Please note this is a section from the full Annual Report the contents of which are below.

Click on this symbol to download the excel spreadsheet.

Section 1
Review

Section 2
Impact

Section 3
Results

Registered No. 48839

Our mission

Our mission is to be an innovative, customer focused Group that delivers superb products and services, ensures excellent careers for our people and contributes positively to the communities in which we live and work.

Our primary goal

Our primary goal is consistently to deliver top quartile total shareholder return versus our peers over time.

Our beliefs

Our operating philosophy is 'managing for value'. The strategies we follow and the actions we take are aligned to value creation for all stakeholders.

Chairman's Statement

Barclays delivered a sound performance during 2002, while continuing with the transformation of the business and progressing our longer-term economic development.

The year was a curious one. The UK, our key market, once again grew more rapidly than other European countries, though in an increasingly lopsided way, biased toward public and personal consumption. The US recovered from an unusually weak performance in 2001 but, if anything, was even more unbalanced and consumption biased. Continental Europe and Japan were lacklustre.

It was a year of great uncertainty about the future combined with extremely competitive business conditions. Financial markets were volatile and in decline in 2002; they remain so in 2003. This is partly the result of the collapse of over excited sentiment 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. But it also reflects the uncertainty imposed on companies by the changing regulatory background.

To take our own business: we have had to deal with 18 different government reviews over the past three years. There is a seemingly endless stream of new accounting rules. The capital requirements of the bank will change as a result of Basel II. A whole industry in corporate governance has been created spearheaded by: Sarbanes-Oxley in the US; the UK Government commissioned reports including the Higgs Review of the role and responsibilities of non-executive Directors, and the Smith Review of the role of audit committees. We see the prospect of plenty more on its way from Brussels. We have increasingly tough 'Know Your Client' rules from the FSA, which long standing customers find oppressive. And we have seen the emergence of price control – from the Competition Commission Inquiry.

The sheer volume of this activity takes up management time and resources, which could otherwise be devoted to driving the business forward. It creates uncertainty and inhibits sensible risk taking. And makes it increasingly difficult to explain our business in simple terms to our stakeholders.

We set out to be an open company, communicating extensively with our large and small shareholders, both about our financial results and about the way the company is organised and managed. Within our Annual Report this year there is more on risk management and corporate governance, including a more detailed remuneration report. Once again, we have set out in some detail our efforts under the heading of Corporate Social Responsibility, where the involvement of our employees in our Community Programme grows steadily and is a great source of pleasure.

There are several changes to report at Board level. Sir Andrew Large, one of our Deputy Chairmen, left Barclays to become Deputy Governor (Financial Stability) of the Bank of England. Sir Andrew brought a wealth of experience in banking and regulation to the Board; we wish him well in his important role. John Stewart, the Deputy Group Chief Executive, has also left the Board. Mr Stewart was previously Chief Executive of The Woolwich and has played a key role in integrating the business into Barclays.

Looking ahead, Sir Nigel Mobbs will be retiring at the AGM in April 2003 after 23 years' service with Barclays. He has made a huge contribution to the bank over this time. His knowledge and authority have made him an outstanding Chairman of the Audit Committee. It is sad that such length of service is frowned on by current governance fashions. Graham Wallace has indicated his intention to retire from the Board in the summer, after he leaves Cable & Wireless. The Board is grateful for the contribution that he has made since he joined Barclays in April 2001.

We shall miss the contribution of these Directors. However, there are two new arrivals to the Board, both of whom are standing for re-election at the AGM. In July, we welcomed Dr Jürgen Zech to the Board as a non-executive Director. Dr Zech is a leading businessman in Germany and brings added financial experience to the team. Professor Sandra Dawson joins the Board as a non-executive Director in March. Professor Dawson is Professor of Management Studies and Director of the Judge Institute at Cambridge University, and brings both academic and management experience to Barclays.

Lawrence Dickinson replaced Howard Trust as Group Secretary in September 2002. The Directors are immensely grateful to Mr Trust for his services to the Board over the past eight years.

There are only two certainties about 2003. The first is that we shall have to cope again with the uncertain climate we faced in 2002. The second is that Barclays is well placed thanks to the spread of its business, the quality of its staff and its determination to succeed and seize the opportunities that arise.

Sir Peter Middleton
Chairman

Barclaycard has developed innovative ways to share its sponsorship of the Premier League with customers. Fans who subscribe to Barclaycard's text alert service can receive latest scores and results via their mobile phones.

Openplan, which was tailored for the Spanish market, achieved tremendous success in Spain during 2002. At year-end, products per person was 4.5, well above the average of 3.2 for customers outside of Openplan.

Barclays was the first major high street bank to provide integrated banking. During 2002 almost 2 million UK customers chose the Openplan proposition, which can be individually tailored and accessed through a range of channels.

In 2002 the Barclays University (**bu**) initiative was fully rolled out. Metro centres were opened in Birmingham, Bristol, Manchester and Luton and a further 150 'hubs' were established.

Barclays is dedicated to establishing itself as an employer of choice. Staff are evaluated based not only on what they achieve but also on how they achieve it.

750,000

Barclays is equipping staff with the skills needed to raise the performance bar. In 2002, around 750,000 hours of training were delivered across the Group.

