

Barclays PLC

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



Wherever you see the excel symbol there is a corresponding download of that table.

Section 1 – Review

- 1 Financial Highlights
- 2 Chairman’s Statement
- 3 Group Chief Executive’s Statement
- 6 Financial Performance
Group Deputy Chief Executive
- 10 Corporate Social Responsibility

Section 2 – Impact

- 14 Directors and Officers of Barclays PLC
and Barclays Bank PLC
- 17 Directors’ Report
- 19 Corporate Governance Report
- 23 Barclays Report on Remuneration
- 35 Accountability and Audit
- 36 Presentation of Information
- 37 Risk Management

Section 3 – Results

- 73 Financial Data
- 76 Business Description
- 82 Financial Review
- 108 Other Information
- 112 Auditors’ Reports
- 114 Consolidated Accounts Barclays PLC
- 219 Shareholder Information
- 226 Group Senior Management and Principal Offices

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 additional disclosures Barclays may make in documents it files with the SEC.



Barclays had a successful 2003, delivering strong returns to our shareholders while continuing to invest in our staff, customer products and services, and contributing to the communities in which we work.

Market

The economic picture was brighter in 2003. The UK economy made progress, growing at 2.1%, whilst repositioning away from consumption towards corporate investment, government spending and a stronger trade balance. The US economy embarked on a vigorous recovery, with uncertainties about the strength and durability of the recovery diminishing. There are signs at last that the Eurozone economy may be stabilising.

Financial markets also witnessed greater stability in 2003 – a welcome change following the volatility and depressed state of 2001 and 2002. As a result, confidence has improved.

Board Changes

There were several changes in Board membership during 2003. John Stewart and Graham Wallace resigned and Sir Nigel Mobbs retired after 23 years service with Barclays. The Board is immensely grateful to Sir Nigel for his huge contribution over this time. Professor Dame Sandra Dawson and Sir Richard Broadbent joined the Board. Professor Dame Sandra Dawson is Professor of Management Studies and Director of the Judge Institute at Cambridge University, and brings both academic and management experience to the Board. Sir Richard Broadbent was Executive Chairman, Her Majesty's Customs & Excise, for three years and previously worked in investment banking. He brings to the Board a combination of public sector and corporate finance experience and knowledge.

We announced last October that Matthew Barrett will succeed me as Chairman at the end of 2004. Mr Barrett will be replaced as Group Chief Executive by John Varley who became Group Deputy Chief Executive on 1st January 2004. Chris Lendrum was appointed Vice-Chairman with effect from the same date. We have also appointed four new executive Directors to the Board: Roger Davis, Chief Executive UK Banking; Gary Hoffman, Chief Executive Barclaycard; Naguib Kheraj, who has taken over from John Varley as Group Finance Director; and David Roberts, Chief Executive Private Clients and International. We shall be looking to appoint new non-executive Directors during 2004 to ensure that the Board has a significant majority of independent non-executive Directors.

Barclays has a strong management team to take the business forward. It is one of the key tasks of the Group Chief Executive to develop talent so that the organisation is well led at all levels. Mr Barrett has done an outstanding job in this regard.

Corporate Governance

Barclays Global Investors (BGI) is one of the world's largest institutional asset managers, with over US\$1 trillion in assets under management. Last year, the Board approved the process by which BGI determines its Corporate Governance and proxy voting guidelines to ensure the

independence of its decision-taking from other Group activities. In the UK, BGI is guided by the UK Combined Code on Corporate Governance.

A recurring theme in 2003 was the significant amount of senior management time that continued to be committed to regulation, compliance and governance. The final version of the revised Combined Code on Corporate Governance, which comes into effect for our 2004 reporting year, was a balanced document. Barclays welcomes the principles-based approach retained in the Combined Code, and the continuance of comply or explain. There will never be one set of prescriptive rules which can fit all companies in all countries in all circumstances.

However, there are no signs of relief from the number of reviews, consultations and regulations that affect the banking industry. In 2003, we responded to government consultations and questionnaires on capital adequacy, payment systems, credit cards, insurance, business crime, pensions, other investment products, corporate governance, company law, mortgage regulation, marketing of financial services as well as numerous employment and social issues. Today, we are faced with reviews of the Consumer Credit Act and the Financial Services and Markets Act, further inquiries into payment systems and long-term savings as well as an array of additional legislation that is being proposed in the EU that will affect our industry. The Chairman of the Financial Services Authority recently pointed to fourteen major sources of EU legislation which will become mandatory for the financial sector over the next four years. Little of the EU legislation appears to be subject to a rigorous cost benefit assessment before it is promulgated and implemented. There seems little doubt that the increased cost, in terms of both management time and actual expenditure, is high relative to associated benefits.

Corporate Social Responsibility

We take our corporate and social responsibilities seriously. We have established a Brand and Reputation Committee with responsibility for Corporate Social Responsibility issues Group-wide. We are committed to behaving in a manner that is worthy of the trust of our staff, customers, shareholders and communities and in Chris Lendrum we now have a Vice-Chairman with specific responsibilities in this area. There are numerous examples of activity of which we can be proud. We are one of the UK's largest corporate givers. We have over 17,000 staff volunteers working in the community. The number of volunteers is increasing every year; our staff continue to make a significant contribution to the communities in which we are based. We continue to promote Equality and Diversity in the workplace.

Summary

Overall, we made much progress across a broad-based set of activities, and this positions Barclays strongly for the future. We are well-capitalised. We have a distinctive set of businesses. We have a high quality and experienced leadership team and loyal and dedicated staff. I am extremely grateful to them for their hard work in helping us achieve a successful 2003.

Sir Peter Middleton
Chairman

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