused on delivering that strategy and generating sustainable returns for our shareholders. A comprehensive corporate governance framework is vital in supporting executive management in its execution of strategy and in driving long-term sustainable performance. It helps ensure that your investment in Barclays is protected, while at the same time recognising the interests of our wider stakeholders.

### Supporting strategy execution

The Board's agenda during 2016 was focused on overseeing and supporting executive management in delivering on Barclays' strategic objectives. You will read elsewhere in this report of the progress that has been made with the performance of our Core business, with the accelerated run-down of the Non-Core businesses and with the sell-down of our holding in Barclays Africa. As a Board, we also spent a considerable amount of our time on Structural Reform, in particular the project to separate our retail banking operations into an independent legal entity within the Barclays Group. This is a significant and far-reaching change to Barclays' operating structure. In tracking the progress of implementation, your Board debated the risks and challenges across the stakeholder spectrum, including the potential impacts on shareholders, employees, clients and customers. Structural Reform will also have a profound impact on the way in which the Barclays Board itself operates, especially in terms of how it interacts with the boards of the newly-established legal entities and with regard to talent management and succession planning for executive management and board appointments across the Barclays Group.

**“Personal accountability is a central tenet of our culture, enabling us to achieve the highest standards of performance and deliver value for our customers and clients. It is also key to ensuring that trust finds its way back into banking and therefore underpins our long-term success.”**

It is during such periods of transformational change that leadership and good governance are more important than ever. The challenge was heightened during 2016 by the result of the UK's referendum on its membership of the EU. Your Board spent time assessing Barclays' contingency plans and evaluating the potential impact of the UK exiting the EU on each of Barclays' businesses. This included the possible consequences for capital, operations and regulation, along with the impact for employees, clients and customers. Of course, the precise terms of the UK's exit from the EU and the long-term effects are not yet known and will only become clear over time. However, our strategy remains focused on building on our strengths as a transatlantic consumer, corporate and investment bank, anchored in the UK and the US.



## Governance in Action

Sound corporate governance serves to support better decision-making and accountability throughout Barclays.

Greater detail about the work of your Board and its Committees may be found in our Directors' report on pages 49 to 133 of the Barclays PLC Annual Report 2016, and online at [home.barclays/annualreport](http://home.barclays/annualreport). You will find a series of case studies describing the role of the Board and its principal Committees in some of the significant issues we considered and decisions we took during 2016, including:

- preparing for Structural Reform and the material impact it will have on the way in which Barclays operates in future
- statutory auditor transition, to facilitate a smooth handover of responsibilities
- contingency planning for the UK's EU Referendum, a significant external business risk event both before and after the vote
- measuring cultural progress, providing challenge and support to management in its delivery of conduct, culture and value change



### Culture, values and accountability

As Chairman, an important part of my role is to promote the highest standards of corporate governance in Barclays and to ensure that this is supported by the right culture, values and behaviours from the top down. The implementation in March 2016 of the UK's Senior Managers Regime introduced new regulatory standards for individual accountability and conduct, which align closely with our established purpose, culture and values. Personal accountability is a central tenet of our culture, enabling us to achieve the highest standards of performance and deliver value for our customers and clients. It is also key to ensuring that trust finds its way back into banking and therefore underpins our long-term success.

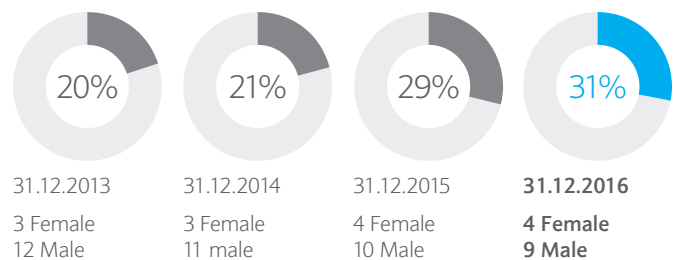
**John McFarlane**  
Chairman

22 February 2017

### Your Board

<b>John McFarlane</b>	Group Chairman
<b>Jes Staley</b>	Group Chief Executive; Executive Director
<b>Mike Ashley</b>	Non-executive Director
<b>Tim Breedon</b>	Non-executive Director
<b>Mary Francis</b>	Non-executive Director
<b>Crawford Gillies</b>	Non-executive Director
<b>Sir Gerry Grimstone</b>	Deputy Chairman and Senior Independent Director
<b>Reuben Jeffery</b>	Non-executive Director
<b>Tushar Morzaria</b>	Group Finance Director; Executive Director
<b>Dambisa Moyo</b>	Non-executive Director
<b>Diane de Saint Victor</b>	Non-executive Director
<b>Diane Schueneman</b>	Non-executive Director
<b>Steve Thieke</b>	Non-executive Director

### Board diversity – gender balance



For further information, see pages 39 to 133 of the Barclays PLC Annual Report 2016.

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## Summary

### A snapshot of how Barclays complies with the requirements of the UK Corporate Governance Code (the Code) is set out below.

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#### Compliance with the UK Corporate Governance Code

##### Leadership

There is clear division of responsibilities between the Chairman, who runs the Board, and the Group Chief Executive, who runs the Group's business. Individual roles on the Board and their responsibilities are set out in Barclays' *Charter of Expectations*.

The Senior Independent Director, Sir Gerry Grimstone, provides a sounding board for the Chairman, acts as an intermediary for the other Directors when necessary and is available to shareholders if they have concerns that have not been addressed through the normal channels.

The Board has set out Barclays' culture, values and behaviours in Barclays' *Purpose and Values* and *The Barclays Way*, which are embedded throughout the Group.

Directors are expected to provide rigorous and constructive challenge on matters that, owing to their strategic, financial or reputational implications or consequences, are considered significant to the Group.

##### Effectiveness

The skills, knowledge and experience needed for an effective Board are recorded on a skills matrix, which is used by the Board Nominations Committee to inform Director recruitment, induction and on-going development.

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

10 of 13 Directors are independent non-executive Directors (77%), while the Chairman was independent on appointment.

At the end of 2016, there were four women Directors (31%), compared to our target of 33% by 2020.

The Board Nominations Committee regularly considers Board and senior management succession plans.

Appointments to the Board are made via a formal, rigorous and transparent process, based on merit, taking into account the skills, experience and diversity needed on the Board in the context of Barclays' strategic direction.