In 2002 Barclays and Canadian Imperial Bank of Commerce (CIBC) combined their Caribbean operations creating FirstCaribbean International Bank Ltd, which has more than 700,000 accounts, 3,000 staff, 87 branches and 123 ATMs across 15 countries.

Barclays Capital became a global leader in its area of focus: providing risk management and financing solutions for clients.

A new IT system was piloted in Spain for customer-facing staff. The sophisticated technology gives staff full customer histories at the touch of a button, providing a single view of the client's relationship with Barclays, across many channels.

£462bn

Barclays Global Investors has over 2,300 institutional clients in 44 countries with assets under management of £462 billion.

14m

Personal Financial Services provides a wide range of products and services to 14 million personal customers throughout the UK.

The branch network is the public face of Barclays for 14 million personal customers. The introduction of a programme of extended opening hours ensures more customers can access their bank at a time that suits them.

Group Chief Executive's Statement

In the crucible of 2002, in an environment that was much worse than expected, we took further strides to transform Barclays. While we were not immune to the external environment, we took aggressive action to adjust to rapidly changing conditions, which was demonstrated in our resilient performance. Barclays reported operating profit of £3,780 million[1], profit before tax of £3,205 million and a return on equity on a statutory basis of 15%. That I regard this as a resilient performance, but not more, is an indication of how well the Group has been performing in recent years.

Central to our performance during 2002 was a balance between maximising short term results and maintaining momentum in the execution of our strategic agenda. We introduced our five medium term strategic priorities last year: the protection and enhancement of our core UK franchise; the development of businesses that serve global customers and can harvest global or regional economies of scale – the best examples of which are our investment banking and credit card businesses; the deepening of our retail and corporate banking activities in Western Europe; the extension in the UK and Europe of our wealth management business; and enhancing our organisational fitness in the capabilities we will need to be one of the world's leading financial institutions. 2002 has been a year of sound progress towards meeting our ambitions.

I will start my review with our core UK businesses, which contributed a 13% increase in profit before tax relative to 2001 and achieved a 4% margin between income growth and cost growth. I will review three areas specifically: Personal Financial Services; Business Banking; and Barclaycard.

First, Personal Financial Services. The transformation here continues at pace. It is two years since we completed the acquisition of Woolwich and it was fully integrated into Personal Financial Services during 2002, ahead of schedule. Woolwich continued to make an important contribution to the performance of Personal Financial Services, particularly in helping to broaden and deepen our product range.

Our market share of net mortgage flow improved from a combined base of some 6.3% in October 2000 (when the transaction completed) to 8.7% in 2002.

We launched the Openplan proposition (which was successfully developed by Woolwich) through Barclays channels in April 2002. Openplan brings convenience and cost savings to our customers – and therefore the potential for both higher product penetration and contribution per customer. Early performance is encouraging: in Openplan from Barclays we generated new savings and mortgage balances of £13.2 billion; and products per customer are running at 4.3 relative to 2.5 outside Openplan. Openplan has also been a material contributor to our improved performance in the savings market where, for the first time, Barclays branded savings were one of the top performers in terms of share of new savings flow during 2002. In the increasingly competitive current account market we have increased the number of current account holders we serve from 10.1 million in 2001 to 10.5 million in 2002.

So as I look at our performance in Personal Financial Services we have made strong headway across mortgages, Openplan, savings, and current accounts.

The second core UK business is Business Banking, which is our biggest profit generator – £1,262 million[1] of operating profit in 2002. It has over 500,000 small and medium sized business customers. It is a business where: relationships are built and maintained by, in our case, 2,400 relationship managers who have extensive sector specific expertise; and who are mobile in every sense of the word, spending much of their time at the premises of their customers; where the physical distribution base of the branch network is a vital contributor to customer convenience; and where there are risk management techniques born of years of data and cycles of experience.

The industry has learnt much from the experiences of the last decade. In the early nineties, annual write-offs as a percentage of the sterling corporate loan book for the British banking industry amounted to 250 basis points. Barclays corporate loan book write-offs were 52 basis points in 2002. We have cause to remain cautious about the year ahead but the science of risk management in this part of the industry has advanced hugely, and I believe nowhere more so than at Barclays.

[1] Operating profit is as defined in paragraph 1 on page 10.

In our third UK franchise, Barclaycard, operating profit grew by 21%[1]. Barclaycard is known for its customer-centricity, innovation and profitable growth. By way of example, Nectar, the loyalty scheme launched in September 2002 with Barclaycard as a founder member, has at its heart the same philosophy of innovation and convenience that drives Openplan. In the case of Nectar, customers are offered loyalty points in a way that makes it easy for them to accumulate, and which can be exchanged for a wide range of items which best suit their lifestyle. A total of 11 million active collectors were recruited in the first eight weeks after Nectar was launched.

Barclaycard also continued to grow through non-organic moves. The acquisition of the UK credit card business of Providian in April 2002 was a good example of strategic development by corporate action. Providian brought distinctive and complementary competencies in the credit card environment and 500,000 new customers with balances of around £400 million.

£3,205m

Barclays PLC 2002 profit before tax

Barclaycard International has continued its expansion into Europe with the launch in Italy during 2002. It has issued 1.28 million cards in Germany, Spain, Greece, France and Italy.

