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Registered No. 48839

This document contains certain forward-looking statements within the meaning of section 21E of the US Securities Exchange Act of 1934, as amended and section 27A of the US Securities Act of 1933, as amended with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition and performance.

The Group may also make forward-looking statements in other written materials, including other documents filed with or furnished to the SEC. In addition, the Group's senior management may make forward-looking statements orally to analysts, investors, representatives of the media and others. In particular, among other statements, certain statements in the Financial Review and Business Description with regard to management objectives, trends in results of operations, margins, costs, return on equity, risk management, and competition are forward looking in nature. These forward-looking statements can be identified by the fact that they do not

relate only to historical or current facts. Forward-looking statements often use words such as "anticipate," "target," "expect," "estimate," "intend," "plan," "goal," "believe," or other words of similar meaning.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The Group's actual future results may differ materially from those set out in the Group's forward-looking statements. There are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. Any forward-looking statements made by or on behalf of the Group speak only as of the date they are made. Barclays does not undertake to update forward-looking statements to reflect any changes in the Group's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any further disclosures Barclays may make in documents it files with the SEC.

Business description

Introduction

Barclays is an international financial services group engaged primarily in banking, investment banking and asset management. In terms of assets employed, Barclays is one of the largest financial services groups in the UK. The Group also operates in many other countries around the world and is a leading provider of co-ordinated global services to multinational corporations and financial institutions in the world's main financial centres. Worldwide, the Barclays Group has 2,579 branches.

The Group is organised in Strategic Business Units (SBUs), which are supported by shared services. Each SBU has been tasked with identifying and implementing value maximising strategies, and achieving these by creating advantage for customers through superior products and services.

For reporting purposes, the SBUs have been organised into the following business groups or clusters:

- » Personal Financial Services (including Woolwich)
- » Barclays Private Clients
- » Barclaycard
- » Business Banking
- » Barclays Africa
- » Barclays Capital
- » Barclays Global Investors

Results are also provided for Other operations and Head office functions. The results for Personal Financial Services and Business Banking are reported after allocating the costs of shared support functions, the UK branch network and other common infrastructure.

Personal Financial Services

Personal Financial Services provides a wide range of products and services to 14 million personal customers throughout the United Kingdom, including current accounts, savings, mortgages, consumer loans, general insurance and the provision of independent financial advice. These are available to all customers through integrated channels comprising the branch network, telephone banking and online banking.

On 1st January 2002, the Woolwich operations became part of Personal Financial Services in line with integration plans, providing a platform for transformation within the enlarged retail business. Separate brands have been retained to maintain distinctive customer propositions.

Personal Financial Services works closely with other businesses in the Group, in particular Barclays Private Clients, Barclaycard and Business Banking, to provide better customer servicing and to develop cross-selling opportunities.

Key business developments in 2002:

- » Openplan, which was successfully developed by Woolwich, was launched fully in the Barclays network in April 2002 and now has nearly 2 million customers relative to our target for 2002 of 1.5 million. Balances within Openplan from Barclays grew to £13.2bn, £10.3bn from savings and £2.9bn from mortgages. 55% of customers choosing Openplan from Woolwich are new.
- » Personal Financial Services has continued to be a net recruiter of current accounts, increasing to 10.5 million (2001: 10.1 million), and the number of value-added accounts (Additions and Platinum) has grown to 1.75 million from 1.38 million.
- » Online customers increased to 3.9 million, with 20% of all transactions now being undertaken online (2001: 14%).
- » Total mortgage balances have increased 13% to £58.7bn. Net new mortgage lending grew 60% to £6.9bn with growth being focused in the first half of the year. Market share of net new lending in mortgages has increased to 8.7% from 7.8% in 2001. The latest loan to value ratios within the residential mortgage book averaged 45%.
- » Total average retail savings balances increased 7% to £28.8 billion, with Barclays branded savings balances increasing 22%.
- » Margin pressure, particularly within mortgages, has been actively managed with increased balances mitigating some of the compression primarily due to the lower average interest rates in 2002 versus 2001.