All Directors are expected to commit sufficient time to fulfil their duties to Barclays. In 2016, Directors' attendance at scheduled Board meetings was 98% and across the scheduled Board Committee meetings was an average of 98%.

The Board assesses its effectiveness and that of its Committees and the individual Directors annually in a process that is externally facilitated by an independent third party.

Directors are subject to re-election each year by shareholders at the Annual General Meeting (AGM).

Barclays' *Charter of Expectations* sets out responsibilities for providing the Board with accurate, timely and high-quality information necessary for it to fulfil its duties.

##### Accountability

The Board is responsible for setting Barclays' Risk Appetite, i.e. the risks it is prepared to take in the context of achieving Barclays' strategic objectives.

Barclays' *Enterprise Risk Management Framework* is designed to identify and set minimum requirements in respect of the main risks to achieving the Barclays' strategic objectives and to provide reasonable assurance that internal controls are effective.

The Board conducts robust assessments of the principal risks facing Barclays, including those that would threaten its business model, future performance, solvency or liquidity. It reports on this in the annual viability statement (opposite).

The Directors also review the effectiveness of the Group's systems of internal control and risk management.

The Board has put in place processes to support the presentation to shareholders of fair, balanced and understandable information.

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

##### Remuneration

The Board Remuneration Committee, comprising independent non-executive Directors, sets overarching Group remuneration policy and approves the remuneration arrangements of the Chairman, the executive Directors and other senior executives.

The Board Remuneration Committee seeks the views of Barclays' major shareholders on remuneration matters. This engagement is meaningful and contributes directly to the decisions it makes.

Barclays' reward framework is simple and transparent and is designed to support and drive business strategy and long-term success.

To ensure alignment with shareholder interests, a significant part of performance-related pay is delivered through Barclays' shares.

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

##### Engagement

The Chairman and Senior Independent Director, together with other Board representatives and the Company Secretary, hold meetings with investors focusing on corporate governance matters.

The Chief Executive and Group Finance Director present quarterly results briefings and the Group Finance Director holds briefings for equity and debt sellside analysts.

Regular engagement with Barclays' brokers ensures that the Group's strategy and performance is being communicated effectively and provides a better understanding of investor views.

The Board receives feedback on investor relations activity, along with regular reports of changes in holdings of substantial shareholders and reports on share price movements.

A number of events are held throughout the year to maintain an open dialogue with investors, of which the AGM is the most important.

## Viability statement

**While the financial statements and accounts have been prepared on a going concern basis, the UK Corporate Governance Code 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.**

In light of the analysis set out below, the Board has assessed the Group's 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 timeframe is used in management's Working Capital and Viability Report (WCR) dated 16 February 2017. 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 timeframe 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 in the current environment it is necessary for the Board to ensure confidence in the Group is maintained over the shorter term; and
- as a consequence of the unparalleled level of regulatory change in the financial services industry, a three year timeframe is appropriate.

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

In making their assessment the Board has:

- carried out a regular and robust assessment 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 performance (i.e. results of operations or financial condition) to differ materially from current expectations, including the ability to meet dividend expectations, maintain minimum levels of regulatory capital and meet solvency targets (including capital, leverage and total loss absorbing capacity including TLAC/MREL) over the period of the assessment;
- reviewed how those risks are managed and controlled (see below and also further detail provided on pages 146 to 162 of the Barclays PLC Annual Report 2016);
- 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, particularly Barclays' internal liquidity risk appetite (LRA) and regulatory liquidity coverage ratios;
- considered the Group's viability under specific internal and regulatory stress scenarios (further details below);
- considered the stability of the major markets in which it operates, the risks posed by the simplification of the business model and regulatory changes;
- reviewed the 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 29 to the financial statements on pages 330 to 338 of the Barclays PLC Annual Report 2016.

Conduct, capital and operational risks are controlled and managed in line with the Enterprise Risk Management Framework and the relevant Principal Risk Frameworks. Executive management set a Risk Appetite for the Group, which is then approved by the Board. The second line

set limits, within which the first line are required to operate. Management and the Board then oversee the associated Risk Profile. In relation to regulatory change, the firm has a fully resourced project team, dedicated to understanding and implementing changes required by Structural Reform.

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. In some instances, however, the risks exist beyond this timeframe:

- legacy conduct matters and the potential risk of fines and other sanctions;
- the cost and scale of regulatory change in the financial services industry, including the implementation of structural reform, which could impact ratings, alter the behaviour of depositors and affect the ability of the firm to maintain appropriate capital and liquidity ratios; and
- evolving operational risks (notably cyber security, technology and resilience) and potential impact on operations and/or payment systems.

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

The latest internal stress test conducted in Q4 2016 (which was concluded on 16 February 2017) considered the potential impacts of:

- a severe global recession;
- decelerating growth in China and emerging markets;
- UK housing market weakness; and
- a significant and sustained fall in commodity prices.

Litigation matters and remediation/redress are assessed as part of the stress testing process. Capital risk appetite and LRA were set at a level which would enable the Group to withstand the stress scenario, based on expected financial performance. Management also identified actions, including cost reductions and withdrawal from lines of business, available to restore the Group to its desired capital flightpath under a range of operating environments.

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, leading to a significant change in business strategy and to identify appropriate mitigating actions. Examples include extreme macroeconomic downturn ("severely adverse") scenarios, or specific idiosyncratic events, covering both operational risk (e.g. cyber attack) and capital/liquidity events.

These internal 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.

The Board also reviewed external regulatory stress test results which are designed to assess the resilience of banks to adverse economic developments and ensure that we have robust forward looking planning processes for the risks associated with our business profile. Barclays was not required to submit revised capital plans as a result of these tests.

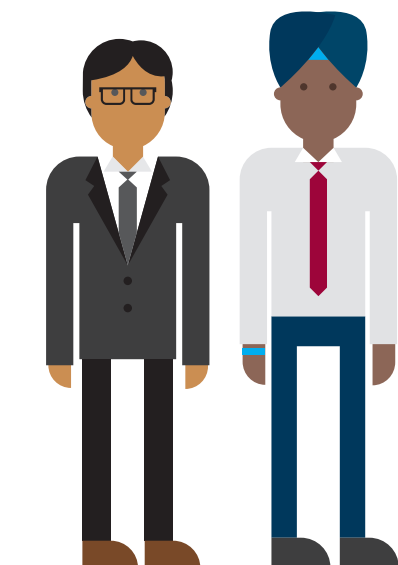
The Board's assessment of the Group's viability over the next three years is subject to material existing and emerging risks highlighted on pages 137 to 144 of the Barclays PLC Annual Report 2016. Future events, such as the crystallisation of any of these risks may require the Board to review dividend policy.