Looking now at our other global businesses, Barclays Capital and Barclays Global Investors. In an extremely difficult environment for investment banks around the world, Barclays Capital delivered one of its best ever performances in 2002, making a return on economic capital of 19%.

Our performance in a key league table (the Euromoney Global All Debt Table – which aggregates the volume of bonds, medium term notes and loans) shows that we have been taking market share, rising to 5th position in the world (2001: 8th position).

Barclays Capital was the only top ten investment bank to increase debt issuance volumes in 2002, a year when overall volumes in the market were down sharply. This strong overall performance reflected our concentrated approach to the recruitment of business originators, our energetic risk management and our ability to flex our costs to accommodate the tougher income generating environment. Barclays Capital is a business strongly positioned for sustained growth.

I will also say a few words about Barclays Global Investors. I like this business, especially from the point of view of portfolio diversity. Its performance is dominated by fees and commissions, it has its main business in the United States and it is a low utiliser of regulatory capital. It leads the world in index replication and in exchange traded funds and has a growing franchise in active fund management.

Notwithstanding the impact on assets under management of collapsing stock market indices, Barclays Global Investors still manages funds of more than £460 billion. Operating profits grew 41%[1] during the year.

The development of our wealth management business is one of our strategic priorities. Barclays Private Clients serves around one million clients and we manage some £85 billion of assets on their behalf. 2002 was a particularly difficult year for the wealth management industry as a whole. Markets, of course, were terrible. The FTSE 100 index fell 24%. Several major competitors have either withdrawn or stood back.

What distinguishes the successful from the unsuccessful in this sector is the breadth of distribution base, the cost to recruit new customers and access to world-class products. Barclays is advantaged in these dimensions, and our development path this year has been characterised by further consolidation of the originating businesses of Barclays Private Clients, the integration of our banking and investment management customer offerings and the steady development of our strategic partnership with Legal & General. We acquired Charles Schwab Europe on 31st January 2003, an execution-only retail stockbroker to strengthen further our stockbroking business.

£1,237m

Barclays PLC 2002 economic profit

In 2002, we continued to build our European retail and commercial banking businesses through organic development. By way of example we made good strides in growing our Spanish business, enhancing the value of this business through capturing profitable market share. The launch of Openplan in Spain is an example of our ability to develop successful products and transport them cross-border. Our market share of net new business in mortgages in Spain increased from 0.5% in 2001 to 5% in 2002, consequent on the introduction of Openplan.

[1] Operating profit is as defined in paragraph 1 on page 10.

Although we continue to seek out value creating non-organic opportunities in selected European markets, we will remain rigorous in applying the disciplines of value based management in analysing potential targets. We will only consider transactions that meet our value based metrics.

In our drive to become a high performance organisation we have improved the calibre of human capital in key jobs across the Group and increased the differentiation in reward and recognition. We have directed substantial amounts of investment into training and development through initiatives such as the launch of Barclays University. We have increased focus on our Equality and Diversity programme which is potentially such a fruitful source of human capital. In all of these endeavours we have been greatly supported by our trade union partners in UNIFI.

15%

Barclays PLC post-tax return on average shareholders' funds on a statutory basis

Lastly, I should touch on the outlook. The macro-economic indicators remain ambiguous. However, I am if anything a bit more optimistic about 2003 than I was about 2002. We believe that the UK may perform slightly better than it did in 2002. This should provide a relatively stable backdrop against which we can grow our business in the UK. The US entered 2003 in moderately better shape than it entered 2002. However, the Eurozone presents a more subdued picture. Germany faces a series of intractable difficulties and since Germany represents one third of the Eurozone, the Eurozone as a whole is likely to continue to lag behind the UK and US. Japan shows no sign of addressing its difficulties, which require structural reform.

All this adds up to a UK domestic economy likely to perform well relative to the rest of Europe, but an international economy which, in the aggregate, looks unlikely to be significantly more expansionary than last year.

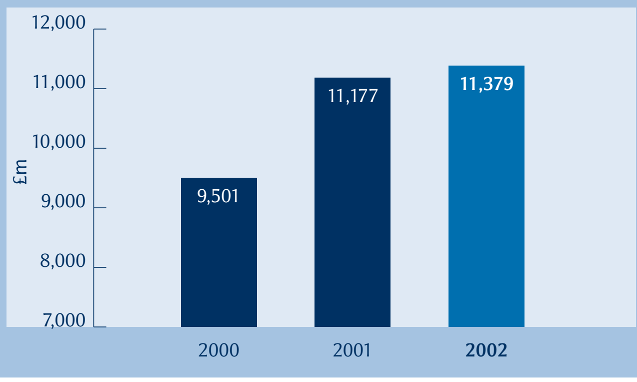
Whatever the out-turn, you can expect us to manage our business aggressively and proactively, adjusting to emerging conditions while powering ahead with our strategy. I remain optimistic about the health of the industry and, in particular, Barclays.