Refer to page 99 for further information.

Barclays Private Clients

Barclays Private Clients serves affluent and high net worth clients, primarily in the UK and continental Europe, providing banking and asset management services.

There has been continued progress in the development of an integrated business model during 2002. The focus remained on improving operational efficiency and on the provision of a distinctive customer service and a diverse banking and investment product capability.

Barclays Private Clients works closely with other Group businesses, particularly Personal Financial Services and in areas such as offshore banking and UK mass affluent customers.

Barclays Private Clients completed the acquisition of Charles Schwab Europe, an award-winning execution-only retail stockbroker, on 31st January 2003.

Key business developments in 2002:

- » Customer numbers in Spain have increased by 36,000 with 40% of those new to Barclays being attracted by Openplan.
- » In Spain, the average products per customer was 3.2 increasing to 4.5 for Openplan customers.
- » Globally affluent and high net worth client numbers increased 3% to 970,000, excluding the impact of the Caribbean transaction (see below).
- » The combination of the Caribbean operations of Barclays and CIBC was completed on 11th October 2002.
- » Operating income from the closed long-term assurance funds moved from a positive contribution in 2001 of £127m to a negative contribution in 2002 of £51m, a year on year swing of £178m. This was primarily attributable to the fall in stock markets in 2002.

Refer to page 100 for further information.

Barclaycard

Barclaycard is one of the leading credit card businesses in Europe. In addition to its operations in the United Kingdom, it is active in Germany, Spain, Greece, France and Italy. It also operates in Africa. Barclaycard offers a full range of credit card services to individual customers, together with card payment facilities to retailers and other businesses.

Barclaycard acquired the credit card business of Providian UK in April 2002. The acquisition was consistent with Barclaycard's strategy of defending and growing its core UK credit card business.

Key business developments in 2002:

- » Barclaycard has 10.4 million customers, primarily in the UK and Europe. In the UK alone, one in every five credit cards is a Barclaycard. Barclaycard increased market share of extended credit balances during the year.
- » Average extended credit balances amounted to more than 75% of total card outstandings. Period end extended credit balances in the UK grew 19% year on year.
- » UK customer recruitment increased 60% to 1.2 million. In the UK, Barclaycard now has over 400 pricing points with a wide range of annual percentage rates.
- » In September a new loyalty scheme, called Nectar, was launched in conjunction with Sainsburys, Debenhams and BP and has 11 million active customers. Nectar is the biggest loyalty programme in the UK.
- » Barclaycard International has 1.28 million cards in issue across continental Europe.
- » During the year, Barclaycard worked with Banca Woolwich to launch a full range of credit cards in Italy, one of Europe's largest credit card markets.

Refer to page 101 for further information.

Business Banking

Business Banking provides relationship banking to the Group's small, medium and large business customers in the United Kingdom.

Customers are served by a network of relationship and industry sector specialist managers who provide local access to an extensive range of products and services, as well as offering information and support.

Customers are also offered access to business centres in continental Europe and the United States and to the product suite and expertise of other businesses of the Group including Barclays Capital.

The way that Business Banking does business with its customers continued to evolve. The Value Aligned Performance Measurement (VAPM) system provides the sales teams with customer level risk adjusted profitability data. This enables business targets and rewards to be aligned with the creation of shareholder value. Improving operational efficiency is also an important point of focus in Business Banking.

Key business developments in 2002:

- » Business Banking has a relationship with 530,000 customers. Customers rate us first in the market for service and price. Over 4,000 customer facing staff are now using VAPM technology.
- » Business Banking implemented its response to the Competition Commission Report at the end of the year, creating segment specific offerings, giving customers a real choice – reflecting customers' overwhelming preference for cheaper money transmission over interest bearing business current accounts.
- » Medium Business launched a Law Society accredited proposition for solicitors firms.
- » Clearlybusiness became 100% owned by Barclays. During 2002 over 10,000 copies of a new product, Clearlybookkeeping, were sold.
- » Average lending balances increased 4% to £42.6 billion and average deposit balances increased 3% to £43.9 billion. Lending growth was concentrated towards large business customers whilst lending to the small business sector continued to be affected by weak economic conditions.