... and the energy, commitment and passion of our colleagues enhances our success...



## Summary

**We recognise that fostering the right culture at Barclays is critical to our success and we want to play a leading role in defining the future of banking, restoring trust and respect for our profession.**



We are four years into a cultural change journey at Barclays and we have a clear set of values that guide how we work and how we act. We are continuing to make progress to further embed and sustain a values-based culture through initiatives aimed at strengthening the profession of banking. We recognise that fostering the right culture at Barclays is critical to our success and we want to play a leading role in defining the future of banking, restoring trust and respect for our profession. We have placed continued focus on the importance of a values-based culture and with that in mind, conduct, culture and values were established as part of our key strategic priorities for the year. Throughout 2016 we have launched a number of initiatives to foster the right culture at Barclays and we developed a culture measurement framework, anchored in our values, to measure and manage progress in embedding a values-based culture across the organisation. We also seek to share across different parts of the business the initiatives that are having a positive impact on our culture and engagement of our employees.

**“Having constructive and empathetic conversations with customers reflect our continued focus on a values-based culture.”**

To ensure we constantly review and reappraise to see what is working, in 2016 the annual Your View survey became a quarterly pulse survey (excluding Africa), providing colleagues the opportunity on a more regular basis to say what they are experiencing and how it feels to work at Barclays. In the third quarter of the year, we surveyed 50% of all colleagues and the remaining 50% were surveyed in the fourth quarter. Starting from 2017, each quarter, 25% of colleagues (excluding Africa) will be invited to take part in Your View.

The Your View results have continued to measure Sustainable Engagement and this year we have been provided with more regular snapshots. The quarterly results were then aggregated at the end of the year into an overall annual picture of engagement. At the end of 2016, Sustainable Engagement of our colleagues has remained stable year-on-year at 75%. The quarterly results of the Your View survey and the indicators and insights from our culture measurement framework help us to assess what we are doing well and guide and focus management action as required across our businesses and functions. Each quarter the results are analysed in depth and our senior leadership teams across the businesses and functions work to identify relevant actions that will continue to foster a culture that builds the Barclays of the future. The results from the Your View survey, and the insights from the quarterly indicators within the culture measurement framework, evidence that we continue to make strong progress in embedding a values-based culture across the bank.

‘Apply within’, our internal mobility programme, and the ‘Let’s talk about how’ performance management campaign, both launched this year, are initiatives that support the behaviours that underpin our values. The ‘Let’s talk about how’ campaign reinforces the importance that we place on both ‘what’ our employees deliver and ‘how’ they deliver. A new event launched this year, sponsored by the Group CEO, this was a step forward in developing the next generation of enterprise leaders who actively contribute towards rebuilding the profession of banking through their own leadership and their influence of others. By bringing together high potential senior leaders from across our businesses and functions we seek to strengthen collaboration and an enterprise-wide perspective amongst our senior leaders to deliver improved solutions and products for our customers and clients.





## Group control function rotation

We recognise that our control functions are a critical part of our success and that it is important for our future leaders to understand how the functions operate and gain perspective of the Second Line of Defence, as part of our risk management responsibilities. In May this year a control functions rotational pilot programme was launched by the Group CEO to support his ambition to strengthen the profession of banking. This programme saw a group of colleagues from our CIB spend three months working in our Compliance function as an integrated member of the Compliance team in order to build a greater breadth of banking experience and to gain greater understanding and awareness of the control environment. Presentations to the Group CEO and other senior leaders at the end of the rotation gave the group the opportunity to share what they learnt and the training they received, as well as provide insights on how the businesses and control functions can continue to embed a values-based culture. The feedback from the participants is that the rotation helped to improve communication and understanding between the business and the control functions; has driven cross-divisional training; and encouraged internal mobility by highlighting alternative career paths. In 2017, the number of participants will be increased and the programme will be expanded to include opportunities across other control functions.



For further information on opportunities at Barclays, see [joinus.barclays.com](http://joinus.barclays.com)

Our Wellbeing programme; Barclays Shared Growth Ambition which focuses on access to employment, access to financial and digital empowerment and access to financing; as well as the Conversation Framework and Empathy Diagnostic launched in Barclays UK to support colleagues in having constructive and empathetic conversations with customers, reflect our continued focus on a values-based culture that ensures we do the right thing for our customers and clients.

**Tristram Roberts**  
Group Human Resources Director



... so our remuneration is reflective of the way we do business.



Summary

**The Committee remains focused on aligning our pay to performance and setting pay at a level which allows us to attract, retain and motivate, but is no more than necessary to ensure that we accelerate the delivery of shareholder value. The inherent tension between these important considerations continues to be a key component of the Committee's deliberations.**

2016 represented a year of strong progress against our strategy. The Committee's deliberations on the 2016 incentive pool reflected Group performance and strategic delivery in both the Core and Non-Core businesses. We reached the decision that an overall Group incentive pool of £1,533m, down slightly from £1,544m in 2015, is appropriate notwithstanding strong 2016 delivery. This level of incentive pool also absorbs the material adverse impact of foreign exchange movements through the year, which more than offset the impact of reductions in staff numbers in the year.

The Core compensation to net income (excluding notable items) ratio decreased from 34.0% in 2015 to 32.7% in 2016 excluding the impact of deferral changes, increasing slightly to 34.7% including the impact of these changes. At a Group level, the ratio increases to 40.2% (2015: 37.7%) driven by Non-Core as it continues to be run down.

From 2016, a change in the recognition timing of deferral costs, together with a harmonisation of deferral levels across the Group, will result in improvements to the Group's operational flexibility going into 2017 and beyond. Further information on deferral changes can be found on page 104 of the Barclays PLC Annual Report 2016.

We will be seeking shareholder approval for a new Directors' remuneration policy at the 2017 AGM. More details can be found on page 45.

During 2017, the Committee will continue to focus on ensuring that remuneration is aligned to the delivery of our strategy and sustainable shareholder returns. The Committee will also continue to monitor the competitiveness of our remuneration in the light of recent regulatory changes by the PRA, FCA and EBA. We will also continue to progress further our agenda to address pay inequality, which is in line with the proposals in the Government's Green Paper on Corporate Governance Reform.