Matthew W. Barrett
Group Chief Executive

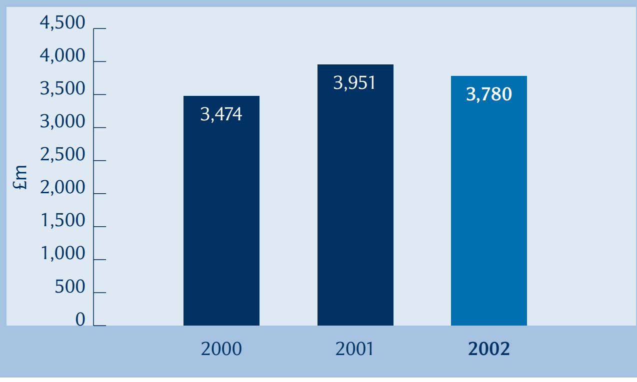
Financial Performance
Group Finance Director

Barclays delivered a resilient performance during 2002 but like the rest of the financial services industry, we felt the impact of 2002's uncompromising economic climate.

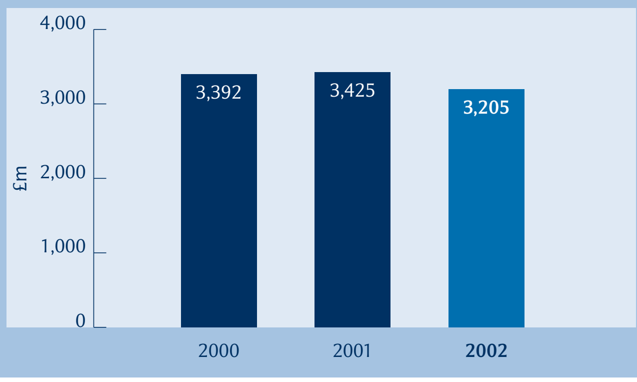
Total operating income[1,3]



Operating profit[2,3]



Profit before tax[3]

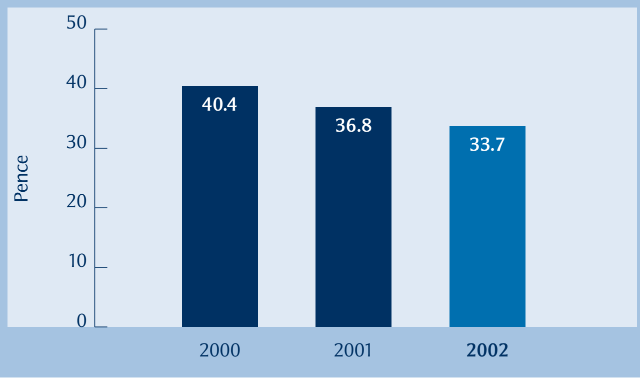


Note 1: Figures exclude Woolwich fair value adjustments. Further details are provided in the Presentation of information section.

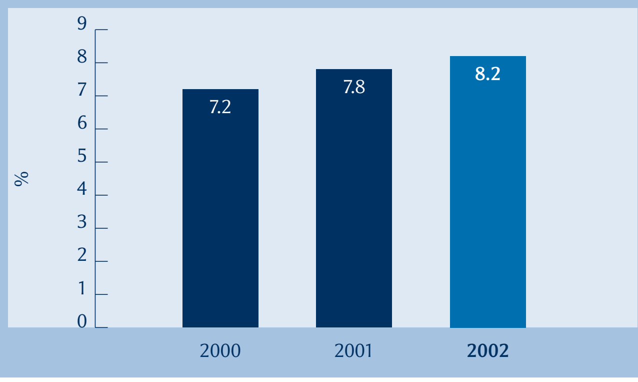
Note 2: Figures exclude the restructuring charge relating to staff displacement and related costs, costs associated with the integration of Woolwich plc, Woolwich fair value adjustments and goodwill amortisation. Further details are provided in the Presentation of information section.

Note 3: Woolwich plc was acquired on 25th October 2000 and its results are included from that date.