Refer to page 102 for further information.

Barclays Africa

Barclays Africa provides banking services to personal and corporate customers in North Africa, sub-Saharan Africa and islands in the Indian Ocean. The portfolio comprises banking operations in Botswana, Egypt, Ghana, Kenya, Mauritius, Seychelles, South Africa, Tanzania, Uganda, Zambia and Zimbabwe.

During the year, significant restructuring initiatives were undertaken to reposition the businesses in the light of challenges posed by the deteriorating economic situation in certain African countries.

Key business developments in 2002:

- » In November 2002, Barclays acquired the business of BNPI Mauritius.
- » The Retail business continued an active refurbishment programme of branches across the continent and expanded Prestige centres to bring the number of Prestige centres opened to 53.
- » The Retail business launched telephone banking in many of its businesses and has since recruited 27,000 customers.
- » The Corporate segment of Barclays Africa continued to develop its merchant banking activities during the year, winning and executing mandates. Asset Finance was successfully launched in Kenya and Zambia in 2002.
- » Operating profit decreased £25m. This decrease was mainly attributable to the situation in Zimbabwe where there was a decline in operating profit of £14m.

Refer to page 103 for further information.

Barclays Capital

Barclays Capital conducts the Group's investment banking business. As the Group's principal point of access to the wholesale markets, it provides corporate, institutional and government clients with solutions to their financing and risk management needs.

The Barclays Capital business model is distinctive. It focuses on a broad span of financing and risk management services in the interest rate, foreign exchange, commodities and credit markets combined with certain capabilities in equities. Activities are split between two areas: Rates, which includes fixed income, foreign exchange, derivatives, commodities and money markets sales, trading and research, prime brokerage and equities; and, Credit, which includes origination, sales, trading and research relating to loans, debt capital markets and structured capital markets, and private equity.

Barclays Capital works increasingly with other Group businesses, including Business Banking and Barclays Global Investors, to provide a more integrated customer service and to develop business opportunities across the Group.

Key business developments in 2002:

- » Barclays Capital remained in first position for issuing sterling denominated debt (Euromoney sterling bonds league table) with a 20% market share; and continued to be the top arranger of European syndicated loans. (Euromoney syndicated loans (Europe, Middle East, Africa) league table).
- » Barclays Capital improved its market share in both international bonds and syndicated loans amid lower volumes in both these markets compared to 2001.
- » Barclays Capital moved into the top 10 in private placements for the first time – 4th position for 2002, with deals in nine countries and significant partnerships with Business Banking.
- » Barclays Capital was the only firm in the top 10 of the Euromoney Global All Debt table to increase debt issuance volumes in 2002 versus 2001.
- » Barclays Capital led 24 dollar denominated deals for US issuers in 2002 versus one prior to 2001. For most of those companies Barclays Capital had led deals in sterling or euros prior to being mandated for the dollar deal. Barclays Capital is leveraging the relationships built in Europe to gain market share in the US.

Refer to page 103 for further information.

Barclays Global Investors

Barclays Global Investors is a leading global provider of investment management products and services, offering structured investment strategies including indexing, asset allocation, and risk-controlled active strategies.

BGI's investment philosophy focuses on managing all dimensions of performance: return, risk and cost. Asset management is complemented by a range of related financial services including cash management, securities lending and portfolio transition management.

Key business developments in 2002:

- » BGI has over 2,300 institutional clients in 44 countries. £56bn net new assets were attracted in 2002. More than half of the net new assets were from new clients. Assets under management are £462bn, a fall of 13% on 2001.
- » Investment performance in our active strategies continued to be excellent.
- » The active business accounted for 58% of management fees in 2002.
- » Growth in Global iShares (Exchange Traded Funds) continued to be strong. Global iShares assets grew to £22bn, up 47% (2001: £15bn).
- » The launch of the first Fixed Income iShares in the US in the third quarter of the year demonstrated the ongoing commitment to market leading innovation.