The Committee is grateful for the feedback received from our larger shareholders on our remuneration proposals and values the insight the discussions provide.

**Crawford Gillies**  
Board Remuneration Committee (Chairman)

**We continue to focus on aligning reward and performance**

**Barclays Group incentive pool**

- 2010 – £3,484m
- 2011 – £2,578m
- 2012 – £2,168m
- 2013 – £2,378m
- 2014 – £1,860m
- 2015 – £1,544m
- 2016 – £1,533m**

Note  
The 2015 number has been restated from £1,669m to reflect the treatment of Africa Banking as a discontinued operation. The 2010-2014 numbers have not been restated.

**Distribution of 2016 total remuneration to Group employees by banding**

- 364 – £1m+
- 11,962 – £100k-£1m
- 39,990 – £25k-£100k
- 33,989 – £0-25k

Note  
The number of employees paid above £1m is slightly down year on year on a constant currency basis (364 in 2016 vs. 369 in 2015).



## Directors' remuneration policy

Barclays' new Directors' remuneration policy is subject to shareholder approval at the 2017 AGM on 10 May 2017 and, if approved, is intended to apply immediately, for three years to the date of the 2020 AGM. The new policy has evolved from the existing policy and has been updated for regulatory changes, and simplified where possible.



Full details of our Directors' remuneration policy can be found on pages 108 to 120 of the Barclays PLC Annual Report 2016.

The key changes to the policy can be summarised as follows:

Key changes	
Fixed pay	<ul style="list-style-type: none"> <li>'Fixed Pay' introduced, replacing salary and Role Based Pay</li> <li>Fixed Pay delivered 50% in cash and 50% in shares (subject to 5 year holding period lifting pro-rata)</li> <li>Fixed Pay will not change during the policy period for either of the current executive Directors</li> <li>Pension allowance retained at current levels, but limited to 10% of Fixed Pay for new hires</li> </ul>
Variable pay	<ul style="list-style-type: none"> <li>Bonus and Long Term Incentive Plan (LTIP) combined for regulatory deferral purposes</li> </ul>
Performance measures	<ul style="list-style-type: none"> <li>Bonus: Financial measures <math>\geq</math> 60%</li> <li>LTIP: Financial measures <math>\geq</math> 70%</li> </ul>
Delivery	<ul style="list-style-type: none"> <li>Any bonus deferral vests in equal tranches between the third and seventh anniversary of award</li> <li>LTIP performance is tested at end of 3 year performance period and vests in equal tranches between the third and seventh anniversary of award</li> </ul>
Shareholding requirement	<ul style="list-style-type: none"> <li>Requirement increased to 200% of Total fixed pay (i.e. Fixed Pay plus Pension) within 5 years from the date of appointment (from 400% of salary to equivalent of 457% of salary for CEO)</li> <li>New requirement to hold shares worth 100% of Total fixed pay (or pro-rata thereof) for 2 years post-termination</li> </ul>
Employment contracts	<ul style="list-style-type: none"> <li>For new hires, asymmetry for notice periods removed i.e. 6 months from the Company and 6 months from the Director (from 12 months from the Company and 6 months from the Director)</li> </ul>

## 2017 remuneration

The following summarises how the Directors' remuneration policy would be implemented in 2017 assuming the new policy is approved by shareholders.

	Fixed Pay	Annual bonus <sup>a</sup>	LTIP <sup>a</sup>
Jes Staley	£2,350,000	Maximum 80% of Total fixed pay	Maximum 120% of Total fixed pay
Tushar Morzaria	£1,650,000	Maximum 80% of Total fixed pay	Maximum 120% of Total fixed pay plus competitive benefits and pension

Note

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

## 2016 remuneration

The following tables show a single total figure for 2016 remuneration in respect of qualifying service for each executive and non-executive Director together with comparative figures for 2015.

### Executive Directors: Single total figure for 2016 remuneration (audited)

	Salary £000		Role Based Pay £000		Taxable benefits £000		Annual bonus £000		LTIP £000		Pension £000		Total £000	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Jes Staley <sup>a</sup>	1,200	100	1,150	96	169	48	1,318	–	–	–	396	33	4,233	277
Tushar Morzaria	800	800	750	750	44	82	854	701	1,008	–	200	200	3,656	2,533

Note

a The 2015 figures for Jes Staley relate to the period from 1 December 2015 when he joined the Board as Group Chief Executive.



## Remuneration framework

... so our remuneration is reflective of the way we do business.

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

#### Role Based Pay (RBP)

Executive Directors received RBP which was delivered quarterly in shares, subject to a holding period with restrictions lifting over five years (20% each year). The value shown is of shares at the date awarded.

#### 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 2016 bonus awards reflect the Committee's assessment of the extent to which the executive Directors achieved their Financial (50% weighting) and Balanced Scorecard (35% weighting) performance measures, and their personal objectives (15% weighting). A summary of the assessment against the performance measures is provided below. For more information please see pages 121 and 122 of the Barclays PLC Annual Report 2016.

#### Financial (50% weighting)

Performance measure	Weighting	Threshold 25%	Maximum 100%	2016 Actual	2016 Outcome
Profit before tax (excluding notable items)	20%	£3.45bn	£4.20bn	£3.65bn	9%
Costs (excluding notable items)	10%	£14.6bn	£13.7bn	£15.3bn	0%
CET1 ratio	20%	11.1%	11.6%	12.4%	20%
<b>Total financial</b>	<b>50%</b>				<b>29%</b>

#### Balanced Scorecard (35% weighting)

Progress in relation to each of the 5Cs of the Balanced Scorecard was assessed by the Committee. The Committee took a similar approach as for 2015 i.e. based on a three-point scale in relation to each measure, with 0% to 2% for 'below' target, 3% or 4% for a 'met' target, and 5% to 7% for 'above' target progress against a particular Balanced Scorecard component. Based on this approach, the Committee agreed an 18% outcome out of a maximum of 35%.