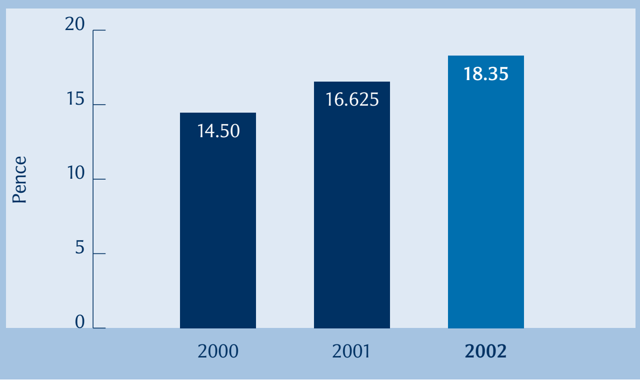
Earnings per share



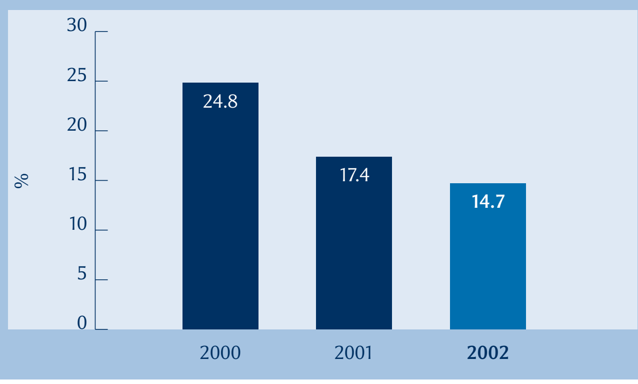
Tier 1 capital ratio



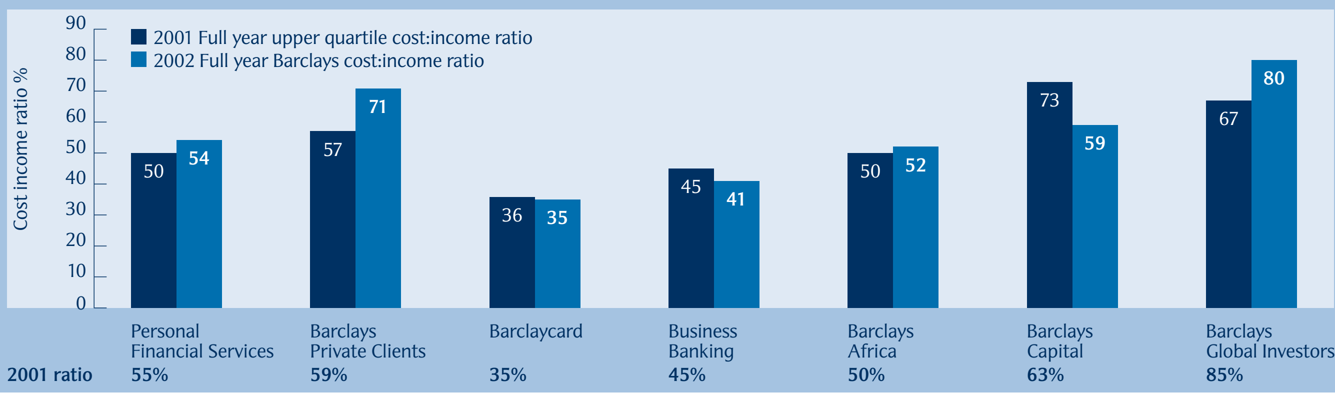
Dividends per share



Return on average shareholders' funds



Cost:income benchmarking[4]



Note 4: The cost:income ratio is calculated by dividing cost per business unit by income per business unit and expressing it as a percentage. The benchmark cost:income ratio for each of our businesses is the upper quartile cost:income ratio for a comparable peer group of companies.

To facilitate a better understanding of the operating profit trends, in the following analysis references to operating profit exclude the impact of the restructuring charge relating to staff displacement and related costs, costs directly associated with the integration of Woolwich plc, Woolwich fair value adjustments and goodwill amortisation.

Barclays delivered a resilient performance during 2002 but like the rest of the financial services industry, we felt the impact of 2002's uncompromising economic climate.

While return on equity on a statutory basis was 15% and the total dividend payout for the year was up 10%, operating profit, at £3,780 million, was 4% lower than in 2001.

Income rose 2%. Aggressive cost management helped mitigate the effects of the tougher environment for income growth. We were again able to maintain a positive margin between income growth and cost growth, but not at the levels of recent years. The cost income ratio improved slightly from 54.3% in 2001 to 53.6% in 2002.

While these results were sound given the market pressures, they fell short of our recent standards. Solid performance and good growth in many areas of the business, and an increase in customer recruitment and business volumes, were not enough to offset two features of 2002: first the increased provisions on the South American Corporate Banking loan book (the year on year impact was approximately £100 million); and second the swing from a positive income contribution of £127 million in 2001 to a negative contribution of £51 million in 2002 from the closed life funds business. The combination of these factors converted what would have been a 3% operating profit increase into a 4% fall.

Goals

Barclays sets value based financial goals to stretch performance. The current goal cycle, 2000 to 2003, was 75% elapsed as at the end of 2002. Goals have been an important stimulus of focus and energy for the whole organisation, helping to lift our metabolic rate and drive performance improvements.

It is right that goals should be stretching and enduring in nature so, notwithstanding the tough markets of 2002 and the difficult outlook for 2003, the goals which we have set for the period 2000 to 2003 remain unchanged.

Total shareholder return

The primary goal is to achieve top quartile total shareholder return on a sustained basis, relative to our peer group. Total shareholder return is the sum of share price appreciation and dividends (treated as if re-invested in Barclays shares). The peer group is reviewed annually. In 2002, it comprised Abbey National, ABN Amro, BBVA, BNP Paribas, Citigroup, Deutsche Bank, HBOS, HSBC, Lloyds TSB, Royal Bank of Scotland and Standard Chartered. It remains unchanged for 2003.

We believe that total shareholder return, measured relative to the performance of comparable companies, is the best way of evaluating Barclays performance and measuring value creation for shareholders.

At the end of 2002, three years into the period, Barclays remained in the top quartile of its peer group with total shareholder return over the years 2000 to 2002 inclusive of minus 4%. The average return of the peer group over the same period was minus 11%.

The total shareholder return goal is supported by three additional goals. They are goals directed at economic profit[1], absolute value and costs.

Economic profit

In order to deliver our relative total shareholder return goal, we have a goal relating to economic profit: the goal is to double economic profit over the period 2000 to 2003 inclusive, thereby generating £6.1 billion of cumulative economic profit.