Refer to page 104 for further information.

Other operations

Property costs include Barclays Group Property Services, which is responsible for the management of the Group's operational premises, property related services and the central administration of certain operational properties.

Central services includes certain activities which support the operating business and provide central information technology services.

South American Corporate Banking comprises non-core relationships which are now being managed separately with the objective of maximising the recovery from the assets concerned.

Within Management of Group capital there are certain central items including residual balances arising from centrally managed transition businesses. Earnings on centrally held Group capital are allocated to business groups on the basis of economic capital.

Head office functions

Head office functions comprise all the Group's central costs, including Group Executive, Group Finance, Corporate Communications, Human Resources, Group Strategy and Planning, Internal Audit, Marketing, Legal, Corporate Secretariat, Tax, Compliance and Risk. Costs incurred wholly on behalf of the business units are recharged to them.

Competition and outlook

The UK financial services market remains highly competitive and innovative. Competition comes both from incumbent players and a steady stream of new market entrants. Barclays remains at the forefront of market innovation to introduce new propositions to the market.

The landscape is expected to remain highly competitive in all our businesses. We are confident that the integrated business model employed by the Group, combined with rigorous application of managing for value principles, will stand the Group in good stead to meet the challenges ahead.

The Group believes that the UK domestic economy is likely to perform well relative to the rest of Europe, but that the international economy in the aggregate, is unlikely to be significantly more expansionary than in 2002.

Financial markets were volatile and in decline in 2002; they remain so in 2003. This is partly the result of over-excited sentiments stirred up primarily by the dotcom boom. Partly it reflects uncertainty about how the national economic imbalances will unfold, especially with the threat of war in Iraq. Partly it reflects the very competitive and difficult conditions in some sectors.

Group structure

The figures in the business group analyses have been restated to take account of the following changes relative to 2001.

The various constituents of the Woolwich business group have been transferred into other Barclays business groups. Woolwich Plan Managers and Unit Trusts have been transferred into Barclays Global Investors, Woolwich Guernsey and Woolwich Life to Barclays Private Clients and the Woolwich credit card business to Barclaycard. The remainder of the Woolwich business is reported within Personal Financial Services.

Following a Group review of its South American corporate banking activities, a number of non-strategic relationships have been identified within Barclays Capital and Business Banking which did not fit their strategic business models. As a result, a number of non-performing lendings, that are not expected to be of long-term interest to the Group and which are being managed separately with the objective of maximising the recovery from the assets concerned, are now reported within Other operations.

Changes in accounting presentation

Following the issue of UITF Abstract 33, 'Obligations in capital instruments', Reserve Capital Instruments (RCIs) are now treated as forming part of the undated loan capital of the Bank, rather than as Minority interests – non-equity. The coupon on the RCIs is now reported in Interest payable, rather than as Minority non-equity interests. Comparatives have been restated accordingly. Profit after tax for the year to 31st December 2001 has been reduced by £97m with no impact on retained profit. Liabilities have been increased and Minority interests have been reduced at 31st December 2001 by £1,872m.

The prior period presentation has, where appropriate, been restated to conform with current year classification.

Accounting developments in UK GAAP are described on page 134, those under US GAAP are described on page 202.

Other information

The Competition Commission published its report into the provision of banking services to small and medium sized enterprises (SMEs) on 14th March 2002. Barclays Bank PLC and certain other banks have given undertakings to the Secretary of State for Trade and Industry and the Chancellor of the Exchequer regarding the implementation of the transitional pricing remedy contained in the Report. As a result, from 1st January 2003 Barclays now offers each of its SME customers either interest on current accounts or free money transmission services or a choice between the two in accordance with the terms of such undertakings. Also, in October 2002, Barclays agreed certain behavioural remedies with the Secretary of State and the Chancellor and is taking the necessary measures forward.

Recent developments

On 31st January 2003, Barclays PLC announced the acquisition of Charles Schwab Europe, an execution only retail stockbroker.