#### Personal objectives (15% weighting)

- (i) Jes Staley: The Committee concluded that Jes Staley had delivered a very strong performance throughout the year. By the end of 2016, a clear new strategy was firmly embedded and a new Core organisational structure consistent with structural reform has been implemented. The Core businesses have performed well, delivering improved profitability and cost income efficiency. At the same time significant progress has been made in exiting the Non-Core businesses. Jes Staley has demonstrated strong leadership, strengthened the management team and has instilled a more effective performance ethic and culture within the organisation. Given his very strong performance, the Committee judged that 13% of a maximum of 15% was appropriate.
- (ii) Tushar Morzaria: The Committee concluded that Tushar Morzaria had delivered an outstanding performance in 2016. In doing so, the Committee noted the role provided by Tushar Morzaria in reshaping the business and in particular, recognised his contribution in the significant progress in exiting Non-Core, resulting in a reduction of £22bn in Risk Weighted Assets and his focus in delivering an organisation with a significantly higher CET1 ratio and lower Cost: Income ratio. In doing so, it was also noted that Tushar Morzaria has continued to develop very strong working relationships with shareholders, investors and regulators, while also improving the performance delivery within the Finance Functions. Given his exceptional personal performance during 2016, the Committee judged that 14% of a maximum of 15% was appropriate.

#### Overall summary

In aggregate, the performance assessment for Jes Staley resulted in an overall formulaic outcome of 60% of maximum bonus opportunity being achieved. The resulting bonus is £1,318,000 of which 70% is deferred under the Share Value Plan and will vest in five equal tranches from the third to seventh anniversary (subject to the rules of the Share Value Plan as amended from time to time).

In aggregate, the performance assessment for Tushar Morzaria resulted in an overall formulaic outcome of 61% of maximum bonus opportunity being achieved. The resulting bonus is £854,000 of which 60% is deferred under the Share Value Plan and will vest in five equal tranches from the third to seventh anniversary (subject to the rules of the Share Value Plan as amended from time to time).

## LTIP

The LTIP amount included in Tushar Morzaria's 2016 single total figure is the value of the amount scheduled to be released in relation to the LTIP award granted in 2014 in respect of performance period 2014-2016 (by reference to Q4 2016 average share price). Jes Staley was not a participant in this cycle. The performance achieved against the performance targets is as follows.

Performance measure	Weighting	Threshold	Maximum vesting	Actual	% of award vesting
Return on risk weighted assets (RoRWA)	50%	23% of award vests for average annual RoRWA of 1.08%	Average annual RoRWA of 1.52%	0.33%	0%
Loan loss rate	20%	7% of award vests for average annual loan loss rate of 70bps	Average annual loan loss rate of 55bps or below	50bps	20%
Balanced Scorecard	30%	Performance against the Balanced Scorecard was assessed by the Committee to determine the percentage of the award that may vest between 0% and 30%. Each of the 5Cs in the Balanced Scorecard has equal weighting.		See page 123 of the Barclays PLC Annual Report 2016.	14%

The Committee was also satisfied that the discretionary underpin in respect of the underlying financial health of the Group based on profit before tax was met, and accordingly determined that 34% of the maximum number of shares under the total award should be considered for release in March 2017. After release, the shares are subject to an additional two year holding period.

## Pension

Executive Directors are paid cash in lieu of pension contributions. This is market practice for senior executives in comparable roles.

### Chairman and non-executive Directors: Single total figure for 2016 fees (audited)

	Fees		Benefits		Total	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
<b>Chairman</b>						
John McFarlane <sup>a</sup>	800	628	1	11	801	639
Sir David Walker <sup>b</sup>	–	285	–	6	–	291
<b>Non-executive Directors</b>						
Mike Ashley	207	207	–	–	207	207
Tim Breedon	220	232	–	–	220	232
Mary Francis <sup>c</sup>	29	–	–	–	29	–
Crawford Gillies	195	178	–	–	195	178
Sir Gerry Grimstone <sup>d</sup>	250	–	–	–	250	–
Reuben Jeffery III	120	135	–	–	120	135
Wendy Lucas-Bull <sup>e</sup>	64	358	–	–	64	358
Dambisa Moyo	135	152	–	–	135	152
Frits van Paasschen <sup>f</sup>	35	88	–	–	35	88
Diane de Saint Victor	118	135	–	–	118	135
Diane Schueneman <sup>g,h</sup>	232	74	–	–	232	74
Steve Thieke <sup>h</sup>	221	184	–	–	221	184
Sir Michael Rake <sup>i</sup>	–	250	–	–	–	250
Sir John Sunderland <sup>j</sup>	–	60	–	–	–	60
<b>Total</b>	<b>2,626</b>	<b>2,966</b>	<b>1</b>	<b>17</b>	<b>2,627</b>	<b>2,983</b>

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 John McFarlane joined the Board as a non-executive Director with effect from 1 January 2015 and as Chairman from 24 April 2015. The 2015 total includes non-executive Director fees of £78,000 for the period from 1 January 2015 to 24 April 2015.

b Sir David Walker retired from the Board with effect from 23 April 2015.

c Mary Francis joined the Board as a non-executive Director with effect from 1 October 2016.

d Sir Gerry Grimstone joined the Board as a non-executive Director from 1 January 2016 and succeeded Sir Michael Rake as Senior Independent Director and Deputy Chairman with effect from 1 January 2016.

e Wendy Lucas-Bull retired from the Board with effect from 1 March 2016. Figures include fees received by Wendy Lucas-Bull for her role as Chairman of Barclays Africa Group Limited.

f Frits van Paasschen retired from the Board with effect from 28 April 2016.

g Diane Schueneman joined the Board as a non-executive Director with effect from 25 June 2015.

h Diane Schueneman and Steve Thieke both served in 2016 on the US Governance Review Board, which was an advisory board set up as the forerunner of the board of our US intermediate holding company which was established during 2016. They each subsequently joined the board of the US intermediate holding company on its formation. The 2015 figures for Diane Schueneman and Steve Thieke included fees of \$37,500 and \$75,000 respectively for their roles on the US Governance Review Board.

The 2016 figures include fees of \$138,000 and \$150,000 respectively for their roles on the US Governance Review Board and the board of the US intermediate holding company. In addition, Steve Thieke waived fees of \$63,000.

i Sir Michael Rake retired from the Board with effect from 31 December 2015.

j Sir John Sunderland retired from the Board with effect from 23 April 2015.

# Our strategy is on track with good progress in 2016.

## Summary

### 2016 reflected good operational performance of Barclays UK and Barclays International reflecting the benefits of diversification across customers and clients, geographies and products.

The Core business generated a RoTE excluding notable items of 9.4% (2015: 11.2%) on a £4bn increased average allocated tangible equity base of £41bn. The Core business also generated positive cost: income jaws and we intend to continue to reduce the Group's structural cost base, targeting a Group cost: income ratio of less than 60% over time. The accelerated Non-Core run-down resulted in a reduction in RWAs of £22bn to £32bn resulting in the decision to close the unit six months ahead of plan on 30 June 2017. Capital ratio progression towards end state requirements of 150bps to 200bps above the minimum regulatory level was strong with a CET1 ratio of 12.4% (December 2015: 11.4%), largely reflecting profit generation in the period.