We derive the cumulative total by taking economic profit in the base year (1999) and compounding it over four years at 19%, the arithmetical effect of which is to double 1999 economic profit in 2003. The sum of these economic profit contributions for the four years is £6.1 billion. Although economic profit for 2002 of £1.24 billion was slightly higher than in 2001, the cumulative total of economic profit produced in the years 2000 to 2002 inclusive was £3.9 billion, which represents 93% of the goal of £4.2 billion required at the end

[1] Economic profit is defined as profit after tax and minority interests plus certain gains (and losses) reported within the statement of total recognised gains and losses where they arise from the Group's business activities and are in respect of transactions with third parties, less a charge for the cost of average shareholders' funds (which includes purchased goodwill).

of 2002. To achieve the four year goal, we need to generate £2.2 billion of economic profit in 2003 – a tough challenge.

Three years ago when we set this goal, our study of stock market history indicated that a compound annual growth rate in economic profit of 19% would be required to deliver top quartile total shareholder return performance during the period 2000 to 2003. The reality to date is that a compound annual growth rate of economic profit equivalent to some 15% across the years 2000 to 2002 inclusive has enabled us to meet our primary top quartile total shareholder return goal.

Absolute value

An absolute value goal was established in the belief, over time, that growth in total shareholder return would track growth in economic profit. As we adopted a doubling of economic profit goal over the four year period 2000 to 2003 inclusive, the absolute value goal similarly seeks to double total shareholder return over the same period. We monitor this goal by tracking the performance of £100 invested in Barclays on 31st December 1999 which should be worth £200 by 31st December 2003 from a combination of share price growth and dividends (treated as if re-invested in Barclays shares).

Despite achieving top quartile total shareholder return and a compound annual growth rate of economic profit of some 15% across the years 2000 to 2002 inclusive, at the end of 2002, £100 invested in Barclays stock on 31st December 1999 was worth £96. The fall in the stock market has resulted in our being significantly off the pace against this goal. We derive some comfort, but only some, from the fact that if you had invested £100 over the same period in a basket of stocks made up of our peer group, it would have been worth £89 at the end of December 2002; or if you had invested in the FTSE 100 index, it would have been worth £61.

Costs

We seek opportunities to enhance value by reducing costs in ways that will not impair the service we provide to customers. We set a goal at the end of 1999 of reducing the annual run rate of costs by £1 billion by the end of 2003, thereby absorbing the impact of inflation and volume-related growth over the period.

We remained well ahead of the goal at the end of 2002, by which time £910 million of cost run rate savings had been captured, comprising £545 million in total for 2000 and 2001, and a further £365 million delivered in 2002. With a year left of the four year period, 91% of the target has already been achieved.

The major components of savings to date include cost reduction initiatives in Personal Financial Services, Business Banking and Barclays Private Clients, sourcing efficiencies from a radical restructuring of purchasing, increased centralisation of

Chart 1

Cumulative economic profit performance versus goal

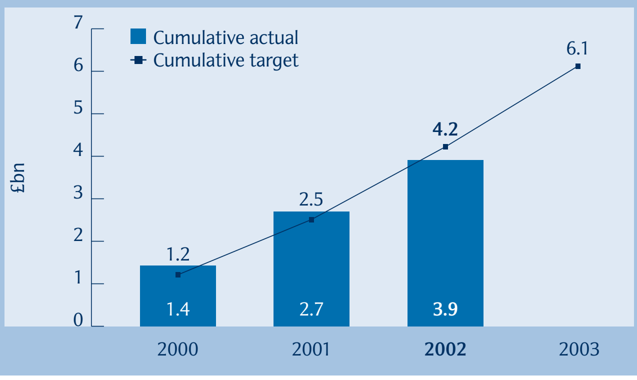


Chart 1 shows performance against our goal of doubling economic profit over 2000 to 2003 inclusive. Economic profit in the base year, 1999, was £971 million.

Chart 2

Total shareholder return

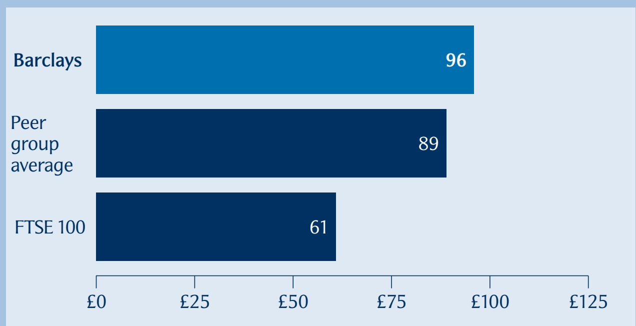


Chart 2 shows the value, by the end of 2002, of £100 invested in Barclays on 31st December 1999 compared with the value of £100 invested in our peer group or in the FTSE 100 over the same period.

information technology and operations, and the simplification and reduction of central functions expenditure (such as finance and human resources).

Success in achieving this goal will deliver two benefits: the savings themselves, which help protect and enhance our profits; and the embedding, deep within the organisation, of a strong efficiency culture. Each business is benchmarked relative to its competitors and a top quartile efficiency standard is identified (this is depicted in the chart headed 'Cost: income benchmarking' on page 9). Business performance relative to that benchmark is reviewed regularly and all business leaders have efficiency targets as an integral part of personal performance contracts. We believe that if we could achieve top quartile productivity in all businesses, then the annual cost run rate saving would exceed £300 million.

I believe the goals are serving shareholders well, because they have galvanised the whole of the Barclays Group in pursuit of stretching financial objectives. It is no coincidence that the most profitable three years in Barclays history are the three years during which we have been pursuing them.

We will communicate another set of stretching goals to take effect at the end of this cycle: goals that will cause us to strive to deliver superior relative shareholder returns on a sustained basis.

Business performance

Let me review briefly the financial performance of our main businesses.

The ambitious plans in Personal Financial Services, Business Banking and Barclays Private Clients showed signs of early success, and we saw in Barclays Capital, BGI and Barclaycard good payback on prior years' investments. As a result, 2002 business performance across the portfolio was solid. We continued to invest in the future (a total of £381 million was directed at strategic investment), accompanied by careful tactical management of all other costs.

Personal Financial Services, incorporating Woolwich, increased operating profit by 8%, driven primarily by tight cost management combined with a 13% fall in provisions (despite a 14% increase in risk weighted assets). The significant increase in new business volumes, particularly in mortgages and savings, created a short term drag on income growth because of the associated origination costs. Investment remained high – the launch of Openplan in Barclays channels would be a good example – and the fundamental transformation of the retail business progressed well.

In Barclays Private Clients, operating profit fell sharply largely as a result of the £178 million adverse year on year swing in income from the closed life funds business that I referred to earlier. Excluding the impact of the closed long term assurance fund, income fell 3%, which was a resilient performance given the difficult trading conditions for the wealth management industry in 2002. This performance reflected the benefits of the business' diversity in both product and geography. The development of Barclays Private Clients is one of our strategic priorities and so a high level of strategic investment was maintained throughout 2002.

Barclaycard had a very strong year, with operating profit rising by 21%. This was driven by income growth of 14%. Customer recruitment reached record levels and credit exposure remained tightly managed. We made good progress in the international cards business, which recorded operating profits for the last four months in 2002.

Business Banking also had a very strong year with operating profit rising by 15% driven by income growth of 5% and cost reduction of 4%. These cost efficiencies reflected sustained commitment to productivity improvement over the past three years. Provisions were in line with our expectations.

Barclays Capital's operating profit fell 10%. Income was up 7%, a record year. Operating costs fell 1%, demonstrating Barclays Capital's ability to flex its expense base. Net revenue (income minus provisions) was 4% lower than in 2001 despite absorbing a substantial increase in provisions. These results were the second best in Barclays Capital's history and demonstrate the ability of its distinctive business model to weather a much more difficult business environment.

Barclays Global Investors saw operating profit rise by 41% despite falling stock market indices. This was a very strong performance. I believe there will be very few investment managers who have managed to increase profits in 2002.

Capital management

Our capital position is strong. We have a double A credit rating, which is one of the highest and most stable ratings in the banking sector. Our policy is to maintain this rating with good ratios and an appropriate capital mix. At the end of 2002, our risk asset ratio was 12.8%, our tier 1 capital ratio was 8.2% and our tier 1 equity ratio (being the relationship between shareholders' funds including minority interests and net of goodwill on the one hand and weighted risk assets on the other) was 6.6%.

Our ability to pay increased dividends is dependent on good financial performance and effective capital management. In 2002, we increased the dividend by 10% (the total payment to shareholders for calendar 2002 will amount to £1.2 billion) and a further £546 million was spent in the repurchase of our shares, which has the effect of increasing earnings per share over time.

Earnings generation by the Group continued to exceed what was required to sustain business growth. We regard our buyback programme, along with dividend payments, as an efficient way of deploying surplus capital.

We believe that our economic capital principles create advantage for us as we prepare for the implementation of Basel II. This is the new regulatory capital regime for banks which is expected to be introduced by the authorities in 2006.

Stronger for the future

In 2002, Barclays absorbed the full impact of a difficult environment and still produced a return on equity of 15%. In doing so, we demonstrated the strong defensive characteristics of our portfolio of businesses. Those same businesses are well positioned for growth in the years ahead.

John Varley
Group Finance Director

The Leadership Team

Successful organisations need strong leadership at all levels. Ultimately it is people that separate the extraordinary from the ordinary.

The Barclays Leadership Team is charged with shaping Barclays strategic direction and is also responsible for inspiring people across the organisation to excel in strategy execution.

Under the leadership of the Group Chief Executive, the Leadership Team operates as one in making decisions for the entire Barclays Group. This collective strength has enabled Barclays to make considerable progress in delivering its transformation agenda.

1 Matthew Barrett, Group Chief Executive was appointed Group Chief Executive on 1st October 1999. He came to Barclays PLC from Bank of Montreal, where he was Chairman, CEO and Chief Operating Officer during his 37-year career. He also filled senior management positions in Retail Banking, International Banking and Treasury. In 1994, he became an Officer of the Order of Canada, the country's highest civilian honour.

2 Roger Davis, Chief Executive, Business Banking was appointed CEO of Business Banking in June 2001 and became a member of the Group Executive Committee in February 2003. He was formerly Chairman and CEO of Barclays Capital, Asia Pacific, and a member of the Barclays Capital Executive Committee. He joined the bank in November 1996 from Robert Fleming and Co, where he was a member of the Board of Jardine Fleming Holdings and Managing Director of Jardine Fleming India. Previously, he spent 12 years in the British Army.