	2016	2015
Common Equity Tier 1 (CET1) ratio	12.4%	11.4%
Cost: income ratio	76%	84%
Return on average tangible shareholders' equity (RoTE)	3.6%	(0.7%)
Total operating expenses	£16,338m	£18,536m
Non-Core RWAs	£32bn	£54bn

#### Group performance

- Return on average tangible shareholders' equity was 3.6% (2015: (0.7%)) and basic earnings per share was 10.4p (2015: (1.9p))
- Profit before tax increased to £3,230m (2015: £1,146m). The Group performance reflected good Core results while being impacted by the Non-Core loss before tax of £2,786m (2015: £2,603m) and provisions for UK customer redress of £1,000m (2015: £2,772m). The appreciation of average US Dollar and Euro against Sterling positively impacted income and adversely affected impairment and operating expenses
- Total income decreased 3% to £21,451m as Non-Core income reduced £1,776m to a net expense of £1,164m due to the acceleration of the Non-Core run-down, while Core income increased 6% to £22,615m driven by Barclays International
- Credit impairment charges increased £611m to £2,373m including a £320m charge in Q316 following the management review of the UK and US cards portfolio impairment modelling. This resulted in a 11bps increase in the loan loss rate to 53bps

- Total operating expenses reduced 12% to £16,338m reflecting lower litigation and conduct charges. This was partially offset by the non-recurrence of the prior year gains of £429m on the valuation of a component of the defined retirement benefit liability, increased structural reform implementation costs, and a £150m charge in Barclays International in Q316, relating to a reduction in the real estate footprint which will generate savings in future periods. Operating expenses also included a £395m additional charge in Q416 relating to 2016 compensation awards
- The effective tax rate on profit before tax decreased to 30.7% (2015: 100.3%) principally as a result of a reduction in non-deductible charges
- Profit after tax in respect of continuing operations increased to £2,237m (2015: loss of £3m). Profit after tax in relation to the Africa Banking discontinued operation decreased 6% to £591m as increased credit impairment charges and operating expenses were partially offset by income growth
- Notable items totalled a net loss before tax of £420m (2015: £3,330m) comprising provisions for UK customer redress of £1,000m (2015: £2,772m), a £615m (2015: £nil) gain on disposal of Barclays' share of Visa Europe Limited and an own credit loss of £35m (2015: gain of £430m)

#### Group capital and leverage

- The fully loaded CRD IV CET1 ratio increased to 12.4% (December 2015: 11.4%) reflecting an increase in CET1 capital of £4.5bn to £45.2bn, despite RWAs increasing by £7bn to £366bn
  - The increase in CET1 capital was largely driven by profits of £2.1bn generated in the period, after absorbing the impact of notable items. Other favourable movements included the currency translation reserve as a result of the appreciation of all major currencies against Sterling
  - The increase in RWAs was principally due to the appreciation of US Dollar, Euro and South African Rand against Sterling and business growth, which more than offset RWA reductions in Non-Core

## Barclays PLC Group results

For the year ended	31.12.16 £m	31.12.15 £m	YoY % Change
Total income	21,451	22,040	(3)
Credit impairment charges and other provisions	(2,373)	(1,762)	(35)
<b>Net operating income</b>	<b>19,078</b>	<b>20,278</b>	<b>(6)</b>
Operating expenses	(14,565)	(13,723)	(6)
UK bank levy	(410)	(426)	4
Litigation and conduct	(1,363)	(4,387)	69
<b>Total operating expenses</b>	<b>(16,338)</b>	<b>(18,536)</b>	<b>12</b>
Other net income/(expenses)	490	(596)	
<b>Profit before tax</b>	<b>3,230</b>	<b>1,146</b>	
Tax charge	(993)	(1,149)	14
<b>Profit/(loss) after tax in respect of continuing operations</b>	<b>2,237</b>	<b>(3)</b>	
Profit after tax in respect of discontinued operation <sup>a</sup>	591	626	(6)
Non-controlling interests in respect of continuing operations	(346)	(348)	1
Non-controlling interests in respect of discontinued operation <sup>a</sup>	(402)	(324)	(24)
Other equity holders <sup>b</sup>	(457)	(345)	(32)
<b>Attributable profit/(loss)</b>	<b>1,623</b>	<b>(394)</b>	
<b>Performance measures</b>			
Return on average tangible shareholders' equity <sup>b</sup>	3.6%	(0.7%)	
Average tangible shareholders' equity (£bn)	48.7	47.7	
Cost: income ratio	76%	84%	
Loan loss rate (bps)	53	42	
Basic earnings/(loss) per share <sup>b</sup>	10.4p	(1.9p)	
Dividend per share	3.0p	6.5p	
<b>Balance sheet and capital management</b>			
Tangible net asset value per share	290p	275p	
Common equity tier 1 ratio	12.4%	11.4%	
Common equity tier 1 capital	£45.2bn	£40.7bn	
Risk weighted assets	£366bn	£358bn	
Leverage ratio	4.6%	4.5%	
<b>Notable items</b>			
<b>Total income</b>			
Own credit	(35)	430	
Gain on disposal of Barclays' share of Visa Europe Limited	615	-	
Gains on US Lehman acquisition assets	-	496	
<b>Litigation and conduct</b>			
Provisions for UK customer redress	(1,000)	(2,772)	
Provisions for ongoing investigations and litigation including Foreign Exchange	-	(1,237)	
<b>Operating expenses</b>			
Gain on valuation of a component of the defined retirement benefit liability	-	429	
Impairment of goodwill and other assets relating to businesses being disposed	-	(96)	
<b>Other net expenses</b>			
Losses on sale relating to the Spanish, Portuguese and Italian businesses	-	(580)	
<b>Total notable items</b>	<b>(420)</b>	<b>(3,330)</b>	

## Notes

a Attributable profit in respect of the Africa Banking discontinued operation is reported at the Group level only. Allocated tangible equity, RWAs and leverage exposure are reported in Head Office within Core.

b The profit after tax attributable to other equity holders of £457m (2015: £345m) is offset by a tax credit recorded in reserves of £128m (2015: £70m). The net amount of £329m (2015: £275m), along with non-controlling interests (NCI) is deducted from profit after tax in order to calculate earnings per share and return on average tangible shareholders' equity.