3 Bob Diamond, Chief Executive, Barclays Capital was appointed to his current role in October 1997. He became Chairman of Barclays Global Investors in August 2002. He joined Barclays in 1996 and was appointed to the Group Executive Committee in 1997. Prior to that he was Vice Chairman and Head of Global Fixed Income and Foreign Exchange at CSFB. Previously, Bob spent 13 years at Morgan Stanley.

4 Gary Dibb, Group Chief Administrative Officer is responsible for Human Resources, Marketing, Communications, Strategic Planning, Public Policy and Group Property Services, plus the implementation of value based management. He joined Barclays in February 2000 as Group Director of Strategic Planning and Corporate Development. Previously, he was Vice-Chairman of Bank of Montreal and, before that, owned and operated his own strategy and organisational development consulting firm.

5 Gary Hoffman, Chief Executive, Barclaycard was appointed in September 2001. He joined Barclays in 1982 from Cambridge University and has held a variety of management positions and project leadership roles. Prior to his appointment at Barclaycard, Gary was on the Executive Committee of Retail Financial Services and a member of the Group Operating Committee.

6 Bob Hunter, Chief Executive, Barclays Private Clients joined Barclays in May 1999 to lead the division serving affluent and high net worth clients around the world. He joined the Group Executive Committee two months later. Previously, Bob spent 28 years with Chase Manhattan Bank and in 1996 he took up a new position as President of Standard and Poors' Information Service. Bob will retire from Barclays in 2003.

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7 Naguib Kheraj, Chief Executive, Barclays Private Clients will be appointed to the Group Executive Committee on 31 March 2003, when he takes over from Bob Hunter. Naguib joined Barclays Capital in 1997 as Chief Administrative Officer and he has served as Global Head of Investment Banking and Deputy Chairman of BGI. Previously, he was at Robert Fleming where he was Co-Head of Global Capital Markets and a member of the Executive Committee. Naguib has also held the posts of Managing Director and Chief Financial Officer for Europe at Salomon Brothers.

8 Chris Lendrum, Group Executive Director, joined the Board in 1998. He joined Barclays Bank in 1969 and assumed his current portfolio of responsibilities (including Group Corporate Social Responsibility, Barclays Africa and South American Corporate Banking) in 2003. He had previously been Chief Executive of Corporate Banking since 1998, prior to which he had held a number of senior positions within the Group.

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9 Robert Nimmo, Group Risk Director joined Barclays as Group Risk Director and became a member of the Group Executive in January 2002. Previously, he was Chief Risk Officer of First Union Corporation in North Carolina and a member of the Corporation's Operating Committee. Prior to that he was Chief Risk Officer of Westpac Banking Corporation and held senior business management and risk management positions for Citicorp/Citibank in the US, Australia, Japan, Hong Kong, Philippines and Greece.

10 David Roberts, Chief Executive, Personal Financial Services became CEO, PFS in June 2001, when he was also appointed to the Barclays Group Executive Committee. Previously he was CEO, Business Banking. Since joining Barclays in 1983, David has also been Managing Director, Markets and Solutions, Corporate Banking, responsible for marketing, product management and two pan-european asset finance businesses.

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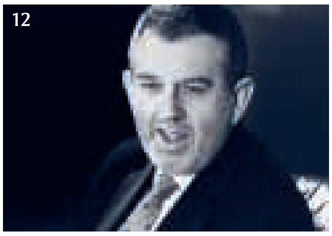

11 John Varley, Group Finance Director was appointed Group Finance Director of Barclays PLC in November 2000. He joined the Group Executive Committee in September 1996 and became an Executive Director of both Barclays PLC and Barclays Bank PLC in June 1998. Prior to this, he held positions including CEO, Retail Financial Services and Chairman of the Asset Management Division. He was also Deputy Chief Executive of BZW's Equity Division and head of BZW's offices in South East Asia.

12 David Weymouth, Chief Information Officer, joined the Group Executive Committee in February 2000 when he was appointed Chief Information Officer, responsible for overseeing technology capabilities across the Group. David has been with Barclays since 1977 and has held positions including Managing Director, Service Provision for Retail and Corporate Banking. He was also Chief Operating Officer, Corporate Banking and UK Risk Management Director.

In 2002, Barclaycard helped ensure the success of Nectar. Just eight weeks after its launch, the scheme became the UK's biggest loyalty programme with 11 million active collectors.

9.7m

The acquisition of Providian UK, which brought around 500,000 new customers under the Barclaycard umbrella, boosted the total number of UK card customers to 9.7 million.

Barclays New Futures is a major educational sponsorship, offering schools more than £1 million a year in cash awards, educational materials, practical resources, professional support and advice.

Money speaks in many languages – we understand them all. In 2002, Barclays communicated its money expertise through the high-profile Fluent in Finance advertising campaign.

1.2m

During the year, Barclaycard's sophisticated Information Based Customer Management capabilities helped recruit 1.2 million new Barclaycard customers.

The Value Aligned Performance Measurement (VAPM) system, introduced in Business Banking in 2002, provides over 4,000 customer facing staff scope to offer customers new products.