## Condensed consolidated income statement (audited)

	Year ended 31.12.16 £m	Year ended 31.12.15 £m
<b>Continuing operations</b>		
Net interest income	10,537	10,608
Net fee and commission income	6,768	6,859
Net trading income	2,768	3,426
Net investment income	1,324	1,097
Other income	54	50
<b>Total income</b>	<b>21,451</b>	<b>22,040</b>
Credit impairment charges and other provisions	(2,373)	(1,762)
<b>Net operating income</b>	<b>19,078</b>	<b>20,278</b>
Staff costs	(9,423)	(8,853)
Administration and general expenses	(6,915)	(9,683)
<b>Operating expenses</b>	<b>(16,338)</b>	<b>(18,536)</b>
Profit/(loss) on disposal of undertakings and share of results of associates and joint ventures	490	(596)
<b>Profit before tax</b>	<b>3,230</b>	<b>1,146</b>
Tax	(993)	(1,149)
Profit/(loss) after tax in respect of continuing operations	2,237	(3)
Profit after tax in respect of discontinued operation	591	626
<b>Profit after tax</b>	<b>2,828</b>	<b>623</b>
<b>Attributable to:</b>		
Ordinary equity holders of the parent	1,623	(394)
Other equity holders	457	345
<b>Total equity holders</b>	<b>2,080</b>	<b>(49)</b>
Profit attributable to non-controlling interests in respect of continuing operations	346	348
Profit attributable to non-controlling interests in respect of discontinued operation	402	324
<b>Profit after tax</b>	<b>2,828</b>	<b>623</b>
<b>Earnings per share</b>		
Basic earnings/(loss) per ordinary share <sup>a</sup>	10.4	(1.9)
Basic earnings/(loss) per ordinary share in respect of continuing operations	9.3	(3.7)
Basic earnings per ordinary share in respect of discontinued operations	1.1	1.8
Diluted earnings/(loss) per ordinary share <sup>a</sup>	10.3	(1.9)

Note  
a The profit after tax attributable to other equity holders of £457m (2015: £345m) is offset by a tax credit recorded in reserves of £128m (2015: £70m). The net amount of £329m (2015: £275m), along with NCI, is deducted from profit after tax in order to calculate earnings per share.

## Condensed consolidated balance sheet (audited)

	As at 31.12.16 £m	As at 31.12.15 £m
<b>Assets</b>		
Cash and balances at central banks	102,353	49,711
Items in the course of collection from other banks	1,467	1,011
Trading portfolio assets	80,240	77,348
Financial assets designated at fair value	78,608	76,830
Derivative financial instruments	346,626	327,709
Financial investments	63,317	90,267
Loans and advances to banks	43,251	41,349
Loans and advances to customers	392,784	399,217
Reverse repurchase agreements and other similar secured lending	13,454	28,187
Current and deferred tax assets	5,430	4,910
Prepayments, accrued income and other assets	2,893	3,010
Investments in associates and joint ventures	684	573
Goodwill and intangible assets	7,726	8,222
Property, plant and equipment	2,825	3,468
Retirement benefit assets	14	836
Assets included in disposal groups classified as held for sale	71,454	7,364
<b>Total assets</b>	<b>1,213,126</b>	<b>1,120,012</b>
<b>Liabilities</b>		
Deposits from banks	48,214	47,080
Items in the course of collection due to other banks	636	1,013
Customer accounts	423,178	418,242
Repurchase agreements and other similar secured borrowing	19,760	25,035
Trading portfolio liabilities	34,687	33,967
Financial liabilities designated at fair value	96,031	91,745
Derivative financial instruments	340,487	324,252
Debt securities in issue <sup>a</sup>	75,932	69,150
Subordinated liabilities	23,383	21,467
Accruals, deferred income and other liabilities	8,871	10,610
Current and deferred tax liabilities	766	1,025
Provisions	4,134	4,142
Retirement benefit liabilities	390	423
Liabilities included in disposal groups classified as held for sale	65,292	5,997
<b>Total liabilities</b>	<b>1,141,761</b>	<b>1,054,148</b>
<b>Equity</b>		
Called up share capital and share premium	21,842	21,586
Other reserves	6,051	1,898
Retained earnings	30,531	31,021
<b>Shareholders' equity attributable to ordinary shareholders of the parent</b>	<b>58,424</b>	<b>54,505</b>
Other equity instruments	6,449	5,305
<b>Total equity excluding non-controlling interests</b>	<b>64,873</b>	<b>59,810</b>
Non-controlling interests	6,492	6,054
<b>Total equity</b>	<b>71,365</b>	<b>65,864</b>

Note

a Debt securities in issue include covered bonds of £12.4bn (2015: £12.3bn).





# Shareholder information

## Your Barclays shareholding

### Key dates

**5 April 2017**

Final dividend payment date

**28 April 2017**

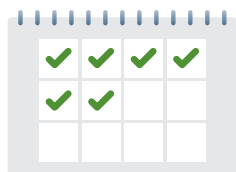
Q1 Results Announcement

**10 May 2017**

Annual General Meeting

**18 September 2017**

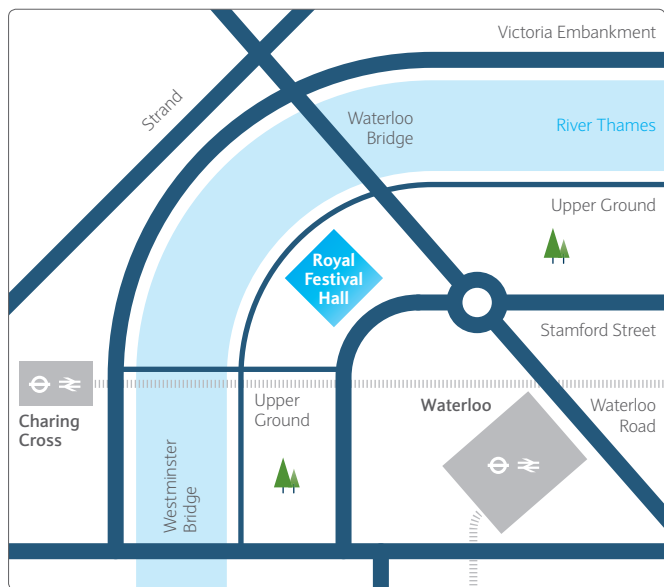
Interim dividend payment date<sup>a</sup>




### Annual General Meeting (AGM)

This year's AGM will be held at the Royal Festival Hall, Southbank Centre, Belvedere Road, London SE1 8XX on Wednesday, 10 May 2017 at 11.00am.

The Chairman and Chief Executive will update shareholders on our performance in 2016 and our goals for 2017. Shareholders will also have the opportunity to ask the Board questions at the meeting.



 You can find out more at [home.barclays/aggm](http://home.barclays/aggm)

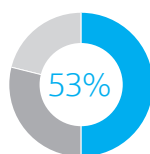
### Donations to charity

We launched a Share Dealing Service in November 2016 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, more than £100,000 was donated.

### Dividends

The final dividend for the year ended 31 December 2016 will be 2.0 pence per share, making the 2016 total dividend 3.0 pence, in line with our intention to reduce the dividend in 2016 and 2017 to help us to continue the run down of Non-Core. The Board recognise the importance of paying a meaningful dividend and are committed to doing so in the future.

#### How do Barclays shareholders receive their dividends?



As at 31 December 2016, Barclays shareholders received their dividends in the following ways:


<b>Direct to bank account</b>	<b>53.5%</b>
Cheque	25.1%
Scrip dividend programme (new shares)	21.4%

#### 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.

#### 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](http://home.barclays/dividends)

### 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. You must provide a copy of your share certificate, Sharestore statement or most recent dividend confirmation. If these are not available, you will need to provide a copy of a utility bill or bank statement dated in the last three months.

### 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 2016, we continued the tracing process to reunite these shareholders with their SNTU monies and any unclaimed dividends. By the end of the year, we had returned over £1.65m to our shareholders.

Note

<sup>a</sup> Please note that this date is provisional and subject to change.

## 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](http://shareview.co.uk)



**Equiniti**  
0371 384 2055<sup>b</sup> (in the UK)  
+44 121 415 7004 (from overseas)  
0371 384 2255<sup>b</sup> (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@wellsfargo.com](mailto:jpmorgan.adr@wellsfargo.com) or visit [adr.com](http://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 55164-0854  
USA

### Shareholder Relations



To give us your feedback or if you have any questions, please contact: [privateshareholderrelations@barclays.com](mailto: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](http://home.barclays/investorrelations)



### Alternative formats

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

0371 384 2055<sup>b</sup> (in the UK)  
+44 121 415 7004 (from overseas)

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

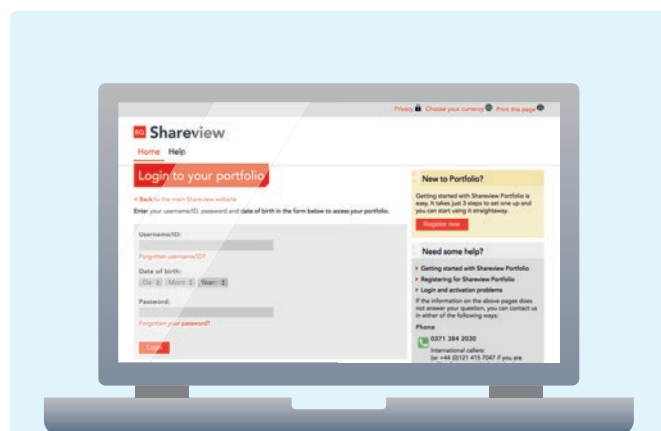
## Managing your shares online

### 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 [shareview.co.uk](http://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

### 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](http://fca.org.uk/scams). You can also call the FCA Helpline on 0800 111 6768 or through Action Fraud on 0300 123 2040.

Note

<sup>b</sup> Lines open 8.30am to 5.30pm Monday to Friday, excluding public holidays.

## Notes

The term Barclays or Group refers to Barclays PLC together with its subsidiaries. Unless otherwise stated, the income statement analysis compares the year ended 31 December 2016 to the corresponding twelve months of 2015 and balance sheet analysis as at 31 December 2016 with comparatives relating to 31 December 2015. 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; and the abbreviations '€m' and '€bn' represent millions and thousands of millions of Euros respectively.

Comparatives have been restated to reflect the implementation of the Group business reorganisation. These restatements were detailed in our announcement on 14 April 2016, accessible at [home.barclays/results](http://home.barclays/results).

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.

Notable items as set out on page 49 and are considered to be significant items impacting comparability of performance.

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](http://home.barclays/results).

The information in this announcement, which was approved by the Board of Directors on 22 February 2017, does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2015, which included certain information required for the Joint Annual Report on Form 20-F of Barclays PLC and Barclays Bank PLC to the US Securities and Exchange Commission (SEC) and which contained an unqualified audit report under Section 495 of the Companies Act 2006 (which did not make any statements under Section 498 of the Companies Act 2006) have been delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

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

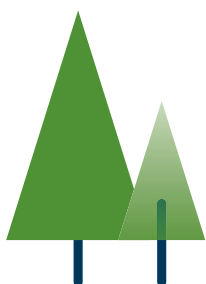
### Non-IFRS performance measures

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 business' 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 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 259 to 266 of the Barclays PLC Annual Report 2016 for further information, reconciliations 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 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 the Group's future financial position, income growth, assets, impairment charges, provisions, notable items, business strategy, structural reform, capital, leverage and other regulatory ratios, payment of dividends (including dividend pay-out ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, original and revised commitments and targets in connection with the strategic cost programme and the Group Strategy Update, rundown of assets and businesses within Barclays Non-Core, sell down of the Group's interest in Barclays Africa Group Limited, estimates of capital expenditures and plans and objectives for future operations, projected employee numbers 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, 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, future levels of notable items, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules (including with regard to the future structure of the Group) applicable to past, current and future periods; UK, US, Africa, Eurozone and global macroeconomic and business conditions; the effects of continued volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entities within the Group or any securities issued by such entities; the potential for one or more countries exiting the Eurozone; the implications of the results of the 23 June 2016 referendum in the United Kingdom and the disruption that may result in the UK and globally from the withdrawal of the United Kingdom from the European Union; the implementation of the strategic cost programme; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Group's control. As a result, the Group's actual future results, dividend payments, and capital and leverage ratios may differ materially from the plans, goals, expectations and guidance set forth in the Group's forward-looking statements. Additional risks and factors which may impact the 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 2016), which are available on the SEC's website at [www.sec.gov](http://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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